ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
FIRST QUARTER 2014

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

ATLAS ESTATES LIMITED

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Financial Highlights

Selected Consolidated Financial Items	Three months ended 31 March 2014 €'000	Year ended 31 December 2013 restated €'000	Three months ended 31 March 2013 restated €'000
Revenues	10 028	64 957	7 497
Gross profit	2 868	22 597	2 664
Decrease in value of investment properties	-	(892)	-
Profit from operations	807	10 124	1 017
(Loss)/ Profit before tax	(1 615)	4 299	(1 168)
(Loss)/ Profit for the period	(1 709)	3 727	(1 562)
(Loss)/ Profit attributable to owners of the parent	(1 709)	3 727	(1 562)
Cash flow from operating activities	3 942	29 513	2 514
Cash flow from investing activities	89	(1 811)	(145)
Cash flow from financing activities	(3 594)	(20 575)	(5 463)
Net increase/ (decrease) in cash	230	6 944	(3 528)
Non-current assets	240 615	243 172	232 910
Current assets	51 809	49 555	69 525
Total assets	293 004	293 327	303 105
Current liabilities	(43 552)	(43 400)	(152 638)
Non-current liabilities	(175 754)	(173 630)	(80 234)
Total liabilities	(219 306)	(217 030)	(232 872)
Basic net assets (1)	73 698	76 297	70 233
Number of shares outstanding	46 852 014	46 852 014	46 852 014
(Loss)/ Earnings per share (eurocents)	(3.6)	8.0	(3.3)
Basic net asset value per share (€)	1.6	1.6	1.5

ATLAS ESTATES LIMITED

Chairman's Statement

Dear Shareholders,

I am pleased to announce the unaudited condensed consolidated quarterly report of Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the quarter ended 31 March 2014.

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

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

- the residential projects that the Group is currently developing in Warsaw (*Apartamenty przy Krasińskiego*, *Concept House* and *Capital Art Apartments III & IV*) are well placed to meet the ongoing demand for quality residential property, which is demonstrated by a high level of sales and pre-sales (as presented in the Property Manager's Report on page 11);

- the above described success in the development sector contributed to the full repayment of the loan facilities extended to *Apartamenty przy Krasińskiego, Platinum Towers* and *Concept House* projects in July 2013, December 2013 and February 2014, respectively;

Reported Results

As of 31 March 2014 the Group has reported basic net assets of €73.7 million.

The minor decrease of basic net asset value by €2.6 million (i.e. by 3%) from €76.3 million as at 31 December 2013 is primarily a result of the stabilisation in the foreign exchange rates. As of 31 March 2014 the local currencies depreciated slightly (PLN by 1%, HUF by 3%) against EURO- the reporting currency. This fact resulted in no significant movements in the statement of the financial position. (A summary of exchange rates by country for average and closing rates against the reporting currency as applied in the interim condensed consolidated financial information are set out on page 12).

Loss after tax amounts to €1.7 million for the three months period ended 31 March 2014 as compared to loss after tax of €1.6 million for the three months period ended 31 March 2013. The stability of the noted results was mainly a joint effect of:
- constancy in a gross profit achieved (€2.9 million in the first quarter of 2014 as compared to €2.7 million in the first quarter of 2013);
- decrease in the foreign currency exchange losses from €3.3 million in the first quarter of 2013 to €1.1 million in the first quarter of 2014 mainly as a result of the above mentioned stabilisation in the foreign exchange rates,
- drop of finance income from €2.5 million in the first quarter of 2013 to €0.1 million in the first quarter of 2014. €2.4 million bank loan write back was recorded in the first quarter 2013 as the Group reached a settlement with the bank financing its property in Bulgaria based on which the Group received €2.4 million discount on the one off repayment of the outstanding loan facility.

Financing, Liquidity and Forecasts

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

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the condensed consolidated financial information for the three months ended 31 March 2014, as set out in accounting policies to the condensed consolidated financial information.

Investing Policy

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

We actively target Poland, where the economy is believed to be the most attractive amongst CEE economies. The Group is searching there for the new plots to commence new development projects.

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

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

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

The Company has used NAV per share and Adjusted NAV per share as key performance measures since its IPO. In the three months to 31 March 2014, NAV per share, as reported in the interim condensed consolidated financial information, which has been prepared in accordance with International Financial Reporting Standards ("IFRS"), has remained stable at level of €1.6 per share as at 31 December 2013 and 31 March 2014.

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

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

Andrew Fox
CHAIRMAN
14 May 2014

ATLAS ESTATES LIMITED

Review of the Property Manager

In this review we present the financial and operating results for the three months ended 31 March 2014. 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 31 March 2014, the Company held a portfolio of twenty one properties comprising twelve investment properties of which eight are income yielding properties, three are held for capital appreciation and one is held for sale, two hotels and eight development properties.

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

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

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 79% of the Group's portfolio located there. The Polish economy has been one of the most resilient economies in Europe with GDP growth of 1.6% in 2013 (3.1% expected in 2014). There had been significant increases in property prices in previous years. These were reversed in 2009, which showed significant drop in assets values. Starting at 2010 a trend of stabilisation at the lower levels of valuations was noted on the market.

Hilton Hotel, Warsaw

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

Platinum Towers

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

Capital Art Apartments

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

With both the first and the second stage completed, the Company has, to date, sold all of the 219 apartments in the first stage, with a further 296 out of 300 apartments in the second stage having been sold. Construction of the third and fourth stages, comprising 265 apartments, commenced and as of 31 March 2014 the Company pre-sold 163 apartments.

Concept House

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

The construction of the development is completed and as of 31 March 2014 only 28 apartments were still available for sale.

Apartamenty przy Krasińskiego

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

The construction of the development was completed in July 2013 and as of 31 March 2014 only 25 apartments were still available for sale.

Other properties in Poland

The Group also owns two investment properties in Poland.

The *Millennium Plaza* is a 32,700 sqm office and retail building centrally located in Warsaw with occupancy rate of 69% as of 31 March 2014.

The *Sadowa* office is a 6,550 sqm office building in Gdańsk. During the year its occupancy ratio remains high (100% as of 31 March 2014 and 2013).

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

Hungary

In Hungary, the Group's portfolio is comprised of seven properties, all of which are located in Budapest. Five are income producing assets. One of them – *Moszkva* office building – has been classified as an asset held for sale – as disclosed in note 14 of the interim condensed consolidated financial statements.

The Hungarian economy has suffered from the global credit crisis and lack of liquidity available for development projects. As a result, Atlas has stopped development activity and has experienced client losses and pricing pressures affecting its income yielding assets. In 2013 a slight increase in GDP of 1.1% was noted (in 2014 GDP increase of 2.0% is expected).

Romania

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks. The Romanian GDP increased by 3.5% in 2013 (GDP increase of 2.2% is expected in 2014). Despite the difficult trading conditions, occupancy rates at the Golden Tulip remained stable and amounted to 43% for the first quarter 2014 (44% for the first quarter 2013).

Bulgaria

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

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Financial Review

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

Portfolio valuation and valuation methods
An independent valuation of the entire property portfolio is carried out on an annual basis by external experts. For the interim semi-annual accounts the external experts shall perform the valuations of the key assets. The latest independent valuation was performed on 31 December 2013 and has been used in the interim condensed consolidated financial information at 31 March 2014. As of 31 December 2013 the following external independent qualified experts were engaged:
- Jones Lang LaSalle responsible for the valuation of properties located in Poland and Romania,
- FHB Ingatlan Zrt responsible for the valuation of properties located in Hungary.

Loans and valuations

As at 31 March 2014, the Company's share of bank debt associated with the portfolio of the Group was €186 million (31 December 2013: €188 million; 31 March 2013: €193 million). Loans and valuations may be analysed as follows for those periods in which valuations were undertaken (please note that the most recent valuation was performed as of 31 December 2013):

	Loans	**Valuation**	**Loan to Value Ratio**	**Loans**	**Valuation**	**Loan to Value Ratio**	**Loans**	**Valuation**	**Loan to Value Ratio**
	31 March 2014			**31 December 2013**			**31 March 2013**		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	128	144	89%	129	145	89%	110	135	81%
Hotels	58	90	64%	58	90	64%	60	94	64%
Development property in construction	-	12	-	1	13	8%	9	46	20%
Other development property	-	-	-	-	-	-	14	12	113%
Total	**186**	**246**	**76%**	**188**	**248**	**76%**	**193**	**302**	**64%**

The valuations in the table above differ from the values included in the consolidated balance sheet as at 31 March 2014, 31 December 2013 and 31 March 2013 due to the treatment under IFRS of land held under operating leases and development property.

As of 31 December 2013 and 31 March 2014 LTV ratio of investment property increased from 81% as of 31 March 2013 to 89% mainly due to reclassification of one Romanian property and its related loan balance from the development to investment property (as disclosed in note 9) as well as a decrease in the valuation of the Millennium building due to a decrease in occupancy rate.

As of 31 March 2014 The LTV ratio of hotels amounted to 64% and remained at a similar level as compared to 31 December 2013 and 31 March 2013.

The LTV ratio of development property under construction has improved significantly over the analysed periods as a result of the repayment of facilities extended to *Apartamenty przy Krasińskiego* and *Platinum Towers* projects. As of 31 March 2014 the loan extended to the development project in construction *Capital Art Apartments* was repaid but this was only temporary situation as the further drawdowns are planned to utilize this loan facility.

As of 31 December 2013 and 31 March 2014 the LTV ratio of other development property decreased as compared to 31 March 2013 due to the above mentioned reclassification of property from development to investment property line and liquidation of one subsidiary.

The gearing ratio is 69% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratios remained at the similar levels as compared to 31 December 2013 (69%).

Debt financing

New loans

On 2 September 2013 the Group obtained financing for *Galeria Platinum Towers* project located in Warsaw. The loan facility amounted to €4.3 million and is to be repaid by 30 June 2018. This facility was used as refinancing of the facility extended to *Platinum Towers* project.
In 2014 no new loans were extended to the Group.

Repaid loans

On 31 July 2013 and 4 December 2013 the Group fully repaid the loan facilities extended to the development projects: *Apartamenty przy Krasińskiego* and *Platinum Towers*.

On 11 February 2014 the loan facility extended to *Concept House* residential development was repaid.

Portfolio of cross collateralised *banking facilities*

The Group has four facilities that have been cross collateralised since February 2010 totalling €90.7 million (31 December 2013: €90.9 million; 31 March 2013: €91.7 million). Since two of these facilities were due but not paid as of 31 March 2013 all four facilities totalling €91.7million were presented as bank loans and overdrafts due within one year or on demand in the statement of financial position as of 31 March 2013.

On 15 October 2013 the Company signed the amendment to the existing bank loan agreements extending repayment date of unpaid facilities to 31 December 2015. Since 15 October 2013 all four facilities are not in default and are classified as non-current liabilities in the consolidated statement of financial position as of 31 December 2013 and 31 March 2014.

Other loans

In the preparation of the condensed consolidated financial statements for the three months period ended 31 March 2014, the directors have classified:
- loan facility totalling €15.7 million as bank loans and overdrafts due within one year or on demand, since covenant breaches or defaults arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan;
- loan facility totalling €9.7 million as bank loans and overdrafts due within one year or on demand since this facility is overdue. On 4 March 2014 the Company signed the compromise agreement with the bank, based on which the Company repaid €1.2 million (PLN5.0 million) and the bank was obliged not to execute any collaterals resulting from the loan facility agreement till 31 March 2014. The intention of the Company's management is to continue negotiations with the bank relating to the further extension of this loan facility agreement.

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Review of the operational performance and key items on the Income Statement

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**	**Three months ended 31 March 2014 € millions**	**Three months ended 31 March 2013 € millions**
Revenue	3.1	2.1	4.6	0.2	10.0	7.5
Cost of operations	(1.8)	(2.1)	(3.3)	-	(7.2)	(4.8)
Gross profit	1.3	-	1.3	0.2	2.8	2.7
Administrative expenses	(0.2)	-	(0.9)	(0.7)	(1.8)	(1.8)
Gross profit less administrative expenses	1.1	-	0.4	(0.5)	1.0	0.9
Gross profit %	42%	0%	28%	100%	28%	36%
Gross profit less administrative expenses %	35%	0%	9%	(250%)	10%	12%

Revenue

Total revenues for the first three months ended 31 March 2014 were €10.0 million compared to €7.5 million for the three months ended 31 March 2013. The Group's principal revenue streams are from its hotel operations, property rental income and income from the sale of the residential apartments that the Group develops. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified.

Development Properties

	3 month period ended 31 March 2014 € millions	3 month period ended 31 March 2013 € millions	**Total change 2014 v 2013 € millions**	Translation foreign exchange effect € millions	Operational change 2014 v 2013 € millions
Revenue	2.1	-	**2.1**	-	2.1
Cost of operations	(2.1)	(0.3)	**(1.8)**	-	(1.8)
Gross profit	-	(0.3)	**0.3**		0.3
Administrative expenses	-	(0.1)	**0.1**	-	0.1
Gross profit less administrative expenses	-	(0.4)	**0.4**	-	0.4

Proceeds from the sale of residential apartments developed by the Group are only recognised when apartments have been handed over to new owners with notarial deed signed. At this moment the economic risks and rewards are transferred to the new owner and in accordance with the Group's accounting policy, the revenue and associated costs of these apartment are recognised in the income statement. Please note that for:
- *Concept House* and *Apartamenty przy Krasińskiego* projects construction was finalized in 2013 and the Group recognized sales and associated costs in the consolidated income statement as the above mentioned criteria have been met;
- *Capital Art Apartments III&IV* project no sales and associated costs have been recognized in the income statement as the project is under construction.

The increase in gross profit realised in the first three months of 2014 as compared to the same period in 2013 is mainly a result of increase in a number of apartments sold. As presented in the table below as of 31 March 2014 the Group managed to complete the sale of 77 apartments (in *Apartamenty przy Krasińskiego, Concept House,* and *Capital Art Apartments I&II* projects), whereas in the first quarter of 2013 no revenues from the sale of apartments were recognized.

Apartment sales in developments in Warsaw

	CAA stage 1	CAA stage 2	CAA stage 3&4	Platinum Towers	Concept House	Apartamenty przy Krasińskiego	Total
Total apartments for sale	219	300	265	396	160	303	1 567
Sales completions in 2008-2012	216	287	-	388	-	-	891
Sales completions in 2013	1	6	-	4	53	255	319
Sales completions in 2014	-	3	-	-	61	13	77
Total sales completions	217	296	-	392	114	268	1 287
Sales not completed as of 31 March 2014 (only preliminary agreements concluded)	2	-	163	4	18	10	203
Apartments available for sale as of 31 March 2014	-	4	102	-	28	25	77

Property Rental

	3 month period ended 31 March 2014 € millions	3 month period ended 31 March 2013 € millions	**Total change 2014 v 2013 € millions**	Translation foreign exchange effect € millions	Operational change 2014 v 2013 € millions
Revenue	3.1	3.2	**(0.1)**	-	(0.1)
Cost of operations	(1.8)	(1.6)	**(0.2)**	-	(0.2)
Gross profit	1.3	1.6	**(0.3)**	-	(0.3)
Administrative expenses	(0.2)	(0.4)	**0.2**	-	0.2
Gross profit less administrative expenses	1.1	1.2	**(0.1)**	-	(0.1)

In the first quarter 2014 the gross margin realized by the Property Rental segment remained at the similar level as compared to the first quarter 2013.

Hotel operations

	3 month period ended 31 March 2014 € millions	3 month period ended 31 March 2013 € millions	**Total change 2014 v 2013 € millions**	Translation foreign exchange effect € millions	Operational change 2014 v 2013 € millions
Revenue	4.6	4.3	**0.3**	-	0.3
Cost of operations	(3.3)	(3.0)	**(0.3)**	-	(0.3)
Gross profit	1.3	1.3	**-**	-	-
Administrative expenses	(0.9)	(0.7)	**(0.2)**	-	(0.2)
Gross profit less administrative expenses	0.4	0.6	**(0.2)**	-	(0.2)

In the first quarter 2014, the hotel operations remained at the similar level in comparison to the first quarter 2013.

Foreign exchange

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

In the three months ended 31 March 2014 the Group reported exchange losses of €1.1 million as compared to €3.3 million losses in the three months ended 31 March 2013. €1.0 million (31 March 2013: €2.7 million) out of €1.1 million (31 March 2013: €3.3 million) foreign exchange losses noted in the first quarter 2014 was due to the unrealised foreign exchange losses on EUR denominated bank loans in Polish, Hungarian and Romanian subsidiaries. The foreign exchange losses occurred as a result of depreciation of PLN, HUF against EUR in 2014 and 2013.

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

	Polish Zloty	Hungarian Forint	Romanian Lei	Bulgarian Lev
Closing rates				
31 March 2014	4.1713	307.06	4.4553	1.9558
31 December 2013	4.1472	296.91	4.4847	1.9558
% Change	1%	3%	-1%	0%
31 March 2013	4.1774	304.30	4.4154	1.9558
31 December 2012	4.0882	291.29	4.4287	1.9558
% Change	2%	4%	0%	0%
Average rates				
1st quarter 2014	4.1846	307.90	4.5019	1.9558
Year 2013	4.1850	289.42	4.4895	1.9558
% Change	0%	6%	0%	0%
1st quarter 2013	4.1556	296.42	4.3915	1.9558

Net Asset Value

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

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

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

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

The Property Manager's basic and performance fees are determined by the adjusted NAV. For the three months to 31 March 2014 the fee payable to AMC was €0.5 million (€0.4 million in the first quarter of 2013). More details were presented in note 38.

Ongoing activities

During the first three months of 2014, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio. It has also continued to crystallise the value of development projects by the pre-selling of apartments under construction and by the completion of development property in the course of construction.

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

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

Financial management, operational management and material risks

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

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

Global economic conditions

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

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

Financing and liquidity

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

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

Currency and foreign exchange

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

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

Conclusions

AMC's key strategic objective is the maximisation of value for the Company's Shareholders, which it continues to work towards. Its teams are very experienced in the active management of investment and development property and provide the Company with local market knowledge and expertise. Good progress has been made with the sales of key development projects in Warsaw (*Apartamenty przy Krasińskiego* and *Concept House*), *Capital Art Apartments* (the third and fourth stage) and *Platinum Towers*. In April and July 2013 the constructions of *Concept House and Apartamenty przy Krasińskiego* were successfully completed and as of 31 March 2014 the construction of the third and fourth stage of *Capital Art Apartments* is in progress.

Reuven Havar
Chief Executive Officer
Atlas Management Company Limited
14 May 2014

Ziv Zviel
Chief Financial Officer
Atlas Management Company Limited

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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%
Atlas Estates Tower *(former name: Platinum Towers – offices)*	Land with zoning for an office/residential tower planned over 42 floors.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors Platinum Towers with 1,842 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Capital Art Apartments	784 apartments, four stage development, with Stage 1 completed in 4th quarter 2008 and all apartments sold. Stage 2, with the construction of 300 apartments, completed in 2009, out of which 296 have already been sold. Construction of stages 3 and 4 commenced in 4th quarter 2012 and 3rd quarter 2013. Location close to the central business district in Wola area of Warsaw.	100%
Apartamenty przy Krasińskiego	Residential project in Warsaw. The construction was completed in July 2013. The project released 303 apartments out of which 278 were sold or presold till 31 March 2014.	100%
Millennium Tower	32,700 square meters of office and retail space in the central business district of Warsaw with 6,100 square meters of retail and 26,600 square meters of office space.	100%
Concept House	The construction of this residential project was completed in April 2013. Location in Mokotow district close to the central business district of Warsaw. As of 31 March 2014 only 28 apartments out of 160 apartments were still available for sale.	50%
Sadowa project	6,550 square meters office building with 100% occupancy close to the city centre of Gdansk.	100%
Kokoszki, Gdansk	431,591 square meters plot in Gdansk with zoning for construction of 125,000 square meters of mixed use development, situated on the outskirts of Gdansk.	100%
Hungary		
Ikarus Business Park	283,000 square meters plot with 110,000 square meters of built business space and 70,000 of currently lettable, located in the 16th district, a suburban area of Budapest	100%
Metropol Office Centre	7,600 square meters office building in the 13th district of central Budapest.	100%
Atrium Homes	Two phase development of 22,000 square meters of 456 apartments with 235 apartments in phase 1 with building permits, located in the 13th district in central Budapest.	100%
Ligetvaros Centre	6,300 square meters of office/retail space with rights to build extra 6,400 square meters, located in the 7th district, a central district in Budapest.	100%
Varosliget Centre	12,000 square meters plot in the 7th district in central Budapest, with zoning for a mixed use development of 31,000 gross square meters.	100%

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

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INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2014

		Three months ended 31 March 2014 (unaudited) €'000		Three months ended 31 March 2013 (unaudited restated) €'000	Note
Revenues		10 028		7 497	3
Cost of operations		(7 160)		(4 833)	4.1
Gross profit		**2 868**		**2 664**	
Property manager fee	*(468)*		*(412)*		
Central administrative expenses	*(84)*		*(108)*		
Property related expenses	*(1 392)*		*(1 301)*		
Administrative expenses		(1 944)		(1 821)	4.2
Other operating income		198		256	
Other operating expense		(315)		(82)	
Profit from operations		**807**		**1 017**	
Finance income		91		2 547	
Finance costs		(1 455)		(1 362)	
Other (losses)/ gains – foreign exchange		(1 137)		(3 287)	
Share of profits from equity accounted joint ventures		79		(83)	
Loss before taxation		**(1 615)**		**(1 168)**	
Tax charge		(94)		(394)	5
Loss for the period		**(1 709)**		**(1 562)**	
Attributable to:					
Owners of the parent		(1 709)		(1 562)	
Non-controlling interests		-		-	
		(1 709)		**(1 562)**	
(Loss)/ Profit per €0.01 ordinary share – basic (eurocents)		(3.6)		(3.3)	7
(Loss)/ Profit per €0.01 ordinary share – diluted (eurocents)		(3.6)		(3.3)	7

All amounts relate to continuing operations.

The notes on pages 23 to 43 form part of these consolidated financial information.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2014

	Three months ended 31 March 2014 (unaudited) €'000	Three months ended 31 March 2013 (unaudited) €'000
LOSS FOR THE PERIOD	**(1 709)**	**(1 562)**
Other comprehensive income/ (expense):		
Revaluation of buildings	-	-
Exchange adjustments	(1 010)	(2 129)
Deferred tax on exchange adjustments	120	210
Other comprehensive loss for the period (net of tax)	**(890)**	**(1 919)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(2 599)**	**(3 481)**
Total comprehensive loss attributable to:		
Owners of the parent	(2 599)	(3 481)
Non-controlling interests	-	-
	(2 599)	**(3 481)**

The notes on pages 23 to 43 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	31 March 2014 (unaudited) €'000	31 December 2013 (restated) €'000	31 March 2013 (restated) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	195	225	248	
Land under operating lease - prepayments	11 640	11 743	11 766	
Interests in equity accounted joint ventures	3 050	3 195	2 959	
Property, plant and equipment	78 831	79 934	83 330	8
Investment property	142 664	143 937	130 770	9
Deferred tax asset	4 235	4 138	3 837	
	240 615	**243 172**	**232 910**	
Current assets				
Inventories	24 782	24 784	54 369	10
Trade and other receivables	6 076	4 050	4 907	
Cash and cash equivalents	20 951	20 721	10 249	11
	51 809	**49 555**	**69 525**	
Assets held within disposal groups classified as held for sale	580	600	670	14
	52 389	**50 155**	**70 195**	
TOTAL ASSETS	**293 004**	**293 327**	**303 105**	
Current liabilities				
Trade and other payables	(14 834)	(13 866)	(28 559)	
Bank loans	(28 675)	(29 506)	(123 674)	13
Derivative financial instruments	(43)	(28)	(405)	
	(43 552)	**(43 400)**	**(152 638)**	
Non-current liabilities				
Other payables	(11 684)	(8 150)	(4 293)	
Bank loans	(157 275)	(158 715)	(68 676)	13
Derivative financial instruments	(134)	(119)	(1 207)	
Deferred tax liabilities	(6 661)	(6 646)	(6 058)	
	(175 754)	**(173 630)**	**(80 234)**	
TOTAL LIABILITIES	**(219 306)**	**(217 030)**	**(232 872)**	
NET ASSETS	**73 698**	**76 297**	**70 233**	

The notes on pages 23 to 43 form part of these consolidated financial information.

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	31 March 2014 (unaudited) €'000	31 December 2013 (audited) €'000	31 March 2013 (unaudited) €'000
EQUITY			
Share capital account	6 268	6 268	6 268
Revaluation reserve	14 711	14 711	15 017
Other distributable reserve	194 817	194 817	194 817
Translation reserve	(8 537)	(7 647)	(8 728)
Accumulated loss	(133 561)	(131 852)	(137 141)
Issued capital and reserves attributable to owners of the parent	**73 698**	**76 297**	**70 233**
Non-controlling interests	-	-	-
TOTAL EQUITY	**73 698**	**76 297**	**70 233**
Basic net asset value per share	€ 1.6	€ 1.6	€ 1.5

The notes on pages 23 to 43 form part of the consolidated financial information. The condensed consolidated financial information on pages 17 to 43 were approved by the Board of Directors on 14 May 2014 and signed on its behalf by:

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

14 May 2014

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INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2014

Three Months Ended 31 March 2014 (unaudited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**	**Non-controlling interest €'000**	**Total equity €'000**
As at 1 January 2014	6 268	201 881	(131 852)	76 297	-	76 297
Loss for the period	-	-	(1 709)	(1 709)	-	(1 709)
Total other comprehensive income for the period	-	(890)	-	(890)	-	(890)
As at 31 March 2014	**6 268**	**200 991**	**(133 561)**	**73 698**	**-**	**73 698**

Year ended 31 December 2013 (audited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**	**Non-controlling interest €'000**	**Total equity €'000**
As at 1 January 2013	6 268	203 025	(135 579)	73 714	-	73 714
Profit for the year	-	-	3 727	3 727	-	3 727
Total other comprehensive income for the year	-	(1 144)	-	(1 144)	-	(1 144)
As at 31 December 2013	**6 268**	**201 881**	**(131 852)**	**76 297**	**-**	**76 297**

Three Months Ended 31 March 2013 (unaudited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**	**Non-controlling interest €'000**	**Total equity €'000**
As at 1 January 2013	6 268	203 025	(135 579)	73 714	-	73 714
Profit for the period	-	-	(1 562)	(1 562)	-	(1 562)
Total other comprehensive income for the period	-	(1 919)	-	(1 919)	-	(1 919)
As at 31 March 2013	**6 268**	**201 106**	**(137 141)**	**70 233**	**-**	**70 233**

The notes on pages 23 to 43 form part of the consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED CASH FLOW STATEMENT
Three months ended 31 March 2014

	Note	Three months ended 31 March 2014 (unaudited) €'000	Three months ended 31 March 2013 (restated) €'000
Cash inflow generated from operations	12	**3 998**	**2 514**
Tax paid		(56)	-
Net cash inflow from operating activities		**3 942**	**2 514**
Investing activities			
Interest received		63	39
Purchase of investment property		(52)	(102)
Purchase of property, plant and equipment		(146)	(82)
Loans repaid by equity accounted joint ventures		224	-
Net cash from/ (used in) investing activities		**89**	**(145)**
Financing activities			
Interest paid		(855)	(1 354)
New bank loans raised		1 570	3 503
Repayments of bank loans		(4 309)	(7 612)
Net cash used in financing activities		**(3 594)**	**(5 463)**
Net increase/ (decrease) in cash and cash equivalents in the period		**437**	**(3 094)**
Effect of foreign exchange rates		(207)	(434)
Net increase/ (decrease) in cash and cash equivalents in the period		**230**	**(3 528)**
Cash and cash equivalents at the beginning of the period		**20 721**	**13 777**
Cash and cash equivalent at the end of the period		**20 951**	**10 249**
Cash and cash equivalents			
Cash assets classified as held for sale		-	-
		20 951	**10 249**

The notes on pages 23 to 43 form part of the consolidated financial information.

1. Basis of preparation

This condensed interim financial information for the three months ended 31 March 2014 has been prepared in accordance with International Accounting Standard No. 34, “Interim Financial Reporting” (“IAS 34”). The financial information has been prepared on a going concern basis and on a historical cost basis as amended by the revaluation of land and buildings and investment property, and financial assets and financial liabilities at amortised cost. The consolidated statement of financial position, consolidated income statement, 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 2013. The quarterly financial results are not necessarily indicative of the full year results.

As at 31 March 2014 the Group held land and building assets with a market value of €246 million, compared to external debt of €186 million. Subject to the time lag in realising the value in these assets in order to generate cash, this “loan to value ratio” gives a strong indication of the Group’s ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, which are subject to repossession by the bank in case of a default of loan terms would clear the outstanding debt and not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the three months ended 31 March 2014, the directors have taken into account the status of current negotiations on loans. These are disclosed in note 13 as part of the bank loans note.

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

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the interim condensed consolidated financial information for the three months ended 31 March 2014.

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 2013, as described in the annual financial statements for the year ended 31 December 2013, and with those expected to be applied to the financial statements for the year ended 31 December 2014, except from the implementation of IFRS 11 Joint Agreements.

The Group changed its accounting policy on joint ventures from 1 January 2014 following the introduction of IFRS 11 Joint Arrangements, which applies to the current period. Under IFRS 11, the group’s share of joint ventures have been accounted for using the equity method rather than proportionally consolidated, from the beginning of the earliest period presented (1 January 2013). As a result the previously reported consolidated statement of financial position, consolidated income statement and consolidated cash flow statement had to be restated.

The group’s share of joint ventures is now disclosed as a single line item as “total investment in equity accounted joint ventures” on the consolidated statement of financial position measured at the aggregate of the carrying amounts of the assets and liabilities that had previously been proportionally consolidated (shown on each line of the statement of financial position) together with the group’s subsequent share of profits and losses of the joint ventures, its share of other comprehensive income and expenses, loans granted less any impairment.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2014

Consolidated Income Statement (impact of accounting policy change)

	31 March 2014 as per previously reported accounting policy	Adjustment	31 March 2014 as per new accounting policy	31 December 2013 as previously reported	Adjustment	31 December 2013 as per new accounting policy	31 March 2013 as previously reported	Adjustment	31 March 2013 as per new accounting policy
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenues	13 408	(3 380)	10 028	68 261	(3 304)	64 957	7 497	-	7 497
Cost of operations	(10 441)	3 281	(7 160)	(45 625)	3 265	(42 360)	(4 867)	34	(4 833)
Gross profit	**2 967**	**(99)**	**2 868**	**22 636**	**(39)**	**22 597**	**2 630**	**34**	**2 664**
Administrative expenses	(1 944)	-	(1 944)	(10 194)	8	(10 186)	(1 821)	-	(1 821)
Decrease in value of investment properties	-	-	-	(892)	-	(892)	-	-	-
Other operating income	217	(19)	198	1 900	(230)	1 670	523	(267)	256
Other operating expense	(334)	19	(315)	(3 065)	-	(3 065)	(82)	-	(82)
Profit from operations	**906**	**(99)**	**807**	**10 385**	**(261)**	**10 124**	**1 250**	**(233)**	**1 017**
Finance income	83	8	91	3 040	21	3 061	2 531	16	2 547
Finance costs	(1 431)	(24)	(1 455)	(6 117)	186	(5 931)	(1 397)	35	(1 362)
Other (losses)/ gains – foreign exchange	(1 166)	29	(1 137)	(2 977)	160	(2 817)	(3 574)	287	(3 287)
Share of profits from equity accounted joint ventures	-	79	79	-	(138)	(138)	-	(83)	(83)
(Loss)/ Profit before taxation	**(1 608)**	**(7)**	**(1 615)**	**4 331**	**(32)**	**4 299**	**(1 190)**	**22**	**(1 168)**
Tax charge	(101)	7	(94)	(604)	32	(572)	(372)	(22)	(394)
(Loss)/ Profit for the period	**(1 709)**	**-**	**(1 709)**	**3 727**	**-**	**3 727**	**(1 562)**	**-**	**(1 562)**

Consolidated Statement of Comprehensive Income (impact of accounting policy change)

	31 March 2014 as per previously reported accounting policy	Adjustment	31 March 2014 as per new accounting policy	31 December 2013 as previously reported	Adjustment	31 December 2013 as per new accounting policy	31 March 2013 as previously reported	Adjustment	31 March 2013 as per new accounting policy
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Other comprehensive (loss)/ income:									
Revaluation of buildings	-		-	(306)		(306)	-		-
Exchange adjustments	(1 010)		(1 010)	(920)		(920)	(2 129)		(2 129)
Deferred tax on exchange adjustments	120		120	82		82	210		210
Other comprehensive (loss)/ income for the period (net of tax)	**(890)**	**-**	**(890)**	**(1 144)**	**-**	**(1 144)**	**(1 919)**	**-**	**(1 919)**
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	**(2 599)**	**-**	**(2 599)**	**2 583**	**-**	**2 583**	**(3 481)**	**-**	**(3 481)**
Total comprehensive (loss)/ income attributable to:									
Owners of the parent	(2 599)	-	(2 599)	2 583	-	2 583	(3 481)	-	(3 481)
Non-controlling interests	-	-	-	-	-	-	-	-	-
	(2 599)	**-**	**(2 599)**	**2 583**	**-**	**2 583**	**(3 481)**	**-**	**(3 481)**
(Loss)/ Profit per €0.01 ordinary share – basic (eurocents)	(3.6)		(3.6)	8.0		8.0	(3.3)	-	(3.3)
(Loss)/ Profit per €0.01 ordinary share – diluted (eurocents)	(3.6)		(3.6)	8.0		8.0	(3.3)	-	(3.3)

Consolidated Statement of Financial Position (impact of accounting policy change)

	31 March 2014 as per previously reported accounting policy	Adjustment	31 March 2014 as per new accounting policy	31 December 2013 as previously reported	Adjustment	31 December 2013 as per new accounting policy	31 March 2013 as previously reported	Adjustment	31 March 2013 as per new accounting policy
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
ASSETS									
Non-current assets									
Intangible assets	195	-	195	225	-	225	248	-	248
Land under operating lease - prepayments	11 640	-	11 640	11 743	-	11 743	11 766	-	11 766
Interests in equity accounted joint ventures	-	3 050	3 050	-	3 195	3 195	-	2 959	2 959
Property, plant and equipment	78 950	(119)	78 831	80 072	(138)	79 934	83 330	-	83 330
Investment property	142 664	-	142 664	143 937	-	143 937	130 770	-	130 770
Other loans receivable	2 250	(2 250)	-	2 358	(2 358)	-	3 331	(3 331)	-
Deferred tax asset	4 453	(218)	4 235	4 366	(228)	4 138	4 121	(284)	3 837
	240 152	**463**	**240 615**	**242 701**	**471**	**243 172**	**233 566**	**(656)**	**232 910**
Current assets									
Inventories	27 964	(3 182)	24 782	31 202	(6 418)	24 784	67 042	(12 673)	54 369
Trade and other receivables	6 098	(22)	6 076	4 077	(27)	4 050	4 947	(40)	4 907
Cash and cash equivalents	21 075	(124)	20 951	21 310	(589)	20 721	11 022	(773)	10 249
	55 137	**(3 328)**	**51 809**	**56 589**	**(7 034)**	**49 555**	**83 011**	**(13 486)**	**69 525**
Assets held within disposal groups classified as held for sale	580	-	580	600	-	600	670	-	670
	55 717	**(3 328)**	**52 389**	**57 189**	**(7 034)**	**50 155**	**83 681**	**(13 486)**	**70 195**
TOTAL ASSETS	**295 869**	**(2 865)**	**293 004**	**299 890**	**(6 563)**	**293 327**	**317 247**	**(14 142)**	**303 105**

	31 March 2014 as per previously reported accounting policy	Adjustment	31 March 2014 as per new accounting policy	31 December 2013 as previously reported	Adjustment	31 December 2013 as per new accounting policy	31 March 2013 as previously reported	Adjustment	31 March 2013 as per new accounting policy
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Current liabilities									
Trade and other payables	(15 458)	624	(14 834)	(17 075)	3 209	(13 866)	(32 328)	3 769	(28 559)
Bank loans	(28 675)	-	(28 675)	(30 509)	1 003	(29 506)	(130 522)	6 848	(123 674)
Derivative financial instruments	(43)	-	(43)	(28)	-	(28)	(405)	-	(405)
	(44 176)	**624**	**(43 552)**	**(47 612)**	**4 212**	**(43 400)**	**(163 255)**	**10 617**	**(152 638)**
Non-current liabilities									
Other payables	(13 925)	2 241	(11 684)	(10 501)	2 351	(8 150)	(7 621)	3 328	(4 293)
Bank loans	(157 275)	-	(157 275)	(158 715)	-	(158 715)	(68 676)	-	(68 676)
Derivative financial instruments	(134)	-	(134)	(119)	-	(119)	(1 207)	-	(1 207)
Deferred tax liabilities	(6 661)	-	(6 661)	(6 646)	-	(6 646)	(6 255)	197	(6 058)
	(177 995)	**2 241**	**(175 754)**	**(175 981)**	**2 351**	**(173 630)**	**(83 759)**	**3 525**	**(80 234)**
TOTAL LIABILITIES	**(222 171)**	**2 865**	**(219 306)**	**(223 593)**	**6 563**	**(217 030)**	**(247 014)**	**14 142**	**(232 872)**
NET ASSETS	**73 698**	**-**	**73 698**	**76 297**	**-**	**76 297**	**70 233**	**-**	**70 233**
EQUITY									
Share capital account	6 268	-	6 268	6 268	-	6 268	6 268	-	6 268
Revaluation reserve	14 711	-	14 711	14 711	-	14 711	15 017	-	15 017
Other distributable reserve	194 817	-	194 817	194 817	-	194 817	194 817	-	194 817
Translation reserve	(8 537)	-	(8 537)	(7 647)	-	(7 647)	(8 728)	-	(8 728)
Accumulated loss	(133 561)	-	(133 561)	(131 852)	-	(131 852)	(137 141)	-	(137 141)
Issued capital and reserves attributable to owners of the parent	**73 698**	**-**	**73 698**	**76 297**	**-**	**76 297**	**70 233**	**-**	**70 233**
Non-controlling interests	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	**73 698**	**-**	**73 698**	**76 297**	**-**	**76 297**	**70 233**		**70 233**

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2014

Consolidated Cash Flow Statement (impact of accounting policy change)

	31 March 2014 (unaudited) as per previously reported accounting policy	Adjustment	31 March 2014 (unaudited) as per new accounting policy	31 December 2013 (audited) as previously reported	Adjustment	31 December 2013 (unaudited) as per new accounting policy	31 March 2013 (unaudited) as previously reported	Adjustment	31 March 2013 (unaudited) as per new accounting policy
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Net cash flows from operating activity	4 704	(762)	3 942	26 753	2 760	29 513	2 551	(37)	2 514
Net cash flows from investing activity	(135)	224	89	(1 811)	-	(1 811)	(145)	-	(145)
Net cash flows from financing activity	(4 597)	1 003	(3 594)	(17 962)	(2 613)	(20 575)	(5 463)	-	(5 463)
Effect of foreign exchange rates	(207)	-	(207)	(183)	-	(183)	(443)	-	(443)
Net increase/ (decrease) in cash and cash equivalents	(235)	465	230	6 797	147	6 944	(3 491)	(37)	(3 528)

3. Segmental information

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 businesses is presented below:

Three months ended 31 March 2014 (unaudited)	**Property rental €'000**	**Residential sales €'000**	**Hotel operations €'000**	**Other €'000**	**2014 €'000**
Revenues	3 059	2 132	4 640	197	10 028
Cost of operations	(1 742)	(2 112)	(3 306)	-	(7 160)
Gross profit	**1 317**	**20**	**1 334**	**197**	**2 868**
Administrative expenses	(210)	(50)	(942)	(742)	(1 944)
Gross profit less administrative expenses	**1 107**	**(30)**	**392**	**(545)**	**924**
Other operating income	147	55	(10)	6	**198**
Other operating expenses	(135)	(64)	(95)	(21)	**(315)**
Profit / (loss) from operations	**1 119**	**(39)**	**287**	**(560)**	**807**
Finance income	17	55	22	(3)	**91**
Finance costs	(1 022)	(46)	(336)	(51)	**(1 455)**
Other gains and (losses) – foreign exchange	(848)	15	(267)	(37)	**(1 137)**
Share of profits from equity accounted joint ventures	-	79	-	-	**79**
Segment result before tax	**(734)**	**64**	**(294)**	**(651)**	**(1 615)**
Tax charge	(67)	-	3	(30)	(94)
Loss for the period as reported in the income statement					**(1 709)**
Attributable to non-controlling interests					-
Net loss attributable to owners of the parent					**(1 709)**

Three months ended 31 March 2014 (unaudited)	**Property rental €'000**	**Residential sales €'000**	**Hotel operations €'000**	**Other €'000**	**2014 €'000**
Reportable segment assets	153 413	46 544	92 063	-	292 020
Unallocated assets	-	-	-	984	984
Total assets	**153 413**	**46 544**	**92 063**	**984**	**293 004**
Reportable segment liabilities	(140 346)	(11 819)	(61 989)	-	(214 154)
Unallocated liabilities	-	-	-	(5 152)	(5 152)
Total liabilities	**(140 346)**	**(11 819)**	**(61 989)**	**(5 152)**	**(219 306)**

Three months ended 31 March 2014 (unaudited)	**Property rental €'000**	**Residential sales €'000**	**Hotel operations €'000**	**Other €'000**	**2014 €'000**
Other segment items					
Capital expenditure	150	151	71	(1)	**371**
Depreciation	12	31	836	3	**882**
Amortisation	-	-	15	13	**28**

Three months ended 31 March 2013 (restated unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Revenues	3 171	52	4 274	-	7 497
Cost of operations	(1 599)	(291)	(2 943)	-	(4 833)
Gross profit	**1 572**	**(239)**	**1 331**	**-**	**2 664**
Administrative expenses	(345)	(170)	(724)	(582)	(1 821)
Gross profit less administrative expenses	**1 227**	**(409)**	**607**	**(582)**	**843**
Other operating income	5	173	73	5	**256**
Other operating expenses	(44)	(25)	(7)	(6)	**(82)**
Profit / (loss) from operations	**1 188**	**(261)**	**673**	**(583)**	**1 017**
Finance income	114	31	9	2 393	**2 547**
Finance costs	(982)	(51)	(324)	(5)	**(1 362)**
Other gains and (losses) – foreign exchange	(2 028)	(37)	(1 114)	(108)	**(3 287)**
Share of losses from equity accounted joint ventures	-	(83)	-	-	**(83)**
Segment result before tax	**(1 708)**	**(414)**	**(756)**	**1 697**	**(1 168)**
Tax charge	(376)	-	-	(18)	(394)
Loss for the period as reported in the income statement					**(1 562)**
Attributable to non-controlling interests					-
Net loss attributable to owners of the parent					**(1 562)**

Three months ended 31 March 2013 (restated unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Reportable segment assets	140 539	63 353	95 130	-	299 022
Unallocated assets	-	-	-	4 083	4 083
Total assets	**140 539**	**63 353**	**95 130**	**4 083**	**303 105**
Reportable segment liabilities	(122 200)	(41 603)	(64 123)	-	(227 926)
Unallocated liabilities	-	-	-	(4 946)	(4 946)
Total liabilities	**(122 200)**	**(41 603)**	**(64 123)**	**(4 946)**	**(232 872)**

Three months ended 31 March 2013 (unaudited)	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2013 €'000
Other segment items					
Capital expenditure	105	66	12	1	**184**
Depreciation	12	39	627	3	**681**
Amortisation	1	-	12	13	**26**

There are immaterial sales between the business segments.

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

Segment liabilities comprise operating liabilities and financing liabilities.

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

Unallocated liabilities include accrued costs and deferred taxation liabilities within the Company and selected sub-holding companies as at the balance sheet date.

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

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

4. Analysis of expenditure

4.1 Cost of operations

	Three months ended 31 March 2014 (unaudited) €'000	Three months ended 31 March 2013 (unaudited) restated €'000
Costs of sale of residential property	(1 788)	(63)
Utilities, services rendered and other costs	(2 998)	(2 713)
Legal and professional expenses	(343)	(324)
Staff costs	(1 240)	(1 251)
Sales and direct advertising costs	(361)	(257)
Depreciation and amortisation	(430)	(225)
Cost of operations	**(7 160)**	**(4 833)**

4.2 Administrative expenses

	Three months ended 31 March 2014 (unaudited) €'000	Three months ended 31 March 2013 (unaudited) restated €'000
Audit and tax services	(24)	(49)
Incentive and management fee	(468)	(412)
Legal and other professional fees	(154)	(257)
Utilities, services rendered and other costs	(462)	(230)
Staff costs	(329)	(272)
Depreciation and amortisation	(480)	(482)
Other administrative expenses	(27)	(119)
Administrative expenses	**(1 944)**	**(1 821)**

5. Tax charge

Continuing operations	Three months ended 31 March 2014 (unaudited) €'000	Three months ended 31 March 2013 (unaudited) restated €'000
Current tax	(36)	(25)
Deferred tax	(58)	(369)
Tax charge for the period	**(94)**	**(394)**

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

6. Dividends

There were no dividends declared or paid in the three months ended 31 March 2014 (2013: €nil).

7. Loss per share ("LPS")

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

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

Three months ended 31 March 2014 (unaudited) Continuing operations	Loss €'000	Weighted average number of shares	Per share amount Eurocents
Basic (LPS)			
Loss attributable to equity shareholders of the Company	(1 709)	46 852 014	**(3.6)**

Three months ended 31 March 2013 (unaudited) restated Continuing operations	Loss €'000	Weighted average number of shares	Per share amount Eurocents
Basic (LPS)			
Loss attributable to equity shareholders of the Company	(1 562)	46 852 014	(3.3)

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8. Property, plant and equipment

Restated	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2013	81 540	11 316	95	92 951
Additions at cost	301	637	-	938
Exchange adjustments	(1 252)	(153)	-	(1 405)
Disposals	(211)	(170)	-	(381)
Revaluation	(1 984)	(480)	-	(2 464)
At 31 December 2013	**78 394**	**11 150**	**95**	**89 639**
Additions at cost	-	146	-	146
Exchange adjustments	(426)	(70)	(1)	(497)
At 31 March 2014	**77 968**	**11 226**	**94**	**89 288**
Accumulated depreciation				
At 1 January 2013	(2 622)	(4 719)	(63)	(7 404)
Charge for the year	(1 902)	(765)	(8)	(2 675)
Exchange adjustments	138	56	-	194
Disposals	65	115	-	180
At 31 December 2013	**(4 321)**	**(5 313)**	**(71)**	**(9 705)**
Charge for the year	(444)	(397)	(2)	(843)
Exchange adjustments	58	33	-	91
At 31 March 2014	**(4 707)**	**(5 677)**	**(73)**	**(10 457)**
Net book value at 31 March 2014	**73 261**	**5 549**	**21**	**78 831**
Net book value at 31 December 2013	**74 073**	**5 837**	**24**	**79 934**

Restated	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2013	81 540	11 316	95	92 951
Additions at cost	-	84	-	84
Exchange adjustments	(1 520)	(232)	(1)	(1 753)
At 31 March 2013	**80 020**	**11 168**	**94**	**91 282**
Accumulated depreciation				
At 1 January 2013	(2 622)	(4 719)	(63)	(7 404)
Charge for the period	(454)	(188)	(2)	(644)
Exchange adjustments	-	95	1	96
At 31 March 2013	**(3 076)**	**(4 812)**	**(64)**	**(7 952)**
Net book value at 31 March 2013	**76 944**	**6 356**	**30**	**83 330**

The Group's hotels, the Hilton in Warsaw and Golden Tulip in Bucharest constitute the majority of the total property, plant and equipment balance. The latest valuation of the hotels was performed as of 31 December 2013 by qualified professional valuers working for the company of Jones Lang LaSalle Sp. z o.o., 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. The results of valuation:
- revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders' equity,
- impairment adjustments have been taken to other operating expenses to the extent that it exceeds the balance, if any, held on the property revaluation reserve relating to a previous increase in the revaluation of that asset.

The Group has pledged property, plant and equipment of €78.0 million (31 December 2013: €79.2 million, 31 March 2013: €80.7 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €58.2 million (31 December 2013: €58.6 million, 31 March 2013: €60.1 million) are secured on these properties.

9. Investment property

	31 March 2013 (unaudited) €'000	31 December 2013 (audited) restated €'000	31 March 2013 (unaudited) restated €'000
At beginning of the year	144 537	134 545	134 545
Transfer from other assets categories	-	11 800	-
Capitalised subsequent expenditure	52	1 097	102
Exchange movements	(1 345)	(2 011)	(3 207)
PV of annual perpetual usufruct fees	-	(2)	-
Fair value losses	-	(892)	-
At the end of period	**143 244**	**144 537**	**131 440**
Less assets classified as held within disposal groups classified as held for sale (note 14)	(580)	(600)	(670)
	142 664	**143 937**	**130 770**

The fair value of the Group's investment properties has been arrived at on the basis of the latest valuation carried out at 31 December 2013:
- for the properties located in Poland and Romania by Jones Lang LaSalle Sp. z o.o. external independent qualified valuer with recent experience valuing the properties in the location held by the Group;
- for the properties located in Hungary by FHB Ingatlan Zrt external independent qualified valuer with recent experience valuing the properties in the location held by the Group.
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.

The Group has pledged investment property of €140 million (31 December 2013: €136.0 million; 31 March 2013: €125.8 million) to secure certain banking facilities granted to subsidiaries.

As of 31 December 2013 inventory of €11.8 million was reclassified to investment property category as the Directors intention is to rather sell this asset than develop it in the future.

10. Inventories

	31 March 2014 (unaudited) €'000	31 December 2013 (audited) restated €'000	31 March 2013 (unaudited) restated €'000
Land held for development	3 569	3 730	26 250
Assets under construction	13 619	11 658	19 956
Completed properties	6 364	8 147	6 933
Hotel inventory	1 230	1 249	1 230
Total inventories	**24 782**	**24 784**	**54 369**

€1.8 million (31 December 2013: €26.1 million; 31 March 2013: €0.06 thousand) of inventories was released to cost of operations in the income statement during the period. €nil million was recognised in the income statement in relation to the impairment on inventories (31 December 2013: €0.1 million in relation to reversal of impairment on inventories; 31 March 2013: €0.2 million in relation to impairment on inventories). The stock which is held at fair value less cost to sell amounts to €5.2 million (31 December 2013: €5.4 million; 31 March 2013: €23.1 million)

Bank borrowings are secured on the inventory for the value of €14.4 million (31 December 2013: €19.8 million; 31 March 2013: €56.5 million).

11. Cash and cash equivalents

	31 March 2014 (unaudited) €'000	31 December 2014 (audited) restated €'000	31 March 2013 (unaudited) restated €'000
Cash and cash equivalents			
Cash and cash equivalents	14 339	9 515	9 439
Short term bank deposits	6 612	11 206	810
Total	**20 951**	**20 721**	**10 249**

Included in cash and cash equivalents is €8.5 million (31 December 2013: €8.2 million; 31 March 2013: €9.5 million) restricted cash relating to security and customer deposits.

12. Cash generated from operations

	Three months ended 31 March 2014 (unaudited) €'000	Three months ended 31 March 2013 (restated) €'000
Loss for the period	**(1 709)**	**(1 562)**
Adjustments for:		
Effects of foreign currency	1 290	3 806
Finance costs	1 463	1 383
Finance income	(63)	(188)
Tax charge	94	432
Share of (profits)/ losses from equity accounted joint ventures	(79)	83
Depreciation of property, plant and equipment	843	644
Amortisation charges	65	63
Bad debt write off	-	108
Provision for inventory	-	201
Bank loan write off	-	(2 376)
	1 904	**2 594**
Changes in working capital		
Increase / (Decrease) in inventory	9	(414)
Increase in trade and other receivables	(2 026)	(902)
Increase in trade and other payables	4 529	2 072
Effects of foreign currency on working capital translation	(418)	(836)
	2 094	**(80)**
Cash inflow generated from operations	**3 998**	**2 514**

13. Bank loans

	31 March 2014 (unaudited) €'000	31 December 2013 (audited) restated €'000	31 March 2013 (unaudited) restated €'000
Current			
Bank loans and overdrafts due within one year or on demand			
Secured	**(28 675)**	**(29 506)**	**(123 674)**
Non-current			
Repayable within two years			
Secured	(145 181)	(145 719)	(3 057)
Repayable within three to five years			
Secured	(7 972)	(9 147)	(61 525)
Repayable after five years			
Secured	(4 122)	(3 849)	(4 094)
	(157 275)	**(158 715)**	**(68 676)**
Total	**(185 950)**	**(188 221)**	**(192 350)**

The bank loans are secured on various properties of the Group.

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	Total €'000
Bank loans and overdrafts – 31 March 2014		**176 234**	**9 716**	**185 950**
Bank loans and overdrafts – 31 December 2013	Restated	176 862	11 359	**188 221**
Bank loans and overdrafts – 31 March 2013	Restated	178 935	13 415	**192 350**

New loans

On 2 September 2013 the Group obtained financing for *Galeria Platinum Towers* project located in Warsaw. The loan facility amounted to €4.3 million and is to be repaid by 30 June 2018. This facility was used as refinancing for the *Platinum Towers* project.
In 2014 no new loans were extended to the Group.

Repaid loans

On 31 July 2013 and 4 December 2013 the Group fully repaid the loan facilities extended to the development projects: *Apartamenty przy Krasińskiego* and *Platinum Towers*.

On 11 February 2014 the loan facility extended to *Concept House* residential development was repaid.

Portfolio of cross collateralised *banking facilities*

The Group has four facilities that have been cross collateralised since February 2010 totalling €90.7 million (31 December 2013: €90.9 million; 31 March 2013: €91.7 million). Since two of these facilities were due but not paid as of 31 March 2013 all four facilities totalling €91.7million were presented as bank loans and overdrafts due within one year or on demand in the statement of financial position as of 31 March 2013.

On 15 October 2013 the Company signed the amendment to the existing bank loan agreements extending repayment date of unpaid facilities to 31 December 2015. Since 15 October 2013 all four facilities are not in default and are classified as non-current liabilities in the consolidated statement of financial position as of 31 December 2013 and 31 March 2014.

Other loans

In the preparation of the condensed consolidated financial statements for the three months period ended 31 March 2014, the directors have classified:
- loan facility totalling €15.7 million as bank loans and overdrafts due within one year or on demand, since covenant breaches or defaults arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan;
- loan facility totalling €9.7 million as bank loans and overdrafts due within one year or on demand since this facility is overdue. On 4 March 2014 the Company signed the compromise agreement with the bank, based on which the Company repaid €1.2 million (PLN5.0 million) and the bank was obliged not to execute any collaterals resulting from the loan facility agreement till 31 March 2014. The intention of the Company's management is to continue negotiations with the bank relating to the further extension of this loan facility agreement.

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

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

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

Assets:	**31 March 2014 (unaudited) €'000**	**31 December 2013 (audited) restated €'000**	**31 March 2013 (unaudited) restated €'000**
Investment property	580	600	670
Assets held within disposal groups classified as held for sale	**580**	**600**	**670**

	31 March 2014 (unaudited) €'000	**31 December 2013 (audited) restated €'000**	**31 March 2013 (unaudited) restated €'000**
At beginning of the year	600	700	700
Exchange movements	(20)	(14)	-
Fair value gains/ (losses)	-	(86)	(30)
At the end of the year	**580**	**600**	**670**

15. Related party transactions

(a) Key management compensation

	31 March 2014 (unaudited)	31 March 2013 (unaudited) restated
	€'000	€'000
Fees for non-executive directors	11	6

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC received a management fee of €0.5 million (3 months ended 31 March 2013: €0.4 million). Under the agreement, AMC are entitled to a performance fee based on the increase in value of the properties over the 12 month period to 31 December 2014. No performance fee has been accrued for the 3 months ended 31 March 2014 (3 months ended 31 March 2013: €nil) as the performance fee can only be reasonable estimated after the annual valuation of the assets portfolio.

On 15 July 2013 AMC Poland entered into an agreement with the Company's subsidiary – Capital Art Apartments Sp. z o.o. SKA. Based on this agreement AMC Poland administers the sale process of *Capital Art Apartments* development project. As of 31 March 2014 AMC Poland received a fee of €17 thousand (31 December 2013: €58 thousand) in relation to this agreement.

As of 31 March 2014 €3.2 million included in current trade and other payables was due to AMC (31 December 2013: €3.2 million; 31 March 2013: €0.8 million) for current period and historic management and performance fee.

(b) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 31 March 2014 the purchase price of €1.3 million (31 December 2013: €1.6 million, 31 March 2013: €2.9 million) is due to former non-controlling shareholder (Coralcliff Limited).

16. Post balance sheet events

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

17. Other items

17.1 Information about court proceedings

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

Atlas Estates Limited and Atlas Estates Investment B.V.

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

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

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

17.3 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2014.

17.4 Substantial shareholdings

As of 25 April 2014, the Board was aware of the following direct or indirect interest in 3% or more of the Company's ordinary share capital. All shares have equal voting rights.

Table 1 – Significant Shareholders	Number of Shares held	Percentage of Issued Share Capital
Vidacos Nominees Limited <BJB>	34,969,645	74.64
Forest Nominees Limited <GC1>	6,536,925	13.95
Euroclear Nominees Limited <EOCO1>	5,230,646	11.16
TOTAL	**46,737,216**	**99.75**

17.5 Directors' share interests

There have been no changes to the Directors' share interests during the three months ended 31 March 2014. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the three months ended 31 March 2014.

18. Principal subsidiary companies and joint ventures

The table below lists the current operating companies of the Group. In addition, the Group owns other entities which have no operating activities. All Group companies are consolidated except for Hungarian subsidiary, Atlas and Shasha Zrt, which is under liquidation. Deconsolidation of this subsidiary started on 1 October 2013, i.e. from the moment when Group control was lost. No gain or loss was recognised in the consolidated financial statements as a result of this event.

	31 December 2013 €'000
The fair value of any consideration received	-
The carrying amount of the subsidiary's assets and liabilities	-
	-

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

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2014

	Three months ended 31 March 2014 (unaudited) €'000	Three months ended 31 March 2013 (unaudited) €'000
Revenues	-	-
Cost of operations	-	-
Gross profit	**-**	**-**
Administrative expenses	(301)	(223)
Other operating income	144	2 376
Other operating expenses	-	(2 181)
Loss from operations	**(157)**	**(28)**
Finance income	45	28
Finance costs	(16)	(3)
Other (losses) and gains – foreign exchange	-	-
Loss before taxation	**(128)**	**(3)**
Tax expense	-	-
Loss for the year	**(128)**	**(3)**
Total comprehensive loss for the period	**(128)**	**(3)**

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2014

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	31 March 2014 (unaudited) €'000	31 December 2013 (audited) €'000	31 March 2013 (unaudited) €'000
ASSETS			
Non-current assets			
Investment in subsidiaries	104 224	104 224	105 589
Loans receivable from subsidiaries	-	-	-
	104 224	**104 224**	**105 589**
Current assets			
Trade and other receivables	-	1	21
Cash and cash equivalents	46	308	12
	46	**309**	**33**
TOTAL ASSETS	**104 270**	**104 533**	**105 622**
Non-current liabilities			
Other payables	(3 149)	(3 133)	(3 086)
	(3 149)	**(3 133)**	**(3 086)**
Current liabilities			
Trade and other payables	(2 772)	(2 923)	(404)
	(2 772)	**(2 923)**	**(404)**
TOTAL LIABILITIES	**(5 921)**	**(6 056)**	**(3 490)**
NET ASSETS	**98 349**	**98 477**	**102 132**
EQUITY			
Share capital account	6 268	6 268	6 268
Other distributable reserve	194 817	194 817	194 817
Accumulated loss	(102 736)	(102 608)	(98 953)
TOTAL EQUITY	**98 349**	**98 477**	**102 132**

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 March 2014

Three Months Ended 31 March 2013 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2013	6 268	194 817	(102 608)	98 477
Total comprehensive income for the period	-	-	(128)	(128)
As at 31 March 2013	**6 268**	**194 817**	**(102 736)**	**98 349**

Year ended 31 December 2013 (audited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2013	6 268	194 817	(98 950)	102 135
Total comprehensive income for the year	-	-	(3 658)	(3 658)
As at 31 December 2013	**6 268**	**194 817**	**(102 608)**	**98 477**

Three Months Ended 31 March 2013 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2013	6 268	194 817	(98 950)	102 135
Total comprehensive income for the period	-	-	(3)	(3)
As at 31 March 2013	**6 268**	**194 817**	**(98 953)**	**102 132**

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED CASH FLOW STATEMENT
Three months ended 31 March 2014

	Three months ended 31 March 2014 (unaudited) €'000	Three months ended 31 March 2013 (unaudited) €'000
Loss for the year	**(128)**	**(3)**
Adjustments for:		
Effects of foreign currency	-	-
Finance costs	16	3
Finance income	(45)	(28)
Profit on assignment of loan receivable	-	(2 376)
Impairment/ (Reversal of impairment) on investments	-	(2 533)
Impairment/ (Reversal of impairment) against loans receivables from subsidiaries	(144)	4 714
	(301)	**(223)**
Changes in working capital		
Decrease/ (Increase) in trade and other receivables	1	(11)
Decrease in trade and other payables	(151)	(317)
Net cash outflow from operating activities	**(451)**	**(551)**
Investing activities		
New loans advanced to subsidiaries	(61)	(170)
Repayment of loans with subsidiary undertakings	250	425
Net cash from investing activities	**189**	**255**
Financing activities		
Interest received	-	-
Interest paid	-	-
Net cash (from)/ used in financing activities	**-**	**-**
Net decrease in cash and cash equivalents in the year	**(262)**	**(296)**
Effect of foreign exchange rates	-	-
Net decrease in cash and cash equivalents in the year	**(262)**	**(296)**
Cash and cash equivalents at the beginning of the year	**308**	**308**
Cash and cash equivalents at the end of the year	**46**	**12**
Cash and cash equivalents		
Cash at bank and in hand	46	12
Bank overdrafts	-	-
	46	**12**