



ATLAS ESTATES ANNOUNCES MAIDEN PRELIMINARY RESULTS FOR THE PERIOD ENDED 31st DECEMBER 2006

**Embargoed until 07.00am
4 April 2007**

Atlas Estates Limited, ("Atlas") the Central and Eastern European property investment and development company, today reports its preliminary results for the period ended 31st December 2006.

Highlights

- NAV per share up 14.6% to €5.42 (£3.66) reflecting value added through successful acquisitions, project delivery and active management
- Total property valuation increased by 25% to €312 million since flotation or acquisition
- 75% (€123 million) of net IPO proceeds now invested or committed for investment, in line with IPO target
- Fourteen transactions secured across 4 countries, and acquisition pipeline remains strong with over 20 opportunities being appraised
- Interim dividend per share of 4.16 eurocents paid in October 2006 – final dividend of 8.32 eurocents per share to be paid, representing an annualized yield of 3% on IPO price
- Warsaw Hilton, Poland's first Hilton hotel, opened on schedule on 19th March 2007
- Company investigating possibility of dual listing on Warsaw Stock Exchange

Quentin Spicer, Chairman of Atlas Estates commented,

"Following the successful listing of Atlas Estates a year ago we are delighted to announce our maiden preliminary results. Atlas has made good progress in our first period as a public company. We have now invested 75% of our IPO proceeds, in 14 transactions across four countries. Strong growth in our target markets of Central and Eastern Europe have enabled us to maintain our investment momentum, coupled with an continuing high demand for residential and commercial property in these markets. We are particularly proud to have opened Poland's first Hilton hotel on time earlier this month and we have sold all but 7 apartments in the first tower of our Platinum Towers residential complex where prices have risen by 100% since we started selling. I look forward to 2007 with great confidence and a continuing strong pipeline of new opportunities"

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Chairman's Statement

I am pleased to present the first Atlas Estates Limited Report and unaudited accounts. The Company was incorporated on 3 February 2006 and started trading upon its admission to AIM on 1 March 2006. At the time of IPO the Company stated that its objectives were to invest the money raised in a diversified portfolio, targeting an overall return of 20% per annum through a mix of dividend yield and capital growth.

2006 was a period of intense activity in which a large amount was achieved. The Company has delivered on its promises by reporting an increase in adjusted Net Asset Value per share of 14.6%, after paying a dividend of 4.16 eurocents per share and to date having invested or committed to invest €123 million or 75% of the net funds raised at IPO.

Going into 2007 we are looking at the possibility of listing the Company's shares on the Warsaw Stock Exchange, in addition to its listing on AIM. The Company has significant assets in Poland and enjoys a high degree of name recognition due to the high profile nature of those assets.

Performance and dividend

The Company's main sources of revenue are rental income from letting its investment properties and income from the sale of the residential apartments that it develops. The period under review saw impressive sales volumes of these apartments with nearly 400 having been sold or reserved by the period end. However, the income from these sales cannot be recognised as revenue in the Group results until the construction of the apartments has been completed.

As we anticipated at flotation, the first operating period to 31 December 2006 generated a reported loss of €9.51 million before tax, resulting in a loss per share of 21.76 eurocents. Offsetting this, net asset value was increased by €2.98 million, net of tax, from property revaluation and €2.82 million from positive exchange movements that were taken directly to reserves. The payment of a performance fee to the Property Manager was charged to the Income Statement for the period whereas €40 million of value created from the development portfolio remained off balance sheet due to the requirements of accounting standards. This will be credited to the Income Statement as the income from residential sales is recognised.

The valuation of the large undeveloped area of land at Vajnory, Bratislava, Slovakia is arrived at after using a number of subjective assumptions. At IPO the land was valued in line with local market trading practices based on anticipated developable areas feasible on this site assuming receipt of zoning and permits resulting in a value being placed on the asset of €44.3 million (Atlas has a 78.25% interest). International Financial Reporting Standards require that the land be valued on the basis of its physical condition as at the balance sheet date. As zoning is in the process of being finalised this results in a lower value of €33.2 million as at IPO, but rising to €39.5 million as at the balance sheet date. The difference in the values at IPO has resulted in an item of goodwill arising on acquisition accounting that has been charged to the income statement.

At IPO we set out our dividend policy for the Company's formative years. In October, shareholders received an interim dividend of 4.16 eurocents per share. The Board proposes the payment of a final dividend for 2006 of 8.32 eurocents per share, giving a total of 12.48 eurocents per share for 2006. This represents an annualised yield of 3% on the initial flotation price of €5 per share, in line with the commitment we made at the time of the IPO. If approved at the Company's AGM payment will be made on 29 June 2007 to shareholders on the register on 15 June 2007.

Adjusted Net Asset Value (NAV)

The Group's property assets are categorised into three classes when accounted for in accordance with International Financial Reporting Standards. The recognition of increases 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 the development of yielding assets (PPE) – revaluation movements are taken direct to reserves, net of notional 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.

Our independent valuers re-value the entire property portfolio on a bi-annual basis. This measures the total value added during the financial period and is included in the basis for the Property Manager's performance assessment and fee calculations.

Strong off plan sales of apartments and the overall growth of the markets in which we operate, have seen the value of our remaining development land holdings increase significantly over their book cost. Such land is valued on a residual value basis and so no profit is taken to reflect the stage of development of each site.

The adjusted NAV of the Group has risen sharply over the period to 31 December 2006. NAV immediately following the IPO and payment of the costs of listing was €4.73 per share (£3.22 per share*). When including the uplift in the value of the development portfolio, which cannot be credited to the balance sheet at this time, adjusted NAV per share has increased to €5.42 (£3.66 per share*) or 14.6%.

The following table sets out the impact on NAV per share of the re-valuation of land assets that cannot be reflected in the reported balance sheet due to accounting standards:

Valuation of development land in PPE and inventory	Book cost to Group as shown in the Balance Sheet	Independent Value at 31 December 2006	Gross increase in value not recognised in the Balance Sheet
	€000	€000	€000
Development land at cost to the Group	100,925	152,010	51,085
Attributable to minority interest partners	(9,296)	(11,126)	(1,830)
	91,629	140,884	49,255

Net asset value	Net asset value	NAV per share	NAV per share
	€000	€	£
Basic net asset value per balance sheet	222,574	€4.59	*£3.10
Atlas share of increase in valuation of development land	49,255		
Deferred tax on increase in valuation of development land at local rates	(9,256)		
Adjusted net asset value	262,573	€5.42	*£3.66
Net asset value at IPO (after costs)	232,916	€4.73	**£3.22

* - translated at the rate of €1.4799:£1 as at 2 April 2007

** - translated at the rate on date of IPO of €1.4663:£1

Included in the Income Statement is a sum of €5.61 million, of which €2.22 million is included in our share of the post tax results of joint ventures, arising from the revaluation of the Group's investment properties. A sum of €3.68 million in respect of properties that are classified as fixed assets (the Hilton Hotel and land held to be developed into yielding assets) has been credited to the revaluation reserve.

Share Buy Back

In July we stated our plans to buy back up to 5% of the share capital. At the time that we instigated the buy back the Directors felt was an unjustified discount in the share price as compared to underlying net asset value ("NAV") per share. In addition to returning capital to shareholders, the Directors believed that this discount to NAV made buying back the shares for cancellation an effective use of capital for the remaining shareholders.

To date 945,000 shares, representing 1.9% of the Company's issued share capital, have been purchased at an average price of £2.87. As the Company's share price has recently returned to trading at levels above the flotation price the buy back programme has been suspended.

Progress since IPO

The Group has made significant progress since its IPO.

- Invested or committed €123 million or 75% of IPO proceeds,
- Secured 14 transactions across 4 countries,
- Sold, subject to completion of the development, a total of 436 apartments as at the date of this report with an end value of €55 million,
- Increased income generating areas by 108,000 square metres through further acquisitions and completion and opening of Hilton hotel complex,
- Fully established management operations in the four countries in which we have property,
- Started to acquire assets in major secondary cities.

The markets in which we operate have become more popular for real estate investors looking to achieve higher returns than those currently achievable in Western Europe. As Central and Eastern Europe continues to develop due to the accession of many countries to EU membership and increasing levels of disposable income, competition increases for the prime development opportunities in many of the region's capital cities. However, we have continued to source quality, off market investment and development opportunities using the skills of our experienced management team.

Central and Eastern Europe

Our chosen area of investment continues to present many opportunities to secure impressive total returns for our shareholders. GDP growth throughout Central and Eastern Europe has consistently outperformed that of Western Europe in recent years, with the exception of possibly Ireland and Greece. This trend is forecast to continue into the foreseeable future as the region's economies continue to expand and develop.

Membership of the EU, greater personal wealth created both domestically and as a result of population movements and the growing emergence of business activity in capital and many major secondary cities has produced a vibrant real estate market in the region.

Yields on investment properties have compressed over recent years but are still above those of comparable assets in Western Europe. Capital values continue to increase as yields reduce further, but underlying rental values are still some way behind those of more mature real estate markets. In most cities in the region rents show signs of increasing as the demand for space is strong.

The trend is away from the older, existing stock toward newer Western style developments. This provides opportunities for those with development capabilities to exploit the need for new premises with pre-lets now more readily available. The sector specific demand varies from country to country and is increasingly being seen in regional centres outside the capital cities.

There is a growing demand for new, modern living accommodation. As residents have more disposable income and mortgage finance becomes more readily available there is an increasing desire to move away from old, dated apartment blocks. This is helping to increase sales prices for all apartment types and related space. Whilst land and construction costs have also increased, margins in most cities have improved.

Prospects

Atlas has demonstrated its ability to source impressive off-market opportunities. These have been generated by both the management team's region-wide contact base and the presence of local managers in each of the territories in which we have assets. This local management presence is a key factor in the success of Atlas.

In spite of the region as a whole becoming more competitive with an increasing number of investors active in CEE we believe that through our dedicated teams of property professionals that have lived and worked in these markets for some time, we can identify, appraise and secure transactions at terms that are more favourable than those that are offered in the open market. The local resource also provides an experienced delivery team that has knowledge of the different construction and sales requirements in the different markets.

The Property Manager Review details the progress that we are making in executing our development plans and in securing maximum returns from our yielding assets. We have a strong pipeline of varied opportunities that span all sectors of the real estate market, both in countries in which we have assets already and areas where we have not previously had dealings. Our on-the-ground management teams are now sourcing transactions away from the capital cities where we see the potential for higher returns in the medium term.

In 2007 we have already completed three further transactions that are not reflected in the results that I have detailed above. These comprise the Millennium Plaza, a 37,000 square metre office and retail tower in the centre of Warsaw, the Golden Tulip Hotel, a modern hotel in the centre of Bucharest and a 50% interest in the Volan development site in the centre of Budapest. All were off market transactions secured at prices below market value and are assets that will contribute greatly to future profitability and capital growth. It is the Board's intention to maintain the dividend policy established at IPO with payments in regard of 2007 to produce a yield of 5% on the initial IPO share price.

I must thank my fellow Board members, the directors and staff of the Property Manager and our team of advisors for their continued enterprise and skill in establishing our operating base and moving the Company forward. I am looking forward to the year ahead with confidence in the prospects for the Company.

Quentin Spicer
4 April 2007

Review of the Property Manager

In this review we present operating results for the eleven month period ended 31 December 2006. This follows the incorporation of Atlas and its admission to AIM on 1 March 2006.

Atlas Estates Limited was created from the merger of three entities' property assets in the Central and Eastern European region. Between them the three founder shareholders had operated in the region for up to seven years and contributed a seed portfolio with a net value of €68 million, for which they received shares in the new Company. Upon admission Atlas raised a further €164.4 million (net of costs) for further investment into new projects in the region.

Atlas appointed Atlas Management Company Limited ("AMC") to oversee the operation of its portfolio and advise on new investment opportunities. AMC was formed specifically for this purpose from the management teams that had previously operated the seed portfolio for the founder shareholders. To date 75% of the funds raised at IPO have been invested or committed (excluding that used to buy back the Company's shares). This is in line with our original timetable that envisaged full investment within 18 months of admission.

Not only have we succeeded in sourcing new opportunities but we have been able to generate added value through the active management of the yielding asset portfolio and started to crystallise the value of the development projects by selling and beginning construction of hundreds of apartments.

The property portfolio is kept under constant review to ensure that we are working toward our stated strategy of creating a balanced portfolio that will provide future capital growth, the potential to enhance investment value through active and entrepreneurial management and the ability to deliver attractive development margins.

We continuously monitor the territories in which we are invested analysing the economics of the region and the key measures of the sectors in which we operate to ensure that we do not become over exposed to, or reliant on, any one particular area. We evaluate the risks and rewards associated with a particular country or sector in order to maximise our return on investment and therefore the return to our shareholders.

We believe that we are creating a portfolio that will provide a balance of above market returns on yielding assets and a sustainable source of development gains from projects of varying maturities.

Property portfolio review – assets held at 31 December 2006

Poland

Warsaw Hilton

This is the first Hilton in Poland and opened on 19 March 2007. Located in the central Wola district of Warsaw, the hotel provides modern, spacious accommodation targeting both business travellers and tourists alike.

The Hilton has 313 rooms and suites and has the largest convention centre facility in the Warsaw hotel market. The hotel is managed on Atlas's behalf by Hilton under a long term management agreement that provides for base and incentive fees linked to the performance of the hotel.

The complex also includes a 4,000 m² Holmes Place health club and spa and a casino, both of which are leased directly from Atlas. Direct lease agreements have also been completed for a collection of smaller retail units included in the fabric of the complex. A specialised operator is contracted to manage the 240 space underground car park.

The Hilton management team is headed by individuals with extensive experience in CEE. They have been on site for a number of months prior to opening, installing systems, training staff and taking reservations for rooms and functions in 2007.

The Hotel has all the required features to be extremely successful. The combination of the Hilton brand, the comfort of the accommodation and the superior facilities being offered to the market provide confidence for the success of the venture. Recent years have also seen a vast improvement in the Warsaw hotel market in general with occupancy and room rates rising steadily.

Platinum Towers, Warsaw

The Platinum Towers adjoins the Hilton complex in the heart of a city that has undergone rapid expansion and redevelopment and experienced significant economic growth and wealth generation.

Platinum Towers – Residential

These two towers will each provide approximately 24,000 m² of living accommodation split into a total of 380 apartments. The towers, each spanning 22 floors, will also house a number of ground floor commercial units. Residents of the Towers will be able to benefit from the facilities of the Hilton hotel, including the Holmes Place health club.

Atlas has the necessary building permits for this development, has opened a fully furnished show apartment and will commence construction of both Towers in the coming months.

Sales of the apartments have been very strong. We currently have just 7 of the 196 apartments remaining in the first tower and have sold 68 of the 187 apartments of the second tower. Sales prices in the Warsaw market have increased substantially over the period to date with those at Platinum having risen by 100% since sales commenced.

Platinum Towers – Offices

As part of the Hilton/Platinum complex a third tower will be constructed. Office yields are continuing to compress in the Warsaw market and residential sales values are still rising. Project appraisals are currently being finalised to assess the more profitable use for the building. We have zoning for both residential and office use. An office scheme would provide a total lettable area of 23,000 m² of modern, Class A office space over 32 floors. Built as residential the tower would provide approximately 20,000 saleable square metres.

Capital Art Apartments

The Capital Art Apartments will contain 850 apartments providing over 51,000 m² of modern living accommodation in the Wola district of Warsaw. The development will also house 1,700 m² of commercial space and 850 car parking spaces.

Construction has started on the first phase of 219 apartments and 179 have been sold already. The design of the second and third phases is currently being completed and the application for the building permits for these phases will be submitted shortly.

Atlas has constructed an on-site show apartment that has been a vital part of the marketing campaign that has led to such impressive sale figures.

Zelino (formerly Nowy Zoliborz)

The Zelino project is situated in the more suburban residential area of Zoliborz in Warsaw. A total of 23,000 m² of residential space will be constructed providing 380 apartments, 850 m² of commercial space and 380 parking spaces. The demolition of the existing buildings is underway and we have applied for the building permit. Sales of these units will commence in Q2 2007 and demand is expected to be strong.

Hungary

Atrium Homes, Budapest

Atrium Homes is a residential development in the 13th district of Budapest. To be built in two phases the development will include nearly 25,000 m² of residential accommodation, split into 514 apartments over eight floors. The complex will also contain 454 underground parking spaces and an additional 5,801 m² of commercial space.

Building permits have been received for phase one that will house 239 apartments, part of the commercial area and two underground parking floors. The sale of apartments has commenced and to date 50 are in the process of being contracted. Construction will begin once pre-defined sales targets have been met.

Ikarus Business Park, Budapest

Ikarus Business Park is located in the 16th district of Budapest. It currently provides approximately 110,000 m² of flexible office, logistics and warehouse space to a mix of international and local users. Active management by AMC has increased the occupancy of the park from 62% at IPO to 74%. Major tenants include the Hungarian Government who uses part of the site to store surplus grain and Skoda who operate their bus division in Hungary from the Park.

Atlas has recently secured grant funding from the Hungarian Government to redevelop a 7,000 m² building to provide modern warehouse space with integral office space. The grant will fund 40% of the estimated build cost of €1.3 million, providing space that is expected to add over €300,000 to net operating income.

The longer term aim for the park is to redevelop it for residential accommodation as it sits in the middle of an established residential neighbourhood. The park has a gross land area of 283,000 m² with only 110,000 m² currently used for commercial letting. Work continues with the municipality to obtain re-zoning.

Metropol Office Centre, Budapest

The Metropol Office Centre consists of 7,751 m² of modern office accommodation in the 13th district of Budapest, having been constructed by one of the founder shareholders. The Centre is well located to provide easy access to the centre of Budapest.

The property is fully let to five corporate tenants on a mix of leases with maturities of up to five years.

Ligetvaros Centre, Budapest

The Ligetvaros Centre is a mixed retail and office complex in the 7th district of Budapest. It sits in a popular, central location within Budapest affording easy access to the main shopping and tourist areas of the city.

The Centre provides 6,300 m² of mixed space that is currently 99% occupied. The retail areas are anchored by Kaiser Supermarkets (part of the SPAR International chain) and DM Drugstores, a major pharmacy chain in Hungary.

Construction is nearing completion to add a coffee shop to the Centre and Atlas has the ability to develop a further 3,800 m² of lettable space.

Varosliget

Varosliget adjoins the Ligetvaros Centre in a unique position near to central Budapest. It comprises a plot of 12,000 m² located a few hundred metres from Andrassy ut., the main artery in the centre of the city. Varosliget currently provides small business units at the lower end of the office and warehouse market.

The longer term objective is to obtain a re-zoning to provide for up to 30,000 m² of office and residential space. Atlas owns 90% of the plot with the remaining 10% being held by the local municipality.

Moszkva Office Building, Budapest

Situated in a prime location on the main square of the Buda side of the city, the asset comprises of 1,350 m² of office space over three floors. The property is fully occupied with 95% of the leases having a remaining term of at least seven years. Atlas acquired the property for a net initial yield of 8.75%.

Slovakia

Nove Vajnory Project, Bratislava

Nove Vajnory is an area of 877,000 m² of land on the outskirts of the city of Bratislava. The land was acquired from the municipality and is expected to provide approximately 4,000 apartments and 600 serviced plots for individual housing and commercial space. Atlas owns 78.25% of this development project with the remainder held by a local partner.

Atlas is currently working through the re-zoning process, working closely with both the Vajnory and Bratislava municipalities to agree matters including infrastructure, utilities and logistics provision and has to date received favourable responses to its plans.

Basta Project, Kosice

Located in the centre of Kosice, the second largest city in Slovakia with a population of over 240,000, the site comprises 10,000 m² of land for redevelopment. Held in a 50/50 joint venture with Eastfield, the minority partner in the Vajnory project, the site has zoning for residential, retail, office and leisure uses.

Romania

Solaris Project, Bucharest

The Solaris Project is a 32,000 m² plot adjacent to Obor Square, one of Bucharest's main transport hubs and residential areas. It sits within a former industrial zone that is currently being redeveloped for residential and commercial use. Atlas has acquired the freehold ownership of the site and the existing buildings are currently being demolished to develop a mixed residential and retail scheme.

Voluntari Land, Bucharest

Atlas has acquired a 60% interest in a plot of land in the northern outskirts of Bucharest. The plot is approximately 100,000 m² in size and is has the possibility of future development for residential or commercial use.

Transactions since 31 December 2006

Millennium Plaza, Warsaw – completed 26 March 2007

The Plaza is centrally located in a prime position on one of Warsaw's major transport intersections. The asset consists of 37,300 m² of modern accommodation over a total of 28 floors, providing 6,100 m² of retail and 31,200 m² of office space. The asset is 95% let to a number of significant tenants that include Millennium Bank, one of the largest in Poland and ABG Software, an IT company listed on the Warsaw Stock Exchange.

This was secured in an off-market transaction at a price of €76 million that represents an initial yield to Atlas of 8%. As part of the revaluation of the whole portfolio at 31 December 2006, the market value of Millennium Plaza had increased to €90.05 million. This increase in value will be credited to the Income Statement, net of deferred tax, in the period to June 2007. This is a good quality asset in a market that

has seen considerable letting activity in recent years. Yields are continuing to compress and rental values are starting to increase, giving confidence that in addition to providing cash flow to the group, we will experience capital growth in the coming years.

Volan Development, Budapest, Hungary – completed 26 March 2007

The Volan site is located in central Budapest, close to Heroes Square, the West End Shopping Centre and the Hilton hotel. The 20,640 m² plot has been prepared for the development of a planned 89,000 m² of mixed residential, commercial, retail and leisure space. Atlas has acquired a 50% interest in the plot at a cost of €7.5 million.

Golden Tulip Hotel, Bucharest, Romania – completed 28 March 2007

The Golden Tulip hotel is an 82 room, 3-4 star hotel located in central Bucharest. The hotel was built in 2005 and has been open and trading for 18 months. Its position near to Bucharest's main tourist attractions and business districts makes it a popular hotel, with occupation rates of 80% being achieved. Atlas has acquired the asset for €12 million with net operating income expected to be €1.2 million per annum and has received a cash backed guarantee of a 10% yield for three years. The asset is well located in a growing market. With EU accession the hotel sector of Bucharest is becoming busier providing scope for both income and capital growth.

Sadowa Office Building, Gdansk, Poland – to complete in the coming months

The Sadowa office building comprises 6,000 m² of recently refurbished office space in the centre of Gdansk in Northern Poland. The property, which is 91% let, was acquired for €7.35 million producing a yield on acquisition cost of 8.75%. A binding contract has been entered into to acquire this asset with completion anticipated in the coming months.

Pipeline

We have consistently had a strong pipeline of opportunities ranging from small individual land plots to large commercial premises to mixed portfolios. Our pipeline is sourced from many introductions, generated both from our local management teams and AMC senior management contacts. We also seek opportunities from traditional market sources but have a particular strength in our ability to generate off-market transactions. The combination of vast local knowledge, extensive investment and development experience as well as a streamlined investment approval process enables Atlas to respond quickly to opportunities as they arise, building sustainable relationships with property owners in the process.

In order to continue to achieve superior returns for our investors we have developed a pipeline that includes opportunities in capital and major secondary cities and further countries in the region. The pipeline reflects the strategy of building a balanced portfolio of yielding and development assets.

Portfolio valuation

As at 31 December 2006, the gross market value of the property assets within the portfolio was €329 million. Atlas share of this portfolio represented €312 million. The whole of the portfolio was valued by Cushman & Wakefield, an independent international company of real estate advisors. In the 11 month period under review to 31 December 2006 the Atlas share of the portfolio increased by 25% or €61.96 million over IPO valuation or acquisition cost.

Financial management

A considerable amount of progress has been made since March 2006 in developing the financial management infrastructure of the Group. We now have established finance teams in each territory of operation that are supervised by a centralised Group finance function.

A detailed system of internal control and reporting procedures continues to be developed to generate appropriate, timely management information for the ongoing assessment of the Group's performance. IT systems have been upgraded to allow for more cohesive and regular reporting and will be further enhanced to provide additional functionality and control.

Cash is managed both at local and head office levels, ensuring that surplus cash is suitably invested or distributed to other parts of the Group as necessary and balances are held in the appropriate currency.

The main financial risks faced by the Group are currency and interest rate exposures.

Currency 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.

Where possible we look to match the currency of the flow of income and outgoings. Rental income is received in both Euro and local currency and some operating expenses are incurred in local currency and planned for in advance. Development of residential projects has created receipts largely denoted in local currencies and so funding facilities are arranged accordingly. "Free cash" available for distribution within the Group is identified and appropriate forward exchange mechanisms put in place.

Where possible the Group will use debt facilities to finance the various projects. These will be secured at different points in time depending on the nature of the asset – yielding or development.

Amos Pickel
Chief Executive Officer
Atlas Management Company Limited
4 April 2007

Phil Holland
Chief Financial Officer
Atlas Management Company (UK) Limited

Property portfolio information As at 3 April 2007

Location/Property	Description	Atlas ownership
Poland		
Hilton Hotel, Warsaw	First Hilton Hotel in Poland, 313 rooms and conference facilities	100%
Platinum Towers, Warsaw - residential	48,000 square metres in 380 apartments with building permits and pre-sales	100%
Platinum Towers, Warsaw - office	23,000 square metres of office space with zoning	100%
Capital Art Apartments, Warsaw	850 apartments with building permits and pre-sales	100%
Zelino (formerly Nowy Zoliborz), Warsaw	Land with zoning for 380 apartments	76%
Millennium Tower, Warsaw	37,300 square metres of office and retail space	100%
Sadowa project, Gdansk (pending completion)	6,000 square metre office building with 91% occupancy	100%
Hungary		
Ikarus Business Park, Budapest	280,000 square metre plot with 110,000 square metres of lettable business space	100%
Metropol Office Centre, Budapest	7,750 square metre office building, 100% occupied, yield on acquisition price: 8.25%	100%
Atrium Homes, Budapest	514 apartments with building permits, marketing and construction: Q2 2007	100%
Ligetvaros Centre, Budapest	6,300 square metres of office/retail space, 99% occupied with rights to build extra 3,800 square metres. Yield on acquisition price: 8%	100%
Varosliget Centre, Budapest	12,000 square metre plot in Central Budapest for residential development	100%
Volan Project, Budapest	21,000 square metre plot, zoning for 89,000 square metre mixed use scheme	50%
Moszkva Square, Budapest	1,350 square metres of office space yielding 8.75%	100%
Slovakia		
Nove Vajnory, Bratislava	877,000 acquired from municipality for mixed use development	78.25%
Basta Project, Kosice	10,000 square metres for mixed use development in centre of Kosice, second city of Slovakia	50%
Romania		
Voluntari, Bucharest	108,000 square metres of land for potential residential development	60%
Solaris Project, Bucharest	32,000 square metre plot for residential development	100%
Golden Tulip Hotel, Bucharest	Centrally located, modern, 82 room hotel with business facilities	100%

CONSOLIDATED INCOME STATEMENT - UNAUDITED

Eleven months ended 31 December 2006

Continuing operations	2006 €000	Notes
Revenue	5,321	1
Cost of sales	(2,482)	
Gross profit	2,839	
Administrative expenses	(16,331)	
Other operating expenses	(580)	
Other operating income	650	
Increase in value of investment properties	3,400	
Other gains and losses	(174)	
Net goodwill arising on acquisitions	(1,956)	
Operating loss	(12,152)	1
Finance income	2,506	
Finance costs	(1,663)	
Share of post tax results of joint ventures	1,801	
Loss on ordinary activities before taxation	(9,508)	1
Tax on loss on ordinary activities	(1,121)	2
Loss for the period	(10,629)	1
Attributable to:		
Equity shareholders	(10,690)	
Minority interests	61	
	(10,629)	
Loss per €0.01 ordinary share - basic	21.76 eurocents	4
Loss per €0.01 ordinary share - diluted	21.76 eurocents	4

CONSOLIDATED BALANCE SHEET - UNAUDITED

As at 31 December 2006

	2006 €000	Notes
ASSETS		
Non-current assets		
Intangible assets	162	6
Property, plant and equipment	107,240	7
Investment property	67,585	8
Other loans receivable	327	
Deferred tax asset	1,121	
	176,435	
Current assets		
Inventory	99,205	
Trade and other receivables	22,241	
Cash and cash equivalents	62,672	
	184,118	
TOTAL ASSETS	360,553	
Current liabilities		
Trade and other payables	(30,024)	
Bank overdrafts and loans	(2,892)	9
	(32,916)	
Non-current liabilities		
Trade and other payables	(6,047)	
Bank loans	(76,170)	9
Deferred tax liabilities	(21,558)	
	(103,775)	
Total liabilities	(136,691)	
NET ASSETS	223,862	
EQUITY		
Share capital	484	
Revaluation reserve	2,981	
Other distributable reserve	226,406	
Other reserves	2,851	
Retained earnings	(10,148)	
Equity attributable to equity holders of the parent	222,574	
Minority Interests	1,288	
TOTAL EQUITY	223,862	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

Eleven months ended 31 December 2006

	Share capital €000	Other reserves €000	Retained earnings €000	Total €000	Minority interest €000	Total equity €000
As at 3 February 2006	-	-	-	-	-	-
Issue of shares	493	246,472	-	246,965	-	246,965
Cost of issue	-	(14,049)	-	(14,049)	-	(14,049)
Minority arising on acquisitions	-	-	-	-	1,255	1,255
Cancellation of share premium account (see below)	-	-	-	-	-	-
Shares bought back and cancelled	(9)	(3,977)	-	(3,986)	-	(3,986)
Result for the period	-	-	(10,690)	(10,690)	61	(10,629)
Exchange adjustments, net of tax	-	2,851	-	2,851	(28)	2,823
Revaluation of properties	-	3,680	-	3,680	-	3,680
Deferred tax on revaluation of properties	-	(699)	-	(699)	-	(699)
Share based payments	-	-	542	542	-	542
Dividends paid	-	(2,040)	-	(2,040)	-	(2,040)
As at 31 December 2006	484	232,238	(10,148)	222,574	1,288	223,862

By a resolution passed on 7 July 2006 at the Royal Court in Guernsey the amount standing to the credit of the share premium account of the Company following completion of the issue of the Placing Shares (less any issue expenses set off against the share premium account) was cancelled and the amount of the share premium account so cancelled was credited as a distributable reserve to be established in the books of the Company which shall be capable of being applied in any manner in which the Company's profits available for distribution (as determined in accordance with the Guernsey Law) are able to be applied, including the purchase of the Company's own shares and the payment of dividends.

CONSOLIDATED CASH FLOW STATEMENT - UNAUDITED

Eleven months ended 31 December 2006

Continuing operations	2006
	€000
Cash flows from operating activities	
Loss before tax for the period	(9,508)
Adjustments for:	
Finance costs	1,663
Finance income	(2,506)
Share of post tax profits of joint ventures	(1,801)
Operating loss	(12,152)
Write off of bad debts	271
Depreciation of property, plant and equipment	239
Amortisation of intangible assets	22
Gain on sale of PPE	(74)
Net goodwill charged to the income statement	1,956
Investment property gains and losses	(3,400)
Charge relating to share based payments	542
	(12,596)
Changes in working capital	
Increase in inventory	(5,168)
Increase in trade and other receivables	(1,257)
Increase in trade and other payables	7,081
	656
Cash generated from operations	(11,940)
Interest received	2,457
Interest paid	(1,592)
Tax paid	(49)
Net cash from operating activities	(11,124)
Investing activities	
Acquisition of subsidiaries – net of cash acquired	(53,318)
Increase in receivables in relation to property acquisitions	(1,800)
Deposits paid to secure future property acquisitions	(15,024)
Purchase of investment property	(12,818)
Purchase of property, plant and equipment	(17,093)
Proceeds from disposal of property, plant and equipment	213
Purchase of intangible assets - software	(158)
Net cash used in investing activities	(99,998)
Financing activities	
Dividends paid	(2,079)
Payments to acquire or redeem the entity's own shares	(3,986)
Share issue costs paid	(14,049)
Proceeds on issue of shares	178,450
New bank loans and overdrafts raised	9,751
New loans paid to non Atlas shareholder	(327)
New loans received from non Atlas shareholder	1,964
Net cash from financing activities	169,724
Net increase in cash and cash equivalents in the period	58,602
Effect of foreign exchange rates	4,070
Cash and cash equivalents at 31 December	62,672

STATEMENT OF ACCOUNTING POLICIES

Eleven months ended 31 December 2006

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRIC interpretations endorsed by the European Union and therefore comply with Article 4 of the EU IAS Regulation. The consolidated financial statements have been prepared on an historical cost basis as amended by the revaluation of investment properties and land and buildings. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial information incorporates the financial statements of the Company and its subsidiaries up to 31 December 2006. Subsidiaries are those entities that are controlled by the Company. Control is achieved where the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries and joint ventures acquired or disposed of during the period are included from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries and joint ventures to bring the accounting policies used into line with those used by the Group.

The interest of minority shareholders is stated at the minority’s proportion of the fair value of the assets and any liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

Joint ventures are accounted for under the proportionate consolidation method, whereby the consolidated balance sheet incorporates the Group’s share of the assets and liabilities of its joint ventures. The consolidated income statement incorporates the Group’s share of joint venture profits after tax.

The consolidated financial information is prepared in Euro and presented in thousands of Euro (“€000”).

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that differ from those segments operating in other economic environments.

The Group’s primary reporting segments are business activity and its secondary reporting segments are geographical.

Revenue recognition

Revenue comprises rental income, service charge and other recoveries from tenants and the supply of utilities to tenants of the Group's investment and trading properties and proceeds of the sale of residential apartments developed by the Group.

Rental income includes income from managed operations such as car parks. Service charges and other recoveries include income in relation to service charges and directly recoverable expenditure and any related chargeable management fees.

Rental income is recognised on an accruals basis. Changes to rental income that arise from open market rental values or are indexed linked on a periodic basis are recognised from the date on which the adjustment became due. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property. Lease incentives are allocated evenly over the life of the lease.

Revenue from the sale of housing units is recognised when the risks and rewards of ownership have been transferred to the buyer and provided that the Company has no further substantial acts to complete under the contract.

Other revenues, including the sale of utilities and other management fee income, are measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of VAT and other sales related taxes.

Share based payments

The cost of granting warrants to the Property Manager, its directors and employees is recognised through the income statement. The Group has used the Black-Scholes option valuation model and the resulting value is amortised through the income statement over the vesting period of the warrants.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in Euro, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value, which are denominated in foreign currencies, are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Gains and losses arising on the settlement of monetary items and on the re-translation of monetary items are included in the income statement for the period. Those that arise on the re-translation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items any exchange component of that gain or loss is also recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated using the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Leases

Where the Group is the lessee:

Operating leases – are leases held by the Group where substantially all risks and rewards of ownership are retained by another party, the lessor, are deemed to be operating leases. All payments made under such leases are charged to the income statement on a straight-line basis over the life of the lease.

Finance leases – are leases where the Group holds substantially all the risks and rewards of ownership. Such leases are capitalised at commencement of the lease at the lower of the fair value of the property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges in order that a constant rate may be achieved on the finance balance outstanding. The corresponding rental obligations are included in current and non-current liabilities, net of finance charges. Finance charges are charged to the income statement over the term of the lease so as to produce a constant periodic rate of interest on the outstanding balance. Investment properties acquired under finance leases are carried at their fair value.

Where the Group is the lessor:

Operating leases – properties that are let to tenants under operating leases are classed as investment properties in the balance sheet.

Finance leases – where properties are let under finance leases, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross amount receivable and the present value of the receivables is recognised as unearned finance income. Rental payments are recognised over the period of the lease using the net investment method before tax, which reflects a constant periodic rate of return. In instances where only the building element of a property lease is classed as a finance lease, the land element is shown as an operating lease.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets, that necessarily take a substantial period of time to get ready for use or sale, are capitalised as part of the cost of those assets until they are substantially ready for use or sale.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Intangible assets

Intangibles represent computer software used in the Group's operations. Computer software is amortised over its useful economic life of five years.

Property, plant and equipment

Land and buildings held for use in the supply of hotel services are stated in the balance sheet at their revalued amounts, being fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are performed on a semi-annual basis.

Any revaluation increase arising on such assets is credited to the revaluation reserve, except if it reverses a previous reduction in value for the same property that was previously recognised as an expense. In this instance the revaluation increase is credited to the income statement to the extent that the previous reduction in value was charged. A decrease in the valuation of land and buildings is charged as an expense 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.

Depreciation on revalued properties is charged to income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for rental are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. These assets will be transferred to Investment Property when they are ready for their intended use and will be carried on the same basis as other investment property assets.

Leasehold improvements, machinery, office equipment, computers and motor vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful economic lives, using the straight-line method, on the following bases:

Perpetual usufruct – included in land and buildings	over the life of the usufruct
Plant and equipment	10% to 33% per annum
Motor vehicles	20% per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income.

Goodwill

Business combinations are accounted for using the acquisition method. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the purchase price over the fair value of the assets and liabilities acquired is recognised as goodwill. Any discount received is credited to the income statement in the period of acquisition. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Goodwill is not amortised but is reviewed for impairment at each balance sheet date. The Group's policy on impairment is set out below.

Impairment

The carrying amounts of the Group's non-monetary assets, other than investment property, are reviewed at each reporting date. If any indication of impairment of the value of these assets exists, the recoverable amount of the asset is assessed. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable value of an asset is assessed by obtaining an independent assessment of its market value less any costs that would be incurred to realise its value.

Investment Property

Investment properties are those that are held either to earn rental income or for capital appreciation or both. Such properties are initially stated at cost, including any related transaction costs. After initial recognition, investment properties are carried at their fair value based on a professional valuation made at each reporting date.

At each reporting date the difference between the carrying amount of an investment property and its fair value at that date is included in the income statement as a valuation gain or loss.

Inventories of housing units

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs, interest costs of financing the development and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price, less all estimated costs of completion and costs to be incurred in marketing and selling the inventories.

Trade receivables

Trade receivables do not carry interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances, deposits held at banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Restricted bank deposits

Restricted bank deposits consist of deposits in banks that the Group pledged to secure banking facilities for the Group and to which the Group does not have access.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of any direct issue costs.

Taxation

The Company has obtained exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that it is exempt from Guernsey taxation on income arising outside Guernsey and on bank interest receivable in Guernsey. The Company is, therefore, only liable to a fixed fee of £600 per annum. The Directors intend to conduct the Company's affairs such that it continues to remain eligible for exemption.

Current tax arises in jurisdictions other than Guernsey. It is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantially enacted. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years – temporary differences and items that are never taxable or deductible – permanent differences. Temporary differences principally arise from using different balance sheet values for assets and liabilities than their respective tax base values. Deferred tax is provided in respect of all these taxable temporary differences at the balance sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited to equity.

Dividends

Final dividend payments in respect of a financial period are recognised as a liability in the period in which the dividend payment is approved by the Company's shareholders.

Interim dividends paid are recognised in the period in which the payment is made.

Derivative instruments

The only derivative instruments utilised by the Group are interest rate swaps and caps. The Group does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of existing debt facilities available to the Group in line with the Group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts. Termination payments are taken to the income statement as they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

1. Business and geographical segments

Primary reporting format – Business segments

For management purposes, the Group is currently organised into three operating divisions – the ownership and management of investment property, the development and sale of residential property and the ownership and operation of a hotel. These divisions are the basis on which the Group reports its primary segment information

Segment information about these businesses is presented below:

	Property rental €000	Residential sales €000	Hotel operations €000	2006 €000
Continuing operations				
Revenue	5,321	-	-	5,321
Segment result	4,712	(426)	(1,330)	2,956
Unallocated costs				(15,108)
Operating loss				(12,152)
Interest expense				(1,663)
Interest income				2,506
Share of post-tax results of joint ventures				1,801
Loss before tax				(9,508)
Tax on loss on ordinary activities				(1,121)
Loss for the period				(10,629)
Profit attributable to minority interests				(61)
Net profit attributable to equity shareholders				(10,690)
Segment assets	62,285	112,465	101,431	276,181
Share of joint venture assets				3,253
Unallocated assets				81,119
Total assets				360,553
Segment liabilities	(20,842)	(42,966)	(49,712)	(113,520)
Share of joint venture liabilities				(797)
Unallocated liabilities				(22,374)
Total liabilities				(136,691)

There are immaterial sales between the business segments. Unallocated costs represent corporate expenses. Segment assets include property, plant and equipment, goodwill, inventories, debtors and operating cash. Segment liabilities comprise operating liabilities and exclude taxation. Capital expenditure comprises additions to property, plant and equipment and investment properties and includes additions from acquisitions through business combinations.

Secondary reporting format – geographical segments

The group manages its business segments on a region wide basis. The operations are based in four main territories within the Group's region of focus. The main operations in the principal territories are as follows:

- Poland,
- Hungary,
- Slovakia, and
- Romania.

Continuing operations	Revenue €000	Segment assets €000	Capital expenditure €000
Poland	242	159,936	95,638
Hungary	5,079	68,357	228
Slovakia	-	38,215	64
Romania	-	31,052	-
	5,321	297,560	95,930
Investment in joint ventures		3,253	
Unallocated assets		59,740	
		360,553	

Analysis of revenue by category – continuing operations	2006 €000
Rental income	5,321
Sales of apartments	-
Other	-
Total	5,321

2. Tax on profit on ordinary activities

Continuing operations	2006 €000
Current tax	(126)
Deferred tax	(1,995)
Taxation	(1,121)

Tax on items charged to equity	2006 €000
Current tax on exchange movements offset in reserves	(301)
Deferred tax on revaluations	(699)
	(1,000)

Taxation has been calculated at the standard corporate tax rates ruling in each operating territory. The difference between the total current tax shown above and the amount calculated by applying the standard rates corporation tax to the profit before tax is as follows:

	2006
	€000
Loss on ordinary activities before tax	(9,508)
Tax on loss on ordinary activities at average country rate – 19%	(1,807)
Factors affecting charge:	
Effect of tax on share of results of joint venture	(339)
Temporary differences	2,136
Utilisation of brought forward tax losses	(135)
Adjustment to deferred tax for previous periods	557
Deferred tax not recognised on losses	338
Exchange rate differences	307
Differences in local tax rates	64
Tax charge for period	1,121

3. Dividends

	2006
	€000
Interim paid – 4.16 eurocents per ordinary share	2,040

In addition the Board is proposing a final dividend for 2006 in respect of 2006 of 8.32 eurocents per share which will absorb an estimated €4,030,880 of shareholders funds. If approved at the Company's AGM it will be paid on 29 June 2007 to shareholders who are on the register of members on 15 June 2007.

4. Earnings per share

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

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

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

	Earnings	Weighted average	Per share
	€000	number of shares	amount
Continuing operations			Eurocents
Basic EPS			
Earning attributable to ordinary shareholders	(10,629)	48,849,966	(21.76)
Effect of dilutive securities			
Share warrants	-	-	-
Diluted EPS			
Adjusted earnings	(10,629)	48,849,966	(21.76)

5. Goodwill

	2006 €000
Cost	
At 3 February 2006	-
Acquisitions through business combinations	1,956
At 31 December 2006	1,956
Aggregate impairment	
At 3 February 2006	-
Impairment for the year	(1,956)
At 31 December 2006	(1,956)
Net book amount at 31 December 2006	-

6. Intangible assets

	Computer software €000
Cost or valuation	
At 3 February 2006	-
Acquisitions through business combinations	32
Additions - separately	158
Exchange adjustments	(6)
At 31 December 2006	184
Amortisation	
At 3 February 2006	-
Change for the period	(22)
At 31 December 2006	(22)
Net book value at 31 December 2006	162

7. Property, plant and equipment

	Land and buildings €000	Plant and equipment €000	Motor vehicles €000	Total €000
Cost or valuation				
At 3 February 2006	-	-	-	-
Acquisitions through business combinations	85,390	97	147	85,634
Additions at cost	18,004	115	70	18,189
Exchange adjustments	90	10	15	115
Disposals	(12)	(55)	(127)	(194)
Revaluation	3,680	-	-	3,680
At 31 December 2006	107,152	167	105	107,424

	Land and buildings €000	Plant and equipment €000	Motor vehicles €000	Total €000
Accumulated depreciation				
At 3 February 2006	-	-	-	-
Charge for the year	(131)	(79)	(29)	(239)
Disposals	2	39	14	55
At 31 December 2006	(129)	(40)	(15)	(184)
Net book value at 31 December 2006	107,023	127	90	107,240

8. Investment property

	€000
At 3 February 2006	-
Acquisitions through business combinations	49,567
Additions	12,818
Exchange movements	(412)
Revaluation	5,612
At 31 December 2006	67,585

The fair value of the Group's investment property at 31 December 2006 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The Group has pledged some of its investment property to secure certain banking facilities granted to subsidiaries.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to €5.32 million. Direct operating expenses arising on the investment property in the period amounted to €0.99 million.

9. Financial liabilities - Borrowings

	€000
Current	
<i>Bank loans and overdrafts due within one year or on demand</i>	
Secured	(2,892)
Non-current	
Bank loans	
<i>Repayable within two years</i>	
Secured	(22,579)
<i>Repayable within three to five years</i>	
Secured	(15,755)
<i>Repayable after five years</i>	
Secured	(37,836)
Total non-current	(76,170)
Total	(79,062)

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

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	Zloty	Total
Bank overdrafts	526	-	526
Bank loans	69,348	9,188	78,536
	69,874	9,188	79,062

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