ATLAS ESTATES LIMITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
HALF YEAR 2012

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

ATLAS ESTATES LIMITED

Contents

Page

ATLAS ESTATES LIMITED

Financial Highlights

Selected Consolidated Financial Items	Six months ended 30 June 2012 (unaudited) €'000	Year ended 31 December 2011 (audited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Revenues	24,282	54,039	28,658
Gross profit	8,177	17,296	9,034
(Decrease)/ Increase in value of investment properties	(8,070)	2,565	(2,975)
(Loss)/ Profit from operations	(3,246)	5,193	(2,811)
Loss before tax	(2,187)	(23,072)	(7,318)
Loss for the period	(5,315)	(21,161)	(7,181)
Loss attributable to owners of the parent	(5,256)	(20,986)	(6,830)
Cash flow from operating activities	5,758	28,934	12,695
Cash flow from investing activities	(45)	4,069	(407)
Cash flow from financing activities	(5,668)	(29,466)	(15,637)
Net increase/ (decrease) in cash	2,620	(4,106)	(2,455)
Non-current assets	253,235	251,223	272,479
Current assets	76,673	70,918	81,402
Total assets	331,548	324,041	382,931
Current liabilities	(85,046)	(87,912)	(75,017)
Non-current liabilities	(156,274)	(158,699)	(184,833)
Total liabilities	(241,320)	(246,611)	(280,695)
Basic net assets (1)	90,228	77,430	102,236
Issued capital and reserves attributable to owners of the parent	89,690	76,833	101,815
Number of shares outstanding	46,852,014	46,852,014	46,852,014
Loss per share (eurocents)	(11.2)	(44.8)	(14.6)
Basic net asset value per share (€)	1.91	1.64	2.17
Adjusted net asset value (€`000) (2)	110,771	97,047	124,751
Adjusted net asset value per share (€)	2.36	2.07	2.66

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

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

ATLAS ESTATES LIMITED

Chairman's Statement

Dear Shareholders,

I am pleased to announce the financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the six months ended 30 June 2012.

In the current financial market conditions, gaining access to capital has become more difficult and enhancing liquidity as well as the retention of cash are key priorities. Both 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 new projects that the Group is currently developing in Warsaw (*Apartamenty przy Krasińskiego* and *Concept House*) are well placed to meet the ongoing demand for quality residential property.

Half Year Reported Results

As of 30 June 2012 the Group has reported basic net assets of €90 million.

The basic net assets increased by €12.6 million from €77.4 million as at 31 December 2011 mainly due to €7.7 million increase in the valuation of the hotels and €2.6 million increase of the cash balance.

Poland's co-hosting of the 2012 UEFA European Football Championship (commonly known as Euro 2012), had a strong, positive influence on the Polish economy. As a result the Company's most prestigious asset- Hilton Hotel, improved its position in the Polish market which generated an increase in its value confirmed by additional cash inflows.

The basic net assets decreased by €12.2 million from €102.2 million as at 30 June 2011. This decrease was mainly due to €11.0 million fall in the valuation of the investment properties.

At the operating level the Group has reported an increase in gross profit margin from 32% in the six months period ended 30 June 2011 and the same for the year 2011 to 34% in the six months period ended 30 June 2012, which is mainly the result of the outstanding performance in the hotel operation segment, as further elaborated on pages 28 and 29.

Loss after tax amounts to €5.3 million for the six months ended 30 June 2012 and is mainly due to €8.1 million decrease in the valuation of the investment properties offset by foreign exchange gains of €4.9 million.

Loss after tax decreased by €1.9 million as compared to the loss for the six months ended 30 June 2011. This change is the net effect of higher write downs of certain assets (by €1.7 million) and higher foreign exchange gains (by €4.7 million). The net result of foreign exchange gains equalled to €4.9 million in the six months ended 30 June 2012 compared to €0.2 million in the six month ended 30 June 2011. This gain mainly represents the unrealised foreign exchange differences on the bank loans.

Financing, Liquidity and Forecasts

The Directors consider that the current outlook, while better than in the past couple of years, especially in Poland, still presents operating and financing challenges in terms of the markets 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 2012, as set out in note 1.

Investing Policy and Strategy

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

The Company actively targets Poland, which possesses attractive investment fundamentals including political and economic stability, strong GDP growth and low inflation.

ATLAS ESTATES LIMITED

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

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

The Company seeks to provide Shareholders with an attractive overall return through a combination of income and long term appreciation of the Company's assets.

In order for the Company to achieve its long term investing policy, the Board's short term investment strategy is cash focussed with new development activity in relation to parts of its portfolio being selectively deferred but with current active projects displaying good sales being progressed on time and on budget and being brought to a conclusion to achieve intended returns. No dividends are expected to be paid in the short term.

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

In the six months to 30 June 2012, NAV per share, as reported in the interim condensed consolidated financial statements that has been prepared in accordance with International Financial Reporting Standards ("IFRS"), has increased from €1.64 at 31 December 2011 to €1.91 per share. The adjusted NAV per share, which includes valuation gains net of deferred tax on development properties held in inventory and land held under operating lease, but not recognised at fair value in the balance sheet, has increased from €2.07 at 31 December 2011 to € 2.36 per share.

Until the end of 2011 an independent valuation of the entire property portfolio was carried out on a semi-annual basis. At 31 December 2011 this has been undertaken by Jones Lang LaSalle, acting as independent expert. For the year ending 31 December 2012 the Board of Directors resolved undertaking an independent valuation of the entire property portfolio on an annual basis only. As of 30 June 2012 the semi-annual valuation was performed partially by external experts and partially internally by the Property Manager.

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

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

	Cost to Group as shown in the balance sheet at 30 June 2012 €'000	Independent valuation at 30 June 2012 €'000	Difference in value €'000
Development land assets and land held under operating lease included in total assets at cost to the Group	64,673	85,395	20,722
Attributable to non-controlling interest partners	3,625	3,984	359
Company share of increase in valuation of development land and land held under operating lease	**68,298**	**89,379**	**21,081**
Deferred tax on increase in valuation of development land and land held under operating lease at local rates			-
Basic net asset value attributable to the owners of the parent per balance sheet			89,690
Adjusted net asset value			**110,771**
Number of ordinary shares in issue at 30 June 2012			46,852,014
Adjusted net asset value per share as at 30 June 2012			**2.36**
Adjusted net asset value per share as at 31 December 2011			2.07
Adjusted net asset value per share as at 30 June 2011			2.66

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

Corporate Governance

Atlas ensures that the Group applies a robust corporate governance structure, which is vital in the current economic conditions. This is important as there is a clear link between high quality corporate governance and shareholder value creation. The Group's annual financial statements for the year ended 31 December 2011 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 2012 are summarised in the Property Manager's Report on pages 14 and 15 below.

Prospects

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

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

Andrew Fox
CHAIRMAN
31 August 2012

ATLAS ESTATES LIMITED

Review of the Property Manager

In this report we present the financial and operating results for the six months ended 30 June 2012. 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 2012, the Company held a portfolio of twenty one properties comprising eleven investment properties of which eight are income yielding properties, two are held for capital appreciation and one is held for sale, two hotels and eight development properties.

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

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

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 77% of the Group's portfolio. The Polish economy has been one of the most resilient in Europe with annualised GDP growth of 4.3% in 2011 (3.5% for Q1 2012). There had been significant increases in property prices in previous years. These were reversed in 2009, which showed significant drop in assets values. So far, 2010-2012 have shown a trend of stabilisation at the lower levels of valuations.

Hilton Hotel, Warsaw

The Hilton Hotel in the Wola district of Warsaw is the Group's most prestigious asset. The hotel's performance improved in 2012 compared to 2011 and this positive trend is expected to continue.

Platinum Towers

With its construction finished, a total of 8 penthouses out of 394 apartments have not been sold. This residential development alongside the Hilton Hotel provides a unique development in the city. The plan is also to build an office tower, which will enhance the attractiveness of this site.

Capital Art Apartments

The Capital Art Apartments development in Warsaw is a significant development in the Wola district of Warsaw close to the city centre. It is a three stage development which will release 739 apartments in the city with parking and amenities, including retail facilities.

With both stage 1 and 2 completed, the Company has, to date, sold all of the 219 apartments in stage 1, with a further 287 out of 300 apartments in stage 2 having been sold. The third stage is currently in an advanced planning phase. Construction of stage 3, comprising nearly 200 apartments, is to commence in the third quarter of 2012.

Concept House (previously named: Cybernetyki)

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

The construction of the development commenced in the second quarter of 2011 and as of 30 June 2012 the Company has pre-sold 50 apartments.

Apartamenty przy Krasińskiego (previously named: Zielono)

Apartamenty przy Krasińskiego development is a significant development in the Żoliborz district of Warsaw. It is a development which will release 303 apartments in the city with parking and amenities, including retail facilities.

The construction of the development commenced in the third quarter of 2011 and as of 30 June 2012 the Company has pre-sold 112 apartments.

Other properties in Poland

The Group also owns two investment properties in Poland.

The Millennium Plaza in Warsaw is attracting the attention of retail and office clients which is proven by increased occupancy ratio from 84% in December 2011 (and 70% in June 2011) to 90% in June 2012.

Occupancy rate in the Sadowa office building in Gdańsk also increased from 88% as of 31 December 2011 to 96% as of 30 June 2012.

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

Hungary

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

The Hungarian economy has suffered adversely from the global credit crisis and lack of liquidity available for development projects. As a result, Atlas has stopped development activity and has experienced client losses and pricing pressures affecting its income yielding assets. In 2011 GDP in Hungary slightly improved by 1.7% but in 2012 GDP of 0% is expected.

Romania

The Group's portfolio contains three properties in Romania, including the Golden Tulip Hotel and two significant land banks. The Romanian economy improved by 2.5% in 2011 (GDP of 1.5% is expected in 2012). In the difficult trading conditions, occupancy rates at the Golden Tulip are stable and amounted to 56% for the six months period ended 2012 (58% for the first six months of 2011).

Bulgaria

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

Financial Review

The continual 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

Until the end of 2011 an independent valuation of the entire property portfolio was carried out on a semi-annual basis. At 31 December 2011 this has been undertaken by Jones Lang LaSalle, acting as independent expert. For the year ending 31 December 2012 the Board of Directors resolved to undertake an independent valuation of the entire property portfolio on an annual basis only. As of 30 June 2012 the semi-annual valuation was performed partially by external experts and partially internally by the Property Manager. As of 30 June 2012, 65% (by value) of the total property portfolio has been valued externally.

Loans

As at 30 June 2012, the Company's share of bank debt associated with the portfolio of the Group was €207 million (31 December 2011: €208 million; 30 June 2011: €234 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 2012			**31 December 2011**			**30 June 2011**		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	**%**
Investment property	115	144	80%	116	146	79%	117	154	76%
Hotels	62	103	60%	62	96	65%	63	109	58%
Development property under construction	13	40	33%	13	27	48%	20	35	57%
Other development property	17	18	94%	17	18	94%	22	32	69%
	207	**305**	**68%**	**208**	**287**	**72%**	**222**	**330**	**67%**
Liabilities directly associated with assets held within disposal groups classified as held for sale	-	-	-	-	-	-	12	27	44%
Total	**207**	**305**	**68%**	**208**	**287**	**72%**	**234**	**357**	**66%**

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

As of 30 June 2012 LTV ratio of hotels remains comparable to 30 June 2011. The ratio increase noted as of 31 December 2011 was due to sudden drop in hotels market value. This drop was caused by temporary depreciation of PLN against EUR as of 31 December 2011.

The gradual decrease of LTV ratio of development property under construction from 57% as of 30 June 2011, through 48% as of 31 December 2011 to 33% as of 30 June 2012 is mainly net effect of higher impact of new projects and lower impact of completed projects due to loan repayments. New development projects under construction have lower LTV ratios than completed projects.

The increase in LTV ratio of other development property from 69% as of 30 June 2011 to 94% as of 30 June 2012 and 31 December 2011 was mainly due to reclassification of loans (and related values) from "other development property" to "development property under construction". The commencement of two new projects in Warsaw (*Apartamenty przy Krasińskiego* and *Concept House*) impacted this reclassification.

The gearing ratio is 68% net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratios remained at the similar levels as compared to 31 December 2011 and 30 June 2011.

Debt financing

The Group has its principal facilities with Erste Bank, Investkredit Bank and Raiffeisen Bank. The financial covenants within the Group's secured debt facilities fall into two main categories: annual Loan to Value ("LTV") tests and interest/debt service cover ratios ("ISCR" and "DSCR") based on audited financial statements for each subsidiary.

Update on current status

In the preparation of the condensed interim financial information for the six months ended 30 June 2012, the directors have reclassified three loans totaling €11.1 million within the financial statements from non-current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where covenant breaches or defaults on these loans arose. The Company is in dialogue with the banks and is discussing restructuring these loans.

In addition, there are four loans that are classified as bank loans and overdrafts due within one year or on demand in the amount of €44.2 million. Negotiations are ongoing with the banks on refinancing terms:

- Voluntari (€12.9 million) and Solaris (€13.5 million)- the Company is negotiating refinancing terms;
- Platinum Towers (€8.1 million) and Kokoszki (€9.7 million) – the Company signed annex to the existing bank loan agreements extending repayment date to 30 September 2012.

A loan with a carrying balance of €61.4 million that is currently presented as long term liability and is not subject to banking covenants, will become subject to these covenants within the next 12 months.

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**	**Period ended 30 June 2012 € millions**	**Period ended 30 June 2011 € millions**
Revenue	6.9	5.6	11.8	-	24.3	28.6
Cost of operations	(3.1)	(6.0)	(7.0)	-	(16.1)	(19.6)
Gross profit	3.8	(0.4)	4.8	-	8.2	9.0
Administrative expenses	(0.4)	(0.2)	(1.3)	(1.4)	(3.3)	(4.8)
Gross profit less administrative expenses	3.4	(0.6)	3.5	(1.4)	4.9	4.2
Gross profit %	55%	-7%	41%	n/a	34%	32%
Gross profit less administrative expenses %	49%	-11%	30%	n/a	20%	15%

Revenues

Total revenues for six months ended 30 June 2012 were €24.3 million compared to €28.6 million for the six months ended 30 June 2011. The Group's principal revenue streams are income from the sale of the residential apartments that the Group develops, property rental income and revenues from its hotel operations. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified.

Development Properties

	6 months period ended 30 June 2012 € millions	6 months period ended 30 June 2011 € millions	**Change 2012 v 2011 € millions**	Translation foreign exchange effect € millions	Operational change 2012 v 2011 € millions
Revenue	5.6	11.9	**(6.3)**	(0.8)	(5.5)
Cost of operations	(6.0)	(10.3)	**4.3**	0.6	3.7
Gross profit	(0.4)	1.6	**(2.0)**	(0.2)	(1.8)
Administrative expenses	(0.2)	(1.0)	**0.8**	0.1	0.7
Gross profit less administrative expenses	(0.6)	0.6	**(1.2)**	(0.1)	(1.1)

Sales are only recognised when apartments have been handed over to new owners with the full price of the apartment received by the Group. As a result the economic risks and rewards were transferred to the new owner and in accordance with the Group's accounting policy the revenue and associated costs of these apartment sales are recognised in the income statement.

The decrease in gross profit realised in the six months of 2012 as compared to the same period in 2011 is mainly a result of a lower number of apartments handed over in Platinum Towers and Capital Art Apartments, as well as decrease in average sales price per sqm and drop in valuation of the development assets.

Apartment sales in developments in Warsaw

	Capital Art Apartments stage 1	**Capital Art Apartments stage 2**	**Platinum Towers**	**Concept House**	**Apartamenty przy Krasińskiego**
Total apartments for sale	219	300	396	160	303
Pre sales of apartments	219	287	388	50	112
Sales completions in 2008	99	-	-	-	-
Sales completions in 2009	107	-	26	-	-
Sales completions in 2010	8	176	298	-	-
Sales completions in 2011	2	74	59	-	-
Sales completions in 2012	-	25	3	-	-
Total sales completions	216	275	386	-	-
Pre sales in 2009	21	95	31	-	-
Pre sales in 2010	4	28	31	-	-
Pre sales in 2011	3	22	2	35	58
Pre sales in 2012	3	12	2	50	112

For *Capital Art Apartments*, for the six months ended 30 June 2012, revenue of €4.0 million (30 June 2011: €5.4 million) have been recognised on the sales of 25 apartments (30 June 2011: 42 apartments).

For *Platinum Towers*, for the six months ended 30 June 2012, completed sales were represented by 3 apartments (30 June 2011: 30 apartments). This resulted in sales of €1.5 million being recognised in the income statement (30 June 2011: €6.4 million).

For *Concept House* and *Apartamenty przy Krasińskiego* projects no sales have been recognized as the projects are still under construction.

Property Rental

	6 months period ended 30 June 2012 € millions	6 months period ended 30 June 2011 € millions	**Change 2012 v 2011 € millions**	Translation foreign exchange effect € millions	Operational change 2012 v 2011 € millions
Revenue	6.9	6.7	**0.2**	(0.5)	0.7
Cost of operations	(3.1)	(2.7)	**(0.4)**	0.2	(0.6)
Gross profit	3.8	4.0	**(0.2)**	(0.3)	0.1
Administrative expenses	(0.4)	(0.5)	**0.1**	-	0.1
Gross profit less administrative expenses	3.4	3.5	**(0.1)**	(0.3)	0.2

Gross margin realized by the Property Rental segment is rather stable. The significant increase of occupancy ratio of Millennium resulting in the higher turnover was compensated by increased energy costs.

Hotels

	6 months period ended 30 June 2012 € millions	6 months period ended 30 June 2011 € millions	**Change 2012 v 2011 € millions**	Translation foreign exchange effect € millions	Operational change 2012 v 2011 € millions
Revenue	11.8	10.0	**1.8**	(0.7)	2.5
Cost of operations	(7.0)	(6.6)	**(0.4)**	0.4	(0.8)
Gross profit	4.8	3.4	**1.4**	(0.3)	1.7
Administrative expenses	(1.3)	(1.6)	**0.3**	0.1	0.2
Gross profit less administrative expenses	3.5	1.8	**1.7**	(0.2)	1.9

The hotel operations improved significantly mainly due to outstanding performance of Hilton hotel in Warsaw. EURO 2012 football championships that took place in Warsaw in June 2012 contributed to this success as well as effective restructuring of costs.

Cost of operations

Cost of operations were €16.1 million in the six months ended 30 June 2012 compared to €19.6 million for the six months ended 30 June 2011. The decrease is principally due to lower number of apartments handed over in *Platinum Towers* and *Capital Art Apartments* as compared to 2011 offset by an increase in the electricity costs.

For *Capital Art Apartments*, for the six months ended 30 June 2012, cost of apartments sold of €3.8 million (30 June 2011: €4.4 million) have been recognised on the sales of 25 apartments (30 June 2011: 42 apartments).

For *Platinum Towers*, for the six months ended 30 June 2012, completed sales were represented by 3 apartments (30 June 2011: 30 apartments). This resulted in cost of apartments sold €1.0 million being recognised in the income statement (30 June 2011: €4.6 million).

Administrative expenses

Administrative expenses declined by €1.6 million as compared to the six months ended 30 June 2011 mainly due to:
- €0.6 million irrecoverable VAT write off in 2011 (no write off in 2012),
- €0.4 million decrease of property manager fee as a result of lower adjusted NAV (i.e. base of the performance manager fee),
- €0.2 million decrease in legal and other professional fees.

Valuation movement

As of 30 June 2012 the decrease of the market value of the entire investment properties portfolio was only of € 2.1 million (i.e. 1%) as compared to 31 December 2011. This has been reflected by € 8.1 million decrease presented as “decrease in value of investment properties” in the Income Statement, offset by € 6.0 million increase of “other reserves (exchange adjustments)” in the Balance Sheet. Although the market value of investment properties expressed in EURO remained comparable, the actual decrease in the accounting records of the subsidiaries was significant due to fact that local currencies strengthen against EURO in the first half of 2012.

Other operating income and expenses

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

The increase of other operating income by € 0.5 million is due to positive impact of the most recent hotel valuation in Romania.
The decrease of other operating expenses by € 3.5 million is mainly due to significantly lower land bank impairment. Land bank impairment arise on potential loss of fair value less costs of sale of assets being less than the carrying value of inventory, as well as when the cost of the inventory is higher than the market valuation.

Finance income and costs

The income statement includes finance costs of €4.1 million for the six months ended 30 June 2012, compared with €5.2 million in comparative period in 2011, representing mainly interests on bank loans and related bank charges.

Foreign exchange

There have been significant fluctuations in exchange rates in the underlying currencies in the countries in which the Group operates and owns assets. A summary of exchange rates by country for average and closing rates against the reporting currency as applied in the financial statements is set out below. As a result as of 30 June 2012 the Group reported significant exchange gains of €4.9 million as compared to gains of €0.2 million in 2011.

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

	Polish Zloty	**Hungarian Forint**	**Romanian Lei**	**Bulgarian Lev**
Closing rates				
30 June 2012	4.2613	288.22	4.4494	1.95583
31 December 2011	4.4168	311.13	4.3197	1.95583
% Change	-3.52%	-7.36%	3.00%	0%
30 June 2011	3.9866	265.61	4.2341	1.95583
Average rates				
1.1-30.06.2012	4.2457	295.64	4.4603	1.95583
Year 2011	4.1198	279.21	4.2379	1.95583
% Change	3.06%	5.88%	5.25%	0%
1.1-30.06.2011	3.9540	269.38	4.1797	1.95583

Net Asset Value

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

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

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

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

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

	NAV 30 June 2012 €'millions	**NAV per share 30 June 2012 €**	NAV 31 December 2011 €'millions	**NAV per share 31 December 2011 €**
Basic NAV	89.7	**1.91**	76.8	**1.64**
Development land valuation increase not recognized in financial statements	21.1	**-**	23.4	**-**
Deferred tax	-	**-**	(3.2)	**-**
Adjusted NAV	110.8	**2.36**	97.0	**2.07**

Notes:
The number of shares in issue as at 30 June 2012 and at 31 December 2011 is 46,852,014.

The increase of adjusted NAV from € 97.0 million as of 31 December 2011 to € 110.8 million is mainly due to increase of basic NAV as described in the Chairman Statement.

The Property Manager's basic fee and performance fee are determined by the annual adjusted NAV. For the six months to 30 June 2012 the basic fee payable to AMC was €1.0 million- based on the adjusted NAV as of 31 December 2011 (€1.4 million for the six months period ended 30 June 2011- based on the adjusted NAV as of 31 December 2010).

Ongoing activities

During the first six months of 2012, 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 controlling and reducing construction costs and schedules at its development projects, particularly in the light of global variations in commodity prices and the increase of labour costs in the region. 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, 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 result for the business.

An impact of the economic uncertainty is the variations 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, where practically, is to arrange debt to fund these assets in the same currency. Where possible, the Company looks to match the currency of the flow of income and outgoings. Some expenses are still incurred in local currency and these are planned for in advance. Development of residential projects has created receipts largely denominated in local currencies and funding facilities are arranged accordingly. "Free cash" available for distribution within the Company is identified and appropriate translation mechanisms put in place.

Conclusions and Prospects

AMC's key strategic objective is the maximisation of value for the Company's shareholders, which it continues to work towards. Its teams are very experienced in the active management of investment and development property and provide the Company with a great deal of valuable local market knowledge and expertise. Good progress has been made with the sales of two key development projects in Warsaw (*Apartamenty przy Krasińskiego* and *Concept House*), Capital Art Apartments and Platinum Towers.

Reuven Havar
Chief Executive Officer
Atlas Management Company Limited
31 August 2012

Ziv Zviel
Chief Financial Officer
Atlas Management Company Limited

ATLAS ESTATES LIMITED

Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton Hotel in Poland – a 4 star hotel with 314 luxury rooms, large conferencing facilities, 4,500 square meters Holmes Place health club and spa and casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers	396 apartments in two towers; the residential development has been completed in the 3rd quarter of 2009 with two residential towers and a piazza. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers – offices	Land with zoning for an office scheme of class A office space planned over 42 floors.	100%
Galeria Platinum Towers (previously Properpol)	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	779 apartment three stage development with Stage 1 completed in 4th quarter 2008 with all apartments sold. Stage 2 with the construction of 300 apartments completed in 2009, out of which 287 were already sold. Stage 3 construction will follow. Location close to the central business district in Wola area of Warsaw.	100%
Apartamenty przy Krasińskiego (previously Zielono)	Land with zoning and building permit for 303 apartments. The construction commenced in 3rd quarter 2011. Location in a residential area of Warsaw.	76%
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 (previously Cybernetyki)	3,100 square meters plot of land zoned for 11,000 square meters and with building permit for residential development. The construction commenced in 2nd quarter 2011. Location in Mokotow district close to the central business district of Warsaw.	50%
Sadowa project	6,550 square meters office building with 96% occupancy close to the city centre of Gdansk.	100%
Kokoszki, Gdansk	430,000 square meters plot in Gdansk with zoning for construction of 130,000 square meters of mixed use development, situated on the outskirts of Gdansk.	100%
Hungary		
Ikarus Business Park	283,000 square meters plot with 110,000 square meters of built business space and 70,000 of currently lettable, located in the 16th district, a suburban area of Budapest	100%
Metropol Office Centre	7,600 square meters office building in the 13th district of central Budapest.	100%
Atrium Homes	Two phase development of 22,000 square meters of 456 apartments with 235 apartments in phase 1 with building permits, located in the 13th district in central Budapest.	100%
Ligetvaros Centre	6,300 square meters of office/retail space with rights to build extra 6,400 square meters, located in the 7th district, a central district in Budapest.	100%
Varosliget Centre	12,000 square meters plot in the 7th district in central Budapest, with zoning for a mixed use development of 31,000 gross square meters.	100%

Location/Property	Description	Company's ownership
Moszkva Square	1,000 square meters of office and retail space in the Buda district of the city.	100%
Volan Project	20,640 square meters plot, zoning for 89,000 square meters mixed use scheme in a central district of Budapest.	50%
Romania		
Voluntari	99,116 square meters of land in three adjacent plots at the pre-zoning stage, in the north eastern suburbs of the city, known as Pipera.	100%
Solaris Project	32,000 square meters plot for re-zoning to mixed-use development in a central district of Bucharest.	100%
Golden Tulip Hotel	4 star 83 room hotel in central Bucharest in the city centre of Bucharest.	100%
Bulgaria		
The Atlas House	Office building in Sofia's city centre with 3,472 square meters of lettable area.	100%

ATLAS ESTATES LIMITED

Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2012

To the Shareholders of Atlas Estates Limited

Introduction

We have been engaged to review the accompanying interim condensed consolidated and non-consolidated financial statements of Atlas Estates Limited ("the Group") as at 30 June 2012, where Atlas Estates Limited is the dominant entity ("the Company"), and is located in Guernsey, comprising:

– the interim consolidated income statement for the period from 1 January 2012 to 30 June 2012 with a net loss amounting to 5.3 million Euros,
– the interim consolidated statement of comprehensive income for the period from 1 January 2012 to 30 June 2012 with a total comprehensive income amounting to 12.8 million Euros,
– the interim consolidated statement of financial position as of 30 June 2012 with total assets amounting to 331.5 million Euros,
– the interim consolidated statement of changes in equity for the period from 1 January 2012 to 30 June 2012 with a net increase of equity amounting to 12.8 million Euros,
– the interim consolidated statement of cash flows for the period from 1 January 2012 to 30 June 2012 with a net cash inflow amounting to 2.6 million Euros, and
– the interim non-consolidated statement of comprehensive income for the period from 1 January 2012 to 30 June 2012 with a net profit amounting to 13.8 million Euros,
– the interim non-consolidated statement of financial position as of 30 June 2012 with total assets amounting to 111.3 million Euros,
– the interim non-consolidated statement of changes in equity for the period from 1 January 2012 to 30 June 2012 with a net increase of equity amounting to 13.8 million Euros,
– the interim non-consolidated statement of cash flows for the period from 1 January 2012 to 30 June 2012 with a net cash inflow amounting to 43 thousand Euros, and
– the interim summary of significant accounting policies and other explanatory notes

Directors' responsibilities

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

Our Responsibility

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

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

ATLAS ESTATES LIMITED

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated and non-consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2012 are not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

BDO LLP

Chartered Accountants and Registered Auditors

55 Baker Street, London, UK

London

31 August 2012

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

ATLAS ESTATES LIMITED

Declarations of the Board of Directors

Declaration concerning accounting policies

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

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

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

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

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

31 August 2012

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2012

		Six months ended 30 June 2012 (unaudited) €'000		Six months ended 30 June 2011 (unaudited) €'000	Note
Revenues		**24,282**		**28,658**	3
Cost of operations		(16,105)		(19,624)	4.1
Gross profit		**8,177**		**9,034**	
Property manager fee	*(967)*		*(1,379)*		
Central administrative expenses	*(283)*		*(338)*		
Property related expenses	*(2,009)*		*(3,116)*		
Administrative expenses		(3,259)		(4,833)	4.2
Other operating income		594		107	5.1
Other operating expenses		(688)		(4,144)	5.2
Decrease in value of investment properties		(8,070)		(2,975)	
Loss from operations		**(3,246)**		**(2,811)**	
Finance income		236		529	
Finance costs		(4,074)		(5,218)	
Other gains and (losses) – foreign exchange		4,897		182	
Loss before taxation		**(2,187)**		**(7,318)**	
Tax (expense)/ credit		(3,128)		137	6
Loss for the period		**(5,315)**		**(7,181)**	
Attributable to:					
Owners of the parent		(5,256)		(6,830)	
Non-controlling interests		(59)		(351)	
		(5,315)		**(7,181)**	
Loss per €0.01 ordinary share – basic (eurocents)		(11.2)		(14.6)	8
Loss per €0.01 ordinary share – diluted (eurocents)		(11.2)		(14.6)	8

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2012

	30 June 2012 (unaudited) €'000	30 June 2011 (unaudited) €'000
LOSS FOR THE PERIOD	**(5,315)**	**(7,181)**
Other comprehensive income:		
Revaluation of buildings	4,766	2,752
Deferred tax on revaluation of buildings	9,063	(521)
Exchange adjustments	4,679	1,058
Deferred tax on exchange adjustments	(395)	(102)
Other comprehensive income for the period (net of tax)	**18,113**	**3,187**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**12,798**	**(3,994)**
Total comprehensive income attributable to:		
Owners of the parent	12,857	(3,643)
Non-controlling interests	(59)	(351)
	12,798	**(3,994)**

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED BALANCE SHEET
As at 30 June 2012

	30 June 2012 (unaudited) €'000	31 December 2011 (audited) €'000	30 June 2011 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	291	295	272	
Land under operating lease - prepayments	11,639	11,296	12,590	
Property, plant and equipment	93,040	86,383	99,339	9
Investment property	140,836	142,936	152,552	10
Other loans receivable	3,275	3,232	2,770	
Deferred tax asset	4,154	7,081	4,956	
	253,235	**251,223**	**272,479**	
Current assets				
Inventories	57,820	55,683	64,120	11
Trade and other receivables	5,303	4,305	4,701	
Cash and cash equivalents	13,550	10,930	12,581	12
	76,673	**70,918**	**81,402**	
Assets held within disposal groups classified as held for sale	1,640	1,900	29,050	15
	78,313	**72,818**	**110,452**	
TOTAL ASSETS	**331,548**	**324,041**	**382,931**	
Current liabilities				
Trade and other payables	(13,108)	(14,894)	(14,428)	
Bank loans	(71,572)	(72,696)	(60,388)	14
Derivative financial instruments	(366)	(322)	(201)	
	(85,046)	**(87,912)**	**(75,017)**	
Liabilities directly associated with assets held within disposal groups classified as held for sale	-	-	(20,845)	15
	(85,046)	**(87,912)**	**(95,862)**	
Non-current liabilities				
Other payables	(13,022)	(7,129)	(6,449)	
Bank loans	(135,737)	(135,775)	(161,660)	14
Derivative financial instruments	(1,373)	(1,366)	(1,009)	
Deferred tax liabilities	(6,142)	(14,429)	(15,715)	
	(156,274)	**(158,699)**	**(184,833)**	
TOTAL LIABILITIES	**(241,320)**	**(246,611)**	**(280,695)**	
NET ASSETS	**90,228**	**77,430**	**102,236**	

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED BALANCE SHEET
As at 30 June 2012

	30 June 2012 (unaudited) €'000	31 December 2011 (audited) €'000	30 June 2011 (unaudited) €'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	23,638	9,809	11,166
Other distributable reserve	194,817	194,817	194,817
Translation reserve	(9,488)	(13,772)	(4,208)
Accumulated loss	(125,545)	(120,289)	(106,228)
Issued capital and reserves attributable to owners of the parent	**89,690**	**76,833**	**101,815**
Non-controlling interests	538	597	421
TOTAL EQUITY	**90,228**	**77,430**	**102,236**
Basic net asset value per share	€ 1.91	€ 1.64	€ 2.17

The notes on pages 27 to 44 form part of this consolidated financial information. The condensed consolidated financial information on pages 21 to 44 was approved by the Board of Directors on 31 August 2012 and signed on its behalf by:

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

31 August 2012

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2012

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

Year ended 31 December 2011 (audited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**	**Non-controlling interest €'000**	**Total equity €'000**
As at 1 January 2011	6,268	198,676	(99,486)	105,458	772	106,230
Loss for the period	-	-	(20,986)	(20,986)	(175)	(21,161)
Other comprehensive income for the year	-	(7,639)	-	(7,639)	-	(7,639)
Transfer to retained earnings	-	(183)	183	-	-	-
As at 31 December 2011	**6,268**	**190,854**	**(120,289)**	**76,833**	**597**	**77,430**

Six Months Ended 30 June 2011 (unaudited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**	**Non-controlling interest €'000**	**Total equity €'000**
As at 1 January 2011	6,268	198,676	(99,486)	105,458	772	106,230
Loss for the period	-	-	(6,830)	(6,830)	(351)	(7,181)
Total comprehensive income for the period	-	3,187	-	3,187	-	3,187
Transfer to retained earnings	-	(88)	88	-	-	-
As at 30 June 2011	**6,268**	**201,775**	**(106,228)**	**101,815**	**421**	**102,236**

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2012

	Note	Six months ended 30 June 2012 (unaudited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Cash inflow generated from operations	13	**5,758**	**12,712**
Tax paid		-	(17)
Net cash from operating activities		**5,758**	**12,695**
Investing activities			
Interest received		106	57
Proceeds from disposal of investment property		316	-
Purchase of investment property		(119)	(136)
Purchase of property, plant and equipment		(334)	(303)
Purchase of intangible assets - software		(14)	(25)
Net cash used in investing activities		**(45)**	**(407)**
Financing activities			
Interest paid		(3,891)	(4,599)
New bank loans raised		6,109	-
Repayments of bank loans		(7,886)	(11,514)
New loans granted to JV partners		-	(310)
New loans received from non-controlling investors		-	786
Net cash used in financing activities		**(5,668)**	**(15,637)**
Net increase/ (decrease) in cash and cash equivalents in the period		**45**	**(3,349)**
Effect of foreign exchange rates		2,575	894
Net increase/ (decrease) in cash and cash equivalents in the period		**2,620**	**(2,455)**
Cash and cash equivalents at the beginning of the period		**10,930**	**15,036**
Cash and cash equivalents at the end of the period		**13,550**	**12,581**
Cash and cash equivalents			
Cash at bank and in hand	12	13,550	12,764
Cash assets classified as held for sale	15	-	(183)
		13,550	**12,581**

The notes on pages 27 to 44 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 2012 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 balance sheet, consolidated statement of changes in equity and consolidated cash flow statement are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2011. The six month financial results are not necessarily indicative of the full year results.

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

As at 30 June 2012 the Group held land and building assets with a market value of €304.9 million, compared to external debt of €207.3 million. Subject to the time lag in realising the value in these assets in order to generate cash, this “loan to value ratio” gives a strong indication of the Group’s ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, which are subject to any repossession by the bank on default of loan terms would clear the outstanding debt and not result in additional finance liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the six months ended 30 June 2012, the directors have taken into account the status of current negotiations on loans. The Company has also continued to provide funds to service interest and capital repayments on these loans on behalf of its subsidiary companies. These are disclosed in note 14 as part of the bank loans note.

Nevertheless, the directors are aware that the liquidity position of the company has been and still continues to be tight. The company so far has been successful in managing its cash position carefully and will continue to do so, despite the various pressures. Managing this situation will require the company to use its various pockets of liquidity within its portfolio of assets and at the same time 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 2012.

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 2011, as described in the annual financial statements for the year ended 31 December 2011, and with those expected to be applied to the financial statements for the year ended 31 December 2012.

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

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

Six months ended 30 June 2012 (unaudited)	**Property rental €'000**	**Residential sales €'000**	**Hotel operations €'000**	**Other €'000**	**2012 €'000**
Other segment items					
Capital expenditure	116	123	189	17	**445**
Depreciation	17	77	1,282	6	**1,382**
Amortisation	1	1	24	3	**29**

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2012

Six months ended 30 June 2011 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2011 €'000
Revenues	6,754	11,875	10,029	-	28,658
Cost of operations	(2,725)	(10,250)	(6,649)	-	(19,624)
Gross profit	**4,029**	**1,625**	**3,380**	**-**	**9,034**
Administrative expenses	(495)	(1,029)	(1,562)	(1,747)	(4,833)
Gross profit less administrative expenses	**3,534**	**596**	**1,818**	**(1,747)**	**4,201**
Other operating income	81	3	22	1	107
Other operating expenses	(57)	(3,867)	(217)	(3)	(4,144)
Decrease in value of investment properties	(2,975)	-	-	-	(2,975)
Profit / (loss) from operations	**583**	**(3,268)**	**1,623**	**(1,749)**	**(2,811)**
Finance income	401	111	11	6	529
Finance costs	(2,680)	(1,477)	(1,057)	(4)	(5,218)
Other gains and (losses) – foreign exchange	437	65	(318)	(2)	182
Segment result before tax	**(1,259)**	**(4,569)**	**259**	**(1,749)**	**(7,318)**
Tax charge					137
Loss for the period as reported in the income statement					**(7,181)**
Attributable to non-controlling interests					351
Net loss attributable to owners of the parent					**(6,830)**

Six months ended 30 June 2011 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2011 €'000
Reportable segment assets	161,174	96,244	116,995	**-**	374,413
Unallocated assets	-	-	-	8,518	8,518
Total assets					**382,931**
Reportable segment liabilities	(127,529)	(73,144)	(77,087)	**-**	(277,760)
Unallocated liabilities	-	-	-	(2,935)	(2,935)
Total liabilities					**(280,695)**

Six months ended 30 June 2011 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2011 €'000
Other segment items					
Capital expenditure	141	133	166	28	**468**
Depreciation	19	39	1,392	4	**1,454**
Amortisation	8	-	25	1	**34**

There are immaterial sales between the operating segments. Unallocated assets represent cash balances and other receivables held by the Company and those of selected sub-holding companies, including related tax balances. Unallocated liabilities include accrued costs within the Company and selected sub-holding companies, including related tax balances.

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2012

4. Analysis of expenditure

4.1 Cost of operations

	Six months ended 30 June 2012 (unaudited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Costs of sale of residential property	4,787	9,032
Utilities, services rendered and other costs	5,955	5,271
Legal and professional expenses	1,018	855
Staff costs	2,630	2,907
Sales and direct advertising costs	782	721
Depreciation and amortisation	430	435
Impairment on inventory	503	403
Cost of operations	**16,105**	**19,624**

4.2 Administrative expenses

	Six months ended 30 June 2012 (unaudited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Audit and tax services	132	174
Incentive and management fee	967	1,379
Legal and other professional services	294	452
Utilities, services rendered and other costs	454	582
Staff costs	548	563
Depreciation and amortisation	981	1,053
Other administrative expenses	(117)	630
Administrative expenses	**3,259**	**4,833**

5.1 Other operating income

	Six months ended 30 June 2012 (unaudited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Income from insurance	92	-
Other operating income	246	107
Reversal of impairment on property, plant and equipment	256	-
Other operating income	**594**	**107**

5. 2 Other operating expenses

	Six months ended 30 June 2012 (unaudited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Land bank impairment	373	3,673
Interest and fees	88	146
Loss on sale of investment property asset	113	-
Other operating expenses	114	113
Impairment on property, plant and equipment	-	212
Other operating expenses	**688**	**4,144**

6. Tax credit / (expense)

Continuing operations	Six months ended 30 June 2012 (unaudited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Current tax	(9)	(266)
Deferred tax	(3,119)	403
Tax credit / (expense) for the period	**(3,128)**	**137**

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 six month results.

Deferred tax expense is an effect of release of deferred tax asset that is no longer expected to be realized.

7. Dividends

There were no dividends declared or paid in the six months ended 30 June 2012 (2011: €nil).

8. Earnings/ (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.

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

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

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

Six months ended 30 June 2011 (unaudited)	**(Loss) €'000**	**Weighted average number of shares**	**Per share amount Eurocents**
Continuing operations			
Basic (LPS)			
(Loss) attributable to equity shareholders of the Company	(6,830)	46,852,014	(14.6)
Effect of dilutive securities			
Share warrants	-	-	-
Diluted (LPS)			
Adjusted (loss)	**(6,830)**	**46,852,014**	**(14.6)**

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

9. Property, plant and equipment

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2011	90,606	11,336	148	102,090
Additions at cost	484	300	8	792
Exchange adjustments	(8,501)	(1,096)	(14)	(9,611)
Transfers	115	(115)	-	-
Disposals	-	(310)	(46)	(356)
Revaluation	(2,069)	-	-	(2,069)
At 31 December 2011	**80,635**	**10,115**	**96**	**90,846**
Additions at cost	-	343	-	343
Revaluation	4,097	-	-	4,097
Disposals	-	(102)	(9)	(111)
Exchange adjustments	2,450	345	4	2,799
At 30 June 2012	**87,182**	**10,701**	**91**	**97,974**
Accumulated depreciation				
At 1 January 2011	(224)	(3,437)	(98)	(3,759)
Charge for the year	(1,886)	(811)	(19)	(2,716)
Transfers	-	(12)	-	(12)
Adjustment due to revaluation	1,195	-	-	1,195
Exchange adjustments	241	378	11	630
Disposals	-	155	44	199
At 31 December 2011	**(674)**	**(3,727)**	**(62)**	**(4,463)**
Charge for the period	(925)	(379)	(7)	(1,311)
Adjustment due to revaluation	925	-	-	925
Disposal	-	38	3	41
Exchange adjustments	-	(124)	(2)	(126)
At 30 June 2012	**(674)**	**(4,192)**	**(68)**	**(4,934)**
Net book value at 30 June 2012	**86,508**	**6,509**	**23**	**93,040**
Net book value at 31 December 2011	79,961	6,388	34	86,383

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2011	90,606	11,336	148	102,090
Additions at cost	144	162	-	306
Exchange adjustments	(413)	(53)	1	(465)
Disposals	-	(2)	(34)	(36)
Write offs	(211)	(1)	-	(212)
Revaluation	1,881	-	-	1,881
At 30 June 2011	**92,007**	**11,442**	**115**	**103,564**
Accumulated depreciation				
At 1 January 2011	(224)	(3,437)	(98)	(3,759)
Charge for the year	(958)	(410)	(10)	(1,378)
Adjustment due to revaluation	871	-	-	871
Exchange adjustments	(4)	12	-	8
Disposals	-	-	33	33
At 30 June 2011	**(315)**	**(3,835)**	**(75)**	**(4,225)**
Net book value at 30 June 2011	91,692	7,607	40	99,339

As at 30 June 2012 buildings were partially valued internally by the Property Manager and partially externally by Jones Lang LaSalle, Chartered Surveyors, qualified professional external valuers.

The Group has pledged property, plant and equipment of €90.5 million (31 December 2011: €83.9 million; 30 June 2011: €97.1 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €61.6 million (31 December 2011: €62.6 million, 30 June 2011: €63.5million) are secured on these properties (note 14).

10. Investment property

	30 June 2012 (unaudited) €'000	31 December 2011 (audited) €'000	30 June 2011 (unaudited) €'000
At beginning of the year	144,836	156,153	156,153
Disposals	(359)	-	-
Capitalised subsequent expenditure	119	1,146	136
Exchange movements	5,949	(15,027)	1,239
PV of annual perpetual usufruct fees	(1)	(1)	(1)
Fair value gains/ (losses)	(8,068)	2,565	(2,975)
At the end of period	**142,476**	**144,836**	**154,552**
Less assets classified as held within disposal groups classified as held for sale (note 15)	(1,640)	(1,900)	(2,000)
Total investment properties	**140,836**	**142,936**	**152,552**

As at 30 June 2012 the fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out partially internally by Property Manager and partially externally by Jones Lang LaSalle, Chartered Surveyors.

The Group has pledged investment property of €135.3 million (31 December 2011: €137.1 million; 30 June 2011: €146.3 million) to secure certain banking facilities granted to subsidiaries.

11. Inventories

	30 June 2012 (unaudited) €'000	31 December 2011 (audited) €'000	30 June 2011 (unaudited) €'000
Land held for development	31,479	31,382	53,393
Construction expenditures	15,297	8,837	7,347
Completed properties	9,836	14,312	24,208
Hotel inventory	1,208	1,152	1,275
Freehold and leasehold properties held for resale	**57,820**	**55,683**	**86,223**
Less assets classified as held within disposal groups classified as held for sale (note 15)	-	-	(22,103)
Total inventories	**57,820**	**55,683**	**64,120**

€4.8 million (31 December 2011: €16.9 million; 30 June 2011: €9.0 million) of inventories was released to cost of operations in the income statement during the period. €0.9 million was recognised in the income statement in relation to the impairment on inventories (31 December 2011: €3.2 million; 30 June 2011: €4.1 million). The stock which is held at fair value less cost to sell amounts to €31.3 million (31 December 2011: €27.0 million; 30 June 2011: €46.5 million).

Bank borrowings are secured on the inventory for the value of €47.8 million (31 December 2011: €46.0 million; 30 June 2011: €75.8 million) (note 14).

Borrowing costs of €1.2 million (31 December 2011: €1.0 million, 30 June 2011: €5.7 million) that are directly attributable to the construction of qualifying assets are capitalized as part of the cost of inventory until they are substantially ready for use or sale.

12. Cash and cash equivalents

	30 June 2012 (unaudited) €'000	31 December 2011 (audited) €'000	30 June 2011 (unaudited) €'000
Cash and cash equivalents			
Cash and cash equivalents	11,061	10,289	11,873
Short term bank deposits	2,489	641	891
	13,550	**10,930**	**12,764**
Less assets classified as held within disposal groups classified as held for sale (note 15)	-	-	(183)
Total	**13,550**	**10,930**	**12,581**

Included in cash and cash equivalents is €11.7 million (31 December 2011: €9.8 million; 30 June 2011: €10.6 million) restricted cash relating to security and customer deposits.

13. Cash generated from operations

	Six months ended 30 June 2012 (unaudited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Loss for the period	**(5,315)**	**(7,181)**
Adjustments for:		
Effects of foreign currency	(6,053)	(461)
Finance costs	3,898	4,633
Finance income	(236)	(514)
Tax (expense)/ credit	3,128	(137)
Depreciation of property, plant and equipment	1,312	1,378
Amortisation charges	99	110
Loss on sale of investment property	113	-
Decrease in the value of investment property	8,070	2,975
Impairment on inventory	876	4,263
(Reversal of impairment)/ Impairment on property, plant and equipment	(256)	211
	5,636	**5,277**
Changes in working capital		
(Decrease)/ increase in inventory	(2,917)	7,909
(Decrease)/ increase in trade and other receivables	(998)	4,359
Increase/ (decrease) in trade and other payables	4,037	(4,833)
	122	**7,435**
Cash inflow generated from operations	**5,758**	**12,712**

14. Bank loans

	30 June 2012 (unaudited) €'000	31 December 2011 (audited) €'000	30 June 2011 (unaudited) €'000
Current			
Bank loans and overdrafts due within one year or on demand			
Secured	**(71,572)**	**(72,696)**	**(60,388)**
Non-current			
Repayable within two years			
Secured	(4,777)	(2,948)	(29,388)
Repayable within three to five years			
Secured	(122,413)	(60,134)	(59,202)
Repayable after five years			
Secured	(8,547)	(72,693)	(73,070)
	(135,737)	**(135,775)**	**(161,660)**
Total	**(207,309)**	**(208,471)**	**(222,048)**
Bank loans directly associated with assets held within disposal groups classified as held for sale (note 15)	-	-	(12,233)
Total	**(207,309)**	**(208,471)**	**(234,281)**

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

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

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

	Euro €'000	Zloty €'000	Other €'000	Total €'000
Bank loans and overdrafts – 30 June 2012	192,320	14,989	-	207,309
Bank loans and overdrafts – 31 December 2011	194,373	14,098	-	208,471
Bank loans and overdrafts – 30 June 2011	195,754	26,294	-	222,048

Update on current status

In the preparation of the condensed interim financial information for the six months ended 30 June 2012, the directors have reclassified three loans totaling €11.1 million within the financial statements from non-current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where covenant breaches or defaults on these loans arose. The Company is in dialogue with the banks and is discussing restructuring these loans.

In addition, there are four loans that are classified as bank loans and overdrafts due within one year or on demand in the amount of €44.2 million. Negotiations are ongoing with the banks on refinancing terms:

- Voluntari (€12.9 million) and Solaris (€13.5 million)- the Company is negotiating refinancing terms;
- Platinum Towers (€8.1 million) and Kokoszki (€9.7 million) – the Company signed annex to the existing bank loan agreements extending repayment date to 30 September 2012.

A loan with a carrying balance of €61.4 million that is currently presented as long term liability and is not subject to banking covenants, will become subject to these covenants within the next 12 months.

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

In March 2011 Atlas management started to actively market for sale Moszkva office building located in Budapest, Hungary. As of the date of this report no offer from a potential buyer was accepted, nevertheless the management assumes that the sale transaction will be completed within one year.

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

Assets:	**30 June 2012 (unaudited) €'000**	**31 December 2011 (audited) €'000**	**30 June 2011 (unaudited) €'000**
Investment property	1,640	1,900	2,000
Deferred tax asset	-	-	310
Inventories	-	-	22,103
Trade and other receivables	-	-	20
Shareholder loan receivable	-	-	4,434
Cash and cash equivalents	-	-	183
Assets held within disposal groups classified as held for sale	**1,640**	**1,900**	**29,050**

Liabilities:	**30 June 2012 (unaudited) €'000**	**31 December 2011 (audited) €'000**	**30 June 2011 (unaudited) €'000**
Trade and other payables	-	-	(7,834)
Bank loans	-	-	(12,233)
Deferred tax liabilities	-	-	(778)
Liabilities directly associated with assets held within disposal groups classified as held for sale	**-**	**-**	**(20,845)**

16. Related party transactions

(a) Key management compensation

	30 June 2012 (unaudited) €'000	**30 June 2011 (unaudited) €'000**
Fees for non-executive directors	13	13

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC received a management fee of €1.0 million for the six months ended 30 June 2012 (31 December 2011: €2.7 million; 30 June 2011: €1.4 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 2012. No performance fee has been accrued for the six months ended 30 June 2012 (31 December 2011: €nil million; 30 June 2011: €nil million).

As of 30 June 2012, €1.5 million included in current trade and other payables was due to AMC (31 December 2011: €1.3 million; 30 June 2011: €3.1 million).

(b) Under the loan agreement of 18 May 2007, EdR Real Estate (Eastern Europe) Finance S.a.r.l, which is also a shareholder in Atlas Estates (Cybernetyki) Sp. z o.o., has extended a loan facility of €3.9 million to Atlas Estates (Cybernetyki) Sp. z o.o. for the purpose of covering ongoing investment and business expenses. The loan facility is to be repaid by 31 December 2020 and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2012 the lender charged €58 thousand as interest (31 December 2011: €106 thousand, 30 June 2011: €42 thousand). As of 30 June 2012 Atlas Estates (Cybernetyki) Sp. z o.o. has drawn the loan facility plus associated interest in the amount of €4.6 million (31 December 2011: €4.5 million, 30 June 2011: €3.5 million).

(c) CoralCliff Limited, which is also shareholder in Zielono Sp. z o.o., has extended a loan facility of PLN 2.8 million and €0.9 million to Zielono Sp. z o.o. for the purpose of covering ongoing investment and business expenses. The loan facility is to be repaid by 31 December 2015 and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2012 the lender charged €18 thousand as interest (31 December 2011: €18 thousand, 30 June 2011: €5 thousand). As of 30 June 2012 Zielono Sp. z o.o. has drawn the loan facility plus associated interest in the amount of €1.4 million (31 December 2011: €1.4 million, 30 June 2011: €0.5 million).

(d) Shasha Transport Ltd, which are also shareholder in Atlas and Shasha Zrt (previously: Atlas Estates Kaduri Shasha Zrt), have extended loan facilities to Atlas and Shasha Zrt for the purpose of covering ongoing investment and business expenses. The loan facility has no repayment date and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2012 the lender charged €26 thousand as interest (31 December 2011: €46 thousand, 30 June 2011: €26 thousand). As of 30 June 2012 Atlas and Shasha Zrt has drawn the loan facilities plus associated interest in the amount of €1.9 million (31 December 2011: €1.9 million, 30 June 2011: €1.9 million).

17. Post balance sheet events

17. 1 Financing

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

17.2 Significant agreements

No significant agreements have been concluded.

18. Other items

18.1 Information about court proceedings

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

Atlas Estates Limited and Atlas Estates Investment B.V.

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

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

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

18.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2012.

18.3 Substantial shareholdings

As of 17 August 2012, the Board was aware of the following direct or indirect interest in 3% or more of the Company's ordinary share capital. All shares have equal voting rights.

Table 1 – Significant Shareholders	Number of Shares held	Percentage of Issued Share Capital
HSBC Client Holdings Nominee (UK) Limited <636167>	34,994,624	74.69
Forest Nominees Limited <GC1>	6,536,925	13.95
Euroclear Nominees Limited <EOCO1>	4,967,146	10.60
TOTAL	**46,498,695**	**99.24**

18.4 Directors' share interests

There have been no changes to the Directors' share interests during the six months ended 30 June 2012. 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 2012.

18.5 Share based payment

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

The exercise price of each of the Warrants is £3.41 (€4.23 as at 30 June 2012). The exercise price and number of ordinary shares relating to such Warrants will be subject to adjustment in respect of dilution events, including the payment by the Company of cash or special dividends, any amalgamation, reorganisation, reclassification, consolidation, merger or sale of all or substantially all of the Group's assets and other dilutive events. The Warrants are freely transferable.

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

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

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

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

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

In 2012, the fair value of the benefit of the total warrants in issue of €nil thousand (2011: €nil thousand) has been charged to the income statement.

19. Principal subsidiary companies and joint ventures

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

No new subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the period ended 30 June 2012.

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Holland	Trilby B.V.	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Curacao	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Darenisto Limited	Holding	100%
Cyprus	Kalipi Holdings Limited	Holding	100%
Cyprus	Fernwood Limited	Holding	100%
Poland	AEP Sp. z o.o.	Management	100%
Poland	Platinum Towers AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Zielono Sp. z o.o.	Development	76%
Poland	Properpol Sp z o.o.	Investment	100%
Poland	Atlas Estates (Millennium) Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Grzybowska Centrum Atlas Re Project BV SK	Holding	100%
Poland	HGC S.A.	Hotel operation	100%
Poland	HPO Sp. z o.o.	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Atlas Estates (Kokoszki) Sp. z o.o.	Investment	100%
Poland	Atlas FIZ AN	Holding	100%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Cap East Kft.	Investment	100%
Hungary	Felikon Kft.	Investment	100%
Hungary	Ligetváros Kft	Investment	100%
Hungary	Városliget Center Kft	Investment	100%
Hungary	Atlas Estates (Moszkva) Kft.	Investment	100%
Hungary	Atlas and Shasha Zrt	Development	50%
Romania	World Real Estate SRL	Investment	100%
Romania	Atlas Solaris SRL	Development	100%
Romania	D.N.B. - Victoria Towers SRL	Hotel operation	100%
Bulgaria	Immobul EOOD	Investment	100%

20. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2012

	Six months ended 30 June 2012 (unaudited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Revenues	-	-
Cost of operations	-	-
Gross profit	**-**	**-**
Administrative expenses	(978)	(1,021)
Other operating income	14,684	500
Other operating expenses	-	(13,166)
Profit/ (Loss) from operations	**13,706**	**(13,687)**
Finance income	102	143
Finance costs	(7)	(5)
Other (losses) and gains – foreign exchange	(3)	(3)
Profit/ (Loss) before taxation	**13,798**	**(13,552)**
Tax expense	-	-
Profit/ (Loss) for the year	**13,798**	**(13,552)**
Total comprehensive income for the period	**13,798**	**(13,552)**

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2012

NON-CONSOLIDATED STATEMENT OF BALANCE SHEET
As at 30 June 2012

	30 June 2012 (unaudited) €'000	**31 December 2011 (audited) €'000**	**30 June 2011 (unaudited) €'000**
ASSETS			
Non-current assets			
Investment in subsidiaries	111,079	97,237	124,862
Loans receivable from subsidiaries	-	-	-
	111,079	**97,237**	**124,862**
Current assets			
Trade and other receivables	18	30	47
Cash and cash equivalents	187	144	198
	205	**174**	**245**
TOTAL ASSETS	**111,284**	**97,411**	**125,107**
Non-current liabilities			
Other payables	(513)	(364)	(357)
	(513)	**(364)**	**(357)**
Current liabilities			
Trade and other payables	(1,063)	(1,137)	(2,723)
	(1,063)	**(1,137)**	**(2,723)**
TOTAL LIABILITIES	**(1,576)**	**(1,501)**	**(3,080)**
NET ASSETS	**109,708**	**95,910**	**122,027**
EQUITY			
Share capital account	6,268	6,268	6,268
Other distributable reserve	194,817	194,817	194,817
Accumulated loss	(91,377)	(105,175)	(79,058)
TOTAL EQUITY	**109,708**	**95,910**	**122,027**

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2012

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2012

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

Year ended 31 December 2011 (audited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2011	6,268	194,817	(65,506)	135,579
Total comprehensive income for the year	-	-	(39,669)	(39,669)
As at 31 December 2011	**6,268**	**194,817**	**(105,175)**	**95,910**

Six Months Ended 30 June 2011 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2011	6,268	194,817	(65,506)	135,579
Total comprehensive income for the year	-	-	(13,552)	(13,552)
As at 30 June 2011	**6,268**	**194,817**	**(79,058)**	**122,027**

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2012

NON-CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2012

	Six months ended 30 June 2012 (unaudited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Profit/ (Loss) for the year	**13,798**	**(13,552)**
Adjustments for:		
Effects of foreign currency	3	-
Finance costs	7	4
Finance income	(102)	(143)
Reversal of impairment/ (Impairment) on investments	(13,842)	13,166
Reversal of impairment against loans receivables from subsidiaries	(835)	(500)
	(971)	**(1,025)**
Changes in working capital		
Decrease in trade and other receivables	12	(8)
Increase in trade and other payables	(74)	82
Net cash outflow from operating activities	**(1,033)**	**(951)**
Investing activities		
New loans advanced to subsidiaries	(119)	(157)
Repayment of loans with subsidiary undertakings	1,195	1,103
Net cash from investing activities	**1,076**	**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	**43**	**(5)**
Effect of foreign exchange rates	-	-
Net decrease in cash and cash equivalents in the year	**43**	**(5)**
Cash and cash equivalents at the beginning of the year	**144**	**203**
Cash and cash equivalents at the end of the year	**187**	**198**
Cash and cash equivalents		
Cash at bank and in hand	187	198
Bank overdrafts	-	-
	187	**198**