ATLAS ESTATES LIMITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
HALF YEAR 2011

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

ATLAS ESTATES LIMITED

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Financial Highlights

Selected Consolidated Financial Items	**Six months ended 30 June 2011 (unaudited) €'000**	**Year ended 31 December 2010 €'000**	**Six months ended 30 June 2010 (unaudited) €'000**
Revenues	28,658	100,763	59,435
Gross profit	9,034	20,472	10,837
Decrease in value of investment properties	(2,975)	(16,198)	(4,395)
(Loss)/ Profit from operations	(2,811)	(7,958)	702
Loss before tax	(7,318)	(15,028)	(7,892)
Loss for the period	(7,181)	(12,453)	(8,328)
Loss attributable to owners of the parent	(6,830)	(12,493)	(8,280)
Net cash from operating activities	8,153	20,652	3,967
Net cash used in investing activities	(464)	(1,219)	(371)
Net cash used in financing activities	(11,038)	(20,381)	(6,085)
Net increase/ (decrease) in cash	(2,455)	1,985	(2,676)
Non-current assets	272,479	275,291	280,015
Current assets	81,402	100,363	112,467
Total assets	382,931	402,126	419,859
Current liabilities	(75,017)	(90,162)	(87,416)
Non-current liabilities	(184,833)	(185,339)	(205,862)
Total liabilities	(280,695)	(295,896)	(313,422)
Net assets	102,236	106,230	106,437
Issued capital and reserves attributable to owners of the parent	101,815	105,458	106,064
Number of shares outstanding	46,852,014	46,852,014	46,852,014
Loss per share (eurocents)	(14.6)	(26.7)	(17.7)
Basic net asset value per share (€)	2.17	2.25	2.26
Adjusted net asset value (€`000) (1)	124,751	137,942	136,357
Adjusted net asset value per share (€)	2.66	2.94	2.91

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

ATLAS ESTATES LIMITED

Chairman's Statement

I am pleased to present the financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the six months ended 30 June 2011.

In the current financial market conditions, gaining access to capital has become more difficult and enhancing liquidity and the retention of cash is a key priority. 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.

In this challenging environment we are focusing on carefully picking our future investments and developments, as well as our disposals from non-core assets. Alongside this we pay very close attention to maintaining our relationships with financial institutions and tight cost control.

Against a backdrop of challenging ongoing conditions in the global markets, the Company has been able to achieve certain key objectives:

- renegotiation in June 2011 and completion in July 2011 of the agreement for the sale of Slovakian subsidiary for the total price of EUR 6.2 million (as presented on page 5).

The Board intends to utilise the net proceeds to fund the development of the Group's remaining assets, with particular focus on the assets located in Warsaw, Poland, where the Group has a strong presence and is likely to realise value from development activity within the next two to three years. This contrasts with the projects in Slovakia, which would have required the investment of large amounts of capital with returns arising only in the long term.

- the completion of financing for *Concept House* residential project located in Warsaw (as presented in the Property Manager Report on page 10).

Half Year Reported Results

As of June 30, 2011 the Group has reported basic net assets of €102.2 million. The decrease of basic net asset by €4.0 million from €106.2 million as at 31 December 2010 and by €4.2 million from €106.4 million as at 30 June 2010 is mainly due to €7.0 million decrease in the valuation of the investment properties and inventories as performed by external expert – King Sturge.

At the operating level the Group has reported an increase in gross profit margin from 18% in the six months period ended 30 June 2010 and 20% for the year 2010 to 32% in the six months period ended 30 June 2011, which is mainly the result of the decrease 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 further elaborated on pages 29 and 30.

Loss after tax amounts to €7.2 million for the six months ended 30 June 2011 and is mainly due to €7.0 million decrease in the valuation of the assets as well as write off of irrecoverable VAT of €0.6 million.

Loss after tax decreased by €1.1 million as compared to the loss for the six months ended 30 June 2010. This change is the net effect of higher write downs of certain assets (by €2.2 million) and lower foreign exchange losses (by €2.7 million). The net result of foreign exchange gains equalled to €0.2 million in the six months ended 30 June 2011 compared to loss of €2.9 million in the six month ended 30 June 2010. This gain and loss mainly represents the unrealised foreign exchange differences on the bank loans.

Financing, Liquidity and Forecasts

The Directors consider that the current outlook, while better than the 2010 position, especially in Poland, still presents operating and financing challenges in terms of the markets in which the Group operates.

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the interim condensed consolidated financial information for the six months ended 30 June 2011, as set out in note 1.

Investing Policy and Strategy

The Company actively invests in a portfolio of real estate assets across a range of property types throughout Central and Eastern Europe (CEE).

The Company targets countries within the CEE which possess attractive investment fundamentals including political and economic stability, strong GDP growth and low inflation. The Company may also make investments in countries which attract increasing foreign direct investment from being part of, or from being expected to join, the EU. The Company shall not invest in the countries of the former USSR.

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. There are no set restrictions on either sector or geographical spread of investments within the Company's stated investment region.

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

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

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

Disposal of interests in Slovakia

Atlas announced on 3 November 2009 that it had signed an agreement for the sale of its entire investment interests throughout Slovakia (the "Slovakian Portfolio"), comprising 3 sites: one in Bratislava and two in Kosice, which were held in a joint venture in which Atlas had a 50 per cent interest. The Group was expected to realise €8 million in net proceeds from the sale of the Slovakian Portfolio.

It was expected that the disposal of Atlas' interests in Slovakia would have two stages. The first stage was completed in November 2009 and proceeds of €0.9 million were received during 2009. The second stage was due for completion within 70 days of the signing of the contract, when a further €7.1 million was due to be received.

The Board of Directors of the Company announced in October 2010 that the sale of two of the three investments in the Slovakian portfolio has been completed, however, the sale and purchase of Circle Slovakia s.r.o. the company which holds the investment in Bratislava known as Nove Vajnory which forms part of the abovementioned portfolio, had not been completed.

On 21 June 2011 the Board of Directors of the Company announced that the buyer was unable to complete the purchase of the shares as originally contemplated and therefore the parties have entered on 20 June 2011 into new agreement for a discounted price of €6.2 million. On 27 July 2011 all the conditions of the transaction were completed and the Company sold its shares in Circle Slovakia s.r.o. and consequently received the aforementioned €6.2 million.

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

In the six months to 30 June 2011, NAV per share, as reported in the interim condensed consolidated financial statements that has been prepared in accordance with International Financial Reporting Standards ("IFRS"), has decreased to €2.17 per share from €2.25 at 31 December 2010. The adjusted NAV per share, which includes valuation gains net of deferred tax on development properties held in inventory and land held under operating lease, but not recognised at fair value in the balance sheet, has decreased to €2.66 per share from €2.94 at 31 December 2010.

An independent valuation of the entire property portfolio is carried out on a semi-annual basis by King Sturge acting as independent experts. This assessed the total value added during the financial period and is included in the basis for the Property Manager's performance assessment and fee calculations.

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

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

	Cost to Group as shown in the balance sheet at 30 June 2011 €'000	**Independent valuation at 30 June 2011 €'000**	**Movement in value €'000**
Development land assets and land held under operating lease included in total assets at cost to the Group	75,436	101,650	26,214
Attributable to non-controlling interest partners	(2,029)	(2,088)	(59)
Company share of increase in valuation of development land and land held under operating lease	**73,407**	**99,562**	**26,155**
Deferred tax on increase in valuation of development land and land held under operating lease at local rates			(3,219)
Basic net asset value per balance sheet			101,815
Adjusted net asset value			**124,751**
Number of ordinary shares in issue at 30 June 2011			46,852,014
Adjusted net asset value per share as at 30 June 2011			**2.66**
Adjusted net asset value per share as at 31 December 2010			2.94
Adjusted net asset value per share as at 30 June 2010			2.91

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

Corporate Governance

Atlas ensures that the Group applies a robust corporate governance structure, which is vital in the current economic conditions. This is important as there is a clear link between high quality corporate governance and shareholder value creation. The Group's annual financial statements for the year ended 31 December 2010 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 2011 are summarised in the Property Manager's Report on pages 14 and 15 below.

Prospects

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

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

Andrew Fox
CHAIRMAN
31 August 2011

Property Manager's Report

In this report we present the financial and operating results for the six months ended 30 June 2011. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advise on new investment opportunities. At 30 June 2011, the Company held a portfolio of 21 properties comprising 10 investment properties of which eight are income yielding properties and two are held for capital appreciation, two hotels and nine development properties.

The CEE region suffered from the effects of the global credit crunch in 2009. However in 2011 and 2010 GDP is recovering in CEE countries where the Company operates. As a result of these uncertainties and changing conditions, management have taken measures to mitigate risks across the portfolio. This has included reducing costs and staffing levels and putting on hold high risk investment activity. We are working closely with our banks to ensure that they are fully informed of developments in the portfolio.

The credit and housing crisis began in 2007 and accelerated into a global crisis in 2008 and 2009. This has led to significant asset price falls and a de-leveraging cycle. Unprecedented interventions by governments have provided short term relief, but economic uncertainty will continue until asset price declines are stopped and financial stability and confidence returns. Management have successfully controlled operations during these turbulent times. Key development projects have been completed on time, to plan and new developments have commenced.

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 75% of the portfolio. The Polish economy has been one of the most resilient in Europe with annualised GDP growth of 4.3% for the first quarter 2011 (and 3.8% for 2010). 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 and 2011 has shown a trend of stabilisation at the lower level of valuations. With access to credit still restricted property prices have yet to show any upwards movement.

Hilton Hotel, Warsaw

The Hilton Hotel in the Wola district of Warsaw is the Group's most prestigious asset. Occupancy rates have stabilised. For the Hilton this is reflected in occupancy rates for the first six months of 2011 of 67% compared to 66% for the same period in 2010.

Platinum Towers

With its construction finished, a total of 374 apartments were pre-sold out of 396, and 354 apartments were already handed over by 30 June 2011. This residential development alongside the Hilton Hotel provides a unique development in the city. It is planned to build an office tower in the future, which will enhance the attractiveness of this site. In the first six months of 2011 €1.8 million gross profit was recognised on the hand over of 30 apartments.

Capital Art Apartments

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

With both stage 1 and 2 completed, the Company has, as of 30 June 2011, sold 218 out of 219 apartments in stage 1, with a further 234 out of 300 apartments in stage 2 having been pre-sold. This project is being developed in three stages. The third stage is currently in advance planning stages. Total handover of apartments in the 2011 reached 43 with €0.5 million gross profit recognised in the accounts.

Concept House (previously named: Cybernetyki)

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

The construction of the development commenced in the second quarter of 2011 and as of 30 June 2011 the Company has pre-sold 8 apartments.

Apartamenty przy Krasińskiego (previously named: Zielono)

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

The construction of the development commenced in the third quarter of 2011 and as of 30 June 2011 the Company has pre-sold 1 apartment.

Other properties in Poland

The Group also owns two investment properties in Poland. The Millennium Plaza in Warsaw has been affected by an adverse office rental market, but we are seeing a slow increase in the interest of potential clients for its retail and office space (occupancy rate increased from 68% as for 2010 to 70% as for the six months period ended 30 June 2011). The Sadowa office building in Gdansk has also slightly improved its occupancy rate (93% as for the six months period ended 30 June 2011 compared to 92% as for 2010).

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

Hungary

In Hungary, the Group portfolio comprises seven properties, all of which are located in Budapest. Five are income producing assets. One of them – Moszkva office building - was classified as an asset held for sale as of 30 June 2011 – as disclosed in the note 15 of the interim condensed consolidated financial information.

The Hungarian economy has suffered adversely from the global credit crisis and lack of liquidity available for development projects. As a result, Atlas has stopped development activity and, on its income yielding assets, has experienced client losses and pricing pressures. GDP in Hungary slightly improved by 0.6% in 2010 as compared to decline of 6.3% in 2009. In 2011 the GDP growth of 2.8% is anticipated.

There has been a loss of key clients at the Ikarus Business Park as a result of the economic pressures. The Group continues to actively market the vacant space in its properties in difficult market conditions. The Atrium Homes development property is a two-stage development. The construction of stage 1 has been put on hold due to current economic conditions.

Romania

The Group's portfolio contains three properties in Romania, including the Golden Tulip Hotel and two significant land banks. The Romanian economy declined in 2010 by 1.9% (compared to decline of 7.1% in 2009). In the first quarter 2011 the GDP growth of 1.7% was observed. This contrasts with the high levels of GDP growth seen in recent years. IMF funding has been provided to support the economy. In difficult trading conditions, occupancy rates at the Golden Tulip have increased to 58% for the six months period ended 30 June 2011 compared to 54% for 2010.

Bulgaria

The Group holds one rental property in Sofia. This office building has had no significant changes in tenancies during the period (87% as for the six months period ended 30 June 2011 compared to 87% as for 2010).

Financial Review

With the credit crunch and economic downturn, financial control and tight control of costs and spending have become vital and of even greater importance to the business.

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

Portfolio valuation and valuation methods

An independent valuation of the entire property portfolio is carried out on a semi-annual basis (June and December) by independent experts. The half year end valuation process has been undertaken by external valuation experts, King Sturge, an independent international real estate advisory company.

Loans

As at 30 June 2011, the Company's share of bank debt associated with the portfolio of the Group was €234 million (31 December 2010: €246 million; 30 June 2010: €253 million). Loans and valuations for those periods in which valuations were undertaken may be analysed as follows:

	Loans	**Valuation**	**Loan to Value Ratio**	**Loans**	**Valuation**	**Loan to Value Ratio**	**Loans**	**Valuation**	**Loan to Value Ratio**
	30 June 2011			**31 December 2010**			**30 June 2010**		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	**%**
Investment property	117	154	76%	117	155	76%	117	160	73%
Hotels	63	109	58%	65	108	60%	66	104	63%
Development property in construction	20	35	57%	30	36	83%	37	87	43%
Other development property	22	32	69%	22	31	70%	21	38	55%
	222	**330**	**67%**	**234**	**330**	**71%**	**241**	**389**	**62%**
Liabilities disclosed as held for sale	12	27	44%	12	22	55%	12	21	57%
Total	**234**	**357**	**66%**	**246**	**352**	**70%**	**253**	**410**	**62%**

The valuations in the table above differ from the values included in the consolidated balance sheet as at 30 June 2011, 31 December 2010 and 30 June 2010 due to the treatment under IFRS of land held under operating leases and development property.

The increase in LTV ratio of development property in construction from June 2010 to December 2010 is mainly a result of repayment of the loan on Capital Art project and therefore sharp decrease in valuation amount is noted.

The decrease of the aforementioned ratio from December 2010 to June 2011 is mainly a result of significant repayment of the loan on Platinum Towers project as well as additional assets secured by this loan.

The gearing ratio is 68% net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratios remained at the similar level as compared to 31 December 2010 and 30 June 2011.

Debt financing

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

In the preparation of the condense interim financial information for the six months ended 30 June 2011, the directors have reclassified two loans totaling €19.5 million within the financial statements from non current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where covenant breaches or defaults on these loans arose. In addition there are five loans that are classified as bank loans and overdrafts due within one year or on demand in the amount of €38.4 million.

Key changes in 2011

- Platinum Towers project (€20.0 million) - on 16 February 2011 the Company signed the extension of the loan resulting in capital repayment from December 2011 until March 2012;

- The land loan on Zielono (€3.3 million) – on 6 June 2011 the Company signed the term sheet to the existing agreement that prolongs repayment of the land loan until 31 December 2011. Moreover in June 2011 the Company signed additional term sheet for the new loan of PLN97 million (€24 million) for the construction of *Apartamenty przy Krasińskiego* project;

- Cybernetyki (€1.6 million) – on 21 June 2011 the Company signed the annex to the existing loan facility that prolongs repayment of the land loan until November 2011. On 29 July 2011 the Company was granted a new loan of PLN68 million (€17 million) for the construction of *Concept House* project;

- Kokoszki (€10.3 million) – on 21 July 2011 the Company signed the annex to the existing loan facility that prolongs repayment of the loan until July 2012.

Review of the operational performance

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

	Property Rental € millions	**Development Properties € millions**	**Hotel Operations € millions**	**Other € millions**	**Period ended 30 June 2011 € millions**	**Period ended 30 June 2010 € millions**
Revenue	6.7	11.9	10.0	-	28.6	59.4
Cost of operations	(2.7)	(10.3)	(6.6)	-	(19.6)	(48.6)
Gross profit	4.0	1.6	3.4	-	9.0	10.8
Administrative expenses	(0.5)	(1.0)	(1.6)	(1.7)	(4.8)	(5.6)
Gross profit less administrative expenses	3.5	0.6	1.8	(1.7)	4.2	5.2
Gross profit %	59.7%	13.4%	34.0%	n/a	31.5%	18.2%
Gross profit less administrative expenses %	52.2%	5.0%	18.0%	n/a	14.7%	8.8%

Revenues

Total revenues for six months ended 30 June 2011 were €28.6 million compared to €59.4 million for the six months ended 30 June 2010. The Group's principal revenue streams are income from the sale of the residential apartments that the Group develops, property rental income and sales from its hotel operations. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified.

Development Properties

	30 June 2011 € millions	30 June 2010 € millions	**Change quarter on quarter** **2011 v 2010** **€ millions**	Translation foreign exchange effect € millions	Operational change 2011 v 2010 € millions
Revenue	11.9	44.4	**(32.5)**	0.5	(33.0)
Cost of operations	(10.3)	(39.6)	**29.3**	(0.5)	29.8
Gross profit	1.6	4.8	**(3.2)**	-	(3.2)
Administrative expenses	(1.0)	(0.6)	**(0.4)**	-	(0.4)
Gross profit less administrative expenses	0.6	4.2	**(3.6)**	-	(3.6)

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

The decrease in gross profit realised in the six months ended 30 June 2011 as compared to the same period in 2010 is mainly a result of a lower number of apartments handed over in Platinum Towers and Capital Art Apartments.

Apartment sales in developments in Warsaw

	Capital Art Apartments stage 1	**Capital Art Apartments stage 2**	**Platinum Towers**	**Concept House**	**Apartamenty przy Krasińskiego**
Total apartments for sale	219	300	396	160	303
Pre sales of apartments	218	234	374	8	1
Sales completions in 2008	99	-	-	-	-
Sales completions in 2009	107	-	26	-	-
Sales completions in 2010	8	176	298	-	-
Sales completions in 2011	1	42	30	-	-
Total sales completions	215	218	354	-	-
Pre sales in 2009	21	95	31	-	-
Pre sales in 2010	4	28	31	-	-
Pre sales in 2011	3	16	20	8	1

On stage 2 *Capital Art Apartments*, for the six months ended 30 June 2011, revenue of €5.4 million and gross profit of €0.5 million (30 June 2010: €14.9 million and €2.9 million respectively) have been recognised on the sales of 42 apartments (30 June 2010: 114 apartments).

For *Platinum Towers*, for the six months ended 30 June 2011, of the 396 available apartments completed sales were represented by 30 apartments (30 June 2010: 193 apartments). This resulted in sales of €6.4 million and a gross profit of €1.8 million being recognised in the income statement (30 June 2010: €27.7 million and €1.4 million respectively).

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

Property Rental

	30 June 2011 € millions	30 June 2010 € millions	**Change quarter on quarter** **2011 v 2010** **€ millions**	Translation foreign exchange effect € millions	Operational change 2011 v 2010 € millions
Revenue	6.7	6.3	**0.4**	-	0.4
Cost of operations	(2.7)	(2.8)	**0.1**	-	0.1
Gross profit	4.0	3.5	**0.5**	-	0.5
Administrative expenses	(0.5)	(0.6)	**0.1**	-	0.1
Gross profit less administrative expenses	3.5	2.9	**0.6**	-	0.6

The revenue of the Group has been affected principally by the improving rental levels of the Millenium Plaza.

Hotels

	30 June 2011 € millions	30 June 2010 € millions	**Change quarter on quarter** **2011 v 2010** **€ millions**	Translation foreign exchange effect € millions	Operational change 2011 v 2010 € millions
Revenue	10.0	8.7	**1.3**	0.1	1.2
Cost of operations	(6.6)	(6.2)	**(0.4)**	-	(0.4)
Gross profit	3.4	2.5	**0.9**	0.1	0.8
Administrative expenses	(1.6)	(1.6)	**-**	-	-
Gross profit less administrative expenses	1.8	0.9	**0.9**	0.1	0.8

The hotel operations improved significantly mainly due to an increase in the occupancy rates as well as average daily rate per room.

The occupancy rates increased:

- from 66% in the first half of 2010 to 67% in the first half of 2011 at the Hilton in Warsaw, and
- from 51% in the first half of 2010 to 58% in the first half of 2011 at the Golden Tulip Hotel in Bucharest.

Cost of operations

Cost of operations were €19.6 million in the six months ended 30 June 2011 compared to €48.6 million for the six months ended 30 June 2010. The decrease is principally due to lower number of apartments handed over in *Platinum Towers* and *Capital Art Apartments* as compared to 2010.

Foreign exchange

There have been significant fluctuations in exchange rates in the underlying currencies in the countries in which the Group operates and owns assets. A summary of exchange rates by country for average and closing rates against the reporting currency as applied in the financial statements are set out below.

	Polish Zloty	**Hungarian Forint**	**Romanian Lei**	**Slovakian Crown**	**Bulgarian Lev**
				Euro entry	
Closing rates					
30 June 2011	3.9866	265.61	4.2341	n/a	1.95583
31 December 2010	3.9603	278.75	4.2848	n/a	1.95583
% Change	0.7%	(4.7%)	(1.2%)	n/a	0%
30 June 2010	4.1458	286.46	4.3688	n/a	1.95583

	Polish Zloty	Hungarian Forint	Romanian Lei	Slovakian Crown	Bulgarian Lev
				Euro entry	
Average rates					
2nd quarter 2011	3.9540	269.38	4.1797	n/a	1.95583
Year 2010	3.9946	275.41	4.2099	n/a	1.95583
% Change	(1.0%)	(2.2%)	(0.7%)	n/a	0%
2nd quarter 2010	4.0006	271.50	4.1482	n/a	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.

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

	NAV	**NAV per share**	NAV	NAV per share
	30 June 2011	**30 June 2011**	31 December 2010	31 December 2010
	€'millions	**€**	€'millions	€
Basic NAV (excl. non- controlling interests)	101.8	**2.17**	105.5	2.25
Development land valuation increase not recognized in financial statements	26.2	**-**	35.1	-
Deferred tax	(3.2)	**-**	(2.6)	-
Adjusted NAV	124.8	**2.66**	138.0	2.94

Notes:
The number of shares in issue as at 30 June 2011 and at 31 December 2010 is 46,852,014.

Included in the income statement is a loss of €2.9 million (6 months ended 30 June 2010: €4.4 million) arising from the revaluation of the Group's investment properties. The total revaluation reserve of €11.1 million (31 December 2010: €9.0 million) represents the revaluation of the Hilton Hotel, net of tax.

The Property Manager's basic fee and performance fee are determined by the adjusted NAV. For the six months to 30 June 2011 the basic fee payable to AMC was €1.4 million (€1.6 million to 30 June 2010).

Ongoing activities

During the first six months of 2011, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio. It has also continued to crystallise the value of development projects by the pre-selling of apartments under construction and by the completion of development property in the course of construction.

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

A key management objective is controlling and reducing construction costs and schedules at its development projects, particularly in the light of global variations in commodity prices and the increase of labour costs in the region. Another key objective is the refinancing of the portfolio, the securing of construction loans and the evaluation of various fund raising opportunities.

Financial, operational and risk management

The management team continuously monitors the territories in which the Company is invested, analysing the economics of the region and the key measures of the sectors in which it operates to ensure that it maintains its strategy and does not become over-exposed to, or reliant on, any one particular area. At the same time, it evaluates the risks and rewards associated with a particular country, or sector, in order to maximise return on investment and therefore the return it can deliver to shareholders.

The Company is publicly listed on WSE and until October 2010 it was also listed on AIM. In continuing to fulfill its obligations to its shareholders and the markets, together with maintaining its policy of maximum disclosure and timely reporting, it is continually improving and developing its financial management and operational infrastructure and capability. Experienced operational teams are in place in each country, where there is significant activity, otherwise a central operational team and investment committee monitor and control investments and major operational matters. As such, the management team continually reviews its operating structures to optimise the efficiency and effectiveness of its network, which is particularly important given the current environment.

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

Global economic conditions

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

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

Financing and liquidity

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

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

Currency and foreign exchange

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

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

Conclusions and Prospects

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

The Company's key objectives in the current economic climate remain the minimisation of financial risks, optimising cash retention and operational effectiveness and enhancing the Group's liquidity, which will enable it to progress its portfolio of developments. The Company has a portfolio of strong underlying assets and a development pipeline that we believe will enable us to continue to meet the ongoing demand for the quality and specification of the space that Atlas delivers. In turn, we believe that this will position us to preserve and, over the longer term, create value that we aim to deliver to the shareholders, once stability and more certain economic conditions return to the markets, both within our target territories and across the global economy as a whole.

Reuven Havar
Chief Executive Officer
Atlas Management Company Limited
31 August 2011

Ziv Zviel
Chief Financial Officer
Atlas Management Company Limited

Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton Hotel in Poland – a 4 star hotel with 314 luxury rooms, large conferencing facilities, 4,500 square meters Holmes Place health club and spa and casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers	396 apartments in two towers; the residential development has been completed in the 3rd quarter of 2009 with two residential towers and a piazza. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers – offices	Land with zoning for an office scheme of class A office space planned over 42 floors.	100%
Properpol	Commercial area on the ground and first floors Platinum Towers with 1,842 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Capital Art Apartments	739 apartment three stage development with Stage 1 completed in 4th quarter 2008 with 218 out of 219 apartments pre sold. Stage 2 with the construction of 300 apartments completed in 2009, out of which 234 were already pre-sold and 218 handed over. Stage 3 construction will follow. Location close to the central business district in Wola area of Warsaw.	100%
Apartamenty przy Krasińskiego (previously named Zielono)	Land with zoning and building permit for 265 apartments. Construction will commence with appropriate financing. Location in a residential area of Warsaw.	76%
Millennium Tower	32,700 square metres of office and retail space in the central business district of Warsaw with 6,100 square meters of retail and 26,600 square meters of office space.	100%
Concept House (previously named Cybernetyki)	3,100 square metre plot of land zoned for 11,000 square metres and with building permit for residential development. The construction commenced in 2nd quarter 2011. Location in Mokotow district close to the central business district of Warsaw.	50%
Sadowa project	6,550 square metre office building with 95% occupancy close to the city centre of Gdansk.	100%
Kokoszki, Gdansk	430,000 square metre plot in Gdansk with zoning for construction of 130,000 square metres of mixed use development, situated on the outskirts of Gdansk.	100%
Hungary		
Ikarus Business Park	283,000 square metres plot with 110,000 square metres of built business space and 70,000 of currently lettable, located in the 16th district, a suburban area of Budapest	100%
Metropol Office Centre	7,600 square metres office building in the 13th district of central Budapest.	100%
Atrium Homes	Two phase development of 22,000 square meters of 456 apartments with 235 apartments in phase 1 with building permits, located in the 13th district in central Budapest.	100%
Ligetvaros Centre	6,300 square metres of office/retail space with rights to build extra 6,400 square metres, located in the 7th district, a central district in Budapest.	100%
Varosliget Centre	12,000 square metres plot in the 7th district in central Budapest, with zoning for a mixed use development of 31,000 gross square metres.	100%

Location/Property	Description	Company's ownership
Moszkva Square	1,000 square metres of office and retail space in the Buda district of the city.	100%
Volan Project	20,640 square metre plot, zoning for 89,000 square metre mixed use scheme in a central district of Budapest.	50%
Romania		
Voluntari	99,116 square metres 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 metres 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 metres of lettable area spread over eight floors.	100%

ATLAS ESTATES LIMITED

Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2011

To the Shareholders of Atlas Estates Limited

Introduction

We have been engaged to review the accompanying interim condensed consolidated and non-consolidated financial statements of Atlas Estates Limited ("the Group") as at 30 June 2011, where Atlas Estates Limited is the dominant entity ("the Company"), and is located in Guernsey, comprising:

– the interim consolidated income statement for the period from 1 January 2011 to 30 June 2011 with a net loss amounting to 7.2 million Euros,
– the interim consolidated statement of comprehensive income for the period from 1 January 2011 to 30 June 2011 with a total comprehensive income amounting to 4.0 million Euros,
– the interim consolidated statement of financial position as of 30 June 2011 with total assets amounting to 382.9 million Euros,
– the interim consolidated statement of changes in equity for the period from 1 January 2011 to 30 June 2011 with a net decrease of equity amounting to 4.0 million Euros,
– the interim consolidated statement of cash flows for the period from 1 January 2011 to 30 June 2011 with a net cash outflow amounting to 2.5 million Euros, and
– the interim non-consolidated statement of comprehensive income for the period from 1 January 2011 to 30 June 2011 with a net loss amounting to 13.6 million Euros,
– the interim non-consolidated statement of financial position as of 30 June 2011 with total assets amounting to 125.1 million Euros,
– the interim non-consolidated statement of changes in equity for the period from 1 January 2011 to 30 June 2011 with a net decrease of equity amounting to 13.6 million Euros,
– the interim non-consolidated statement of cash flows for the period from 1 January 2011 to 30 June 2011 with a net cash outflow amounting to 0.0 million Euros, and
– the interim summary of significant accounting policies and other explanatory notes

Directors' responsibilities

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

Our Responsibility

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

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated and non-consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2011 are not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

BDO LLP

Chartered Accountants and Registered Auditors

55 Baker Street, London, UK

London

31 August 2011

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

ATLAS ESTATES LIMITED

Declarations of the Board of Directors

Declaration concerning accounting policies

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

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

Declaration concerning election of the Company's auditor for the annual audit of the consolidated financial statement

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

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

31 August 2011

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2011

		Six months ended 30 June 2011 (unaudited) €'000		Six months ended 30 June 2010 (unaudited) €'000	Note
Revenues		**28,658**		**59,435**	3
Cost of operations		(19,624)		(48,598)	4.1
Gross profit		**9,034**		**10,837**	
Property manager fee	*(1,379)*		*(1,563)*		
Central administrative expenses	*(338)*		*(1,841)*		
Property related expenses	*(3,116)*		*(2,207)*		
Administrative expenses		(4,833)		(5,611)	4.2
Other operating income		107		331	
Other operating expenses		(4,144)		(460)	5
Decrease in value of investment properties		(2,975)		(4,395)	10
(Loss) / profit from operations		**(2,811)**		**702**	
Finance income		529		528	
Finance costs		(5,218)		(6,159)	
Other gains and (losses) – foreign exchange		182		(2,963)	
Loss before taxation		**(7,318)**		**(7,892)**	
Tax credit / (expense)		137		(436)	6
Loss for the period		**(7,181)**		**(8,328)**	
Attributable to:					
Owners of the parent		(6,830)		(8,280)	
Non-controlling interests		(351)		(48)	
		(7,181)		**(8,328)**	
Loss per €0.01 ordinary share – basic (eurocents)		(14.6)		(17.7)	8
Loss per €0.01 ordinary share – diluted (eurocents)		(14.6)		(17.7)	8

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011

	30 June 2011 (unaudited) €'000	30 June 2010 (unaudited) €'000
LOSS FOR THE PERIOD	**(7,181)**	**(8,328)**
Other comprehensive income:		
Revaluation of buildings	2,752	(1,789)
Deferred tax on revaluation of buildings	(521)	316
Exchange adjustments	1,058	2,698
Deferred tax on exchange adjustments	(102)	(365)
Other comprehensive income for the period (net of tax)	**3,187**	**860**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(3,994)**	**(7,468)**
Total comprehensive income attributable to:		
Owners of the parent	(3,643)	(7,420)
Non-controlling interests	(351)	(48)
	(3,994)	**(7,468)**

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

	30 June 2011 (unaudited) €'000	31 December 2010 €'000	30 June 2010 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	272	280	200	
Land under operating lease - prepayments	12,590	12,749	12,956	
Property, plant and equipment	99,339	98,331	95,018	9
Investment property	152,552	156,153	160,745	10
Other loans receivable	2,770	2,530	2,442	
Deferred tax asset	4,956	5,248	8,654	
	272,479	**275,291**	**280,015**	
Current assets				
Inventories	64,120	76,267	94,055	11
Trade and other receivables	4,701	9,060	8,037	
Cash and cash equivalents	12,581	15,036	10,375	12
	81,402	**100,363**	**112,467**	
Assets held within disposal groups classified as held for sale	29,050	26,472	27,377	15
	110,452	126,835	139,844	
TOTAL ASSETS	**382,931**	**402,126**	**419,859**	
Current liabilities				
Trade and other payables	(14,428)	(19,410)	(24,633)	
Bank loans	(60,388)	(70,510)	(62,539)	14
Derivative financial instruments	(201)	(242)	(244)	
	(75,017)	**(90,162)**	**(87,416)**	
Liabilities directly associated with assets held within disposal groups classified as held for sale	(20,845)	(20,395)	(20,144)	15
	(95,862)	**(110,557)**	**(107,560)**	
Non-current liabilities				
Other payables	(6,449)	(5,689)	(5,549)	
Bank loans	(161,660)	(162,784)	(178,516)	14
Derivative financial instruments	(1,009)	(1,267)	(1,647)	
Deferred tax liabilities	(15,715)	(15,599)	(20,150)	
	(184,833)	**(185,339)**	**(205,862)**	
TOTAL LIABILITIES	**(280,695)**	**(295,896)**	**(313,422)**	
NET ASSETS	**102,236**	**106,230**	**106,437**	

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

	30 June 2011 (unaudited) €'000	31 December 2010 €'000	30 June 2010 (unaudited) €'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	11,166	9,022	8,867
Other distributable reserve	194,817	194,817	194,817
Translation reserve	(4,208)	(5,163)	(7,866)
Accumulated loss	(106,228)	(99,486)	(96,022)
Issued capital and reserves attributable to owners of the parent	**101,815**	**105,458**	**106,064**
Non-controlling interests	**421**	**772**	**373**
TOTAL EQUITY	**102,236**	**106,230**	**106,437**
Basic net asset value per share	€2.17	€2.25	€2.26

The notes on pages 27 to 44 form part of this consolidated financial information. The condensed consolidated financial information on pages 21 to 44 was approved by the Board of Directors on 31 August 2011 and signed on its behalf by:

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

31 August 2011

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2011

Six Months Ended 30 June 2011 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
As at 31 December 2010	**6,268**	**198,676**	**(99,486)**	**105,458**	**772**	**106,230**
Total comprehensive income for the year	-	3,187	(6,830)	**(3,643)**	(351)	**(3,994)**
Transfer to retained earnings	-	(88)	88	**-**	-	**-**
As at 30 June 2011	**6,268**	**201,775**	**(106,228)**	**101,815**	**421**	**102,236**

Year Ended 31 December 2010 (audited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
As at 1 January 2010	**6,268**	**194,958**	**(88,060)**	**113,166**	**732**	**113,898**
Total comprehensive income for the year	-	4,778	(12,493)	**(7,715)**	40	**(7,675)**
Transfer to retained earnings	-	(1,060)	1,060	**-**	-	**-**
Share based payments	-	-	7	**7**	-	**7**
As at 31 December 2010	**6,268**	**198,676**	**(99,486)**	**105,458**	**772**	**106,230**

Six Months Ended 30 June 2010 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
As at 1 January 2010	**6,268**	**194,958**	**(88,060)**	**113,166**	**732**	**113,898**
Total comprehensive income for the period	-	860	(8,280)	**(7,420)**	(48)	**(7,468)**
Transfer of non-controlling interest	-	-	311	**311**	(311)	**-**
Share based payments	-	-	7	**7**	-	**7**
As at 30 June 2010	**6,268**	**195,818**	**(96,022)**	**106,064**	**373**	**106,437**

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 (unaudited) €'000	Six months ended 30 June 2010 (unaudited) €'000
Cash inflow generated from operations	**13**	**12,712**	**8,712**
Tax paid		(17)	(323)
Net cash from operating activities		**12,695**	**8,389**
Investing activities			
Interest received		57	59
Purchase of investment property		(136)	(112)
Purchase of property, plant and equipment		(303)	(259)
Purchase of intangible assets - software		(25)	-
Net cash used in investing activities		**(407)**	**(312)**
Financing activities			
Interest paid		(4,599)	(4,481)
New bank loans raised		-	5,170
Repayments of bank loans		(11,514)	(11,625)
New loans granted to JV partners		(310)	(33)
New loans received from non-controlling investors		786	403
Net cash used in financing activities		**(15,637)**	**(10,566)**
Net decrease in cash and cash equivalents in the period		**(3,349)**	**(2,489)**
Effect of foreign exchange rates		894	(187)
Net decrease in cash and cash equivalents in the period		**(2,455)**	**(2,676)**
Cash and cash equivalents at the beginning of the period		**15,036**	**13,051**
Cash and cash equivalents at the end of the period		**12,581**	**10,375**
Cash and cash equivalents			
Cash at bank and in hand	**12**	12,764	10,780
Cash assets classified as held for sale	**15**	(183)	(405)
		12,581	**10,375**

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

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2011

1. Basis of preparation

This interim condensed consolidated and non-consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on a going concern basis and on a historical cost basis as amended by the revaluation of land and buildings and investment property, and financial assets and financial liabilities at amortised cost. The consolidated balance sheet, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity 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 2010. The six month financial results are not necessarily indicative of the full year results.

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

As at 30 June 2011 the Group held land and building assets with a market value of €357 million, compared to external debt of €234 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. Land and building assets and associated debts are currently in unique, specific, corporate vehicles. This being the case, any repossession by the bank on default of loan terms would clear the outstanding debt and not result in additional finance liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the six months ended 30 June 2011, the directors have taken into account the status of current negotiations on external loans. These are disclosed in note 14 as part of the bank loans note. The Company has also continued to provide funds to service interest and capital repayments on these loans on behalf of its subsidiary companies.

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 the Board believe that it will continue to do so, despite the various pressures. Managing this situation will require the company to use its various pools of liquidity within its portfolio of assets and at the same time delicately manage its ongoing operations and relationships with its lending banks.

The Group's forecasts and projections have been prepared taking into account the economic environment and its challenges and the mitigating factors referred to above. These forecasts take into account reasonably possible changes in trading performance, potential sales of properties and the future financing of the Group. They show that the Group will have sufficient facilities for its ongoing operations for a period of no less than 12 months from the date of signing these financial statements.

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 will have adequate resources to continue in operational existence for a period of no less than 12 months from the date of signing these financial statements. Accordingly they continue to adopt the going concern basis in preparing the consolidated financial statements for the six months ended 30 June 2011.

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 2010, as described in the annual financial statements for the year ended 31 December 2010.

3. Business segments

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

Six months ended 30 June 2011	**Property rental**	**Residential sales**	**Hotel operations**	**Other**	**2011**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Revenues	6,754	11,875	10,029	-	**28,658**
Cost of operations	(2,725)	(10,250)	(6,649)	-	**(19,624)**
Gross profit	**4,029**	**1,625**	**3,380**	**-**	**9,034**
Administrative expenses	(495)	(1,029)	(1,562)	(1,747)	**(4,833)**
Gross profit less administrative expenses	**3,534**	**596**	**1,818**	**(1,747)**	**4,201**
Other operating income	81	3	22	1	**107**
Other operating expenses	(57)	(3,867)	(217)	(3)	**(4,144)**
Decrease in value of investment properties	(2,975)	-	-	-	**(2,975)**
Profit / (loss) from operations	**583**	**(3,268)**	**1,623**	**(1,749)**	**(2,811)**
Finance income	401	111	11	6	**529**
Finance costs	(2,680)	(1,477)	(1,057)	(4)	**(5,218)**
Other gains and (losses) – foreign exchange	437	65	(318)	(2)	**182**
Segment result before tax	**(1,259)**	**(4,569)**	**259**	**(1,749)**	**(7,318)**
Tax charge					**137**
Profit for the period as reported in the income statement					**(7,181)**
Reportable segment assets	**161,174**	**96,244**	**116,995**	**-**	**374,413**
Unallocated assets				8,518	8,518
Total assets					**382,931**
Reportable segment liabilities	**(127,529)**	**(73,144)**	**(77,087)**	**-**	**(277,760)**
Unallocated liabilities				(2,935)	(2,935)
Total liabilities					**(280,695)**

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

Six months ended 30 June 2010	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2010 €'000
Revenues	6,359	44,388	8,686	2	**59,435**
Cost of operations	(2,754)	(39,612)	(6,232)	-	**(48,598)**
Gross profit	**3,605**	**4,776**	**2,454**	**2**	**10,837**
Administrative expenses	(694)	(571)	(1,549)	(2,797)	**(5,611)**
Gross profit less administrative expenses	**2,911**	**4,205**	**905**	**(2,795)**	**5,226**
Other operating income	201	2	22	106	**331**
Other operating expenses	(97)	157	(487)	(33)	**(460)**
Decrease in value of investment properties	(4,395)	-	-	-	**(4,395)**
(Loss) / profit from operations	**(1,380)**	**4,364**	**440**	**(2,722)**	**702**
Finance income	177	294	5	52	**528**
Finance cost	(2,976)	(2,259)	(920)	(4)	**(6,159)**
Finance costs - other gains and (losses) – foreign exchange	(1,843)	(420)	(630)	(70)	**(2,963)**
Segment result before tax	**(6,022)**	**1,979**	**(1,105)**	**(2,744)**	**(7,892)**
Tax charge					**(436)**
Loss for the period as reported in the income statement					**(8,328)**
Attributable to non-controlling interests					**48**
Net loss attributable to owners of the parent					**(8,280)**
Reportable segment assets	**169,597**	**129,934**	**110,108**	**-**	**409,639**
Unallocated assets					**10,220**
Total assets					**419,859**
Reportable segment liabilities	**(129,657)**	**(102,615)**	**(78,065)**	**-**	**(310,337)**
Unallocated liabilities					**(3,085)**
Total liabilities					**(313,422)**

Six months ended 30 June 2010	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2010 €'000
Other segment items					
Capital expenditure	135	4	232	-	371
Depreciation	30	46	1,376	-	1,452
Amortisation	2	-	19	-	21

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

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2011

4. Analysis of expenditure

4.1 Cost of operations

	Six months ended 30 June 2011	Six months ended 30 June 2010
	€'000	**€'000**
Costs of sale of residential property	9,032	41,019
Utilities, services rendered and other costs	5,271	5,228
Legal and professional expenses	855	1,044
Staff costs	2,907	2,708
Sales and direct advertising costs	721	839
Depreciation and amortisation	435	474
Impairment / (Reversal of impairment) on inventory	403	(2,714)
Cost of operations	**19,624**	**48,598**

4.2 Administrative expenses

	Six months ended 30 June 2011	Six months ended 30 June 2010
	€'000	**€'000**
Audit and tax services	174	389
Incentive and management fee	1,379	1,563
Other professional services	452	1,127
Utilities, services rendered and other costs	582	584
Share based payments	-	7
Staff costs	563	624
Depreciation and amortisation	1,053	1,014
Other administrative expenses	630	303
Administrative expenses	**4,833**	**5,611**

5. Other operating expenses

	Six months ended 30 June 2011 €'000	Six months ended 30 June 2010 €'000
Land bank impairment	3,673	186
Interest and fees	146	130
Other operating expenses	113	144
Impairment on property, plant and equipment	212	-
Other operating expenses	**4,144**	**460**

Land bank impairment of €3,673 thousand represents write down of inventories to net realisable value.

6. Tax credit / (expense)

Continuing operations	Six months ended 30 June 2011 €'000	Six months ended 30 June 2010 €'000
Current tax	(266)	(17)
Deferred tax	403	(419)
Tax credit / (expense) for the period	**137**	**(436)**

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

7. Dividends

There were no dividends declared or paid in the six months ended 30 June 2011 (2010: €nil**)**.

8. Earnings/ (loss) per share ("EPS"/ "LPS")

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

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

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

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

Six months ended 30 June 2010	(Loss)	Weighted average number of shares	Per share amount
Continuing operations	**€'000**		**Eurocents**
Basic (LPS)			
Loss attributable to equity shareholders of the Company	**(8,280)**	**46,852,014**	**(17.7)**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted (LPS)			
Adjusted loss	**(8,280)**	**46,852,014**	**(17.7)**

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 31 December 2009	87,338	10,625	216	98,179
Additions at cost	88	590	29	707
Exchange adjustments	2,724	261	1	2,986
Disposals	-	(140)	(98)	(238)
Write offs	(1,806)	-	-	(1,806)
Revaluation	2,262	-	-	2,262
At 31 December 2010	**90,606**	**11,336**	**148**	**102,090**
Additions at cost	144	162	-	306
Exchange adjustments	(413)	(53)	1	(465)
Disposals	-	(2)	(34)	(36)
Write offs	(211)	(1)	-	(212)
Revaluation	1,881	-	-	1,881
At 30 June 2011	**92,007**	**11,442**	**115**	**103,564**
Accumulated depreciation				
At 31 December 2009	-	(2,536)	(118)	(2,654)
Charge for the year	(1,871)	(851)	(38)	(2,760)
Adjustment due to revaluation	1,672	-	-	1,672
Exchange adjustments	(25)	(79)	(2)	(106)
Disposals	-	29	60	89
At 31 December 2010	**(224)**	**(3,437)**	**(98)**	**(3,759)**
Charge for the year	(958)	(410)	(10)	(1,378)
Adjustment due to revaluation	871	-	-	871
Exchange adjustments	(4)	12	-	8
Disposals	-	-	33	33
At 30 June 2011	**(315)**	**(3,835)**	**(75)**	**(4,225)**
Net book value at 30 June 2011	**91,692**	**7,607**	**40**	**99,339**
Net book value at 31 December 2010	**90,382**	**7,899**	**50**	**98,331**

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2010	**87,338**	**10,625**	**216**	**98,179**
Additions at cost	7	252	-	259
Exchange adjustments	(983)	(191)	(7)	(1,181)
Revaluation	860	-	-	860
Disposals	(38)	(9)	(21)	(68)
At 30 June 2010	**87,184**	**10,677**	**188**	**98,049**
Accumulated depreciation				
At 1 January 2010	**-**	**(2,536)**	**(118)**	**(2,654)**
Charge for the period	(929)	(422)	(24)	(1,375)
Adjustment due to revaluation	929	-	-	929
Exchange adjustments	-	47	4	51
Disposals	-	1	17	18
At 30 June 2010	**-**	**(2,910)**	**(121)**	**(3,031)**
Net book value at 30 June 2010	**87,184**	**7,767**	**67**	**95,018**

Buildings were valued as at 30 June 2011 by qualified professional valuers working for the company of King Sturge, Chartered Surveyors, acting in the capacity of External Valuers. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors ("RICS"). All properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. For all properties, valuations were based on current prices in an active market. The resulting revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders equity.

The Group has pledged property, plant and equipment of €97.1 million (31 December 2010: €96.2 million; 30 June 2010: €92.9 million) to secure certain banking facilities granted to subsidiaries.

10. Investment property

	30 June 2011 €'000	31 December 2010 €'000	30 June 2010 €'000
At beginning of the year	156,153	161,027	161,027
Disposals	-	(94)	(229)
Transfers from inventories	-	8,441	7,646
Capitalised subsequent expenditure	136	554	112
Exchange movements	1,239	2,425	(3,415)
PV of annual perpetual usufruct fees	(1)	(2)	(1)
Fair value losses	(2,975)	(16,198)	(4,395)
At the end of period	**154,552**	**156,153**	**160,745**
Less assets classified as held within disposal groups classified as held for sale (note 15)	(2,000)	-	-
Total investment properties	**152,552**	**156,153**	**160,745**

The fair value of the Group's investment property at 30 June 2011 has been arrived at on the basis of valuations carried out at that date by King Sturge. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties.

The Group has pledged investment property of €146.3 million (31 December 2010: €147.7 million; 30 June 2010: €152.6 million) to secure certain banking facilities granted to subsidiaries.

11. Inventories

	30 June 2011 €'000	31 December 2010 €'000	30 June 2010 €'000
Land held for development	53,393	57,044	59,214
Construction expenditures	7,347	6,503	1,669
Completed properties	24,208	33,197	54,408
Hotel inventory	1,275	1,274	1,219
Freehold and leasehold properties held for resale	**86,223**	**98,018**	**116,510**
Less assets classified as held within disposal groups classified as held for sale (note 15)	(22,103)	(21,751)	(22,455)
Total inventories	**64,120**	**76,267**	**94,055**

€9.0 million (31 December 2010: €62.0 million; 30 June 2010: €41.0 million) of inventories was released to cost of operations in the income statement during the period. €4.1 million (31 December 2010: €2.1 million; 30 June 2010: (€2.5) million) was recognised in the income statement during the period in relation to write-down of inventories. All inventories are held at the lower of cost and net realisable value.

Bank borrowings are secured on inventory for the value of €75.8 million (31 December 2010: €70.0 million; 30 June 2010: €71.0 million).

12. Cash and cash equivalents

	30 June 2011 €'000	31 December 2010 €'000	30 June 2010 €'000
Cash and cash equivalents			
Cash and cash equivalents	11,873	13,779	9,680
Short term bank deposits	891	1,426	1,100
	12,764	**15,205**	**10,780**
Less assets classified as held within disposal groups classified as held for sale (note 15)	(183)	(169)	(405)
Total	**12,581**	**15,036**	**10,375**

Included in cash and cash equivalents is €10.6 million (31 December 2010: €12.7 million; 30 June 2010: €6.4 million) restricted cash relating to security and customer deposits.

13. Cash generated from operations

	Six months ended 30 June 2011	Six months ended 30 June 2010
	€'000	**€'000**
Loss for the period	**(7,181)**	**(8,328)**
Adjustments for:		
Effects of foreign currency	(461)	2,798
Finance costs	4,633	6,159
Finance income	(514)	(528)
Tax (expense) / credit	(137)	436
Bad debt write off	-	225
Depreciation of property, plant and equipment	1,378	1,465
Amortisation charges	110	26
Loss on sale of property plant and equipment	-	18
Decrease in the value of investment property	2,975	4,395
Impairment on inventory	4,263	-
Property, plant and equipment write off	211	-
Charge relating to share based payments	-	7
Other operating expenses	-	231
	5,277	**6,904**
Changes in working capital		
Decrease in inventory	7,909	36,731
Decrease/ (Increase) in trade and other receivables	4,359	(3,882)
Decrease in trade and other payables	(4,833)	(31,041)
	7,435	**1,808**
Cash inflow generated from operations	**12,712**	**8,712**

14. Bank loans

	30 June 2011 €'000	31 December 2010 €'000	30 June 2010 €'000
Current			
Bank loans and overdrafts due within one year or on demand			
Secured	**(60,388)**	**(70,510)**	**(62,539)**
Non-current			
Repayable within two years			
Secured	(29,388)	(29,299)	(37,888)
Repayable within three to five years			
Secured	(59,202)	(60,496)	(61,416)
Repayable after five years			
Secured	(73,070)	(72,989)	(79,212)
	(161,660)	**(162,784)**	**(178,516)**
Total	**(222,048)**	**(233,294)**	**(241,055)**
Bank loans directly associated with assets held within disposal groups classified as held for sale (note 15)	(12,233)	(12,368)	(12,505)
Total	**(234,281)**	**(245,662)**	**(253,560)**

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

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

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

	Euro €'000	Zloty €'000	Other €'000	Total €'000
Bank loans and overdrafts – 30 June 2011	195,754	26,294	-	222,048
Bank loans and overdrafts – 31 December 2010	200,723	44,939	-	245,662
Bank loans and overdrafts – 30 June 2010	202,080	51,465	15	253,560

In the preparation of the condensed interim financial information for the six months ended 30 June 2011, the directors have reclassified two loans totaling €19.5 million within the financial statements from non current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where covenant breaches or defaults on these loans arose. In addition there are five loans that are classified as bank loans and overdrafts due within one year or on demand in the amount of €38.4 million.

Key changes in 2011

- Platinum Towers project (€20.0 million) - on 16 February 2011 the Company signed the extension of the loan resulting in capital repayment from December 2011 until March 2012;

- The land loan on Zielono (€3.3 million) – on 6 June 2011 the Company signed the term sheet to the existing agreement that prolongs repayment of the land loan until 31 December 2011. Moreover in June 2011 the Company signed additional term sheet for the new loan of PLN97 million (€24 million) for the construction of *Apartamenty przy Krasińskiego* project;

- Cybernetyki (€1.6 million) – on 21 June 2011 the Company signed the annex to the existing loan facility that prolongs repayment of the land loan until November 2011. On 29 July 2011 the Company was granted a new loan of PLN68 million (€17 million) for the construction of *Concept House* project;

- Kokoszki (€10.3 million) – on 21 July 2011 the Company signed the annex to the existing loan facility that prolongs repayment of the loan until July 2012.

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

On 3 November 2009 Atlas announced an agreement for the sale of its entire investment interests throughout Slovakia (the "Slovakia Portfolio"), comprising one site in Bratislava and two sites in Kosice. The Group realised €0.9 million in net proceeds from the first stage of the sale and was expecting to realise a further €7.1 million on completion of the second stage for the shares held in Circle Slovakia s.r.o (seated in Bratislava). The buyer was unable to complete the purchase of the shares as originally contemplated and therefore the parties have entered on 20 June 2011 into new agreement for a discounted price of €6.2 million. On 27 July 2011 all the conditions of the transaction were completed.

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

The assets and liabilities directly associated with these sales were separately classified as of 30 June 2011.

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

	30 June 2011	31 December 2010	30 June 2010
Assets:	**€'000**	**€'000**	**€'000**
Investment property	2,000	-	-
Deferred tax asset	310	151	146
Inventories	22,103	21,751	22,455
Trade and other receivables	20	16	32
Shareholder loan receivable	4,434	4,385	4,339
Cash and cash equivalents	183	169	405
Assets held within disposal groups classified as held for sale	**29,050**	**26,472**	**27,377**

	30 June 2011	31 December 2010	30 June 2010
Liabilities:	**€'000**	**€'000**	**€'000**
Trade and other payables	(7,834)	(7,250)	(6,860)
Bank loans	(12,233)	(12,368)	(12,505)
Deferred tax liabilities	(778)	(777)	(779)
Liabilities directly associated with assets held within disposal groups classified as held for sale	**(20,845)**	**(20,395)**	**(20,144)**

16. Related party transactions

(a) Key management compensation

	30 June 2011	30 June 2010
	€'000	**€'000**
Fees for non-executive directors	13	81

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC received a management fee of €1.4 million for the six months ended 30 June 2011 (31 December 2010: €2.7 million; 30 June 2010: €1.6 million). Under the agreement, AMC are entitled to a performance fee based on the increase in value of the properties over the 12 month period to 31 December 2011. No performance fee has been accrued for the six months ended 30 June 2011 (31 December 2010: €nil million; 30 June 2010: €nil million).

As of 30 June 2011, €3.1 million included in current trade and other payables was due to AMC (31 December 2010: €2.6 million; 30 June 2010: €2.7 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 2011 the lender charged €42 thousand as interest (31 December 2010: €69 thousand, 30 June 2010: €33 thousand). As of 30 June 2011 Atlas Estates (Cybernetyki) Sp. z o.o. has drawn the loan facility plus associated interest in the amount of €3.5 million (31 December 2010: €3.1 million; 30 June 2010: €3.0 million).

(c) Under the loan agreement of 1 August 2005 and annex dated 10 August 2005, Dellwood Company Limited, which is also a shareholder in Zielono Sp. z o.o., has extended a loan facility of PLN 2.8 million (€0.6 million) to Zielono Sp. z o.o. for the purpose of covering ongoing investment and business expenses. The loan facility is to be repaid within 60 days from the receipt of a demand of payment and bears interest at a variable rate equal to the sum of WIBOR and the lender's margin. In 2011 the lender charged €5 thousand as interest (31 December 2010: €13 thousand, 30 June 2010: €8 thousand). As of 30 June 2011 Zielono Sp. z o.o. has drawn the loan facility plus associated interest in the amount of €0.5 million (31 December 2010: €0.5 million, 30 June 2010: €0.5 million).

(d) Shasha Transport Ltd, which is also a 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 fixed repayment date and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2011 the lender charged €26 thousand as interest (31 December 2010: €47 thousand, 30 June 2010: €23 thousand). As of 30 June 2011 Atlas and Shasha Zrt has drawn the loan facilities plus associated interest in the amount of €1.9 million (31 December 2010: €1.9 million; 30 June 2010: €1.9 million).

(e) Under the loan agreement of 29 September 2005, Kendalside Limited, which is also a shareholder in Circle Slovakia s.r.o., has extended a loan facility of €6.0 million to Circle Slovakia for the acquisition of a property. This facility was extended by €3.0 million on 1 December 2008. The loan facility is to be repaid by 31 August 2013, and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2011 the lender charged €174 thousand as interest (31 December 2010: €275 thousand, 30 June 2010: €109 thousand). As of 30 June 2011 Circle Slovakia has drawn the loan facility plus associated interest amount of €14.2 million (31 December 2010: €13.2 million; 30 June 2010: €9.4 million). This loan is included within assets held for sale as shown in note 15.

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

- General contractor agreement

On 28 July 2011 a general contractor agreement was signed between the Company's subsidiary Zielono Sp. z o.o. and Unibep S.A. for the construction of multi-apartment residential building (*Apartamety przy Krasińskiego*) in Warsaw. Total value of the contract amounts to PLN 60.6 million (excluding VAT). The term of the contract is 22 months.

- Update on the sale of Slovakian portfolio

Details have been included in note 15.

18. Other items

18.1 Information about court proceedings

As of 31 August 2011, the Company was 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:

(a) Atlas Estates (Millennium) Sp. z o.o.

Atlas Estates Limited ("AEL") was notified by its subsidiary Atlas Estates (Millennium) Sp. z o.o. with its seat in Warsaw ("AEM") that on 20 January 2011 AEM obtained from the court an invitation for a hearing of amicable settlement concerning a claim of Reform Company Sp. z o.o. in bankruptcy proceeding for payment of the amount of 66,791,250 PLN as the compensation of the damages which were caused to Reform Company Sp. z o.o. at execution of the transaction on the sale of the Millennium Plaza building. The parties invited for the amicable settlement are: AEM, Hendrik Johannes Keilman, Anandrous B.V with its seat in Amsterdam, Hocalar B.V with its seat in Rotterdam and DIR Management B.V with its seat in Amsterdam.

The hearing of amicable settlement which took place on 21 February 2011 has finished without achieving amicable settlement. The court decided to adjourn the hearing, and the new hearing date has not been scheduled yet.

AEM entered into the transaction for the purchase of the Millennium Plaza building over 3 years ago in good faith and paid the fair price for the building. Based on the advice the Board has received from its legal advisors and the evidences as indicated in the motion for the amicable settlement, it is the Board opinion that there is no material background, both factual and legal, to the above-mentioned claim.

(b) Atlas Estates Limited and Atlas Estates Investment B.V.

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

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

18.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2011.

18.3 Substantial shareholdings

As of 1 August 2011, the Board was aware of the following direct or indirect interest in 3% or more of the Company's ordinary share capital. All shares have equal voting rights.

Table 1 – Significant Shareholders	Number of Shares held	Percentage of Issued Share Capital
HSBC Client Holdings Nominee (UK) Limited <636167>	34,994,624[1]	74.69
Forest Nominees ,<GC1>	6,536,925[2]	13.95
Euroclear Nominees account <EOCO1>	4,953,185[3]	10.57
TOTAL	**46,484,734**	**99.21**

[1] As of 15 June 2011 the shares were held for the benefit of:
- Fragiolig Holdings Limited, a member of the Izaki Group (34,906,485 shares)

[2] As of 15 June 2011 the shares were held for the benefit of:
- Atlas International Holdings Limited, a member of the Izaki Group (6,461,425 shares)

[3] Till the date of this report the Company did not receive formal notification regarding the beneficial owners.

18.4 Directors' share interests

There have been no changes to the Directors' share interests during the six months ended 30 June 2011. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the six months ended 30 June 2011.

18.5 Other share interests

No changes have occurred in the six months ended 30 June 2011 in the number of warrants issued to managing and/or supervisory persons.

19. Principal subsidiary companies and joint ventures

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

No new subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the period ended 30 June 2011.

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%
Netherlands Antilles	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 organiczoną odpowiedzialnością SKA	Development	100%
Poland	Zielono Sp. z o.o.	Development	76%
Poland	Properpol Sp z o.o.	Investment	100%
Poland	Atlas Estates (Millennium) Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Grzybowska Centrum Atlas Re Project BV SK	Holding	100%
Poland	HGC S.A.	Hotel operation	100%
Poland	HPO Sp. z o.o.	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Atlas Estates (Kokoszki) Sp. z o.o.	Development	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	Development	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%
Slovakia	Circle Slovakia, s.r.o.	Development	50%

20. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011

	Six months ended 30 June 2011 (unaudited) €'000	Six months ended 30 June 2010 (unaudited) €'000
Revenues		-
Cost of operations		-
Gross profit	**-**	**-**
Administrative expenses	(1,021)	(1,947)
Other operating income	500	78
Other operating expenses	(13,166)	739
Loss from operations	**(13,687)**	**(1,130)**
Finance income	143	121
Finance costs	(5)	(1)
Other (losses) and gains – foreign exchange	(3)	(62)
Loss before taxation	**(13,552)**	**(1,072)**
Tax expense	-	-
Loss for the period	**(13,552)**	**(1,072)**
Total comprehensive income for the period	**(13,552)**	**(1,072)**

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

	30 June 2011 (unaudited) €'000	31 December 2010 €'000	30 June 2010 (unaudited) €'000
ASSETS			
Non-current assets			
Investment in subsidiaries	124,862	138,028	134,409
Loans receivable from subsidiaries	-	-	1,868
	124,862	**138,028**	**136,277**
Current assets			
Trade and other receivables	47	39	79
Cash and cash equivalents	198	203	1,268
	245	**242**	**1,347**
TOTAL ASSETS	**125,107**	**138,270**	**137,624**
Non-current liabilities			
Other payables	(357)	(50)	-
	(357)	**(50)**	**-**
Current liabilities			
Trade and other payables	(2,723)	(2,641)	(3,251)
	(2,723)	**(2,641)**	**(3,251)**
TOTAL LIABILITIES	**(3,080)**	**(2,691)**	**(3,251)**
NET ASSETS	**122,027**	**135,579**	**134,373**
EQUITY			
Share capital account	6,268	6,268	6,268
Other distributable reserve	194,817	194,817	194,817
Accumulated loss	(79,058)	(65,506)	(66,712)
TOTAL EQUITY	**122,027**	**135,579**	**134,373**

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2011

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

Year Ended 31 December 2010	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2010	**6,268**	**194,817**	**(65,647)**	**135,438**
Total comprehensive income for the year	-	-	134	**134**
Share based payments	-	-	7	**7**
As at 31 December 2010	**6,268**	**194,817**	**(65,506)**	**135,579**

Six Months Ended 30 June 2010 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2010	**6,268**	**194,817**	**(65,647)**	**135,438**
Total comprehensive income for the period	-	-	(1,072)	**(1,072)**
Share based payments	-	-	7	**7**
As at 30 June 2010	**6,268**	**194,817**	**(66,712)**	**134,373**

NON-CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2011

	Six months ended 30 June 2011 (unaudited) €'000	Six months ended 30 June 2011 (unaudited) €'000
Loss for the period	**(13,552)**	**(1,072)**
Adjustments for:		
Effects of foreign currency	-	62
Finance costs	4	1
Finance income	(143)	(121)
Impairment on investments in subsidiaries	13,166	-
Reversal of impairment against loans receivables from subsidiaries	(500)	(739)
Other operating expenses	-	(78)
Charge relating to share based payments	-	7
	(1,025)	**(1,940)**
Changes in working capital		
(Increase)/ Decrease in trade and other receivables	(8)	86
Increase in trade and other payables	82	327
Net used in operating activities	**(951)**	**(1,527)**
Investing activities		
New loans advanced to subsidiaries	(157)	(1,013)
Repayment of loans from subsidiary undertakings	1,103	-
Net cash from/ (used in) investing activities	**946**	**(1,013)**
Financing activities		
Interest received	-	4
Interest paid	-	-
Net cash from financing activities	**-**	**4**
Net decrease in cash and cash equivalents in the period	**(5)**	**(2,536)**
Effect of foreign exchange rates	-	16
Net decrease in cash and cash equivalents in the period	**(5)**	**(2,520)**
Cash and cash equivalents at the beginning of the period	**203**	**3,788**
Cash and cash equivalent at the end of the period	**198**	**1,268**
Cash and cash equivalents		
Cash at bank and in hand	198	1,268
Bank overdrafts	-	-
	198	**1,268**