

ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
THIRD QUARTER 2013

Atlas Estates Limited
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Company number: 44284

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Financial Highlights

Selected Consolidated Financial Items	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2013 (unaudited) €'000	30 September 2013 (unaudited) €'000	30 September 2012 (unaudited) €'000	30 September 2012 (unaudited) €'000
Revenues	23,928	8,514	33,650	9,368
Gross profit	8,772	3,012	11,766	3,589
Increase/ Decrease in value of investment properties	4,553	-	(8,412)	(342)
Profit/ (Loss) from operations	6,535	1,510	(1,921)	1,325
Profit before tax	466	3,191	1,783	3,970
Profit/ (Loss) for the period	137	3,177	(1,961)	3,354
Profit/ (Loss) attributable to owners of the parent	137	3,177	(1,885)	3,371
Cash flow from operating activities	20,967	12,909	10,405	2,486
Cash flow from investing activities	(1,013)	(475)	(323)	(278)
Cash flow from financing activities	(15,144)	(4,603)	(9,161)	(3,493)
Net increase/ (decrease) in cash	4,303	8,042	2,069	(551)
Current assets	93,627	93,627	79,386	79,386
Non-current assets	235,626	235,626	259,622	259,622
Total assets	329,953	329,953	340,408	340,408
Current liabilities	(171,142)	(171,142)	(85,514)	(85,514)
Non-current liabilities	(85,231)	(85,231)	(158,053)	(158,053)
Total liabilities	(256,373)	(256,373)	(243,567)	(243,567)
Basic net assets (1)	73,580	73,580	96,841	96,841
Issued capital and reserves attributable to owners of the parent	73,580	73,580	96,320	96,320
Number of shares outstanding	46,852,014	46,852,014	46,852,014	46,852,014
Profit/ (Loss) per share basic (eurocents)	0.3	6.8	(4.0)	7.2
Basic net asset value per share (€)	1.6	1.6	2.1	2.1

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

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Chairman's Statement

Dear Shareholders,

I am pleased to announce the unaudited financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings ("the Group") for the nine and three months ended 30 September 2013.

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

The projects that the Group is currently developing in Warsaw (*Apartamenty przy Krasińskiego*, *Concept House* and *Capital Art Apartments III & IV*) are well placed to meet the ongoing demand for quality residential property, which is demonstrated by a high level of pre-sales (as presented in the Property Manager's Report on page 12). Moreover in April and July 2013 the Group successfully completed construction of two of the above mentioned development projects (*Concept House* and *Apartamenty przy Krasińskiego* respectively). In the fourth quarter of 2013 Atlas expects to realise income from pre-sale agreements on these completed projects.

Reported Results

As of 30 September 2013 the Group has reported basic net assets of €73.6 million.

The basic net assets remained at similar level as compared to 31 December 2012 primarily as a result of the following movements:

- €2.4 million bank loan write off. In the first quarter 2013 the Group reached a settlement with the bank financing its property in Bulgaria based on which the Group received €2.4 million discount on the one off repayment of the outstanding loan facility; offset by
- €3.3 million fall of property, plant and equipment as well as investment properties mainly due to €6.0 million adverse foreign exchange movements, €2.9 million impairment charge, offset by €4.5 million increase in fair value of investment properties.

The basic net assets decreased by €23.2 million from €96.8 million as at 30 September 2012. This decline was mainly due to €9.6 million fall in the valuation of the investment properties and €12.3 million fall in the valuation of hotels (the property plant and equipment).

Managing working capital is an important challenge for the management. Over the last year we observe sudden working capital deterioration from (€6.1 million) as of 30 September 2012 to (€78.3 million) as of 31 December 2012 and (€77.5 million) as of 30 September 2013. This is primarily due to reclassification of two bank loans totaling €65.3 million from non-current liabilities to current liabilities as a result of event of default that occurred. However it must be outlined that on 15 October 2013 the Company signed the amendment to existing bank loan agreements extending repayment dates (as further disclosed on page 10). Following this extension the facilities will be reclassified again as long term loans consequently improving the Group's working capital position.

At the operating level the Group reported an increase in gross profit margin from 35% in the nine months period ended 30 September 2012 to 37% in the nine months period ended 30 September 2013, which is mainly the result of the reduction of the Company's activity in the residential segment. Property rental and hotel operation segments realise higher gross margins as compared to the residential segment, as presented on pages 25 and 26.

In the first nine months ended 30 September 2013 profit after tax amounted to €0.1 million as compared to the loss for the nine months ended 30 September 2012 amounting €2.0 million. This change is the net effect of:

- €13.0 million increase in change of property values,
- €4.4 million improvement in the financing activity primarily due to decrease of margin on several loan facilities and bank loan write off, offset by
- €14.2 million change in foreign currency exchange differences from €9.4 million foreign exchange gain in the first nine months of 2012 to €4.8 million foreign exchange loss in the first nine months of 2013.

Foreign currency exchange differences (gains and losses) presented in the consolidated income statement mainly represent the unrealised foreign exchange differences on the bank loans. €4.0 million out of €4.8 million foreign exchange losses noted in the nine months ended 30 September 2013 was due to the unrealised foreign exchange

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losses on EUR denominated bank loans in Polish and Hungarian subsidiaries. The foreign exchange losses occurred as a result of depreciation of PLN and HUF against EUR in the nine months ended 30 September 2013.

Financing, Liquidity and Forecasts

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

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

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

Investing Policy and Strategy

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

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

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

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

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

In the nine months to 30 September 2013, NAV per share, as reported in the condensed consolidated quarterly financial information that has been prepared in accordance with International Financial Reporting Standards ("IFRS"), amounted to €1.6 per share and remained unchanged since 31 December 2012. It decreased by 24% from €2.1 per share at 30 September 2012.

The most recent valuation of the property portfolio was carried out on 30 June 2013. The semi-annual valuation was performed partially by external experts and partially internally by the Property Manager. As of 30 June 2013 Jones Lang LaSalle was acting as an independent external expert.

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

Corporate Governance

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

Risks and uncertainties

The Board and the Property Manager continually assess and monitor the key risks of the business. The principal risks and uncertainties that could have a material impact on the Group's performance for the rest of the financial year 2013 are summarised in the Property Manager's Report on pages 14 and 15 below.

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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
14 November 2013

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Review of the Property Manager

In this report we present the operating results for the nine and three months ended 30 September 2013. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advice on new investment opportunities. At 30 September 2013, the Company held a portfolio of twenty one properties comprising eleven investment properties of which eight are income yielding properties, two are held for capital appreciation and one is held for sale, two hotels and eight development properties.

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

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

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 79% of the Group's portfolio located there. The Polish economy has been one of the most resilient in Europe with GDP growth of 2.0% in 2012 (1.3% expected 2013). There had been significant increases in property prices in previous years. These were reversed in 2009, which showed significant drop in assets values. So far, 2010-June 2013 has shown a trend of stabilisation at the lower levels of valuations.

Hilton Hotel, Warsaw

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

Platinum Towers

With its construction finished, 392 apartments and penthouses have been sold or presold to date and the last 4 penthouses are still available for sale. This residential development alongside the Hilton Hotel provides a unique development in the city. The plan is also to build a mixed use (residential and office) tower, on the neighboring plot, which will enhance the attractiveness of this site.

Capital Art Apartments

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

With both the first and the second stage completed, the Company has, to date, sold all of the 219 apartments in the first stage, with a further 294 out of 300 apartments in the second stage having been sold. Construction of the third stage, comprising 189 apartments, commenced in the fourth quarter of 2012 and as of 30 September 2013 the Company pre-sold 81 apartments. Construction of the fourth stage, comprising 76 apartments, commenced in the third quarter of 2013.

Concept House

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

The construction of the development is completed and as of 30 September 2013 the Company pre-sold 104 apartments.

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Apartamenty przy Krasińskiego

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

The construction of the development was completed in July 2013 and as of 30 September 2013 the Company pre-sold 243 apartments.

Other properties in Poland

The Group also owns two investment properties in Poland.

The Millennium Plaza is a 32,700 sqm office and retail building centrally located in Warsaw. During the last years its occupancy increased to 91% by September 2012, then the occupancy sharply decreased to 68% in December 2012 due to the loss of a major tenant. It is expected that occupancy will gradually increase back to its recorded levels over time.

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

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

Hungary

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

The Hungarian economy has suffered from the global credit crisis and lack of liquidity available for development projects. As a result, Atlas has stopped development activity and has experienced client losses and pricing pressures affecting its income yielding assets. In 2012 a decline in GDP of 1.7% was noted (in 2013 GDP increase of 0.2% is expected).

Romania

The Group's portfolio contains three properties in Romania, including the Golden Tulip Hotel and two significant land banks. The Romanian GDP increased by 0.7% in 2012 (GDP increase of 2.0% is expected in 2013). Despite the difficult trading conditions, occupancy rates at the Golden Tulip slightly increased and amounted to 60% for the nine months period ended 30 September 2013 (59% for the nine months period ended 30 September 2012).

Bulgaria

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

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Financial Review

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

Portfolio valuation and valuation methods

The most recent valuation of the property portfolio was carried out on 30 June 2013. The semi-annual valuations was performed partially by external experts and partially internally by the Property Manager. As of 30 June 2013, 71% (by value) of the total property portfolio was valued externally by Jones Lang LaSalle, acting as independent expert.

Loans

As at 30 September 2013, the Company's bank debt was €192 million (31 December 2012: €206 million; 30 September 2012: €206 million).

Since the valuations are performed on semi-annual basis in the table below the loans column represents the loans balance as of 30 September 2013 (30 June 2013, 31 December 2012 consequently) and the valuation column represents the market value as of 30 June 2013 (30 June 2013, 31 December 2012 consequently). Loans, valuations and Loan to Value ratios ("LTV") for those periods may be analysed as follows:

	30 September 2013			30 June 2013			31 December 2012		
	Loans	Valuation	Loan to Value Ratio	Loans	Valuation	Loan to Value Ratio	Loans	Valuation	Loan to Value Ratio
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	113	141	80%	109	134	81%	115	137	84%
Hotels	59	89	66%	60	89	67%	61	94	65%
Development property in construction	3	21	14%	9	58	15%	13	55	24%
Other development property	17	18	94%	17	18	94%	17	18	94%
Total	192	269	71%	195	299	65%	206	304	68%

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

In 2013 LTV ratio of investment property improved as compared to 31 December 2012 due to obtaining new financing for *Galeria Platinum Towers* as described on page 10.

The LTV ratio of development property under construction has improved over the analyzed periods as a result of the repayment of facility extended to *Apartamenty przy Krasińskiego* project.

As of 30 September 2013 the LTV ratio of hotels and the LTV ratio of other development property amounted to 66% and 94% respectively and remained at similar level as compared to 30 June 2013 and 31 December 2012.

The gearing ratio is 70% net debt as a percentage of total capital (net debt plus equity attributable to equity holders; net debt is a total of bank borrowings less cash and cash equivalents). The ratios remained at similar levels as compared to 30 June 2013 (73%) and 31 December 2012 (72%).

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Debt financing

New loans

On 2 September 2013 the Group obtained financing for *Galeria Platinum Towers* project located in Warsaw. The loan facility amounted to €4.3 million and is to be repaid by 30 June 2018. This facility was used as refinancing of the facility extended to *Platinum Towers* project.

Update on current status

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

1. €61.2 million (30 June 2013 and 31 December 2012: €61.4 million) facility secured on the Millennium Plaza Building in Warsaw, Poland with a maturity date on 31 December 2016;
2. €3.9 million (30 June 2013 and 31 December 2012: €3.9 million) facility secured on the Ligetvaros Centre in Budapest, Hungary with a maturity date on 31 December 2021;
3. €12.3 million (30 June 2013 and 31 December 2012: €12.9 million) facility secured on the Voluntari land plot in Bucharest, Romania with a maturity date on 31 December 2012;
4. €13.5 million (30 June 2013 and 31 December 2012: €13.5 million) facility secured on the Solaris land in Bucharest, Romania with a maturity date on 31 December 2012.

Voluntari and Solaris land loans totaling €25.8 million (30 June 2013 and 31 December 2012: € 26.4million) with maturity date 31 December 2012 have not been paid and as a result the remaining loans (Millennium and Ligetvaros) totaling €65.1 million (30 June 2013 and 31 December 2012: €65.3 million) had to be reclassified from non-current liabilities to current liabilities due to event of default in the cross- collateralization agreement. On 15 October 2013 the Company signed the amendment to the existing bank loan agreements extending repayment date of Romanian facilities (Voluntari and Solaris) to 31 December 2015. Since 15 October 2013 all above mentioned facilities totaling €90.9 million are not in default and are classified as non-current liabilities.

In the preparation of the interim condensed consolidated financial information for the nine months ended 30 September 2013, the directors have reclassified one additional loan totalling €14.4 million within the consolidated balance sheet from non-current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where covenant breaches or defaults on these loans arose. The Company is in dialogue with the bank and is discussing restructuring of this loan.

In addition, there are three loans that are classified as bank loans and overdrafts due within one year or on demand in the amount of €13.8 million. Negotiations are ongoing with the banks on refinancing terms:

- Platinum Towers (€0.4 million) and Kokoszki (€9.9 million) – the Company signed annexes to the existing bank loan agreements extending repayment date to 31 May 2013. Negotiations relating to further extension are in progress.

Review of the operational performance

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

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Review of the nine and three months ended 30 September 2013

	Property Rental € millions	Development properties € millions	Hotel Operations € millions	Other € millions	Nine months ended 30 September 2013 € millions	Nine months ended 30 September 2012 € millions
Revenue	9.4	1.4	13.1	-	23.9	33.6
Cost of operations	(4.5)	(2.1)	(8.5)	-	(15.1)	(21.9)
Gross profit/ (loss)	4.9	(0.7)	4.6	-	8.8	11.7
Administrative expenses	(0.8)	(0.5)	(2.3)	(1.6)	(5.2)	(5.2)
Gross profit/ (loss) less administrative expenses	4.1	(1.2)	2.3	(1.6)	3.6	6.5
Gross profit/ (loss) %	52%	n/a	35%	n/a	37%	35%
Gross profit/ (loss) less administrative expenses %	44%	n/a	18%	n/a	15%	19%

	Property Rental € millions	Development properties € millions	Hotel Operations € millions	Other € millions	Three months ended 30 September 2013 € millions	Three months ended 30 September 2012 € millions
Revenue	3.2	1.1	4.2	-	8.5	9.4
Cost of operations	(1.5)	(1.3)	(2.7)	-	(5.5)	(5.8)
Gross profit/ (loss)	1.7	(0.2)	1.5	-	3.0	3.6
Administrative expenses	(0.3)	(0.1)	(0.8)	(0.5)	(1.7)	(1.9)
Gross profit/ (loss) less administrative expenses	1.4	(0.3)	0.7	(0.5)	1.3	1.7
Gross profit/ (loss) %	53%	n/a	36%	n/a	35%	39%
Gross profit/ (loss) less administrative expenses %	44%	n/a	17%	n/a	15%	18%

Revenues

Total revenues for nine months ended 30 September 2013 were €23.9 million compared to €33.6 million for the nine months ended 30 September 2012. The Group's principal revenue streams are from its hotel operations, property rental income and income from the sale of the residential apartments that the Group develops. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicity of yielded income or results is also highly diversified.

Development Properties

	9 months period ended 30 September 2013 € millions	9 months period ended 30 September 2012 € millions	Total change 2013 v 2012 € millions	Translation foreign exchange effect € millions	Operational change 2013 v 2012 € millions
Revenue	1.4	7.6	(6.2)	-	(6.2)
Cost of operations	(2.1)	(7.9)	5.8	-	5.8
Gross loss	(0.7)	(0.3)	(0.4)	-	(0.4)
Administrative expenses	(0.5)	(0.3)	(0.2)	-	(0.2)
Gross profit less administrative expenses	(1.2)	(0.6)	(0.6)	-	(0.6)

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

The increase in gross loss realised in the first nine months of 2013 as compared to the same period in 2012 is mainly a result of drop in number of apartments handed over in *Platinum Towers* and *Capital Art Apartments II* in 2013. As presented below as of 30 September 2013 the Group pre-sold 347 apartments in *Concept House* and *Apartamenty przy Krasińskiego* projects. Most of these pre-sale contracts are expected to be completed in Q4 2013.

Apartment sales in developments in Warsaw

	Capital Art Apartments stage 1	Capital Art Apartments stage 2	Capital Art Apartments stage 3	Platinum Towers	Concept House	Apartamenty przy Krasińskiego
Total apartments for sale	219	300	189	396	160	303
Pre sales of apartments	219	294	81	392	104	243
Sales completions in 2008-2012	216	287	-	388	-	-
Sales completions in 2013	-	4	-	1	-	-
Total sales completions	216	291	-	389	-	-
Pre sales in 2013	3	3	81	3	104	243

Property Rental

	9 months period ended 30 September 2013 € millions	9 months period ended 30 September 2012 € millions	Total change 2013 v 2012 € millions	Translation foreign exchange effect € millions	Operational change 2013 v 2012 € millions
Revenue	9.4	10.5	(1.1)	-	(1.1)
Cost of operations	(4.5)	(4.7)	0.2	-	0.2
Gross profit	4.9	5.8	(0.9)	-	(0.9)
Administrative expenses	(0.8)	(0.8)	-	-	-
Gross profit less administrative expenses	4.1	5.0	(0.9)	-	(0.9)

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

Hotels

	9 months period ended 30 September 2013 € millions	9 months period ended 30 September 2012 € millions	Total change 2013 v 2012 € millions	Translation foreign exchange effect € millions	Operational change 2013 v 2012 € millions
Revenue	13.1	15.5	(2.4)	-	(2.4)
Cost of operations	(8.5)	(9.3)	0.8	-	0.8
Gross profit	4.6	6.2	(1.6)	-	(1.6)
Administrative expenses	(2.3)	(2.1)	(0.2)	-	(0.2)
Gross profit less administrative expenses	2.3	4.1	(1.8)	-	(1.8)

EURO 2012 the Football Championships that took place in Warsaw in June 2012 contributed to the outstanding performance of Hilton in the nine months ended 30 September 2012. In nine months ended 30 September 2013 the hotel operations declined mainly due to decrease in average daily rate per room and additional income from the organization of special events.

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Cost of operations

Cost of operations were €15.2 million in the nine months ended 30 September 2013 compared to €21.9 million for the nine months ended 30 September 2012. €5.4 million of this decrease is principally due to lower number of apartments handed over in *Platinum Towers* and *Capital Art Apartments* in 2013 (30 September 2013: 4 apartments) as compared to 2012 (30 September 2012: 37 apartments).

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 €0.9 million from €0.7 million for the nine months ended 30 September 2012 to €1.6 million as of 30 September 2013 is mainly due to €0.6 million refund of VAT that was expensed in previous years.

The increase of the other operating expenses by €2.4 million from €0.8 million for the nine months ended 30 September 2012 to €3.2 million as of 30 September 2013 is mainly due to €2.9 million impairment of property, plant and equipment recognised in 2013. The impairment results from €1.3 million decrease in the most recent valuation of hotel in Romania and €1.6 million tangible assets write off (associated with liquidated subsidiary).

Valuation movement

The increase in the balance of investment properties portfolio was only of €1.5 million in the nine months period ended 30 September 2013 (€2.0 million decrease in the nine months period ended 30 September 2012). As of 30 September 2013 this has been mainly reflected by €4.5 million increase presented as “increase in value of investment properties” in the Income Statement, offset by €3.7 million decrease of “other reserves (exchange adjustments)” in the Balance Sheet. As of 30 September 2012 this has been reflected by € 8.4 million decrease presented as “decrease in value of investment properties” in the Income Statement, offset by € 10.0 million increase of “other reserves (exchange adjustments)” in the Balance Sheet.

Although the market value of investment properties expressed in EURO changed insignificantly, the movements reflected in the income statement were significant due to fact that local currencies weakened against EURO in the first half of 2013 and strengthen against EURO in the first nine months of 2012.

Finance income and costs

The income statement includes finance costs of €4.3 million for the nine months ended 30 September 2013, compared with €5.9 million in comparative period in 2012, representing mainly interests on bank loans and related bank charges. The decline is mainly attributable to decrease of margin on Romanian land loans and EURIBOR rates on several loan facilities.

Finance income increased by €2.8 million primarily due to €2.4 million bank loan write off. In the first quarter 2013 the Group reached a settlement with the bank financing its property in Bulgaria based on which the Group received €2.4 million discount on the one off repayment of the outstanding loan facility.

Foreign exchange

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

In the nine months ended 30 September 2013 the Group reported exchange losses of €4.8 million as compared to €9.4 million gains in the nine months ended 30 September 2012. €4.0 million out of €4.8 million foreign exchange losses noted in the first nine months of 2013 was due to the unrealised foreign exchange losses on EUR denominated bank loans in Polish and Hungarian subsidiaries. The foreign exchange losses occurred as a result of depreciation of PLN and HUF against EUR in the first nine months of 2013.

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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 September 2013	4.2163	298.48	4.4604	1.95583
31 December 2012	4.0882	291.29	4.4287	1.95583
% Change	3.1%	2.5%	0.7%	0.0%
30 September 2012	4.1138	283.71	4.5331	1.95583
Average rates				
1.1-30.09.2013	4.2017	296.70	4.4627	1.95583
Year 2012	4.1850	289.42	4.4895	1.95583
% Change	0.4%	2.5%	-0.6%	0.0%
1.1-30.09.2012	4.2093	291.36	4.5007	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.

Ongoing activities

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

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

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

Financial management, operational management and material risks

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

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

ATLAS ESTATES LIMITED

Global Economic Conditions

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

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

Financing and liquidity

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

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

Currency and foreign exchange

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

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

Conclusions

AMC's key strategic objective is the maximisation of value for the Company's Shareholders, which it continues to work towards. Its teams are very experienced in the active management of investment and development property and provide the Company with local market knowledge and expertise. Good progress has been made with the sales of key development projects in Warsaw (*Apartamenty przy Krasińskiego* and *Concept House*), *Capital Art Apartments* (the second and third stage) and *Platinum Towers*. In April and July 2013 the constructions of *Concept House* and *Apartamenty przy Krasińskiego* were successfully completed.

Reuven Havar
Chief Executive Officer
Atlas Management Company Limited
14 November 2013

Ziv Zviel
Chief Financial Officer

ATLAS ESTATES LIMITED

Property portfolio information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton Hotel in Poland – a 4 star hotel with 314 luxury rooms, large 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 3 rd quarter of 2009 with two residential towers and a piazza. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers – offices	Land with zoning for an office scheme of class A office space planned over 42 floors.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors Platinum Towers with 1,842 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Capital Art Apartments	784 apartments four stage development with Stage 1 completed in 4 th quarter 2008 with all apartments sold. Stage 2 with the construction of 300 apartments completed in 2009, out of which 294 were already sold. Construction of stages 3 and 4 commenced in 4 th quarter 2012 and 3 rd quarter 2013. Location close to the central business district in Wola area of Warsaw.	100%
Apartamenty przy Krasińskiego	Land with zoning and building permit for 303 apartments. The construction was completed in July 2013. Location in a residential area of Warsaw.	100%
Millennium Tower	32,700 square meters of office and retail space in the central business district of Warsaw with 6,100 square meters of retail and 26,600 square meters of office space.	100%
Concept House	3,100 square meters plot of land zoned for 11,000 square meters and with building permit for residential development. The construction was completed in April 2013. Location in Mokotow district close to the central business district of Warsaw.	50%
Sadowa project	6,550 square meters office building with 100% occupancy close to the city centre of Gdansk.	100%
Kokoszki, Gdansk	431,591 square meters plot in Gdansk with zoning for construction of 125,000 square meters of mixed use development, situated on the outskirts of Gdansk.	100%
Hungary		
Ikarus Business Park	283,000 square meters plot with 110,000 square meters of built business space and 70,000 of currently lettable, located in the 16 th district, a suburban area of Budapest	100%
Metropol Office Centre	7,600 square meters office building in the 13 th 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 13 th 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 7 th district, a central district in Budapest.	100%
Varosliget Centre	12,000 square meters plot in the 7 th district in central Budapest, with zoning for a mixed use development of 31,000 gross square meters.	100%

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT For the nine and three months ended 30 September 2013

	Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000	Note
Revenues	23,928	8,514	33,650	9,368	3
Cost of operations	(15,156)	(5,502)	(21,884)	(5,779)	4
Gross profit	8,772	3,012	11,766	3,589	
<i>Property manager fee</i>	(1,095)	(366)	(1,458)	(491)	
<i>Central administrative expenses</i>	(317)	(87)	(409)	(126)	
<i>Property related expenses</i>	(3,806)	(1,246)	(3,310)	(1,301)	
Administrative expenses	(5,218)	(1,699)	(5,177)	(1,918)	4
Other operating income	1,599	198	734	140	5
Other operating expenses	(3,171)	(1)	(832)	(144)	5
Increase/ (Decrease) in value of investment properties	4,553	-	(8,412)	(342)	10
Profit / (Loss) from operations	6,535	1,510	(1,921)	1,325	
Finance income	2,999	115	245	9	
Finance costs	(4,251)	(1,549)	(5,901)	(1,827)	
Other gains and (losses) - foreign exchange	(4,817)	3,115	9,360	4,463	
Profit before taxation	466	3,191	1,783	3,970	
Tax expense	(329)	(14)	(3,744)	(616)	6
Profit / (Loss) for the period	137	3,177	(1,961)	3,354	
Attributable to:					
Owners of the parent	137	3,177	(1,885)	3,371	
Non-controlling interests	-	-	(76)	(17)	
	137	3,177	(1,961)	3,354	
Profit/ (Loss) per €0.01 ordinary share – basic (eurocents)	0.3	6.8	(4.0)	7.2	8
Profit/ (Loss) per €0.01 ordinary share – diluted (eurocents)	0.3	6.8	(4.0)	7.2	8

All amounts relate to continuing operations.
The notes on pages 24 to 45 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the nine and three months ended 30 September 2013

	Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000
PROFIT/ (LOSS) FOR THE PERIOD	137	3,177	(1,961)	3,354
Other comprehensive income:				
Revaluation of buildings	1,943	51	4,936	170
Deferred tax on revaluation of buildings	-	-	9,388	325
Exchange adjustments	(2,390)	1,776	7,654	2,975
Deferred tax on exchange adjustments	176	(84)	(606)	(211)
Other comprehensive income for the period (net of tax)	(271)	1,743	21,372	3,259
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(134)	4,920	19,411	6,613
Total comprehensive income attributable to:				
Owners of the parent	(134)	4,920	19,487	6,630
Non-controlling interests	-	-	(76)	(17)
	(134)	4,920	19,411	6,613

The notes on pages 24 to 45 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

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

	30 September 2013 (unaudited) €'000	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 September 2012 (unaudited) €'000	Note
ASSETS					
Non-current assets					
Intangible assets	199	216	280	305	
Land under operating lease - prepayments	11,586	11,319	12,059	12,020	
Property, plant and equipment	80,761	79,109	85,547	95,324	9
Investment property	135,308	132,821	133,845	144,951	10
Other loans receivable	3,362	3,347	3,318	3,294	
Deferred tax asset	4,410	4,143	4,231	3,728	
	235,626	230,955	239,280	259,622	
Current assets					
Inventories	69,710	67,777	66,479	61,797	11
Trade and other receivables	5,101	4,592	4,185	4,590	
Cash and cash equivalents	18,816	10,774	14,513	12,999	12
	93,627	83,143	85,177	79,386	
Assets held within disposal groups classified as held for sale	700	700	700	1,400	15
	94,327	83,843	85,877	80,786	
TOTAL ASSETS	329,953	314,798	325,157	340,408	
Current liabilities					
Trade and other payables	(47,125)	(36,293)	(30,628)	(14,596)	
Bank loans	(123,635)	(129,349)	(132,497)	(70,532)	14
Derivative financial instruments	(382)	(378)	(420)	(386)	
	(171,142)	(166,020)	(163,545)	(85,514)	
Liabilities directly associated with assets held within disposal groups classified as held for sale	-	-	-	-	15
	(171,142)	(166,020)	(163,545)	(85,514)	
Non-current liabilities					
Other payables	(9,189)	(7,516)	(6,826)	(14,374)	
Bank loans	(68,580)	(65,411)	(73,451)	(135,727)	14
Derivative financial instruments	(949)	(1,034)	(1,364)	(1,450)	
Deferred tax liabilities	(6,513)	(6,157)	(6,257)	(6,502)	
	(85,231)	(80,118)	(87,898)	(158,053)	
TOTAL LIABILITIES	(256,373)	(246,138)	(251,443)	(243,567)	
NET ASSETS	73,580	68,660	73,714	96,841	

The notes on pages 24 to 45 form part of this consolidated financial information.

ATLAS ESTATES LIMITED

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

	30 September 2013 (unaudited) €'000	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 September 2012 (unaudited) €'000
EQUITY				
Share capital account	6,268	6,268	6,268	6,268
Revaluation reserve	16,960	16,909	15,017	24,134
Other distributable reserve	194,817	194,817	194,817	194,817
Translation reserve	(9,023)	(10,715)	(6,809)	(6,725)
Accumulated loss	(135,442)	(138,619)	(135,579)	(122,174)
Issued capital and reserves attributable to owners of the parent	73,580	68,660	73,714	96,320
Non-controlling interests	-	-	-	521
TOTAL EQUITY	73,580	68,660	73,714	96,841
Basic net asset value per share	€ 1.6	€ 1.5	€ 1.6	€ 2.1

The notes on pages 24 to 45 form part of this consolidated financial information. The condensed consolidated financial information on pages 18 to 45 were approved by the Board of Directors on 14 November 2013 and signed on its behalf by:

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

14 November 2013

ATLAS ESTATES LIMITED

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

Nine Months Ended 30 September 2013 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Non- controlling interest €'000	Total equity €'000
As at 1 January 2013	6,268	203,025	(135,579)	73,714	-	73,714
Profit for the period	-	-	137	137	-	137
Total other comprehensive income for the period	-	(271)	-	(271)	-	(271)
As at 30 September 2013	6,268	202,754	(135,442)	73,580	-	73,580

Three Months Ended 30 September 2013 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Non- controlling interest €'000	Total equity €'000
As at 1 July 2013	6,268	201,011	(138,619)	68,660	-	68,660
Profit for the period	-	-	3,177	3,177	-	3,177
Total other comprehensive income for the period	-	1,743	-	1,743	-	1,743
As at 30 September 2013	6,268	202,754	(135,442)	73,580	-	73,580

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

Nine Months Ended 30 September 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	-	-	(1,885)	(1,885)	(76)	(1,961)
Other comprehensive income for the period	-	21,372	-	21,372	-	21,372
As at 30 September 2012	6,268	212,226	(122,174)	96,320	521	96,841

The notes on pages 24 to 45 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CASH FLOWS For the nine and three months ended 30 September 2013

		Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000
	Note				
Cash inflow generated from operations	13	20,972	12,909	10,405	2,486
Tax paid		(5)	-	-	-
Net cash inflow from operating activities		20,967	12,909	10,405	2,486
Investing activities					
Interest received		115	45	151	45
Proceeds from disposal of investment property		-	-	316	-
Purchase of investment property		(568)	(213)	(342)	(223)
Purchase of property, plant and equipment		(552)	(299)	(410)	(80)
Purchase of intangible assets		(8)	(8)	(38)	(20)
Net cash used in investing activities		(1,013)	(475)	(323)	(278)
Financing activities					
Interest paid		(3,418)	(917)	(5,480)	(1,589)
New bank loans raised		12,197	6,894	9,477	3,368
Repayments of bank loans		(23,923)	(10,580)	(13,158)	(5,272)
Net cash used in financing activities		(15,144)	(4,603)	(9,161)	(3,493)
Net increase/ (decrease) in cash and cash equivalents in the period		4,810	7,831	921	(1,285)
Effect of foreign exchange rates		(507)	211	1,148	734
Net increase/ (decrease) in cash and cash equivalents in the period		4,303	8,042	2,069	(551)
Cash and cash equivalents at the beginning of the period		14,513	10,774	10,930	13,550
Cash and cash equivalent at the end of the period		18,816	18,816	12,999	12,999
Cash and cash equivalents					
Cash at bank and in hand	12	18,816	18,816	12,999	12,999
		18,816	18,816	12,999	12,999

The notes on pages 24 to 45 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine and three months ended 30 September 2013

1. Basis of preparation

This condensed quarterly financial information for the nine and three months ended 30 September 2013 has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on a going concern basis and on a historical cost basis as amended by the revaluation of land and buildings and investment property, and financial assets and financial liabilities at fair value. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2012. The nine 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 September 2013 the Group held land and building assets with a market value of €269 million, compared to the external debt of €192 million. Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value ratio" gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, which are subject to repossession by the bank in case of a default of loan terms would clear the outstanding debt and not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

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

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

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

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

2. Accounting Policies

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

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine and three months ended 30 September 2013

3. Business segments

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

Nine months ended 30 September 2013 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Revenues	9,396	1,405	13,126	1	23,928
Cost of operations	(4,500)	(2,106)	(8,550)	-	(15,156)
Gross profit/ (loss)	4,896	(701)	4,576	1	8,772
Administrative expenses	(821)	(446)	(2,331)	(1,620)	(5,218)
Gross profit/ (loss) less administrative expenses	4,075	(1,147)	2,245	(1,619)	3,554
Other operating income	48	1,287	195	69	1,599
Other operating expenses	(31)	(196)	(1,244)	(1,700)	(3,171)
Decrease in value of investment properties	4,553	-	-	-	4,553
Profit / (loss) from operations	8,645	(56)	1,196	(3,250)	6,535
Finance income	442	91	14	2,452	2,999
Finance costs	(2,840)	(363)	(1,013)	(35)	(4,251)
Other gains and (losses) – foreign exchange	(2,518)	(511)	(1,634)	(154)	(4,817)
Segment result before tax	3,729	(839)	(1,437)	(987)	466
Tax expense					(329)
Profit for the period as reported in the income statement					137
Attributable to non-controlling interests					-
Net profit attributable to owners of the parent					137

Nine months ended 30 September 2013 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Reportable segment assets	145,013	87,652	94,388	-	327,053
Unallocated assets				2,900	2,900
Total assets	145,013	87,652	94,388	2,900	329,953
Reportable segment liabilities	(125,882)	(62,919)	(62,936)	-	(251,737)
Unallocated liabilities				(4,636)	(4,636)
Total liabilities	(125,882)	(62,919)	(62,936)	(4,636)	(256,373)

Nine months ended 30 September 2013 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Other segment items					
Capital expenditure	616	481	158	3	1,258
Depreciation	39	154	1,883	9	2,085
Amortisation	1	1	37	42	81

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine and three months ended 30 September 2013

Nine months ended 30 September 2012 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2012 €'000
Revenues	10,480	7,629	15,541	-	33,650
Cost of operations	(4,667)	(7,905)	(9,312)	-	(21,884)
Gross profit/ (loss)	5,813	(276)	6,229	-	11,884
Administrative expenses	(763)	(345)	(2,083)	(1,986)	(5,177)
Gross profit less administrative expenses	5,050	(621)	4,146	(1,986)	6,589
Other operating income	120	162	408	44	734
Other operating expenses	(113)	(505)	(219)	5	(832)
Decrease in value of investment properties	(8,412)	-	-	-	(8,412)
Profit / (loss) from operations	(3,355)	(964)	4,335	1,937	(1,921)
Finance income	89	129	23	4	245
Finance costs	(3,623)	(864)	(1,410)	(4)	(5,901)
Other gains and (losses) – foreign exchange	5,587	(79)	3,757	95	9,360
Segment result before tax	(1,302)	(1,778)	6,705	(1,842)	1,783
Tax expense					(3,744)
Loss for the period as reported in the income statement					(1,961)
Attributable to non-controlling interests					76
Net loss attributable to owners of the parent					(1,885)
Nine months ended 30 September 2012 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2012 €'000
Reportable segment assets	155,501	70,679	110,201	-	336,381
Unallocated assets				4,027	4,027
Total assets	155,501	70,679	110,201	4,027	340,408
Reportable segment liabilities	(128,374)	(49,639)	(64,854)	-	(242,867)
Unallocated liabilities				(700)	(700)
Total liabilities	(128,374)	(49,639)	(64,854)	(700)	(243,567)
Nine months ended 30 September 2012 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2012 €'000
Other segment items					
Capital expenditure	371	135	249	35	790
Depreciation	25	116	1,959	9	2,109
Amortisation	1	1	37	6	45

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Segment information about these businesses for the three months ended 30 September 2013 and 2012 is presented below:

Three months ended 30 September 2013 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Revenues	3,184	1,166	4,163	1	8,514
Cost of operations	(1,445)	(1,334)	(2,723)	-	(5,502)
Gross profit/ (loss)	1,739	(168)	1,440	1	3,012
Administrative expenses	(259)	(148)	(761)	(531)	(1,699)
Gross profit less administrative expenses	1,480	(316)	679	(530)	1,313
Other operating income	15	132	-	51	198
Other operating expenses	61	(42)	(20)	-	(1)
Profit / (loss) from operations	1,556	(226)	659	(479)	1,510
Finance income	60	41	1	13	115
Finance costs	(1,019)	(159)	(346)	(25)	(1,549)
Other gains and (losses) – foreign exchange	1,635	(18)	1,369	129	3,115
Segment result before tax	2,232	(362)	1,683	(362)	3,191
Tax expense					(14)
Profit for the period as reported in the income statement					3,177
Attributable to non-controlling interests					-
Net profit attributable to owners of the parent					3,177
Three months ended 30 September 2013 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Reportable segment assets	145,013	87,652	94,388	-	327,053
Unallocated assets				2,900	2,900
Total assets	145,013	87,652	94,388	2,900	329,953
Reportable segment liabilities	(125,882)	(62,919)	(62,936)	-	(251,737)
Unallocated liabilities				(4,636)	(4,636)
Total liabilities	(125,882)	(62,919)	(62,936)	(4,636)	(256,373)
Three months ended 30 September 2013 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Other segment items					
Capital expenditure	249	252	91	2	594
Depreciation	13	63	635	4	715
Amortisation	-	-	12	14	26

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Three months ended 30 September 2012 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2012 €'000
Revenues	3,612	2,030	3,726	-	9,368
Cost of operations	(1,542)	(1,915)	(2,322)	-	(5,779)
Gross profit	2,070	115	1,404	-	3,589
Administrative expenses	(368)	(167)	(739)	(644)	(1,918)
Gross profit less administrative expenses	1,702	(52)	665	(644)	1,671
Other operating income	(36)	158	3	15	140
Other operating expenses	(44)	(84)	(21)	5	(144)
Decrease in value of investment properties	(342)	-	-	-	(342)
Profit / (loss) from operations	1,280	22	647	(624)	1,325
Finance income	(40)	43	5	1	9
Finance costs	(1,162)	(235)	(429)	(1)	(1,827)
Other gains and (losses) – foreign exchange	2,373	199	1,839	52	4,463
Segment result before tax	2,451	29	2,062	(572)	3,970
Tax expense					(616)
Profit for the period as reported in the income statement					3,354
Attributable to non-controlling interests					17
Net profit attributable to owners of the parent					3,371
Three months ended 30 September 2012 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2012 €'000
Reportable segment assets	155,501	70,679	110,201	-	336,381
Unallocated assets				4,027	4,027
Total assets					340,408
Reportable segment liabilities	(128,374)	(49,639)	(64,854)	-	(242,867)
Unallocated liabilities				(700)	(700)
Total liabilities					(243,567)
Three months ended 30 September 2012 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2012 €'000
Other segment items					
Capital expenditure	255	12	60	18	345
Depreciation	8	39	677	3	727
Amortisation	-	-	13	3	16

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For the nine and three months ended 30 September 2013

There are immaterial sales between the business segments. Unallocated costs represent corporate expenses. Segment assets include investment property, property, plant and equipment, intangible assets, inventories, debtors and operating cash.

Segment liabilities comprise operating liabilities and financing liabilities.

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

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

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

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

4. Analysis of expenditure

4.1 Cost of operations

	Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000
Costs of sale of residential property	(1,231)	(969)	(6,343)	(1,556)
Utilities, services rendered and other costs	(7,762)	(2,477)	(8,102)	(2,147)
Legal and professional expenses	(1,028)	(332)	(1,317)	(299)
Staff costs	(3,561)	(1,136)	(3,814)	(1,184)
Sales and direct advertising costs	(959)	(340)	(1,147)	(364)
Depreciation and amortisation	(713)	(248)	(653)	(224)
Reversal of impairment / impairment on inventory	98	-	(508)	(5)
Cost of operations	(15,156)	(5,502)	(21,884)	(5,779)

4.2 Administrative expenses

	Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000
Audit and tax services	(164)	(52)	(195)	(63)
Incentive and management fee	(1,095)	(366)	(1,458)	(491)
Legal and other professional fees	(507)	(148)	(455)	(161)
Utilities, services rendered and other costs	(931)	(266)	(723)	(269)
Staff costs	(811)	(272)	(811)	(263)
Depreciation and amortisation	(1,453)	(493)	(1,501)	(520)
Other administrative expenses	(257)	(102)	(34)	(151)
Administrative expenses	(5,218)	(1,699)	(5,177)	(1,918)

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5. Other operating income/ (expenses)

5.1 Other operating income

	Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000
Income from insurance	29	23	98	6
Income from tax refund	587	-	253	(3)
Reversal of land bank impairment	240	(69)	159	159
Other operating income	743	244	224	(22)
Other operating income	1,599	198	734	140

5.2 Other operating expenses

	Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000
Land bank impairment	-	-	(425)	(52)
Interest and fees	(15)	-	(133)	(45)
Loss on sale of investment property asset	-	-	(113)	-
Other operating expenses	(257)	(1)	(161)	(47)
Impairment on property, plant and equipment	(2,899)	-	-	-
Other operating expenses	(3,171)	(1)	(832)	(144)

6. Tax expense

	Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000
Continuing operations				
Current tax	(47)	(17)	(11)	(2)
Deferred tax	(282)	3	(3,733)	(614)
Tax expense for the period	(329)	(14)	(3,744)	(616)

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

7. Dividends

There were no dividends declared or paid in the three and nine months ended 30 September 2013 (2012: €nil).

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8. Earnings/ (loss) per share (“EPS”/ “LPS”)

Basic earnings/ (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 earnings/ (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 earnings/ (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:

Nine months ended 30 September 2013 (unaudited) Continuing operations	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic EPS			
Profit attributable to equity shareholders of the Company	137	46,852,014	0.3
Effect of dilutive securities			
Share warrants	-	-	-
Diluted EPS	137	46,852,014	0.3
Adjusted profit			
Nine months ended 30 September 2012 (unaudited) Continuing operations	(Loss) €'000	Weighted average number of shares	Per share amount Eurocents
Basic (LPS)			
Loss attributable to equity shareholders of the Company	(1,885)	46,852,014	(4.0)
Effect of dilutive securities			
Share warrants	-	-	-
Diluted (LPS)	(1,885)	46,852,014	(4.0)
Adjusted (loss)			
Three months ended 30 September 2013 (unaudited) Continuing operations	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic EPS			
Profit attributable to equity shareholders of the Company	3,177	46,852,014	6.8
Effect of dilutive securities			
Share warrants	-	-	-
Diluted EPS	3,177	46,852,014	6.8
Adjusted profit			

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Three months ended 30 September 2012 (unaudited) Continuing operations	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic EPS			
Profit attributable to equity shareholders of the Company	3,371	46,852,014	7.2
Effect of dilutive securities			
Share warrants	-	-	-
Diluted EPS	3,371	46,852,014	7.2
Adjusted profit			

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

9. Property, plant and equipment

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2012	80,635	10,115	96	90,846
Additions at cost	24	567	18	609
Exchange adjustments	5,603	744	6	6,353
Disposals	-	(110)	(25)	(135)
Revaluation	(4,722)	-	-	(4,722)
At 31 December 2012	81,540	11,316	95	92,951
Additions at cost	324	228	-	552
Exchange adjustments	(2,209)	(320)	(2)	(2,531)
Revaluation	(1,887)	(480)	-	(2,367)
At 30 September 2013	77,768	10,744	93	88,605
Accumulated depreciation				
At 1 January 2012	(674)	(3,727)	(62)	(4,463)
Charge for the year	(1,948)	(752)	(12)	(2,712)
Adjustment due to revaluation	-	-	-	-
Exchange adjustments	-	(282)	(4)	(286)
Disposals	-	42	15	57
At 31 December 2012	(2,622)	(4,719)	(63)	(7,404)
Charge for the year	(1,403)	(570)	(6)	(1,979)
Adjustment due to revaluation	1,403	-	-	1,403
Exchange adjustments	-	134	2	136
At 30 September 2013	(2,622)	(5,155)	(67)	(7,844)
Net book value at 30 September 2013	75,146	5,589	26	80,761
Net book value at 31 December 2012	78,918	6,597	32	85,547

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

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2012	80,635	10,115	96	90,846
Additions at cost	-	394	16	410
Revaluation	3,989	-	-	3,989
Disposal	-	(106)	(25)	(131)
Exchange adjustments	4,994	686	6	5,686
At 30 September 2012	89,618	11,089	93	100,800
Accumulated depreciation				
At 1 January 2012	(674)	(3,727)	(62)	(4,463)
Charge for the period	(1,200)	(792)	(10)	(2,002)
Adjustment due to revaluation	1,200	-	-	1,200
Disposal	-	40	15	55
Exchange adjustments	-	(262)	(4)	(266)
At 30 September 2012	(674)	(4,741)	(61)	(5,476)
Net book value at 30 September 2012	88,944	6,348	32	95,324

As at 30 June 2013 buildings were partially valued internally by the Property Manager and partially externally by Jones Lang LaSalle, Chartered Surveyors, qualified professional external valuers. For all properties, valuations were based on current prices in an active market. The results:

- revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders' equity (page 22),
- impairment adjustments have been taken to other operating expenses (note 5).

As of 30 September 2013, the Group has pledged property, plant and equipment of €79.6 million (30 June 2013: €78.2 million; 31 December 2012: €82.9 million; 30 September 2012: €92.8 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €59.1 million (30 June 2013: €59.6 million, 31 December 2012: €60.6 million, 30 September 2012: €61.1 million) are secured on these properties (note 14).

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10. Investment property

	30 September 2013 (unaudited) €'000	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 September 2012 (unaudited) €'000
At beginning of the year	134,545	134,545	144,836	144,836
Disposals	-	-	(1,234)	(421)
Capitalised subsequent expenditure	569	355	574	342
Exchange movements	(3,658)	(5,931)	9,908	10,007
PV of annual perpetual usufruct fees	(1)	(1)	(2)	(1)
Fair value gains/ (losses)	4,553	4,553	(19,537)	(8,412)
At the end of period	136,008	133,521	134,545	146,351
Less assets classified as held within disposal groups classified as held for sale (note 15)	(700)	(700)	(700)	(1,400)
	135,308	132,821	133,845	144,951

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

As of 30 September 2013, the Group has pledged investment property of €124.9 million (30 June 2013: €124.9 million, 31 December 2012: €128.6 million; 30 September 2012: €136.4 million) to secure certain banking facilities granted to subsidiaries.

11. Inventories

	30 September 2013 (unaudited) €'000	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 September 2012 (unaudited) €'000
Land held for development	18,786	32,140	32,799	31,804
Assets under construction	10,263	27,802	25,268	20,101
Completed properties	39,443	6,652	7,167	8,669
Hotel inventory	1,218	1,183	1,245	1,223
Total inventories	69,710	67,777	66,479	61,797

€1.2 million (30 June 2013: €0.3 million; 31 December 2012: €7.8 million; 30 September 2012: €6.3 million) of inventories was released to cost of operations in the income statement during the period. €0.3 million (30 June 2012: €0.4 million) was recognised in relation to reversal of impairment of inventories (31 December 2012: €0.1 million; 30 September 2012: €0.9 million in relation to impairment of inventories). The stock which is held at fair value less cost to sell amounts to €21.4 million (30 June 2013: to €21.5 million; 31 December 2012: €21.4 million; 30 September 2012: €27.2 million).

Bank borrowings are secured on the inventory for the value of €41.0 million (30 June 2013: €56.0 million; 31 December 2012: €55.6 million; 30 September 2012: €51.5 million) (note 14).

For the nine months period ended 30 September 2013 borrowing costs of €0.2 million (for the six months period ended 30 June 2013: €0.2 million; for the year ended 31 December 2012: €0.9 million, for the nine months period ended 30 September 2012: €0.7 million) that are directly attributable to the construction of qualifying assets were capitalized as part of the cost of inventory until they are substantially ready for use or sale.

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12. Cash and cash equivalents

	30 September 2013 (unaudited) €'000	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 September 2012 (unaudited) €'000
Cash and cash equivalents				
Cash and cash equivalents	8,503	9,800	13,348	11,059
Short term bank deposits	10,313	974	1,165	1,940
Total	18,816	10,774	14,513	12,999

Included in cash and cash equivalents is €7.7 million (30 June 2013: €9.2 million; 31 December 2012: €12.7 million; 30 September 2012: €11.6 million) restricted cash relating to security and customer deposits.

13. Cash generated from operations

	Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000
Profit/ (Loss) for the period	137	3,177	(1,961)	3,354
Adjustments for:				
Effects of foreign currency	4,793	(3,186)	(10,406)	(4,353)
Finance costs	4,196	1,512	5,664	1,766
Finance income	(565)	(126)	(232)	4
Tax expense	329	14	3,744	616
Depreciation of property, plant and equipment	1,979	680	2,003	691
Amortisation charges	187	61	151	52
Loss on sale of investment property	-	-	180	67
(Increase)/ decrease in value of investment property	(4,552)	-	8,410	340
(Reversal of impairment)/ impairment on inventory	(338)	69	933	57
(Reversal of impairment)/ Impairment on property, plant and equipment	2,899	-	(253)	3
Bank loan write off	(2,376)	-	-	-
	6,689	2,201	8,233	2,597
Changes in working capital				
(Increase)/ decrease in inventory	(2,618)	(1,988)	(6,888)	(3,971)
(Increase)/ decrease in trade and other receivables	(916)	(509)	(285)	713
Decrease/ (increase) in trade and other payables	18,773	12,619	6,912	2,875
Effects of foreign currency on working capital translation	(956)	586	2,433	272
	14,283	10,708	2,172	(111)
Cash inflow generated from operations	20,972	12,909	10,405	2,486

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14. Bank loans

	30 September 2013	30 June 2013	31 December 2012	30 September 2012
	(unaudited) €'000	(unaudited) €'000	(audited) €'000	(unaudited) €'000
Current				
<i>Bank loans and overdrafts due within one year or on demand</i>				
Secured	(123,635)	(129,349)	(132,497)	(70,532)
Non-current				
<i>Repayable within two years</i>				
Secured	(2,735)	(4,042)	(6,592)	(5,756)
<i>Repayable within three to five years</i>				
Secured	(61,583)	(57,359)	(58,285)	(121,641)
<i>Repayable after five years</i>				
Secured	(4,262)	(4,010)	(8,574)	(8,330)
	(68,580)	(65,411)	(73,451)	(135,727)
Total	(192,215)	(194,760)	(205,948)	(206,259)

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

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

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

	Euro €'000	Zloty €'000	Total €'000
Bank loans and overdrafts – 30 September 2013	180,124	12,091	192,215
Bank loans and overdrafts – 30 June 2013	181,588	13,172	194,760
Bank loans and overdrafts – 31 December 2012	188,091	17,857	205,948
Bank loans and overdrafts – 30 September 2012	190,118	16,141	206,259

New loans

On 2 September 2013 the Group obtained financing for the *Galeria Platinum Towers* project located in Warsaw. The loan facility amounted to €4.3 million and is to be repaid by 30 June 2018. This facility was used as refinancing of facility extended to *Platinum Towers* project.

Update on current status

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

1. €61.2 million (30 June 2013 and 31 December 2012: €61.4 million) facility secured on the Millennium Plaza Building in Warsaw, Poland with a maturity date on 31 December 2016;

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2. €3.9 million (30 June 2013 and 31 December 2012: €3.9 million) facility secured on the Ligetvaros Centre in Budapest, Hungary with a maturity date on 31 December 2021;
3. €12.3 million (30 June 2013 and 31 December 2012: €12.9 million) facility secured on the Voluntari land plot in Bucharest, Romania with a maturity date on 31 December 2012;
4. €13.5 million (30 June 2013 and 31 December 2012: €13.5 million) facility secured on the Solaris land in Bucharest, Romania with a maturity date on 31 December 2012.

Voluntari and Solaris land loans totaling €25.8 million (30 June 2013 and 31 December 2012: € 26.4million) with maturity date 31 December 2012 have not been paid and as a result the remaining loans (Millennium and Ligetvaros) totaling €65.1 million (30 June 2013 and 31 December 2012: €65.3 million) had to be reclassified from non-current liabilities to current liabilities due to event of default in the cross- collateralization agreement. On 15 October 2013 the Company signed the amendment to the existing bank loan agreements extending repayment date of Romanian facilities (Voluntari and Solaris) by 31 December 2015. Since 15 October 2013 all above mentioned facilities totaling €90.9 million are not in default and are classified as non-current liabilities.

In the preparation of the interim condensed consolidated financial information for the nine months ended 30 September 2013, the directors have reclassified one additional loan totalling €14.4 million within the consolidated balance sheet from non-current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where covenant breaches or defaults on these loans arose. The Company is in dialogue with the bank and is discussing restructuring of this loan.

In addition, there are three loans that are classified as bank loans and overdrafts due within one year or on demand in the amount of €13.8 million. Negotiations are ongoing with the banks on refinancing terms:

- o Platinum Towers (€0.4 million) and Kokoszki (€9.9 million) – the Company signed annexes to the existing bank loan agreements extending repayment date to 31 May 2013. Negotiations relating to further extension are in progress.

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

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

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

	30 September 2013 (unaudited) €'000	30 June 2013 (unaudited) €'000	31 December 2012 (audited) €'000	30 September 2012 (unaudited) €'000
Investment property	700	700	700	1,400
Assets held within disposal groups classified as held for sale	700	700	700	1,400

16. Related party transactions

- (a) Key management compensation

	Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000
Fees for non-executive directors	19	6	21	8

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC received a management fee of €1.1 million and €0.4 for the nine and three months

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ended 30 September 2013 respectively (€1.4 million and €0.5 million for the nine and three months ended 30 September 2012 respectively). Under the agreement, AMC are entitled to a performance fee based on the increase in value of the properties over the 12 month period to 31 December 2013. No performance fee has been accrued for the nine and three months ended 30 September 2013 (€nil for the nine and three months ended 30 September 2012).

On 15 July 2013 AMC Poland entered into an agreement with the Company's subsidiary – Capital Art Apartments Sp. z o.o. SKA. Based on this agreement AMC Poland administers the sale process of Capital Art Apartments stage III. As of 30 September 2013 AMC Poland received a fee of €37 thousand in relation to this agreement.

As of 30 September 2013 €0.8 million included in current trade and other payables was due to AMC Group (31 December 2012: €1.1 million, 30 September 2012: €1.1 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 2013 the lender charged €61 thousand as interest (31 December 2012: €103 thousand, 30 September 2012: €83 thousand). As of 30 September 2013 Atlas Estates (Cybernetyki) Sp. z o.o. has drawn the loan facility plus associated interest in the amount of €4.7 million (31 December 2012: €4.6 million, 30 September 2012: €4.6 million).
- (c) Shasha Transport Ltd, which are also shareholder in Atlas and Shasha Zrt (previously: Atlas Estates Kaduri Shasha Zrt), have extended loan facilities to Atlas and Shasha Zrt for the purpose of covering ongoing investment and business expenses. The loan facility has no repayment date and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2013 the lender charged €29 thousand as interest (31 December 2012: €50 thousand, 30 September 2012: €40 thousand). As of 30 September 2013 Atlas and Shasha Zrt has drawn the loan facilities plus associated interest in the amount of €2.0 million (31 December 2012: €2.0 million, 30 September 2012: €2.0 million).
- (d) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 30 September 2013 the purchase price of €2.9 million (31 December 2012: €2.9million, 30 September 2012: nil million) and loan payable of €1.4 million (31 December 2012: €1.4million, 30 September 2012: €1.4million) is due to former non-controlling shareholder (Coralcliff Limited).

17. Post balance sheet events

17.1 Financing

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

17.2 Significant agreements

On 24 September 2013 a general contractor agreement was signed between the Company's subsidiary Capital Art Apartments AEP Spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, Zielono AEP Spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna and Unibep S.A ("General Contractor") for the construction of multi-apartment residential building (Capital Art Apartment – the fourth stage) in Warsaw. The total value of contract amounts to PLN 13.5 million (excluding VAT). The completion of the General Contractor obligation shall occur on 6 August 2015.

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

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Investment B.V. with its seat in Amsterdam, the subsidiary of AEL as the primary debtor and AEL itself as the guarantor (the "Defendants") asking arbitrator to order the Defendants to provide a full and accurate accounting basis for the calculation of the Completion Consideration as defined in the agreement dated May 8, 2006 on transfer of shares from the Plaintiffs to Atlas Estates Investment B.V. and demanding payments of Completion Consideration which in the absence of any actual accounting yet was estimated by the Plaintiffs of total 55,420,000 PLN.

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

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

18.2 Financial forecasts

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

18.3 Substantial shareholdings

As of 31 October 2013, the Board was aware of the following direct or indirect interest in 3% or more of the Company's ordinary share capital. All shares have equal voting rights.

Table 1 – Significant Shareholders	Number of Shares held	Percentage of Issued Share Capital
HSBC Client Holdings Nominee (UK) Limited <636167>	34,986,124	74.67
Forest Nominees Limited <GC1>	6,536,925	13.95
Euroclear Nominees Limited <EOCO1>	5,030,646	10.74
TOTAL	46,553,695	99.37

18.4 Directors' share interests

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

18.5 Share based payment

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

The exercise price of each of the Warrants is £3.41 (€4.08 as at 30 September 2013). The exercise price and number of ordinary shares relating to such Warrants will be subject to adjustment in respect of dilution events, including the payment by the Company of cash or special dividends, any amalgamation, reorganisation, reclassification, consolidation, merger or sale of all or substantially all of the Group's assets and other dilutive events. The Warrants are freely transferable.

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

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

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

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

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

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

19. Principal subsidiary companies and joint ventures

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

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

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SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine and three months ended 30 September 2013

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

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME For the nine and three months ended 30 September 2013

	Nine months ended 30 September 2013	Three months ended 30 September 2013	Nine months ended 30 September 2012	Three months ended 30 September 2012
	(unaudited) €'000	(unaudited) €'000	(unaudited) €'000	(unaudited) €'000
Revenues	-	-	-	-
Cost of operations	-	-	-	-
Gross profit	-	-	-	-
Administrative expenses	(542)	(167)	(1,286)	(308)
Other operating income	2,376	-	15,501	817
Other operating expenses	(6,921)	255	-	-
(Loss)/ Profit from operations	(5,087)	88	14,215	509
Finance income	125	47	139	37
Finance costs	(35)	(16)	(11)	(4)
Other (losses) and gains – foreign exchange	-	-	(1)	2
(Loss)/ Profit before taxation	(4,997)	119	14,342	544
Tax expense	-	-	-	-
(Loss)/ Profit for the period	(4,997)	119	14,342	544
Total comprehensive (loss)/ income for the period	(4,997)	119	14,342	544

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	30 September 2013 (unaudited) €'000	30 June 2013 (unaudited) €'000	31 December 2012 (unaudited) €'000	30 September 2012 (unaudited) €'000
ASSETS				
Non-current assets				
Investment in subsidiaries	99,964	100,310	103,056	111,247
Loans receivable from subsidiaries	-	-	-	-
	99,964	100,310	103,056	111,247
Current assets				
Trade and other receivables	377	43	10	14
Cash and cash equivalents	30	2	308	25
	407	45	318	39
TOTAL ASSETS	100,371	100,355	103,374	111,286
Non-current liabilities				
Other payables	(3,118)	(3,102)	(518)	(515)
	(3,118)	(3,102)	(518)	(515)
Current liabilities				
Trade and other payables	(115)	(234)	(721)	(519)
	(115)	(234)	(721)	(519)
TOTAL LIABILITIES	(3,233)	(3,336)	(1,239)	(1,034)
NET ASSETS	97,138	97,019	102,135	110,252
EQUITY				
Share capital account	6,268	6,268	6,268	6,268
Other distributable reserve	194,817	194,817	194,817	194,817
Accumulated loss	(103,947)	(104,066)	(98,950)	(90,833)
TOTAL EQUITY	97,138	97,019	102,135	110,252

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

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

Nine Months Ended 30 September 2013 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2013	6,268	194,817	(98,950)	102,135
Total comprehensive loss for the period	-	-	(4,997)	(4,997)
As at 30 September 2013	6,268	194,817	(103,947)	97,138

Three Months Ended 30 September 2013 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 July 2013	6,268	194,817	(104,066)	97,019
Total comprehensive income for the period	-	-	119	119
As at 30 September 2013	6,268	194,817	(103,947)	97,138

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

Nine Months Ended 30 September 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	-	-	14,342	14,342
As at 30 September 2012	6,268	194,817	(90,833)	110,252

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CASH FLOWS For the nine and three months ended 30 September 2013

	Nine months ended 30 September 2013 (unaudited) €'000	Three months ended 30 September 2013 (unaudited) €'000	Nine months ended 30 September 2012 (unaudited) €'000	Three months ended 30 September 2012 (unaudited) €'000
(Loss)/ Profit for the year	(4,997)	119	14,342	544
Adjustments for:				
Effects of foreign currency	-	-	1	(2)
Finance costs	35	16	11	4
Finance income	(125)	(47)	(139)	(37)
Profit on assignment of loan receivable	(2,376)	-	-	-
Impairment/ (Reversal of impairment) on investments	3,092	346	(14,010)	(168)
Impairment/ (Reversal of impairment) against loans receivable from subsidiaries	3,829	(601)	(1,484)	(649)
	(542)	(167)	(1,279)	(308)
Changes in working capital				
(Increase)/ Decrease in trade and other receivables	(367)	(334)	16	4
Decrease in trade and other payables	(606)	(119)	(618)	(544)
Net cash outflow from operating activities	(1,515)	(620)	(1,881)	(848)
Investing activities				
New loans advanced to subsidiaries	(223)	(22)	(204)	(85)
Repayment of loans with subsidiary undertakings	1,460	670	1,966	771
Net cash from investing activities	1,237	648	1,762	686
Financing activities				
Interest received	-	-	-	-
Interest paid	-	-	-	-
Net cash (from)/ used in financing activities	-	-	-	-
Net (decrease) / increase in cash and cash equivalents in the year as a result of cashflows	(278)	28	(119)	(162)
Effect of foreign exchange rates	-	-	-	-
Net decrease in cash and cash equivalents in the year	(278)	28	(119)	(162)
Cash and cash equivalents at the beginning of the year	308	2	144	187
Cash and cash equivalents at the end of the year	30	30	25	25
Cash and cash equivalents				
Cash at bank and in hand	30	30	25	25
Bank overdrafts	-	-	-	-
	30	30	25	25