ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
FIRST QUARTER 2015

Atlas Estates Limited
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Guernsey GY1 3HB
Company number: 44284

ATLAS ESTATES LIMITED

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Financial Highlights

Selected Consolidated Financial Items	Three months ended 31 March 2015	Year ended 31 December 2014	Three months ended 31 March 2014
	€'000	€'000	€'000
Revenues	7,803	36,925	10,028
Gross profit	3,165	13,838	2,868
Decrease in value of investment properties	-	(27,620)	-
(Loss)/ Profit from operations	1,314	(23,636)	807
(Loss)/ Profit before tax	6,322	(33,156)	(1,615)
(Loss)/ Profit for the period	6,778	(32,683)	(1,709)
(Loss)/ Profit attributable to owners of the parent	6,778	(32,683)	(1,709)
Cash flow from operating activities	2,075	10,637	3,942
Cash flow from investing activities	(430)	217	89
Cash flow from financing activities	(3,178)	(9,107)	(3,594)
Net increase/ (decrease) in cash	(632)	1,240	230
Non-current assets	203,893	194,828	240,615
Current assets	63,221	60,224	51,809
Total assets	274,251	261,832	293,004
Current liabilities	(196,438)	(129,525)	(43,552)
Non-current liabilities	(22,922)	(87,315)	(175,754)
Total liabilities	(219,360)	(216,840)	(219,306)
Basic net assets	54,891	44,992	73,698
Number of shares outstanding	46,852,014	46,852,014	46,852,014
Profit/ (Loss) per share (eurocents)	14.5	(69.8)	(3.6)
Basic net asset value per share (€)	1.2	1.0	1.6

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 2015.

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 (*Capital Art Apartments III & IV, Apartamenty przy Krasińskiego* and *Concept House*) are well placed to meet the ongoing demand for quality residential property, since only a small number of residential units remains unsold (as presented in the Property Manager's Report on page 12);

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

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

- in January and February 2015 the construction of *Capital Art Apartments III&IV* residential project was completed.

Reported Results

As of 31 March 2015 the Group has reported basic net assets of €54.9 million.

The increase of basic net asset value by €10.0 million from €45.0 million as at 31 December 2014 is primarily a result of the fluctuations in the foreign exchange rates. As of 31 March 2015 the local currencies appreciated (PLN by 4%, HUF by 5% and RON by 2%) against the EURO- the reporting currency. This fact resulted in significant increases of investment property (by €4.4 million) and property, plant and equipment (by €3.2 million). Moreover in the first quarter of 2015 the Group managed to partially repay its bank loan facilities totalling by €2.2 million.

Managing working capital is an important challenge for the management. Over the year we have observed sudden working capital deterioration from €8.8 million as of 31 March 2014 to negative balance of (€62.5 million) as of 31 December 2014 and (€126.1 million) as of 31 March 2015. In the preparation of the consolidated financial information as of 31 December 2014 and 31 March 2015 the bank facility extended to *Hilton* hotel in Poland amounting to €53.3million was classified as current liability as it is due in September 2015 (whereas as at 31 March 2014 it was classified as a non-current liability). The intention of the Company's management is to arrange new financing in order to refinance this facility before its due date, and significant progress has been made in this regard. Additionally, as of 31 March 2015 the portfolio of two loans amounting to €64.8million was classified as current liability as the waiver of covenants is effective till January 2016. The Company is in dialogue with the bank and is discussing restructuring of this loan portfolio.

Profit after tax amounts to €6.8 million for the three months period ended 31 March 2015 as compared to loss after tax of €1.7 million for the three months period ended 31 March 2014. The significant change of the noted results was mainly a joint effect of:
- movements in the foreign currency exchange differences from loss of €1.1 million for the first quarter 2014 to gain of €5.8 million for the first quarter 2015 mainly as a result of the above mentioned appreciation of local currencies against the EURO,
- drop of finance costs from €1.5 million in the first quarter of 2014 to €1.0 million in the first quarter of 2015 mainly due to deconsolidation of one Polish subsidiary commencing from December 2014.

Financing, Liquidity and Forecasts

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

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the condensed consolidated financial information for the three months ended 31 March 2015, 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.

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

We may employ leverage to enhance returns on equity. Wherever possible, the Directors intend to seek financing on a non-recourse, asset by asset basis. The Company has no set limit on its overall level of gearing. However, it is anticipated that the Company shall employ a gearing ratio of up to 80% of the total value of its interest in income-generating properties within its property portfolio.

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

In the three months to 31 March 2015, NAV per share, as reported in the interim condensed consolidated financial information, which has been prepared in accordance with International Financial Reporting Standards ("IFRS"), has increased from €1.0 per share as at 31 December 2014 to the level of €1.2 per share as at 31 March 2015.

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

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 2015

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 2015. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advise on new investment opportunities. At 31 March 2015, the Company held a portfolio of twenty one properties comprising eleven investment properties of which six are income yielding properties, two are held for capital appreciation and three are held for sale, two hotels and eight development properties.

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

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 85% (by value) of the Group's portfolio located there. The Polish economy has shown a GDP growth of 3.3% in 2014 (1.6% in 2013).

Hilton Hotel, Warsaw

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

Capital Art Apartments

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

With both the first and the second stage completed, the Company has, to date, sold or presold all of the 219 apartments in the first stage, with a further 297 out of 300 apartments in the second stage having been sold or presold. Construction of the third and fourth stages, comprising 265 apartments, was completed in the first quarter 2015 and as of 31 March 2015 the Company pre-sold 244 apartments.

Concept House

The *Concept House* project consists of 160 apartments as well as parking and amenities, including retail facilities.

The construction of the development was completed in 2013 and as of 31 March 2015 only 6 apartments and 4 retail units are unsold.

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

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

The first stage of this development includes 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013 and as of 31 March 2015 only 4 apartments and 4 retail units are unsold.

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

Nakielska Apartment Project

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

Other properties in Poland

The Group also owns two investment properties in Poland.

The *Millennium Plaza* is a 32,700 sqm office and retail building centrally located in Warsaw with occupancy rate of 77% as of 31 March 2015.

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

The Group's portfolio also contains a valuable land asset in Warsaw

Hungary

In Hungary, the Group's portfolio is comprised of seven properties, all of which are located in Budapest. Three are income producing assets. Three of them have been classified as an asset held for sale – as disclosed in note 14 of the consolidated financial statements.

The Hungarian economy has suffered from the global credit crisis and lack of liquidity available for development projects. As a result, Atlas has stopped development activity and has experienced client losses and pricing pressures affecting its income yielding assets. In 2014 GDP increase of 2.8% was noted (in 2013 a slight increase in GDP of 1.1% was noted).

Romania

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks. The Romanian GDP increased by 2.4% in 2014. Despite the difficult trading conditions, occupancy rates at the Golden Tulip improved from 43% for the three months ended 31 March 2014 to 50% for the three months ended 31 March 2015.

Bulgaria

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

Financial Review

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

Portfolio valuation and valuation methods

A valuation of the entire property portfolio is carried out on an annual basis. For the interim semi-annual accounts the external experts shall perform valuations of key assets. The latest independent valuation was performed on 31 December 2014 and has been used in the interim condensed consolidated financial information at 31 March 2015.
As of 31 December 2014 the following external independent qualified experts were engaged:
- Jones Lang LaSalle responsible for the valuation of income yielding properties located in Poland and all properties in Romania,
- FHB Ingatlan Zrt responsible for the valuation of properties located in Hungary,
- Wyceny i Ekspertyzy Sp. z o.o. dr inż. Andrzej Zalewski responsible for the valuation of the hotel in Poland.

Loans and valuations

As at 31 March 2015, the Company's share of bank debt associated with the portfolio of the Group was €172 million (31 December 2014: €174 million; 31 March 2014: €186 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 2014):

	Loans	Valuation	Loan to Value Ratio	Loans	Valuation	Loan to Value Ratio	Loans	Valuation	Loan to Value Ratio
	31 March 2015			31 December 2014			31 March 2014		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	116	100	116%	117	100	117%	128	144	89%
Hotels	56	91	62%	57	91	63%	58	90	64%
Development property in construction	-	-	-	-	-	-	-	12	-
Total	**172**	**191**	**90%**	**174**	**191**	**91%**	**186**	**246**	**76%**

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

LTV ratio of investment property increased from 89% as of 31 March 2014 to 117% as of 31 December 2014 and 116% as of 31 March 2015 mainly due to the significant decrease in the valuation of Romanian land banks as described, as well as a decrease in the valuation of the Millennium building due to a decrease in its occupancy rate.

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

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

The gearing ratio is 73% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratio remained stable as compared to 31 December 2014 (73%) and worsened as compared to 31 March 2014 (69%) mainly as a result of the significant investment property valuation losses incurred in 2014.

Debt financing

Repaid loans

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

Hotel Hilton bank facility

As of 31 March 2015 and 31 December 2014 the bank facility extended to *Hilton* hotel in Poland amounting to €53.3m is classified as a current liability as it is due in September 2015. The intention of the Company's management is to arrange new financing in order to repay this facility before its due date.

Portfolio of cross collateralised *banking facilities*

The Group has four facilities that have been cross collateralised since February 2010 totalling €89.3million Since two of these facilities are due at 31 December 2015, they were presented as current liabilities as of 31 December 2014 and 31 March 2015. As at 31 March 2015 the remaining two loans were also classified as current liabilities since the waiver of covenants is effective till January 2016. The Company is in dialogue with the bank and is discussing restructuring of this loan portfolio.

Other loans

In the preparation of the consolidated financial statements as of 31 March 2015, the directors have classified loan facility extended to a Hungarian subsidiary totalling €15.5 million as current since covenant breaches arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan.

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 2015 € millions	Three months ended 31 March 2014 € millions
Revenue	3.1	0.5	4.2	-	7.8	10.0
Cost of operations	(1.4)	(0.4)	(2.8)	-	(4.6)	(7.2)
Gross profit	1.7	0.1	1.4	-	3.2	2.8
Administrative expenses	(0.2)	(0.2)	(0.9)	(0.5)	(1.8)	(1.8)
Gross profit less administrative expenses	1.5	(0.1)	0.5	(0.5)	1.4	1.0
Gross profit %	55%	20%	33%	0%	41%	28%
Gross profit less administrative expenses %	48%	-20%	12%	0%	18%	10%

Revenue

Total revenues for the first three months ended 31 March 2015 were €7.8 million compared to €10.0 million for the three months ended 31 March 2014. The Group's principal revenue streams are from its hotel operations, property rental income and income from the sale of the residential apartments that the Group develops. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified.

Development Properties

	Three months ended 31 March 2015 € millions	Three months ended 31 March 2014 € millions	**Total change 2015 v 2014 € millions**	Translation foreign exchange effect € millions	Operational change 2015 v 2014 € millions
Revenue	0.5	2.1	**(1.6)**	-	(1.6)
Cost of operations	(0.4)	(2.1)	**1.7**	-	1.7
Gross profit	0.1	-	**0.1**		0.1
Administrative expenses	(0.2)	-	**(0.2)**	-	(0.2)
Gross profit less administrative expenses	(0.1)	-	**(0.1)**		(0.1)

Proceeds from the sale of residential apartments developed by the Group are only recognised when apartments have been handed over to new owners with notarial deed signed. At this moment the economic risks and rewards are transferred to the new owner and in accordance with the Group's accounting policy, the revenue and associated costs of these apartments are recognised in the income statement. Please note that for:
- *Capital Art Apartments III&IV* projects: no sales and associated costs have been recognized in the income statement as no notarial deeds were signed as of 31 March 2015. However it should be noted that these projects demonstrate high level of presales amounting to 92% as of 31 March 2015;
- *Concept House* is a joint venture project and therefore differently accounted as compared to other development projects. The revenues and associated costs of this development are netted and disclosed separately as a single line item as "total investment in equity accounted joint ventures" on the consolidated statement of financial position.

The decrease in gross profit realised by the development segment in 2015 as compared 2014 is mainly a result of a decrease in the number of apartments sold. 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 2015 only 4 apartments were sold.

Apartment sales in developments in Warsaw

	CAA stage 1	**CAA stage 2**	**CAA stage 3&4**	**Platinum Towers**	**Apartamenty przy Krasińskiego**	**Concept House***
Total apartments for sale	219	300	265	396	303	160
Sales completions in 2008-2013	217	293	-	392	-	-
Sales completions in 2014	-	3	-	4	37	93
Sales completions in 2015	-	-	-	-	4	4
Total sales completions	217	296	-	396	296	150
Sales not completed as of 31 March 2015 (only preliminary agreements concluded)	2	1	244	-	3	4
Apartments available for sale as of 31 March 2015	-	3	21	-	4	6

Property Rental

	Three months ended 31 March 2015 € millions	Three months ended 31 March 2014 € millions	**Total change 2015 v 2014 € millions**	Translation foreign exchange effect € millions	Operational change 2015 v 2014 € millions
Revenue	3.1	3.1	**-**	-	-
Cost of operations	(1.4)	(1.8)	**0.4**	-	0.4
Gross profit	1.7	1.3	**0.4**	-	0.4
Administrative expenses	(0.2)	(0.2)	**-**	-	-
Gross profit less administrative expenses	1.5	1.1	**0.4**	-	0.4

In the first quarter 2015 the gross margin realized by the Property Rental segment increased as compared to the first quarter 2014 due to improvement of the operations at Millennium Plaza.

Hotel operations

	Three months ended 31 March 2015 € millions	Three months ended 31 March 2014 € millions	**Total change 2015 v 2014 € millions**	Translation foreign exchange effect € millions	Operational change 2015 v 2014 € millions
Revenue	4.2	4.6	**(0.4)**	-	(0.4)
Cost of operations	(2.8)	(3.3)	**0.5**	-	0.5
Gross profit	1.4	1.3	**0.1**	-	0.1
Administrative expenses	(0.9)	(0.9)	**-**	-	-
Gross profit less administrative expenses	0.5	0.4	**0.1**		0.1

In the first quarter 2015, the hotel operations remained at the similar level in comparison to the first quarter 2014.

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 2015 the Group reported exchange gains of €5.8 million as compared to €1.1 million losses in the three months ended 31 March 2014. €5.7 million out of €5.8 million foreign exchange gains noted in the first quarter 2015 was due to the unrealised foreign exchange gains on EUR denominated bank loans in Polish, Hungarian and Romanian subsidiaries. The foreign exchange gains occurred as a result of appreciation of PLN, HUF, RON against EUR in the first quarter of 2015. €1.0 million out of €1.1 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 and Hungarian subsidiaries. The foreign exchange losses occurred as a result of depreciation of PLN, HUF against EUR in the first quarter of 2014.

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

	Polish Zloty	**Hungarian Forint**	**Romanian Lei**	**Bulgarian Lev**
Closing rates				
31 March 2015	4.0890	299.14	4.4098	1.9558
31 December 2014	4.2623	314.89	4.4821	1.9558
% Change	-4%	-5%	-2%	0%
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%
Average rates				
1st quarter 2015	4.1956	308.78	4.4330	1.9558
Year 2014	4.1852	308.66	4.4591	1.9558
% Change	0%	0%	-1%	0%
1st quarter 2014	4.1846	307.90	4.5019	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 2015 the fee payable to AMC was €0.3 million (€0.5 million in the first quarter of 2014). More details were presented in note 15.

Ongoing activities

During the first three months of 2015, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio. It has also continued to crystallise the value of development projects by the pre-selling of apartments under construction and by the completion of development property in the course of construction.

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

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

Financial management, operational management and material risks

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

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

Global economic conditions

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

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

Financing and liquidity

Management has experienced strict 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

Currency and foreign exchange rates 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. Although the decrease in NAV was noted in the 2014, good progress has been made with the sales of key development projects in Warsaw (*Apartamenty przy Krasińskiego I*, *Concept House* and *Capital Art Apartments III&IV*). The last apartments in *Platinum Towers* were sold in 2014. In January and February 2015 the constructions of *Apartamenty przy Krasińskiego III&IV* were successfully completed . Moreover in the third quarter of 2014 the Company managed to purchase two plots in Warsaw for use in future residential development projects. Currently the management is focused on securing financing for these projects and obtaining all necessary permits to commence the construction.

Reuven Havar
Chief Executive Officer
Atlas Management Company Limited
14 May 2015

Ziv Zviel
Chief Financial and Operations 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 convention centre, fitness club and spa Holmes Place Premium, casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers	396 apartments in two towers; the residential development has been completed in the 3rd quarter of 2009 with two residential towers and a piazza. Location close to the central business district in Wola area of Warsaw.	100%
Atlas Estates Tower *(former name: Platinum Towers – offices)*	Land with zoning for an office/residential tower planned over 42 floors.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors Platinum Towers with 1,842 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Capital Art Apartments	784 apartments, four stage development, with Stage 1 completed in 4th quarter 2008 and all apartments sold. Stage 2, with the construction of 300 apartments, completed in 2009, out of which 297 have already been sold. Construction of stage 3 was completed in January 2015 and of stage 4 in February 2015. Location close to the central business district in Wola area of Warsaw.	100%
Nakielska Apartment Project	*Nakielska Apartment Project* is a residential development in the Wola district of Warsaw. It will be a two stage development which will release 240 apartments with parking and amenities, including retail facilities. This project is an early planning phase.	100%
Apartamenty przy Krasińskiego, stage I	Residential project in Warsaw. The construction was completed in July 2013. The project released 303 apartments out of which 299 were sold or presold.	100%
Apartamenty przy Krasińskiego, stage II	The second stage of the successful development project in Warsaw. This stage is in an early planning phase and it is estimated that it will release approximately 170 apartments with underground parking and retail facilities.	100%
Millennium Tower	32,700 square meters of office and retail space in the central business district of Warsaw with 6,100 square meters of retail and 26,600 square meters of office space.	100%
Concept House	The construction of this residential project was completed in April 2013. Location in Mokotow district close to the central business district of Warsaw. As of 31 March 2015 only 6 apartments out of 160 apartments were still available for sale.	50%
Sadowa office building	6,550 square meters office building with 100% occupancy close to the city centre of Gdansk.	100%

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

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2015

		Three months ended 31 March 2015 (unaudited) €'000		Three months ended 31 March 2014 (unaudited) €'000
Revenues		7,803		10,028
Cost of operations		(4,638)		(7,160)
Gross profit		**3,165**		**2,868**
Property manager fee	*(313)*		*(468)*	
Central administrative expenses	*(87)*		*(84)*	
Property related expenses	*(1,343)*		*(1,392)*	
Administrative expenses		(1,743)		(1,944)
Other operating income		195		198
Other operating expense		(303)		(315)
Profit from operations		**1,314**		**807**
Finance income		146		91
Finance costs		(999)		(1,455)
Other gains/ (losses) – foreign exchange		5,771		(1,137)
Share of profits from equity accounted joint ventures		90		79
Profit/ (Loss) before taxation		**6,322**		**(1,615)**
Tax charge		456		(94)
Profit/ (Loss) for the period		**6,778**		**(1,709)**
Attributable to:				
Owners of the parent		6,778		(1,709)
Non-controlling interests		-		-
		6,778		**(1,709)**
Basic and diluted profit/ (loss) per €0.01 ordinary share – basic (eurocents)		14.5		(3.6)

All amounts relate to continuing operations.

The notes on pages 23 to 39 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2015

	Three months ended 31 March 2015 (unaudited) €'000	Three months ended 31 March 2014 (unaudited) €'000
PROFIT/ (LOSS) FOR THE PERIOD	**6,778**	**(1,709)**
Other comprehensive income:		
Items that will not be recycled through profit or loss		
Revaluation of buildings	-	-
Total	-	-
Items that may be recycled through profit or loss		
Exchange adjustments	3,458	(1,010)
Deferred tax on exchange adjustments	(337)	120
Total	3,121	(890)
Other comprehensive income/ (loss) for the period (net of tax)	**3,121**	**(890)**
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	**9,899**	**(2,599)**
Total comprehensive income attributable to:		
Owners of the parent	9,899	(2,599)
Non-controlling interests	-	-
	9,899	**(2,599)**

The notes on pages 23 to 39 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	31 March 2015 (unaudited) €'000	31 December 2014 €'000	31 March 2014 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	123	131	195	
Land under operating lease - prepayments	11,728	11,287	11,640	
Total investment in equity accounted joint ventures	1,448	1,286	3,050	
Property, plant and equipment	82,606	79,815	78,831	8
Investment property	102,072	97,666	142,664	9
Deferred tax asset	5,916	4,643	4,235	
	203,893	**194,828**	**240,615**	
Current assets				
Inventories	36,165	34,030	24,782	10
Trade and other receivables	5,727	4,233	6,076	
Cash and cash equivalents	21,329	21,961	20,951	11
	63,221	**60,224**	**51,809**	
Assets held within disposal groups classified as held for sale	7,137	6,780	580	14
	70,358	**67,004**	**52,389**	
TOTAL ASSETS	**274,251**	**261,832**	**293,004**	
Current liabilities				
Trade and other payables	(36,967)	(33,164)	(14,834)	
Bank loans	(159,413)	(96,307)	(28,675)	13
Derivative financial instruments	(58)	(54)	(43)	
	(196,438)	**(129,525)**	**(43,552)**	
Non-current liabilities				
Other payables	(2,833)	(3,144)	(11,684)	
Bank loans	(12,288)	(77,542)	(157,275)	13
Derivative financial instruments	(129)	(130)	(134)	
Deferred tax liabilities	(7,672)	(6,499)	(6,661)	
	(22,922)	**(87,315)**	**(175,754)**	
TOTAL LIABILITIES	**(219,360)**	**(216,840)**	**(219,306)**	
NET ASSETS	**54,891**	**44,992**	**73,698**	

The notes on pages 23 to 39 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	31 March 2015 (unaudited) €'000	31 December 2014 €'000	31 March 2014 (unaudited) €'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	18,356	18,356	14,711
Other distributable reserve	194,817	194,817	194,817
Translation reserve	(6,793)	(9,914)	(8,537)
Accumulated loss	(157,757)	(164,535)	(133,561)
Issued capital and reserves attributable to owners of the parent	**54,891**	**44,992**	**73,698**
Non-controlling interests	-	-	-
TOTAL EQUITY	**54,891**	**44,992**	**73,698**
Basic net asset value per share	€ 1.2	€ 1.0	€ 1.6

The notes on pages 23 to 39 form part of the consolidated financial information. The condensed consolidated financial information on pages 17 to 39 were approved by the Board of Directors on 14 May 2015 and signed on its behalf by:

Andrew Fox
Chairman

Mark Chasey
Director

Guy Indig
Director

14 May 2015

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2015

	Share capital account €'000	Revaluation reserve €'000	Other distributable reserve €'000	Translation reserve €'000	Accumulated loss €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Three months ended 31 March 2015								
As at 1 January 2015	**6,268**	**18,356**	**194,817**	**(9,914)**	**(164,535)**	**44,992**	**-**	**44,992**
Profit for the period	-	-	-	-	6,778	6,778	-	6,778
Other comprehensive income for the period	-	-	-	3,121	-	3,121	-	3,121
As at 31 March 2015	**6,268**	**18,356**	**194,817**	**(6,793)**	**(157,757)**	**54,891**	**-**	**54,891**
Year ended 31 December 2014								
As at 1 January 2014	**6,268**	**14,711**	**194,817**	**(7,647)**	**(131,852)**	**76,297**	**-**	**76,297**
Loss for the period	-	-	-	-	(32,683)	(32,683)	-	(32,683)
Other comprehensive income for the year	-	3,645	-	(2,267)	-	1,378	-	1,378
As at 31 December 2014	**6,268**	**18,356**	**194,817**	**(9,914)**	**(164,535)**	**44,992**	**-**	**44,992**
Three months ended 31 March 2014								
As at 1 January 2014	**6,268**	**14,711**	**194,817**	**(7,647)**	**(131,852)**	**76,297**	**-**	**76,297**
Loss for the period	-	-	-	-	(1,709)	(1,709)	-	(1,709)
Other comprehensive income for the period	-	-	-	(890)	-	(890)	-	(890)
As at 31 March 2014	**6,268**	**14,711**	**194,817**	**(8,537)**	**(133,561)**	**73,698**	**-**	**73,698**

The notes on pages 23 to 39 form part of the consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED CASH FLOW STATEMENT
Three months ended 31 March 2015

	Note	Three months ended 31 March 2015 (unaudited) €'000	Three months ended 31 March 2014 (unaudited) €'000
Cash inflow generated from operations	12	**2,075**	**3,998**
Tax paid		-	(56)
Net cash from operating activities		**2,075**	**3,942**
Investing activities			
Interest received		100	63
Purchase of investment property		(318)	(52)
Purchase of property, plant and equipment		(212)	(146)
Loans repaid by equity accounted joint ventures		-	224
Net cash from investing activities		**(430)**	**89**
Financing activities			
Interest paid		(957)	(855)
New bank loans raised		-	1,570
Repayments of bank loans		(2,221)	(4,309)
Net cash used in financing activities		**(3,178)**	**(3,594)**
Net increase in cash and cash equivalents in the year		**(1,533)**	**437**
Effect of foreign exchange rates		901	(207)
Net increase in cash and cash equivalents in the year		**(632)**	**230**
Cash and cash equivalents at the beginning of the year		**21,961**	**20,721**
Cash and cash equivalent at the end of the year		**21,329**	**20,951**
Cash and cash equivalents			
Cash and cash equivalents		21,329	20,951
		21,329	**20,951**

The notes on pages 23 to 39 form part of the consolidated financial information.

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2015

1. Basis of preparation

This condensed interim financial information for the three months ended 31 March 2015 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 2014. The quarterly financial results are not necessarily indicative of the full year results.

As at 31 March 2015 the Group held land and building assets with a market value of €191 million, compared to external debt of €172 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, or held in ring-fenced cross-collateralised debt portfolios, may be subject to repossession by the bank in case of a default of loan terms but will 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 2015, 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 a high priority. The company so far has been successful in managing its cash position carefully and will continue to do so, despite the various pressures. Managing this situation will require the Company to use its various pockets of liquidity within its portfolio of assets and at the same time to delicately manage its ongoing operations and relationships with its lending banks.

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the interim condensed consolidated financial information for the three months ended 31 March 2015.

2. Accounting policies

The accounting policies adopted and methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in the annual financial statements for the year ended 31 December 2014, and with those expected to be applied to the financial statements for the year ended 31 December 2015.

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 2015	Property rental	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	3,113	461	4,229	-	7,803
Cost of operations	(1,377)	(412)	(2,849)	-	(4,638)
Gross profit	**1,736**	**49**	**1,380**	**-**	**3,165**
Administrative expenses	(168)	(156)	(909)	(510)	(1,743)
Gross profit/ (loss) less administrative expenses	**1,568**	**(107)**	**471**	**(510)**	**1,422**
Other operating income	89	35	71	-	195
Other operating expenses	(109)	(32)	(162)	-	(303)
Profit/ (Loss) from operations	**1,548**	**(104)**	**380**	**(510)**	**1,314**
Finance income	34	68	10	34	146
Finance cost	(587)	(2)	(408)	(2)	(999)
Finance costs - other gains – foreign exchange	3,865	(136)	1,926	116	5,771
Share of profits/ (losses) from equity accounted joint ventures	-	90	-	-	90
Segment result before tax	**4,860**	**(84)**	**1,908**	**(362)**	**6,322**
Tax (expense)/ credit	(96)	-	538	14	456
Profit for the period as reported in the income statement					**6,778**

Three months ended 31 March 2015	Property rental	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	120,421	55,631	97,160	-	273,212
Unallocated assets	-	-	-	1,039	1,039
Total assets	**120,421**	**55,631**	**97,160**	**1,039**	**274,251**
Reportable segment liabilities	(128,931)	(25,971)	(60,965)	-	(215,867)
Unallocated liabilities	-	-	-	(3,493)	(3,493)
Total liabilities	**(128,931)**	**(25,971)**	**(60,965)**	**(3,493)**	**(219,360)**

Three months ended 31 March 2015	Property rental	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	318	212	-	-	530
Depreciation	4	28	619	3	654
Amortisation	-	12	40	-	52

Three months ended 31 March 2014 (unaudited)	**Property rental €'000**	**Residential sales €'000**	**Hotel operations €'000**	**Other €'000**	**Total €'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)**

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

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 2015 (unaudited) €'000	Three months ended 31 March 2014 (unaudited) €'000
Costs of sale of residential property	(262)	(1,788)
Utilities, services rendered and other costs	(2,362)	(2,998)
Legal and professional expenses	(337)	(343)
Staff costs	(1,212)	(1,240)
Sales and direct advertising costs	(241)	(361)
Depreciation and amortisation	(224)	(430)
Reversal of impairment on inventory	-	-
Cost of operations	**(4,638)**	**(7,160)**

4.2 Administrative expenses

	Three months ended 31 March 2015 (unaudited) €'000	Three months ended 31 March 2014 (unaudited) €'000
Audit and tax services	(44)	(24)
Incentive and management fee	(313)	(468)
Legal and other professional fees	(221)	(154)
Utilities, services rendered and other costs	(381)	(462)
Staff costs	(308)	(329)
Depreciation and amortisation	(482)	(480)
Other administrative expenses	6	(27)
Administrative expenses	**(1,743)**	**(1,944)**

5. Tax charge

Continuing operations	Three months ended 31 March 2015 (unaudited) €'000	Three months ended 31 March 2014 (unaudited) €'000
Current tax	(41)	(36)
Deferred tax	497	(58)
Tax credit for the period	**456**	**(94)**

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 2015 (2014: €nil).

7. Profit/ (Loss) per share ("EPS"/"LPS")

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

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

Three months ended 31 March 2015 Continuing operations	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic (EPS)			
Profit attributable to equity shareholders of the Company	6,778	46,852,014	14.5

Three months ended 31 March 2014 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)**

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8. Property, plant and equipment

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	**€'000**	**€'000**	**€'000**
Cost or valuation				
At 1 January 2014	78,394	11,150	95	89,639
Additions at cost	239	1,142	-	1,381
Exchange adjustments	(2,181)	(304)	(3)	(2,488)
Disposals	-	(208)	-	(208)
Revaluation	1,904	(295)	-	1,609
At 31 December 2014	**78,356**	**11,485**	**92**	**89,933**
Additions at cost	-	212	-	212
Exchange adjustments	3,593	481	(28)	4,046
At 31 March 2015	**81,949**	**12,178**	**64**	**94,191**
Accumulated depreciation				
At 1 January 2014	(4,321)	(5,313)	(71)	(9,705)
Charge for the year	(1,796)	(1,023)	(9)	(2,828)
Adjustment due to revaluation	1,796	-	-	1,796
Exchange adjustments	344	164	2	510
Disposals	-	109	-	109
At 31 December 2014	**(3,977)**	**(6,063)**	**(78)**	**(10,118)**
Charge for the period	(461)	(191)	(2)	(654)
Exchange adjustments	(582)	(252)	21	(813)
At 31 March 2015	**(5,020)**	**(6,506)**	**(59)**	**(11,585)**
Net book value at 31 March 2015	**76,929**	**5,672**	**5**	**82,606**
Net book value at 31 December 2014	**74,379**	**5,422**	**14**	**79,815**

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	**€'000**	**€'000**	**€'000**
Cost or valuation				
At 1 January 2014	78,394	11,150	95	89,639
Additions at cost	-	146	-	146
Exchange adjustments	(426)	(70)	(1)	(497)
At 31 March 2014	**77,968**	**11,226**	**94**	**89,288**
Accumulated depreciation				
At 1 January 2014	(4,321)	(5,313)	(71)	(9,705)
Charge for the period	(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**

Hotels Hilton in Warsaw and Golden Tulip in Bucharest constitute the majority of the total property, plant and equipment balance as of 31 March 2015, 31 December 2014 and 31 March 2014. The latest valuation of the hotels was performed as of 31 December 2014. Hotels were valued by qualified professional valuers, Chartered Surveyors, acting in the capacity of External Valuers. 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.

The Group has pledged property, plant and equipment of €81.4 million (31 December 2014: €78.8 million, 31 March 2014: €78.0 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €56.2 million (31 December 2014: €56.6 million, 31 March 2014: €58.2 million) are secured on these properties.

9. Investment property

	31 March 2015 (unaudited)	31 December 2014	31 March 2014 (unaudited)
	€'000	€'000	€'000
At beginning of the year	104,446	144,537	144,537
Disposals	-	(9,234)	-
Capitalised subsequent expenditure	318	590	52
Exchange movements	4,445	(3,825)	(1,345)
PV of annual perpetual usufruct fees	-	(2)	-
Fair value (losses)/ gains	-	(27,620)	-
At the end of the year	**109,209**	**104,446**	**143,244**
Less assets classified as held for sale (note 14)	(7,137)	(6,780)	(580)
	102,072	**97,666**	**142,664**

The fair value of the Group's investment properties has been arrived at on the basis of the latest valuation carried out at 31 December 2014:
- 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 €99.9 million (31 December 2014: €99.9 million; 31 March 2014: €140 million) to secure certain banking facilities granted to subsidiaries.

10. Inventories

	31 March 2015 (unaudited)	31 December 2014	31 March 2014 (unaudited)
	€'000	€'000	€'000
Land held for development	11,378	10,645	3,569
Construction expenditures	20,221	18,715	13,619
Completed properties	3,309	3,457	6,364
Hotel inventory	1,257	1,213	1,230
As at 31 December	**36,165**	**34,030**	**24,782**

€0.3 million (31 December 2014: €4.9 million; 31 March 2014: €1.8 million) 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 2014: €0.2 million in relation to reversal of impairment on inventories; 31 March 2014: €nil million in relation to impairment on inventories). The stock which is held at fair value less cost to sell amounts to €5.4 million (31 December 2014: €5.2 million; 31 March 2014: €5.2 million)

Bank borrowings are secured on the inventory for the value of €nil million (31 December 2014: €nil million; 31 March 2014: €14.4 million).

11. Cash and cash equivalents

	31 March 2015 (unaudited) €'000	31 December 2014 €'000	31 March 2014 (unaudited) €'000
Cash and cash equivalents	14,567	16,525	14,339
Short term bank deposits	6,762	5,436	6,612
At 31 December	**21,329**	**21,961**	**20,951**

Included in cash and cash equivalents is €13.9 million (31 December 2014: €8.6 million; 31 March 2014: €8.5 million) restricted cash relating to security and customer deposits.

12. Cash generated from operations

	Three months ended 31 March 2015 (unaudited) €'000	Three months ended 31 March 2014 (unaudited) €'000
Profit/ (Loss) for the year	**6,778**	**(1,709)**
Adjustments for:		
Effects of foreign currency	(8,013)	1,290
Finance costs	942	1,463
Finance income	(100)	(63)
Tax expense	(456)	94
Share of (profits)/ losses from equity accounted joint ventures	(90)	(79)
Depreciation of property, plant and equipment	654	843
Amortisation charges	52	65
	(233)	**1,904**
Changes in working capital		
(Increase)/ Decrease in inventory	(2,135)	9
Increase in trade and other receivables	(1,494)	(2,026)
Increase/ (Decrease) in trade and other payables	3,451	4,529
Effects of foreign currency on working capital translation	2,486	(418)
	2,308	**2,094**
Cash inflow from operations	**2,075**	**3,998**

13. Bank loans

	31 March 2015 (unaudited) €'000	31 December 2014 €'000	31 March 2014 (unaudited) €'000
Current			
Bank loans and overdrafts due within one year or on demand			
Secured	**(159,413)**	**(96,307)**	**(28,675)**
Non-current			
Repayable within two years			
Secured	(3,359)	(68,755)	(145,181)
Repayable within three to five years			
Secured	(5,792)	(5,922)	(7,972)
Repayable after five years			
Secured	(3,137)	(2,865)	(4,122)
	(12,288)	**(77,542)**	**(157,275)**
Total	**(171,701)**	**(173,849)**	**(185,950)**

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 2015	171,701	**-**	171,701
Bank loans and overdrafts – 31 December 2014	173,849	-	173,849
Bank loans and overdrafts – 31 March 2014	176,234	9,716	185,950

Debt financing

Repaid loans

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

Hotel Hilton bank facility

As of 31 March 2015 and 31 December 2014 the bank facility extended to *Hilton* hotel in Poland amounting to €53.3m is classified as a current liability as it is due in September 2015. The intention of the Company's management is to arrange new financing in order to repay this facility before its due date.

Portfolio of cross collateralised *banking facilities*

The Group has four facilities that have been cross collateralised since February 2010 totalling €89.3 million Since two of these facilities are due at 31 December 2015, they were presented as current liabilities as of 31 December 2014 and 31 March 2015. As at 31 March 2015 the remaining two loans were also classified as current liabilities since the waiver of covenants is effective till January 2016. The Company is in dialogue with the bank and is discussing restructuring of this loan portfolio.

Other loans

In the preparation of the consolidated financial statements as of 31 March 2015, the directors have classified loan facility extended to a Hungarian subsidiary totalling €15.5 million as current since covenant breaches arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan.

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

In 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.
In 2014 Atlas management started to actively market for sale Ligetvaros and Varosliget both properties located in Budapest, Hungary.

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

	31 March 2015 (unaudited) €'000	31 December 2014 €'000	31 March 2014 (unaudited) €'000
Assets:			
Investment property	7,137	6,780	580
Assets held within disposal groups classified as held for sale	**7,137**	**6,780**	**580**

	31 March 2015 (unaudited) €'000	31 December 2014 €'000	31 March 2014 (unaudited) €'000
At beginning of the year	6,780	600	600
Additions	-	6,200	-
Exchange movements	357	(34)	(20)
Fair value gains/ (losses)	-	14	-
At the end of the year	**7,137**	**6,780**	**580**

15. Related party transactions

(a) Key management compensation

	31 March 2015 (unaudited) €'000	31 March 2014 (unaudited) restated €'000
Fees for non-executive directors	12	11

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC earned a management fee of €0.3 million for the three months ended 31 March 2015 (year ended 31 December 2014: €2.0 million; 3 months ended 31 March 2014: €0.5 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 2015 (3 months ended 31 March 2014: €nil) as the performance fee can only be reasonable estimated after the annual valuation of the assets portfolio. For the year ended 31 December 2014 no performance fee was accrued.

On 15 July 2013 AMC Poland entered into an agreement with the Company's subsidiary – Capital Art Apartments Sp. z o.o. SKA. Based on this agreement AMC Poland administers the sale process of *Capital Art Apartments* development project. As of 31 March 2015 AMC Poland received a fee of €9 thousand (31 December 2014: €58 thousand; 31 March 2014 €17 thousand) in relation to this agreement.

As of 31 March 2015 €3.5 million included in current trade and other payables was due to AMC (31 December 2014: €3.6 million; 31 March 2014: €3.2 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 2015 the purchase price of €0.2 million (31 December 2014: €0.7 million, 31 March 2014: €1.3 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 2015.

17.4 Substantial shareholdings

As of 5 May 2015, the Board was aware of the following direct or indirect interest in 3% or more of the Company's ordinary share capital. All shares have equal voting rights.

Table 1 – Significant Shareholders	Number of Shares held	Percentage of Issued Share Capital
Vidacos Nominees Limited <BJB>	34,969,645	74.64
Forest Nominees Limited <GC1>	6,536,925	13.95
Euroclear Nominees Limited <EOCO1>	5,232,896	11.17
TOTAL	**46,739,466**	**99.76**

17.5 Directors' share interests

There have been no changes to the Directors' share interests during the three months ended 31 March 2015. 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 2015.

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;

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

	31 December 2014 €'000	31 December 2013 €'000
The fair value of any consideration received	-	-
The carrying amount of the subsidiary's assets and liabilities	(2,253)	-
	(2,253)	-

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Curacao	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Fernwood Limited	Holding	100%
Poland	AEP Sp. z o.o.	Management	100%
Poland	Platinum Towers AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Zielono AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Properpol Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Millennium) Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	HGC Gretna Investments Spółka z ograniczoną odpowiedzialnością Spółka Jawna	Hotel operation	100%
Poland	HPO AEP Spółka z ograniczoną odpowiedzialnością Spółka Jawna	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Atlas Estates (Przasnyska 9) Sp. z o.o.	Development	100%
Poland	La Brea Management 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	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 2015

	Three months ended 31 March 2015 (unaudited) €'000	Three months ended 31 March 2014 (unaudited) €'000
Revenues	-	-
Cost of operations	-	-
Gross profit	**-**	**-**
Administrative expenses	(235)	(301)
Other operating income	-	144
Other operating expenses	-	-
Loss from operations	**(235)**	**(157)**
Finance income	36	45
Finance costs	(14)	(16)
Other (losses) and gains – foreign exchange	-	-
(Loss)/ Profit before taxation	**(213)**	**(128)**
Tax expense	-	-
Loss for the year	**(213)**	**(128)**
Total comprehensive loss for the year	**(213)**	**(128)**

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	31 March 2015 (unaudited) €'000	31 December 2014 €'000	31 March 2014 (unaudited) €'000
ASSETS			
Non-current assets			
Investment in subsidiaries	66,745	66,745	104,224
Loans receivable from subsidiaries	9,082	9,636	-
	75,827	**76,381**	**104,224**
Current assets			
Trade and other receivables	-	8	-
Cash and cash equivalents	245	57	46
	245	**65**	**46**
TOTAL ASSETS	**76,072**	**76,446**	**104,270**
Non-current liabilities			
Other payables	(3,209)	(3,195)	(3,149)
	(3,209)	**(3,195)**	**(3,149)**
Current liabilities			
Trade and other payables	(3,210)	(3,385)	(2,772)
	(3,210)	**(3,385)**	**(2,772)**
TOTAL LIABILITIES	**(6,419)**	**(6,580)**	**(5,921)**
NET ASSETS	**69,653**	**69,866**	**98,349**
EQUITY			
Share capital account	6,268	6,268	6,268
Other distributable reserve	194,817	194,817	194,817
Accumulated loss	(131,432)	(131,219)	(102,736)
TOTAL EQUITY	**69,653**	**69,866**	**98,349**

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 March 2015

Three Months Ended 31 March 2015 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2015	6,268	194,817	(131,219)	69,866
Total comprehensive income for the year	-	-	(213)	(213)
As at 31 March 2015	**6,268**	**194,817**	**(131,432)**	**69,653**

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

Three Months Ended 31 March 2014 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2014	6 268	194 817	(102 608)	98 477
Total comprehensive income for the period	-	-	(128)	(128)
As at 31 March 2014	**6 268**	**194 817**	**(102 736)**	**98 349**

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED CASH FLOW STATEMENT
Three months ended 31 March 2015

	Three months ended 31 March 2015 (unaudited) €'000	Three months ended 31 March 2014 (unaudited) €'000
Loss for the year	**(213)**	**(128)**
Adjustments for:		
Finance costs	14	16
Finance income	(36)	(45)
Reversal of impairment against loans receivables	-	(144)
	(235)	**(301)**
Changes in working capital		
Decrease in trade and other receivables	8	1
Decrease in trade and other payables	(175)	(151)
Net cash outflow from operating activities	**(402)**	**(451)**
Investing activities		
New loans advanced to subsidiaries	-	(61)
Repayment of loans with subsidiary undertakings	590	250
Net cash from investing activities	**590**	**189**
Financing activities		
Interest received	-	-
Interest paid	-	-
Net cash (from)/ used in financing activities	**-**	**-**
Net increase / (decrease) in cash and cash equivalents in the year as a result of cashflows	**188**	**(262)**
Effect of foreign exchange rates	-	-
Net decrease in cash and cash equivalents in the year	**188**	**(262)**
Cash and cash equivalents at the beginning of the year	**57**	**308**
Cash and cash equivalents at the end of the year	**245**	**46**
Cash and cash equivalents		
Cash at bank and in hand	245	46
Bank overdrafts	-	-
	245	**46**