Atlas Estates Limited (“Atlas” or the “Company” or the “Group”)

UNAUDITED QUARTERLY RESULTS FOR THE THREE MONTHS TO 31 MARCH 2010

17 May 2010

Atlas Estates Limited, the Central and Eastern European (“CEE”) property investment and development company, today reports its quarterly results for the three months ended 31 March 2010.

The condensed consolidated quarterly report for the three months ended 31 March 2010 are available on the Company’s website at www.atlasestates.com.

Financial summary

- Revenue €38.1 million (31 March 2009: €14.3 million)
- Profit from operations of €2.3 million (31 March 2009: €1.6 million)
- Profit after tax of €7.1 million (31 March 2009: loss after tax of €17.4 million)
- Net Asset Value per share at 31 March 2010 of €2.75 (31 March 2009: €2.94 and 31 December 2009: €2.42)
- Net Asset Value at 31 March 2010 of €129.1 million (31 March 2009: €138.6 million and 31 December 2009: €113.9 million)
- Bank loans at 31 March 2010 €260.4 million (31 March 2009: €249.5 million and 31 December 2009: €260.2 million)
- Cash at 31 March 2010: €14.9 million (31 March 2009: €12.7 million and 31 December 2009: €13.1 million)

Operational summary

- Platinum Towers residential development in Warsaw with 167 sales completions in the first quarter out of a total 396 available apartments with revenue of €23.2 million recognised in 2010 (26 apartment sales in late 2009)
- Capital Art Apartments stage 2 sales completions of 58 out of 300 apartments with revenue of €6.7 million recognised in 2010
- Hilton has seen a recovery in demand and increased occupancy at 64% compared to 52% in the first quarter 2009
- Completion of cross collateralisation agreement with Erste bank on 4 loans

Commenting, Quentin Spicer, Chairman of Atlas, said:

> “The first quarter results of 2010 are pleasing in that the group has reported a profit after tax of €7 million and an increase in net asset value to €129 million. The sales of €30 million on the completed developments in Warsaw contributed to an increase in revenue to €38 million in three months. The Hilton the largest asset in the group has shown signs of stabilisation and recovery in terms of occupancy levels.”

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ATLAS ESTATES LIMITED

ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
FIRST QUARTER 2010

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Financial Highlights

Selected Consolidated Financial Items	Three months ended 31 March 2010 €'000	Year ended 31 December 2009 €'000	Three months ended 31 March 2009 €'000
Revenues	38,062	47,279	14,288
Gross profit	5,381	15,549	4,300
Decrease in value of investment properties	-	(35,558)	-
Profit /(loss) from operations	2,295	(47,132)	1,608
Profit /(loss) before tax	8,891	(57,023)	(20,342)
Profit /(loss) for the period	7,112	(49,218)	(17,434)
Profit /(loss) attributable to equity shareholders	7,134	(48,677)	(16,893)
Cash flow from operating activities	(852)	(10,424)	2,396
Cash flow from investing activities	(243)	339	(152)
Cash flow from financing activities	(3,777)	12,212	5,164
Net increase/ (decrease) in cash	1,700	(2,237)	(2,619)
Non-current assets	293,011	280,558	305,183
Current assets	167,282	182,742	164,265
Total assets	460,293	463,300	469,448
Current liabilities	(128,465)	(231,386)	(140,177)
Non-current liabilities	(202,727)	(118,016)	(190,636)
Total liabilities	(331,192)	(349,402)	(330,813)
Net assets	129,101	113,898	138,635
Shareholders' equity attributable to equity holders of the Company	128,633	113,166	137,903
Number of shares outstanding	46,852,014	46,852,014	46,852,014
Profit /(loss) per share (eurocents)	15.23	(103.9)	(36.06)
Basic net asset value per share (€)	2.75	2.42	2.94

Chairman's Statement

I am pleased to present 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 2010.

The results for the first quarter are very encouraging as the Group has reported a profit before tax of €8.9 million and an increase in net asset value to €129.1 million equivalent to €2.75 per share. In April the Board of Directors received an offer for the Company details of which are set out below.

Offer for the Company by Fragiolig Holdings Limited

On 14 April 2010 the board of Atlas announced that it had received an approach which may or may not lead to a cash offer of 90p per Atlas Estates Limited share being made for the whole of the issued share capital of the Company other than shares already held by the offeror. This offer price had been included in the announcement with the consent of the offeror.

On 20 April 2010 the board of Atlas noted the announcement of a mandatory cash offer by Fragiolig Holdings Limited ("Fragiolig") published on 16 April 2010.

On 6 May 2010 the board announced their views on the offer by Fragiolig for the entire issued, and to be issued, ordinary share capital of Atlas as announced on 16 April 2010. The Offer values the entire issued ordinary share capital of Atlas at £42.17 million and represents a substantial discount to the latest published NAV per Atlas Share as at 31 December 2009 of €2.42 (and adjusted NAV per Atlas Share of €2.95). The Board, having considered the information currently available to it, including the latest published NAV, Atlas' share price performance and having regard to the risks and operating constraints highlighted above, believe the Offer price to be fair, given it will afford Shareholders an opportunity to obtain cash for their Shares in the timescales of the Offer. The full text of this announcement is available on the Company's website at www.atlasestates.com.

Reported Results

The Group has reported an increase in basic net asset value of 14% from €113.9 million at 31 December 2009 to €129.1 million at 31 March 2010 (€138.6 million at 31 March 2009).

Revenue includes sales from development properties on the Platinum Towers and Capital Art Apartments developments of €30.6 million compared to €6.8 million for the first three months ended 31 March 2009. Revenue for the three months ended 31 March 2010 was €38.1 million compared to €14.3 million for the three months ended 31 March 2009.

The Group has reported a profit from operations of €2.3 million for the three months ended 31 March 2010 compared to €1.6 million for the three months ended 31 March 2009.

Profit after tax is €7.1 million for the three months ended 31 March 2010 compared to a loss after tax of €17.4 million for the three months ended 31 March 2009. This change quarter on quarter reflects the effect of movements in exchange rates used in the translation of the results.

Financing, Liquidity and Forecasts

The Group has continued to be in discussions with its banks and has refinanced or extended loans on several of its properties.

The Group has reported a profit before taxation for the three months ended 31 March 2010 and an increase in net asset value as at 31 March 2010. The Directors consider that although prospects are generally improving, there are challenges in the markets in which the Group operates due to reduced access to bank financing and continued economic uncertainty. The completion of the sale of the Group's interests in Slovakia, described in more detail below, will significantly improve the Group's overall cash position and reduce its borrowings and overheads.

The Group's forecasts and projections have been prepared taking into account the economic environment and its challenges and mitigating factors. These forecasts take into account reasonable assumptions as to possible changes in trading performance, potential sales of properties and the future financing 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 will 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 2010, as set out in accounting policies to the condensed consolidated financial information.

Investing Policy

The Company actively invests in a portfolio of real estate assets across a range of property types throughout CEE.

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

The Company makes investments both on its own and, where appropriate, with joint venture partners in residential, industrial, retail, office and leisure properties in order to create an appropriately balanced portfolio of income-generating properties and development projects. There are no set restrictions on either sector or geographical spread of investments within the Company's stated investment region.

The Company may employ leverage to enhance returns on equity although the extent of such leverage will vary on a property by property basis. Wherever possible, the Directors intend to seek financing on non-recourse, asset by asset basis. The Company has not set limit on its overall level of gearing, however it is anticipated that the Company will employ a gearing ratio of up to 75% of the total value of its interest in income-generating properties within its property portfolio.

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

The Board recognises that the current state of the credit markets and general downturn in the CEE economies in which the Company invests have had a negative effect on the overall value of the Group's portfolio, causing a decline in the Company's net asset value per share. In order for the Company to achieve its long term investing policy, the Board's short term investment strategy for 2009 and 2010 is cash focused with new development activity in relation to parts of its portfolio being selectively deferred but with current active projects displaying good sales being progressed on time and on budget and being brought to a conclusion to achieve intended returns. No dividends are expected to be paid in the short term.

Disposal of interests in Slovakia and new loan in Hungary

Atlas announced on 3 November 2009 that it had signed an agreement for the sale of its entire investment interests throughout Slovakia (the "Slovakia Portfolio"), comprising 3 sites: one in Bratislava and two in Kosice, which were held in a joint venture in which Atlas had a 50 per cent interest. The Group is expected to realise €8 million in net proceeds from the sale of the Slovakia Portfolio. The combined impact of ceasing to consolidate its share of debt in the joint venture and the receipt of the cash consideration will reduce the Group's overall debt by some €20.5 million pending any reinvestment of the cash proceeds. The Board intends to utilise the net proceeds to fund the development of the Group's remaining assets, with particular focus on the assets located in Warsaw, Poland, where the Group has a strong presence and is likely to realise value from development activity within the next two to three years. This contrasts with the projects in Slovakia, which would have required the investment of large amounts of capital with returns arising in the long term.

The completion of the disposal of Atlas interests in Slovakia was to be in two stages. The first stage was completed in November 2009 and proceeds of €853,000 were received. The second stage was due for completion within 70 days of the signing of the contract, when a further €7,147,000 was due to be received. On 18 January the Company announced that due to delays by the purchaser in obtaining a relevant consent from the loan provider to the joint venture, the completion of the sale of investments in Slovakia did not take place by the due date. The parties to the contract still wish to proceed with the sale and purchase of the remainder of the portfolio and negotiations are taking place with a view to completing this transaction as soon as practicable.

On 25 January 2010 the Company announced that its Hungarian subsidiary Cap East Kft, which owns the Metropol office building in Budapest, had signed a credit facility for €3.1 million with FHB Kereskedelmi Bank Zft. This loan will be utilised as working capital for operations and to fund the development of its portfolio. This new loan is a significant achievement in very tight credit conditions. It will provide increased liquidity and will enable the business to increase investment in projects, which are realising value.

Amendment agreements with Erste Bank to the facility agreements for Millennium, Ligetvaros, Solaris and Voluntari

On 24 February 2010 the Group companies Atlas Estates (Millennium) Sp. z. o.o, Ligetvaros Kft, Atlas Solaris SRL and World Real Estate SRL signed an amendment agreement with Erste Bank. This agreement created a cross collateralisation arrangement between these four companies with respect to the loans provided by Erste Bank. In return for this cross collateralisation the bank agreed to waive any claims for any breaches of covenants which were in existence. A new covenant of interest service coverage has been included, with a priority of payments list, reduced margins on each loan and extension of maturity dates for the two Romanian land loans to 31 December 2012. This agreement provides the Group with major improvements in the loan terms on each of these four assets and overcomes breaches of covenants on three of the loans. As a result of this, loans of €88 million were reclassified in the current reporting period from current liabilities to non-current liabilities due in after one year.

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

The Company has used NAV per share and Adjusted NAV per share as key performance measures since its IPO. In the three months to 31 March 2010, 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 by 14% to €2.75 per share from €2.42 as at 31 December 2009 (€2.94 as at 31 March 2009).

An independent valuation on the entire property portfolio is carried out on a semi-annual basis. This measures the valuation gains and losses during the financial period and is included in the basis for the Property Manager's performance assessment and fee calculations. The latest independent valuation was performed on 31 December 2009 and has been used in the financial statements at 31 March 2010. Land holdings are valued on either a residual value or a comparative basis. No profit is taken to reflect the stage of development of each site.

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 Directors consider that it is more prudent and appropriate to wait until the independent valuation is undertaken at 30 June 2010, as since the last independent valuation at 31 December 2009, there has continued to be significant expenditure on the development properties and significant changes in the markets for development properties.

Prospects in Central and Eastern Europe

In the longer term the Company remains committed to its strategy of investment in this region, as we believe that the markets will continue to offer growth rates ahead of those to be offered in the more developed markets in Western Europe. The Company has benefited in previous years from the growth in these markets and in the longer term the Company will benefit from the next positive stage in the property and economic cycle.

As reported previously, the global economic crisis has had a very significant impact on the economies and prospects in the CEE region. There have been improvements in sales demand in recent months in Warsaw, as Poland confirms its position as the most resilient market in Europe. For 2010 and beyond there have been forecasts of stabilisation and recovery for certain markets in the CEE region. The timing and extent of recovery is uncertain and depends upon how the financial crisis in the global markets resolves itself. Therefore the directors and management of Atlas continue to adopt a prudent and measured approach to investment.

Atlas has achieved significant progress with developments in Warsaw and is realising value from cash in-flows as apartments are sold. Bank refinancing and cash proceeds due from the sale of assets will provide the Group with the liquidity to develop further projects. The potential remains for the economies of the CEE region to revert in time to achieve growth rates outperforming those of most Western economies.

Quentin Spicer
CHAIRMAN
17 May 2010

Review of the Property Manager

In this review we present the financial and operating results for the three months ended 31 March 2010. 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 2010, the Company held a portfolio of 21 properties comprising 10 investment properties of which eight are income yielding properties and two are held for capital appreciation, two hotels and nine development properties.

As highlighted in the Chairman’s Statement on page 5 Atlas signed an agreement for the sale of its entire investment interests throughout Slovakia (the “Slovakia Portfolio”), comprising three sites in Bratislava and Kosice. This will end the Company’s interests in Slovakia. The Company has disposed of the two properties in Kosice, but awaits bank consent to complete the disposal of its property in Bratislava.

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 75% of the portfolio. The Polish economy has proven to be the most resilient in the CEE region with positive GDP growth reported of 1.7% for 2009. The forecasts for 2010 and 2011 are relatively positive in comparison to other markets. The Group’s major operations are in Warsaw with over half of the assets of the Group.

Hilton Hotel, Warsaw

The Hilton Hotel in the Wola district of Warsaw is the Group’s most prestigious asset. In 2009 the CEE region and the hotel market across Europe had been adversely impacted by the global economic downturn. In the first quarter of 2010 there has been a sign of recovery in the market. This has resulted in occupancy rates for the first three months of 2010 of 64% compared to 52% in the first quarter of 2009. Operating margins have also increased in the hotel operation to 29% in 2010 compared to 27% in 2009.

The Company also lets areas of the property to Holmes Place health club, Olympic, the casino operator, and a number of smaller retailers. There have been no significant changes to report in these leases.

Platinum Towers

The Platinum Towers residential development was completed in the third quarter of 2009. Sales for 26 apartments were recognised in 2009 and in the first quarter 2010 sales of 167 apartments have been recognised.

In total, pre-completion apartment sales are at 356 (apartments sold subject to completion).

Capital Art Apartments

The Capital Art Apartments development in Warsaw is a significant development in the Wola district of Warsaw close to the city centre. It is a three stage development which will release 739 apartments with parking and amenities, including retail facilities. Construction of the first stage was completed in the fourth quarter of 2008. The construction of the second stage was completed in 2009.

The Company has sold to date 218 out of 219 apartments in stage 1. For stage 2 apartment pre sales have reached 203 out of 300 apartments available. Sales for 58 apartments have been recognised in the first quarter 2010.

Millennium Plaza

Occupancy levels have increased to 68% compared to 63% at 31 December 2009.

Hungary

In Hungary, the Group portfolio comprises seven properties, all of which are located in Budapest. Five are income producing assets, including the Ikarus Business Park. As a result of weak economic conditions, new government was elected in late March 2010. There have been no significant changes in the properties.

Romania

The Group's portfolio contains three properties in Romania, including the Golden Tulip Hotel and two significant land banks. In difficult trading conditions, occupancy rates at the Golden Tulip have fallen to 38% in the first quarter 2010 compared to 58% in 2009.

Bulgaria

The Group holds one rental property in Sofia. This office building has had no significant changes in tenancies during the period.

Financial Review

Portfolio valuation and valuation methods

An independent valuation of the entire property portfolio is carried out on a semi-annual basis by independent valuation experts. Independent valuations may also be performed when a new property is acquired. The most recent valuation was performed at 31 December 2009 by independent real estate advisors, King Sturge.

The properties in Slovakia were independently valued at 30 June 2009 by Colliers International. These valuations were used to determine the provision for the loss on disposal and the asset held for sale. No independent valuation was undertaken at 31 December 2009 on the Slovakian properties as a disposal price was agreed with a third party purchaser, which was used in the accounting for the asset held for sale to write the value down to net realisable value.

The gross market value of the property assets within the Company's portfolio, including valuation gains on development properties held in inventory and land held under lease but not recognised at fair value in the balance sheet, and including minority interest, was €473 million as at 31 December 2009.

Loans and valuations

As at 31 March 2010, the Company's share of bank debt associated with the portfolio of the Group was €260 million (31 December 2009: €260 million; 31 March 2009: €250 million). Loans and valuations may be analysed as follows for those periods in which valuations were undertaken:

	Loans 31 March 2010 €'000	Valuation 31 March 2010 €'000	Loan to Value Ratio 31 March 2010	Loans 31 March 2009 €'000	Valuation 31 March 2009 €'000	Loan to Value Ratio 31 March 2009
Investment property	117,602	159,182	73.9%	114,853	175,583	65.4%
Hotels	66,197	104,050	63.6%	68,218	104,112	65.5%
Development property in construction	43,004	118,140	36.4%	34,272	97,282	35.2%
Other development property	21,237	38,649	54.9%	32,163	85,820	37.5%
	248,040	**420,021**	**59.1%**	**249,506**	**462,797**	**53.9%**
Liabilities disclosed as held for sale	12,369	21,855	56.6%	-	-	-
Total	**260,409**	**441,876**	**58.9%**	**249,506**	**462,797**	**53.9%**

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

Loans maturing within one year are €73 million at 31 March 2010 (excluding those classified as held for sale) compared to €156 million at 31 December 2009 and €97 million at 31 March 2009. There is one loan in breach at 31 March 2010 relating to an LTV covenant breach. This loan was in breach at 31 December 2009 and 31 March 2009. All other breaches have been remedied or renegotiated. Also included within loans repayable on demand at 31 March 2010 is an amount of €9.6 million (2009: €9.0 million) and negotiations are on going with the bank on refinancing terms.

At 31 December 2009 there were three loans in breach, included in a recent cross collateralisation agreement with Erste Bank, which is detailed in the debt financing section below. Under this agreement the breaches under the three loans have been waived.

Cash and cash equivalents was €14.9 million at 31 March 2010 (31 December 2009: €13.1 million and 31 March 2009 €12.7 million). The gearing ratio is 191%, based upon net debt as a percentage of equity attributable to shareholders and is 66% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratios were 218% and 69% respectively as at 31 December 2009 and 172% and 63% respectively as at 31 March 2009.

Debt financing

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

The companies signed in February 2010 a cross-collateralisation agreement with Erste Bank on all four of their loans. The terms of this amendment agreement to the four facilities included a bank waiver with respect to all previous breaches of covenants or default events under the facilities. New terms have been agreed, including a priority of payments schedule, reduced margins for each loan and new maturity dates. A new ISCR covenant is to be measured across the combination of all four assets. A new LTV covenant comes into effect from 1 January 2013. This is a significant step forward for the Group as this agreement overcomes the breaches of covenant and events of default on three properties and facilities.

The LTV covenant was breached on Atlas House, Sofia and the loan continues to be classified as a current liability. The debt has been serviced and the bank has provided a signed term sheet for a waiver on this breach to 31 December 2010. The Vajnory land loan which matured in March 2009 was successfully extended for 12 months to March 2010. Bank consent under this loan agreement is required for the completion of the disposal of Atlas interests in Slovakia, as set out in the Chairman's Statement.

Discussions have been ongoing to secure an extension of the land loan for the Kokoszki plot in Gdansk. Terms are agreed in principal and the Company is awaiting final signature.

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**	**Period ended 31 March 2010 € millions**	**Period ended 31 March 2009 € millions**
Revenue	3.2	30.6	4.3	-	38.1	14.3
Cost of operations	(1.5)	(28.1)	(3.1)	-	(32.7)	(10.0)
Gross profit	1.7	2.5	1.2	-	5.4	4.3
Administrative expenses	(0.2)	(0.3)	(0.8)	(1.2)	(2.5)	(2.9)
Gross profit less administrative expenses	1.5	2.2	0.4	(1.2)	2.9	1.4
Gross profit %	53%	8%	28%	n/a	14%	30%
Gross profit less administrative expenses %	47%	7%	9%	n/a	8%	10%

Revenue

As the Company maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified. The available portfolio of assets for lease, the systematic execution and sale of residential projects and the geographical reach of the Company's portfolio has, to a significant extent, resulted in stable levels of income being earned.

Development Properties

	31 March 2010 € millions	31 March 2009 € millions	**Change quarter on quarter 2010 v 2009 € millions**	Translation foreign exchange effect € millions	Operational change 2010 v 2009 € millions
Revenue	30.6	6.8	23.8	0.8	23.0
Cost of operations	(28.0)	(5.7)	(22.3)	(0.7)	(21.6)
Gross profit	2.6	1.1	1.5	0.1	1.4
Administrative expenses	(0.3)	(0.6)	0.3	-	0.3
Gross profit less administrative expenses	2.3	0.5	1.8	0.1	1.7

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

Apartment sales in developments in Warsaw

	Capital Art Apartments stage 1	Capital Art Apartments stage 2	Platinum Towers
Total apartments for sale	219	300	396
Pre sales of apartments	218	203	356
Sales completions in 2008	99	-	-
Sales completions in 2009	107	-	26
Sales completions in 2010	7	58	167
Total sales completions	213	58	193
Pre sales in 2009	21	95	31
Pre sales in 2010	-	10	-

On stage 2 at Capital Art Apartments, for the three months ended 31 March 2010, revenue of €6.7 million and gross profit of €1.3 million (2009: €nil) have been recognised on the sales of 58 apartments.

For Platinum Towers, for the three months ended 31 March 2010, of the 396 available apartments completed sales were represented by 167 apartments. This resulted in sales of €23.2 million and a gross profit of €1.2 million being recognised in the income statement.

Property Rental

	31 March 2010 € millions	31 March 2009 € millions	**Change quarter on quarter 2010 v 2009 € millions**	Translation foreign exchange effect € millions	Operational change 2010 v 2009 € millions
Revenue	3.2	3.5	(0.3)	0.3	(0.6)
Cost of operations	(1.5)	(1.4)	(0.1)	(0.1)	-
Gross profit	1.7	2.1	(0.4)	0.2	(0.6)
Administrative expenses	(0.2)	(0.1)	(0.1)	-	(0.1)
Gross profit less administrative expenses	1.5	2.0	(0.5)	0.2	(0.7)

The revenue of the Group has been affected principally by the loss of tenants and falling rental levels at its two largest properties the Millennium Plaza and Ikarus Industrial Park.

Hotel operations

	31 March 2010 € millions	31 March 2009 € millions	**Change quarter on quarter 2010 v 2009 € millions**	Translation foreign exchange effect € millions	Operational change 2010 v 2009 € millions
Revenue	4.3	4.0	0.3	0.5	(0.2)
Cost of operations	(3.1)	(2.9)	(0.2)	(0.3)	0.1
Gross profit	1.2	1.1	0.1	0.2	(0.1)
Administrative expenses	(0.8)	(0.7)	(0.1)	(0.1)	-
Gross profit less administrative expenses	0.4	0.4	-	0.1	(0.1)

The Hilton in Warsaw has seen an occupancy rate of 64% for the first quarter 2010 compared to 64% in the 12 months ended 31 December 2009 and 52% for the three months ended 31 March 2009.

Occupancy rates at the Golden Tulip Hotel in Bucharest, Romania were 38% for the three months ended 31 March 2010 compared to 57% for the year ended 31 December 2009 and 58% for the three months ended 31 March 2009.

Cost of operations

Cost of operations was €32.7 million in the quarter ended 31 March 2010, of which €28.0 million relates to the cost of construction of the apartments sold during the quarter. Cost of operations for the quarter ended 31 March 2009 was €10.0 million, of which costs relating to apartment sales were €5.6 million. The resultant increase of €0.3 million in costs not relating to apartment sales between the quarter ended 31 March 2010 and quarter ended 31 March 2009 includes the effect of appreciaitng currencies in the region of 0.4 million. The underlying cost of operations has decreased by €0.1 million, reflecting cost savings implemented by management.

Administrative expenses

We can report that administrative expenses were €2.5 million compared to €2.9 million in the first quarter 2009. This decline of €0.4 million includes the effect of appreciating currencies in the region of €0.1 million. The underlying administrative expenses have decreased by €0.5 million, reflecting extensive cost savings implemented by management and the effect of reduced management fees.

Foreign exchange

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

	Polish Zloty	**Hungarian Forint**	**Romanian Lei**	**Slovakian Crown**	**Bulgarian Lev**
Closing rates					
31 March 2010	3.8622	266.39	4.0958	N/A	1.95583
31 December 2009	4.1082	270.84	4.2282	N/A	1.95583
% Change	(6.0%)	(1.6%)	(3.1%)	N/A	0%
31 March 2009	4.7013	309.22	4.2348	N/A	1.95583
Average rates					
1st quarter 2010	3.9924	268.57	4.1160	N/A	1.95583
Year 2009	4.3273	280.58	4.2373	N/A	1.95583
% Change	(7.7%)	(4.3%)	(2.9%)	N/A	0%
1st quarter 2009	4.4903	294.57	4.2662	N/A	1.95583

Net Asset Value

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

- Yielding assets let to paying tenants – classed as investment properties with valuation movements being recognised in the Income Statement;
- Property, plant and equipment operated by the Group to produce income, such as the Hilton hotel or land held for development of yielding assets (PPE) – revaluation movements are taken directly to reserves, net of deferred tax; and
- Property developments, including the land on which they will be built – held as inventory with no increase in value recognised in the financial statements.

The Property Manager's basic and performance fees are determined by the adjusted NAV. For the three months to 31 March 2010 the fee payable to AMC was €0.8 million (€1.0 million to 31 March 2009).

Ongoing activities

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

Financial management, operational management and material risks

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

The Company has completed four years as a quoted company and is a dual-listed entity in Warsaw and London. 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, 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 AMC closely monitor the effects that the current global economic conditions have on the business and have and will continue to take steps to mitigate, as far as possible, any adverse impact that may result for the business.

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

Financing and liquidity

Management has experienced a change in the approach and requirements of lenders for financing in the CEE region which has been reflected in the covenants that are applied to facilities, such as a reduction of loan to value ratio, increasing margins and an increase in levels of required pre-sales on development projects. Negotiation and completion of financing agreements is also taking longer than previously experienced. 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.

As at 31 March 2010, the Company's share of bank debt associated with the portfolio was €260 million, with cash and cash equivalents of €14.9 million. The gearing ratio is 191%, based upon net debt as a percentage of equity attributable to shareholders and is 66% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratios were 218% and 69% respectively as at 31 December 2009 and 172% and 63% respectively as at 31 March 2009. Where possible, we refinance properties where valuations have increased, thereby releasing equity for further investment.

Currency and foreign exchange

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

Most of the income from the Company's investment properties is denominated in Euros 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 a great deal of valuable local market knowledge and expertise. Good progress has been made with the construction of two key development projects in Warsaw, Platinum Towers and Capital Art Apartments and pre-sales and sales completion activity has been very successful, underpinning our confidence in the medium and long term market prospects.

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

Nahman Tsabar
Chief Executive Officer
Atlas Management Company Limited
17 May 2010

Michael Williamson
Chief Financial Officer
Atlas Management Company Limited

Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton Hotel in Poland – a hotel with 314 luxury rooms, large conferencing facilities, 4,500 square meters Holmes Place health club and spa and casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers	396 apartments in two towers; the residential development has been completed in the 3rd quarter of 2009 with two residential towers, a piazza and commercial area on the ground and fist floors. Location close to the central business district in Wola area of Warsaw.	100%
Platinum Towers - offices	Land with zoning for an office scheme of class A office space planned over 40 floors.	100%
Capital Art Apartments	739 apartment three stage development with Stage 1 completed in 4th quarter 2008 with 218 out of 219 apartments pre sold. Stage 2 with the construction of 300 apartments completed in 2009. Stage 3 construction will follow. Location close to the central business district in Wola area of Warsaw.	100%
Zielono	Land with zoning and building permit for 265 apartments. Construction will commence with appropriate financing. Location in a residential area of Warsaw.	76%
Millennium Tower	32,700 square metres of modern accommodation in the central business district of Warsaw with 6,100 square meters of retail and 26,600 square meters of office space.	100%
Cybernetyki project	3,100 square metres plot of land zoned for 11,000 square metres and with building permit for residential development. Construction will commence with appropriate financing. Location in Mokotow district close to the central business district of Warsaw.	50%
Sadowa project	6,550 square metres office building close to the city centre of Gdansk.	100%
Kokoszki, Gdansk	430,000 square metres plot in Gdansk with zoning for construction of 130,000 square metres of mixed use development, situated on the outskirts of Gdansk.	100%
Hungary		
Ikarus Business Park	283,000 square metres plot with 110,000 square metres of built business space and 70,000 of currently lettable, located in the 16th district, a suburban area of Budapest	100%
Metropol Office Centre	7,600 square metres office building in the 13th district of central Budapest.	100%
Atrium Homes	Two phase development of 22,000 square meters of 456 apartments with 235 apartments in phase 1 with building permits, located in the 13th district in central Budapest.	100%
Ligetvaros Centre	6,300 square metres of office/retail space with rights to build extra 6,400 square metres, located in the 7th district, a central district in Budapest.	100%
Varosliget Centre	12,000 square metres plot in the 7th district in central Budapest, with zoning for a mixed use development of 31,000 gross square metres.	100%
Moszkva Square	1,000 square metres of office and retail space in the Buda district of the city.	100%
Volan Project	20,640 square metres plot, zoning for 89,000 square metres mixed use scheme in a central district of Budapest.	50%

Romania

Voluntari	99,116 square metres of land in three adjacent plots at the pre-zoning stage, in the north eastern suburbs of the city, known as Pipera.	100%
Solaris Project	32,000 square metres plot for re-zoning to mixed-use development in a central district of Bucharest.	100%
Golden Tulip Hotel	83 room hotel in the city centre of Bucharest.	100%

Bulgaria

The Atlas House	Office building in Sofia's city centre with 3,472 square metres of lettable area spread over eight floors.	100%

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2010

		Three months ended 31 March 2010 (unaudited) €'000		Three months ended 31 March 2009 (unaudited) €'000	Note
Revenues		**38,062**		**14,288**	3
Cost of operations		(32,681)		(9,988)	4.1
Gross profit		**5,381**		**4,300**	
Property manager fee	*851*		*1,035*		
Central administrative expenses	*624*		*820*		
Property related expenses	*1,048*		*1,032*		
Administrative expenses		(2,523)		(2,887)	4.2
Other operating income		127		374	
Other operating expense		(690)		(179)	
Profit from operations		**2,295**		**1,608**	
Finance income		302		115	
Finance costs		(2,851)		(3,410)	
Other gains and (losses) – foreign exchange		9,145		(18,655)	
Profit /(loss) before taxation		**8,891**		**(20,342)**	
Tax (expense / credit		(1,779)		2,908	5
Profit / (loss) for the period		**7,112**		**(17,434)**	
Attributable to:					
Equity shareholders of the Company		7,134		(16,893)	
Minority interests		(22)		(541)	
		7,112		**(17,434)**	
Profit / (loss) per €0.01 ordinary share – basic (eurocents)		15.23		(36.06)	7
Profit / (loss) per €0.01 ordinary share – diluted (eurocents)		15.23		(36.06)	7

All amounts relate to continuing operations.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2010

	31 March 2010	31 March 2009
	€'000	€'000
PROFIT/(LOSS) FOR THE PERIOD	**7,112**	**(17,434)**
Other comprehensive income:		
Exchange adjustments	8,217	(18,502)
Deferred tax on exchange adjustments	(130)	719
Other comprehensive income for the period (net of tax)	**8,087**	(17,783)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**15,199**	**(35,217)**
Total comprehensive income attributable to:		
Equity shareholders of the parent Company	15,221	(34,676)
Non-controlling interests	(22)	(541)
	15,199	**(35,217)**

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED BALANCE SHEET
As at 31 March 2010

	31 March 2010 (unaudited) €'000	31 December 2009 €'000	31 March 2009 (unaudited) €'000	Notes
ASSETS				
Non-current assets				
Intangible assets	228	227	520	
Land under operating lease – prepayments	13,960	13,166	14,554	
Property, plant and equipment	100,456	95,525	95,983	8
Investment property	168,519	161,027	177,284	9
Other loans receivable	2,420	2,380	8,055	
Deferred tax asset	7,428	8,233	8,787	
	293,011	**280,558**	**305,183**	
Current assets				
Inventories	120,334	138,720	144,667	10
Trade and other receivables	5,364	4,380	6,929	
Cash and cash equivalents	14,751	13,051	12,669	11
	140,449	**156,151**	**164,265**	
Assets classified as held for sale	26,833	26,591	-	14
TOTAL ASSETS	**460,293**	**463,300**	**469,448**	
Current liabilities				
Trade and other payables	(35,383)	(55,543)	(42,699)	
Bank loans	(72,974)	(156,031)	(96,956)	13
Derivative financial instruments	(335)	(368)	(522)	
	(108,692)	**(211,942)**	**(140,177)**	
Liabilities directly associated with assets classified as held for sale	(19,773)	(19,444)	-	14
Non-current liabilities				
Other payables	(5,708)	(5,308)	(10,057)	
Bank loans	(175,067)	(91,719)	(152,550)	13
Derivative financial instruments	(1,444)	(1,257)	(1,531)	
Deferred tax liabilities	(20,508)	(19,732)	(26,498)	
	(202,727)	**(118,016)**	**(190,636)**	
TOTAL LIABILITIES	**(331,192)**	**(349,402)**	**(330,813)**	
NET ASSETS	**129,101**	**113,898**	**138,635**	
EQUITY				
Share capital account	6,268	6,268	6,268	
Revaluation reserve	7,487	6,936	15,575	
Other distributable reserve	194,817	194,817	194,817	
Translation reserve	983	(6,795)	(22,465)	
Accumulated loss	(80,922)	(88,060)	(56,292)	
Equity attributable to equity holders of the Company	**128,633**	**113,166**	**137,903**	
Minority Interests	**468**	**732**	**732**	
TOTAL EQUITY	**129,101**	**113,898**	**138,635**	
Basic net asset value per share	€2.75	€2.42	€2.94	

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2010

Three Months Ended 31 March 2010 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 January 2010	**6,268**	**194,958**	**(88,060)**	**113,166**	**732**	**113,898**
Total comprehensive income for the period	-	8,087	7,134	**15,221**	(22)	**15,199**
Transfer of minority interest	-	242	-	**242**	(242)	**-**
Share based payments	-	-	4	**4**	-	**4**
As at 31 March 2010	**6,268**	**203,287**	**(80,922)**	**128,633**	**468**	**129,101**

Year ended 31 December 2009	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 January 2009	**6,268**	**205,710**	**(39,412)**	**172,566**	**1,273**	**173,839**
Total comprehensive income for the year	-	(10,752)	(48,677)	**(59,429)**	(541)	**(59,970)**
Share based payments	-	-	29	**29**	-	**29**
As at 31 December 2009	**6,268**	**194,958**	**(88,060)**	**113,166**	**732**	**113,898**

Three Months Ended 31 March 2009 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 January 2009	**6,268**	**205,710**	**(39,412)**	**172,566**	**1,273**	**173,839**
Total comprehensive income for the period	-	(17,783)	(16,893)	**(34,676)**	(541)	**(35,217)**
Share based payments	-	-	13	**13**	-	**13**
As at 31 March 2009	**6,268**	**187,927**	**(56,292)**	**137,903**	**732**	**138,635**

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED CASH FLOW STATEMENT
Three months ended 31 March 2010

	Note	Three months ended 31 March 2010 (unaudited) €'000	Three months ended 31 March 2009 (unaudited) €'000
Cash inflow generated from operations	**12**	**402**	**4,592**
Interest received		35	39
Interest paid		(1,104)	(2,072)
Tax paid		(185)	(163)
Net cash inflow / (outflow) from operating activities		**(852)**	**2,396**
Investing activities			
Purchase of investment property		(62)	(84)
Purchase of property, plant and equipment		(122)	(84)
(Purchase of) / proceeds from property, plant and equipment		(59)	17
Purchase of intangible assets – software		-	(1)
Net cash used in investing activities		**(243)**	**(152)**
Financing activities			
New bank loans raised		1,380	6,245
Repayments of bank loans		(5,209)	(1,056)
New loans granted to JV partners		(33)	(355)
New loans received from minority investors		85	330
Net cash (used in) / from financing activities		**(3,777)**	**5,164**
Net increase in cash and cash equivalents in the period		**4,362**	**7,408**
Effect of foreign exchange rates		6,572	(10,027)
Net increase/ (decrease) in cash and cash equivalents in the period		**1,700**	**(2,619)**
Cash and cash equivalents at the beginning of the period		**13,051**	**15,288**
Cash and cash equivalent at the end of the period		**14,751**	**12,669**
Cash and cash equivalents			
Cash at bank and in hand	**11**	14,930	12,669
Cash assets classified as held for sale		(179)	-
Bank overdrafts		-	-
		14,751	**12,669**

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2010

1. Basis of preparation

This condensed interim financial information for the three months ended 31 March 2010 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 balance sheet, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2009. The quarterly financial results are not necessarily indicative of the full year results.

As at 31 March 2010 the Group held land and building assets with a market value of €473 million, compared to external debt of €260 million. Subject to the time lag in realising the value in these assets in order to generate cash, this loan to value ratio gives a strong indication of the Group’s ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, which are subject to any repossession by the bank on default of loan terms would clear the outstanding debt and not result in additional finance liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

For the first time the Group has entered into a cross collateralisation agreement on four of its loans with one bank. This has been necessary due to technical covenant breaches. As a result of the amendment agreement the bank has agreed to a waiver of all prior covenant breaches and improved terms and conditions for the Group.

In the preparation of the condensed interim financial information for the three months ended 31 March 2010, the directors continue to classify one loan totaling €5.6 million within the financial statements from non current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where a covenant breach on this loan arose. The bank is aware of the technical breach and has not asked for repayment of the loan. In addition there is one loan that is repayable on demand in the amount of €9.6 million (31 December 2009: €9.0 million due within one year). Negotiations are ongoing with the bank on refinancing terms. Loans maturing within one year total €73 million (excluding loans associated with assets held for sale) at 31 March 2010 compared to €156.0 million at 31 December 2009.

In assessing the going concern basis of preparation of the condensed interim financial information for the three months ended 31 March 2010, 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. The Company has also continued to provide funds to service interest and capital repayments on these loans on behalf of its subsidiary companies

The Directors have also taken into account the disposal of the Group’s interests in Slovakia as announced on 3 November 2009. On completion of this transaction, the combined impact of ceasing to consolidate its share of debt in the joint venture and the receipt of the cash consideration will reduce the Group’s overall debt by some €20.5 million pending any reinvestment of the cash proceeds.

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 they continue to adopt the going concern basis in preparing the interim condensed consolidated financial information for the three months ended 31 March 2010.

The condensed consolidated financial information does not include any adjustments that would result if the going concern basis of preparation were to become no longer appropriate.

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 2009, as described in the annual financial statements for the year ended 31 December 2009.

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2010 and which the entity has not early adopted. None of these standards are expected to have a significant impact on recognition or measurement of the Group's assets or liabilities.

The following standards and interpretations, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), are also effective for the first time in the current financial year and have been adopted by the Group with no significant impact on its consolidated results or financial position for the current reporting period.

IFRS3 (revised) – Business combinations (effective for accounting periods beginning on or after 1 July 2009). IFRS3 (revised) has been endorsed for use in the EU.

IFRIC17, 'Distributions of Non-cash Assets to Owners' (effective for accounting periods beginning on or after 1 July 2009). This IFRIC has been endorsed for use in the EU.

Amendment to IAS39 'Reclassificaton of Financial Assets: Effective Date and Transition' (effective for accounting periods starting on or after 1 July 2009). This amendment has been endorsed for use in the EU.

Amendment to IAS39 'Financial Instruments: Recognition and Measurement: Eligible Hedged Items' (effective for accounting periods starting on or after 1 July 2009). This amendment has been endorsed for use in the EU.

Amendments to IFRIC9 and IAS39 'Embedded Derivatives' (effective for accounting periods starting on or after 1 July 2009). This amendment has been endorsed for use in the EU.

IFRIC18, 'Transfers of Assets from Customers' (effective for accounting periods beginning on or after 1 July 2009). This interpretation has been endorsed for use in the EU.

The IASB2009 annual improvement project includes further minor amendments to various accounting standards and is effective from various dates from 1 January 2010 onwards, and has now been endorsed for use in the EU.

The following standards and interpretations issued by the IASB or IFRIC have not been adopted by the Group as these are not effective for the current year. The Group is currently assessing the impact these standards and interpretations will have on the presentation of its consolidated results in future periods.

Revised IAS24 'Related Party Disclosures' (effective for accounting periods beginning on or after 1 January 2011). This revision has not yet been endorsed for use in the EU. This revision will only impact disclosure and have no effect on the net assets or result of the Group.

Amendment to IAS32 'Classification of Rights Issues' (effective for accounting periods beginning on or after 1 February 2010). This amendment has been endorsed for use in the EU.

Amendment to IFRS1 'Additional Exemptions for First-time Adopters' (effective for accounting periods beginning on or after 1 January 2010). This amendment has not yet been endorsed for use in the EU.

IFRIC19, 'Extinguishing Financial Liabilities with Equity Instruments' (effective for accounting periods beginning on or after 1 July 2010). This interpretation has not yet been endorsed for use in the EU.

2. Accounting policies (continued)

Amendment to IFRIC14, 'Prepayments of a Minimum Funding Requirement' (effective for accounting periods beginning on or after 1 January 2011). This amendment has not yet been endorsed for use in the EU.

IFRS9 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2013). This standard has not yet been endorsed for use in the EU.

IFRS2 (Amended) 'Group Cash-settled Share-based Payment Transactions' (effective for accounting periods beginning on or after 1 January 2010). This amendment has not yet been endorsed for use in the EU.

IFRS1 (amended) 'Limited exemption from Comparative IFRS7 Disclosures for first time adopters' (effective for accounting periods beginning on or after 1 July 2010). This amendment has not yet been endorsed for use in the EU.

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2010

3. Business segments

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

Three months ended 31 March 2010	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2010 €'000
Revenues	3,222	30,564	4,274	2	**38,062**
Cost of operations	(1,527)	(28,036)	(3,115)	(3)	**(32,681)**
Gross profit	**1,695**	**2,528**	**1,159**	**(1)**	**5,381**
Administrative expenses	(221)	(293)	(847)	(1,162)	**(2,523)**
Other operating income	48	-	-	79	**127**
Other operating expenses	(56)	(32)	(553)	(49)	**(690)**
Profit / (loss) from operations	**1,466**	**2,203**	**(241)**	**(1,133)**	**2,295**
Finance income	167	120	2	14	**302**
Finance costs	(1,364)	(1,037)	(447)	(3)	**(2,851)**
Other gains and (losses) – foreign exchange	5,066	83	3,899	97	**9,145**
Segment result before tax	**5,335**	**1,369**	**3,213**	**(1,025)**	**8,891**
Tax charge					**(1,779)**
Profit for the period as reported in the income statement					**7,112**
Reportable segment assets	**175,345**	**159,188**	**115,106**		**449,639**
Unallocated assets				**10,654**	**10,654**
Total assets					**460,293**
Reportable segment liabilities	**(131,560)**	**(117,926)**	**(78,530)**		**(328,016)**
Unallocated liabilities				**(3,176)**	**(3,176)**
Total liabilities					**(331,192)**
Other segment items					
Capital expenditure	66	4	114	-	184
Depreciation	15	30	681	7	733
Amortisation	1	-	9	1	11

3. Business segments - continued

Three months ended 31 March 2009	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2009 €'000
Revenues	3,458	6,755	4,009	66	**14,288**
Cost of operations	(1,386)	(5,720)	(2,879)	(3)	**(9,988)**
Gross profit	**2,072**	**1,035**	**1,130**	**63**	**4,300**
Administrative expenses	(98)	(583)	(676)	(1,530)	**(2,887)**
Other operating income	70	50	150	104	**374**
Other operating expenses	(53)	(34)	(9)	(83)	**(179)**
Profit / (loss) from operations	**1,991**	**468**	**595**	**(1,446)**	**1,608**
Finance income	18	24	5	68	**115**
Finance costs	(1,801)	(743)	(863)	(3)	**(3,410)**
Other gains and (losses) – foreign exchange	(10,440)	(759)	(7,516)	60	**(18,655)**
Segment result before tax	**(10,232)**	**(1,010)**	**(7,779)**	**(1,321)**	**(20,342)**
Tax credit					**2,908**
Loss for the period as reported in the income statement					**(17,434)**
Reportable segment assets	**147,633**	**198,971**	**110,311**		**456,915**
Unallocated assets					**12,533**
Total assets					**469,448**
Reportable segment liabilities	**(109,292)**	**(137,163)**	**(81,290)**		**(327,745)**
Unallocated liabilities					**(3,068)**
Total liabilities					**(330,813)**
Other segment items					
Capital expenditure	46	108	2	-	**156**
Depreciation	15	47	663	-	**725**
Amortisation	6	-	8	-	**14**

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

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2010

4. Analysis of expenditure

4.1 Cost of operations

	Three months ended 31 March 2010 €'000	Three months ended 31 March 2009 €'000
Costs of sale of residential property	27,405	5,454
Utilities, services rendered and other costs	2,850	2,418
Legal and professional expenses	518	243
Staff costs	1,311	1,332
Sales and direct advertising costs	360	306
Depreciation and amortisation	237	235
Cost of operations	**32,681**	**9,988**

4.2 Administrative expenses

	Three months ended 31 March 2010 €'000	Three months ended 31 March 2009 €'000
Audit, accountancy and tax services	189	167
Incentive and management fee	851	1,035
Other professional fees	242	395
Utilities, services rendered and other costs	279	295
Share based payments	4	13
Staff costs	323	339
Depreciation and amortisation	508	607
Other administrative expenses	127	36
Administrative expenses	**2,523**	**2,887**

5. Tax (expense) / credit

Continuing operations	Three months ended 31 March 2010 €'000	Three months ended 31 March 2009 €'000
Current tax	(47)	(7)
Deferred tax	(1,732)	2,915
Tax (expense) / credit for the period	**(1,779)**	**2,908**

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 2010 (2009: €nil).

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

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

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

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

Three months ended 31 March 2010	**Loss**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic EPS			
Profit attributable to equity shareholders of the Company	**7,134**	**46,852,014**	**15.23**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted EPS			
Adjusted profit	**7,134**	**46,852,014**	**15.23**

Three months ended 31 March 2009	**Loss**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic LPS			
Loss attributable to equity shareholders of the Company	**(16,893)**	**46,852,014**	**(36.06)**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted LPS			
Adjusted loss	**(16,893)**	**46,852,014**	**(36.06)**

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

8. Property, plant and equipment

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2009	103,060	10,238	303	113,601
Transfers between categories	-	(62)	-	(62)
Additions at cost	49	160	24	233
Exchange adjustments	692	329	16	1,037
Disposals	-	(40)	(127)	(167)
Revaluation	(10,852)	-	-	(10,852)
At 31 December 2009	**92,949**	**10,625**	**216**	**103,790**
Additions at cost	-	122	-	122
Exchange adjustments	5,503	532	9	6,044
Disposals	(54)	-	-	(54)
At 31 March 2010	**98,398**	**11,279**	**225**	**109,902**
Accumulated depreciation				
At 1 January 2009	(3,949)	(1,517)	(100)	(5,566)
Charge for the period	(1,546)	(787)	(68)	(2,401)
Transfer	-	5	-	5
Exchange adjustments	(116)	(255)	(21)	(392)
Disposals	-	18	71	89
At 31 December 2009	**(5,611)**	**(2,536)**	**(118)**	**(8,265)**
Charge for the period	(468)	(210)	(10)	(688)
Exchange adjustments	(353)	(149)	(5)	(507)
Disposals	14	-	-	14
At 31 March 2010	**(6,418)**	**(2,895)**	**(133)**	**(9,446)**
Net book value at 31 March 2010	**91,980**	**8,384**	**92**	**100,456**
Net book value at 31 December 2009	**87,338**	**8,089**	**98**	**95,525**

8. Property, plant and equipment - continued

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2009	103,060	10,238	303	113,601
Transfer between categories	5	194	18	217
Additions at cost	2	72	10	84
Exchange adjustments	(10,795)	(1,108)	(32)	(11,935)
Disposals	--	(4)	(45)	(49)
At 31 March 2009	**92,272**	**9,392**	**254**	**101,918**
Accumulated depreciation				
At 1 January 2009	(3,949)	(1,517)	(100)	(5,566)
Transfer between categories	3	(203)	(17)	(217)
Charge for the period	(567)	(186)	(21)	(774)
Disposals	-	3	15	18
Exchange adjustments	404	190	10	604
At 31 March 2009	**(4,109)**	**(1,713)**	**(113)**	**(5,935)**
Net book value at 31 March 2009	**88,163**	**7,679**	**141**	**95,983**

Buildings were valued at 31 December 2009 by qualified professional valuers working for the company of King Sturge, 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. For all properties, valuations were based on current prices in an active market. No valuation has been performed at 31 March 2010, as the Group undertakes valuations on a semi-annual basis.

9. Investment property

	31 March 2010	31 December 2009	31 March 2009
	€'000	€'000	€'000
At beginning of the period	161,027	198,677	198,677
Disposals	-	(2,725)	-
Transfers from other assets categories	-	2,229	-
Capitalised subsequent expenditure	62	268	84
Exchange movements	7,430	(1,862)	(21,477)
PV of annual perpetual usufruct fees	-	(2)	-
Fair value losses	-	(35,558)	-
At end of period	**168,519**	**161,027**	**177,284**

The fair value of the Group's investment property at 31 December 2009 was arrived at on the basis of valuations carried out at that date by King Sturge. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties. No valuation has been performed at 31 March 2010, as the Group undertakes valuations on a semi-annual basis.

The Group has pledged investment property of €162.0 million (31 December 2009: €152.8 million; 31 March 2009: €159.8 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €117.6 million (31 December 2009: €117.2 million; 31 March 2009: €114.9 million) are secured on these investment properties (note 13).

Three months ended 31 March 2010

10. Inventories

	31 March 2010 €'000	31 December 2009 €'000	31 March 2009 €'000
Land held for development	61,762	63,055	75,417
Construction expenditures	3,491	30,465	64,546
Completed properties	77,232	67,055	4,704
Freehold and leasehold properties held for resale	**142,485**	**160,575**	**144,667**
Less assets classified as held for sale and shown in current assets (note 14)	(22,151)	(21,855)	-
Total inventories	**120,334**	**138,720**	**144,667**

€29.9 million (31 December 2009: €15.1 million; 31 March 2009: €5.5 million) of inventories was released to cost of operations in the income statement during the period. €nil million (31 December 2009: €9.9 million; 31 March 2009: €nil) was recognised in income statement during the period in relation to write-down of inventories. All inventories are held at cost with the exception of €30.7 million, which are held at net realisable value (31 December 2009: €29.1 million; 31 March 2009: €2.6 million).

Bank borrowings are secured on land for the value of €76.6 million (31 December 2009: €76.0 million; 31 March 2009: €70.1 million) (note 13).

11. Cash and cash equivalents

	31 March 2010 €'000	31 December 2009 €'000	31 March 2009 €'000
Cash and cash equivalents			
Cash at bank and in hand	13,679	11,740	11,078
Short term bank deposits	1,251	1,525	1,591
	14,930	**13,265**	**12,669**
Less assets classified as held for sale and shown in current assets (note 14)	**(179)**	**(214)**	**-**
Total	**14,751**	**13,051**	**12,669**

Included in cash and cash equivalents is €9.4 million (31 December 2009: €6.1 million; 31 March 2009: €2.9 million) restricted cash relating to security and customer deposits.

12. Cash generated from operations

	Three months ended 31 March 2010 €'000	Three months ended 31 March 2009 €'000
Profit/ (loss) for the period	**7,112**	**(17,434)**
Adjustments for:		
Effects of foreign currency	(9,234)	18,769
Finance costs	2,851	3,410
Finance income	(302)	(115)
Tax credit / (expense)	1,779	(2,908)
Bad debt write off	124	14
Depreciation of property, plant and equipment	733	818
Amortisation charges	11	21
Loss on sale of property plant and equipment	43	14
Charge relating to share based payments	4	13
Other operating expenses	582	-
	3,703	**2,602**

12. Cash generated from operations (continued)

Changes in working capital		
Decrease / (increase) in inventory	18,292	11,936
Decrease / (increase) in trade and other receivables	(1,107)	1,150
(Decrease) / increase in trade and other payables	(20,486)	(11,096)
	(3,301)	**1,990**
Cash inflow generated from operations	**402**	**4,592**

13. Bank loans

	31 March 2010 €'000	31 December 2009 €'000	31 March 2009 €'000
Current			
Bank loans and overdrafts due within one year or on demand			
Secured	(72,973)	(156,031)	(96,956)
Non-current			
Repayable within two years			
Secured	(6,494)	(5,293)	(50,959)
Repayable within three to five years			
Secured	(87,925)	(12,338)	(26,260)
Repayable after five years			
Secured	(80,648)	(74,088)	(75,331)
	(175,067)	**(91,719)**	**(152,550)**
Total	**(248,040)**	**(247,750)**	**(249,506)**
Bank loans directly associated with assets classified as held for sale	(12,369)	(12,240)	-
Total bank loans	**(260,409)**	**(259,990)**	**(249,506)**

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

On 24 February 2010 the Group companies Atlas Estates (Millennium) Sp. z. o.o, Ligetvaros Kft, Atlas Solaris SRL and World Real Estate SRL signed an amendment agreement with Erste Bank. This agreement created a cross collateralisation arrangement between these four companies with respect to the loans provided by Erste Bank. In return for this cross collateralisation the bank agreed to waive any claims for any breaches of covenants which were in existence. A new covenant of interest service coverage has been included, with a priority of payments list, reduced margins on each loan and extension of maturity dates for the two Romanian land loans to 31 December 2012. This agreement provides the Group with major improvements in the loan terms on each of these four assets and overcomes breaches of covenants on three of the loans. As a result of this, loans of €88 million were reclassified in the current reporting period from current liabilities to non-current liabilities due in after one year.

There is one loan (related to the loans on Atlas House within Immobul EOOD) which continues to be classified as a current liability as a result of the breach of the loan to value ratio covenant.

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 period.

13. Bank loans (continued)

The Polish subsidiary Atlas Estates (Kokoszki) Sp. z o.o. is still in negotiation concerning terms for the extension of its €9.6 million facility. The bank has offered to extend the loan to 30 September 2011.

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

	Euro €'000	**Zloty €'000**	**Other €'000**	**Total €'000**
Bank loans and overdrafts – 31 March 2010	202,621	57,773	15	260,409
Bank loans and overdrafts – 31 December 2009	203,042	56,933	15	259,990
Bank loans and overdrafts – 31 March 2009	203,307	46,177	22	249,506

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

On 3 November 2009 Atlas announced an agreement for the sale of its entire investment interests throughout Slovakia (the "Slovakia Portfolio"), comprising one site in Bratislava and two sites in Kosice. The Group realised €0.9 million in net proceeds from the first stage of the sale and is expecting to realise a further €7.1 million on completion of the second stage. It is anticipated that the net proceeds will be utilised to fund the development of the Group's remaining assets, with particular focus on the assets located in Warsaw, Poland, where the Group has a strong presence and is likely to realise value from development activity within the next two to three years. This contrasts with the projects in Slovakia, which would have required the investment of large amounts of capital with returns arising in the long term

The assets and liabilities directly associated with this sale were separately classified as of 31 March 2010. €5.9 million (31 December 2009: €5.9 million; 31 March 2009: €nil) was recognised as a provision for the value of the development land held in Slovakia. The major classes of assets and liabilities held for sale were as follows:

Assets:	**31 March 2010 €'000**	**31 December 2009 €'000**
Deferred tax asset	145	142
Inventories	22,151	21,855
Trade and other receivables	42	100
Shareholder loan receivable	4,316	4,280
Cash and cash equivalents	179	214
Total assets classified as held for sale	**26,833**	**26,591**

Liabilities:	**31 March 2010 €'000**	**31 December 2009 €'000**
Trade and other payables	(6,487)	(6,426)
Bank loans	(12,369)	(12,240)
Deferred tax liabilities	(917)	(778)
Total liabilities directly associated with assets classified as held for sale	**(19,773)**	**(19,444)**

15. Related party transactions

(a) Fragiolig is a wholly owned subsidiary of the Izaki Group, an Israel-based real estate development firm and founding shareholder of Atlas. The Izaki Group, together with RP Capital Group, also own and manage Atlas Management Company Limited ("AMC"), which provides executive management services to Atlas. Fragiolig announced that, as at 4.30 p.m. (London time) on 11 May 2010, valid acceptances had been received in respect of a total of 10,828,132 Atlas Shares, representing approximately 23.1 per cent. of the issued share capital of Atlas. None of these acceptances were received from persons acting in concert with Fragiolig. As at 4.30 p.m. (London time) on 11 May 2010, Fragiolig, together with persons acting in concert with

15. Related party transactions (continued)

it, owned 15,413,078 Atlas Shares, representing approximately 32.9 per cent. of the issued share capital of Atlas. Therefore, in combination with the Atlas Shares already owned by Fragiolig and parties acting in concert with it, Fragiolig, together with parties acting in concert with it, now owns, or has received acceptances in respect of, in aggregate, 26,241,210 Atlas Shares, representing approximately 56.0 per cent. of the issued share capital of Atlas, all of which count towards satisfaction of the Acceptance Condition. In addition, as announced on 16 April 2010, Fragiolig has received an irrevocable undertaking to accept the Offer in respect of a further 3,100,199 Atlas Shares, representing approximately 6.6 per cent. of the issued share capital of Atlas. This irrevocable undertaking remains outstanding. As announced on 16 April 2010, Fragiolig granted Capital Venture Worldwide Group Limited an option to purchase 3,325,346 Atlas Shares at a price of £0.90 per Atlas Share from Fragiolig during a period of 15 calendar days commencing two Business Days after the date the Offer lapses or is withdrawn. As the Offer has become wholly unconditional, this option has ceased to be exercisable.

For details of the shareholders acting in concert with Fragiolig see note 17.

(b) Key management compensation

	31 March 2010	**31 March 2009**
	€'000	**€'000**
Fees for non-executive directors	42	53

The Company has appointed AMC to manage its property portfolio. At 31 March 2010 AMC was owned by the RP Capital Group and RI Limited and RI Holdings Limited. In consideration of the services provided, AMC received a management fee of €0.8 million (3 months ended 31 March 2009: €1.0 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 2009. No performance fee has been accrued for the 3 months ended 31 March 2010 (3 months ended 31 March 2009: €nil) because no reliable estimate can be made.

AMC also received €nil million (31 March 2009: €0.04 million) in relation to lease agreements for office space in Poland. As of 31 March 2010 €2.6 million included in current trade and other payables was due to AMC (31 December 2009: €2.2 million; 31 March 2009: €1.7 million).

(c) Under the loan agreement of 18 May 2007, EdR Real Estate (Eastern Europe) Finance S.a.r.l, which is also a shareholder in Atlas Estates (Cybernetyki) Sp. z o.o., has extended a loan facility of €3.9 million to Atlas Estates (Cybernetyki) Sp. z o.o. for the purpose of covering ongoing investment and business expenses. The loan facility is to be repaid by 31 December 2020 and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2010 the lender charged €26 thousand as interest (3 months ended 31 March 2009: €16 thousand). As of 31 March 2010 Atlas Estates (Cybernetyki) Sp. z o.o. has drawn the loan facility plus associated interest in the amount of €2.6 million (31 December 2009: €2,5 million; 31 March 2009: 2.6 million).

(d) Under the loan agreement of 1 August 2005 and annex dated 10 August 2005, Dellwood Company Limited, which is also a shareholder in Zielono Sp. z o.o., has extended a loan facility of PLN 2.8 million (€0.6 million) to Zielono Sp. z o.o. for the purpose of covering ongoing investment and business expenses. The loan facility is to be repaid within 60 days from the receipt of a demand of payment and bears interest at a variable rate equal to the sum of WIBOR and the lender's margin. In 2010 the lender charged PLN 28 thousand (€7 thousand) as interest (3 months ended 31 March 2009: PLN 23 thousand (€5 thousand)). As of 31 March 2010 Zielono Sp. z o.o. has drawn the loan facility plus associated interest in the amount of PLN 1.7 million (€0.4 million) (31 December 2009: PLN 1.4 million (€0.3 million) (31 March 2009: PLN 1.7 million (€0.4 million)).

(e) Shasha Transport Ltd, which is also a shareholder in Atlas and Shasha Zrt (previously: Atlas Estates Kaduri Shasha Zrt), have extended loan facilities to Atlas and Shasha Zrt for the purpose of covering ongoing investment and business expenses. The loan facility has no repayment date and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2010 the lender charged €11 thousand as interest (3 months ended 31 March 2009: €20 thousand). As of 31 March 2010 Atlas and Shasha Zrt has drawn the loan facilities plus

15. Related party transactions (continued)

associated interest in the amount of €1.8 million (31 December 2009: €1.8 million; 31 March 2009: €1.7 million).

(f) Under the loan agreement of 29 September 2005, Kendalside Limited, which is also a shareholder in Circle Slovakia s.r.o., has extended a loan facility of €6.0 million to Circle Slovakia for the acquisition of a property. This facility was extended by €3.0 million on 1 December 2008. The loan facility is to be repaid by 31 August 2013, and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. In 2010 the lender charged €63 thousand as interest (3 months ended 31 March 2009: €80 thousand). As of 31 March 2010 Circle Slovakia has drawn the loan facility plus associated interest amount of €11.6 million (31 December 2009: €11.5 million; 31 March 2009 8.4 million). This loan is included within assets held for sale as shown in note 14.

16. Post balance sheet events

On 14 April 2010 the board of Atlas announced that it had received an approach which may or may not lead to a cash offer of 90p per Atlas Estates Limited share being made for the whole of the issued share capital of the Company other than shares already held by the offeror. This offer price had been included in the announcement with the consent of the offeror.

On 20 April 2010 the board of Atlas noted the announcement of a mandatory cash offer by Fragiolig Holdings Limited ("Fragiolig") published on 16 April 2010.

On 6 May 2010 the board announced their views on the offer by Fragiolig for the entire issued, and to be issued, ordinary share capital of Atlas as announced on 16 April 2010. The Offer values the entire issued ordinary share capital of Atlas at £42.17 million and represents a substantial discount to the latest published NAV per Atlas Share as at 31 December 2009 of €2.42 (and adjusted NAV per Atlas Share of €2.95). The Board, having considered the information currently available to it, including the latest published NAV, Atlas' share price performance and having regard to the risks and operating constraints highlighted above, believe the Offer price to be fair, given it will afford Shareholders an opportunity to obtain cash for their Shares in the timescales of the Offer. The fyull text of this announcement is available on the Company's website at www.atlasestates.com.

The market conditions in which the Company is operating and is seeking the renewal of banking facilities remain difficult and the Company has continued to support its subsidiaries within its limited resources. No specific events have occurred which would require any adjustment to the period end balance sheet.

17. Other items

17.1 Information about court proceedings

As of 14 May 2010, the Company was not aware of any proceedings instigated before a court, a competent arbitration body or a public administration authority concerning liabilities or receivables of the Company, or its subsidiaries, whose joint value constitutes at least 10% the Company's equity capital.

17.2 Information about granted sureties

During the first quarter of 2010, the Company has not granted any sureties (for loans or credit facilities) or guarantees.

17.3 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2010.

17. Other items (continued)

17.4 Substantial shareholdings

As of 14 May 2010, the Board was aware of the following direct or indirect interest in 3% or more of the Company's ordinary share capital (excluding treasury shares). All shares have equal voting rights.

Table 1 – Significant Shareholders	Number of Shares held	Percentage of Issued Share Capital
As at 4.30 p.m. on 11 May 2010, the interests in Atlas Shares of Fragiolig and persons acting in concert with it were as follows:		
Fragiolig Holdings Limited	3,325,346	7.10
Atlas International Holdings Limited	6,461,425	13.79
Mishaela Shulman[1]	54,660	0.12
RP Explorer Master Fund	728,559	1.56
RP Partners Fund	4,832,017	10.31
RP Capital Group employees	11,071	0.02
Total Fragiolig and parties acting in concert:	15,413,078	32.9
Livermore Investments Limited	10,170,372	21.71
Lockerfield Limited	6,730,623	14.37
Finiman LImited	4,097,509	8.75
Capital Venture Worldwide Group Limited	3,100,199	6.62
APB Investments	1,600,000	3.42
TOTAL	**41,111,781**	**87.75**

[1] Mishaela Shulman is a member of Mr Ron Izaki's family and is deemed to be acting in concert with the Izaki Group.

17.5 Directors' share interests

There have been no changes to the Directors' share interests during the three months ended 31 March 2010. 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 2010. One Director (Mr Spicer) acquired a beneficial interest in 14,785 shares in the Company in 2007.

17.6 Other share interests

No changes have occurred in the three months ended 31 March 2010 in the number of warrants issued to managing and/or supervisory persons.

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.

No new subsidiary undertakings were acquired and no investments were made in any additional joint ventures during the period ended 31 March 2010.

Country of incorporation	Name of subsidiary/joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Holland	Trilby B.V.	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Netherlands Antilles	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Darenisto Limited	Holding	100%
Cyprus	Kalipi Holdings Limited	Holding	100%
Poland	Atlas Estates (Poland) Sp. z o.o.	Management	100%
Poland	Platinum Towers Sp. z o.o.	Development	100%
Poland	Zielono Sp. z o.o.	Development	76%
Poland	Properpol Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Millennium) Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments Sp. z o.o.	Development	100%
Poland	Grzybowska Centrum Atlas Re Projects BV SK	Holding	100%
Poland	HGC S.A.	Hotel operation	100%
Poland	HPO Sp. z o.o.	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Atlas Estates (Kokoszki) Sp. z o.o.	Investment	100%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Cap East Kft.	Investment	100%
Hungary	Felikon Kft.	Investment	100%
Hungary	Ligetváros Kft	Investment	100%
Hungary	Városliget Center Kft	Investment	100%
Hungary	Atlas Estates (Moszkva) Kft.	investment	100%
Hungary	Atlas and Shasha Zrt	Development	50%
Romania	World Real Estate SRL	Investment	100%
Romania	Atlas Solaris SRL	Development	100%
Romania	DNB Victoria Towers SRL	Hotel operation	100%
Bulgaria	Immobul EOOD	Investment	100%
Slovakia	Circle Slovakia s.r.o	Development	50%

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2010

	Three months ended 31 March 2010 (unaudited) €'000	Three months ended 31 March 2009 (unaudited) €'000
Revenues	**-**	**-**
Cost of operations	-	-
Gross profit	-	**-**
Administrative expenses	(738)	(999)
Other operating income	79	-
Loss from operations	**(659)**	**(999)**
Finance income	56	1,917
Finance costs	-	(1)
Other losses – foreign exchange	(5)	(17)
(Loss) / profit before taxation	**(608)**	**900**
Tax expense	-	-
(Loss) / profit and total comprehensive income for the period	**(608)**	**900**

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED BALANCE SHEET
As at 31 March 2010

	31 March 2010 (unaudited) €'000	31 December 2009 €'000	31 March 2009 (unaudited) €'000
ASSETS			
Non-current assets			
Investment in subsidiaries	134,409	134,409	21,220
Loans receivable from subsidiaries	776	-	177,975
	135,185	**134,409**	**199,195**
Current assets			
Trade and other receivables	42	165	193
Cash and cash equivalents	2,282	3,788	3,142
	2,324	**3,953**	**3,335**
TOTAL ASSETS	**137,509**	**138,362**	**202,530**
Current liabilities			
Trade and other payables	(2,675)	(2,924)	(2,240)
	(2,675)	**(2,924)**	**(2,240)**
TOTAL LIABILITIES	**(2,675)**	**(2,924)**	**(2,240)**
NET ASSETS	**134,834**	**135,438**	**200,290**
EQUITY			
Share capital account	6,268	6,268	6,268
Other distributable reserve	194,817	194,817	194,817
Accumulated loss	(66,251)	(65,647)	(795)
TOTAL EQUITY	**134,834**	**135,438**	**200,290**
Basic net asset value per share	n/a	n/a	n/a

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 March 2010

Three Months Ended 31 March 2010 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2010	**6,268**	**194,817**	**(65,647)**	**135,438**
Total comprehensive income for the period	-	-	(608)	**(608)**
Share based payments	-	-	4	**4**
As at 31 March 2010	**6,268**	**194,817**	**(66,251)**	**134,834**

Year Ended 31 December 2009	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2009	**6,268**	**194,817**	**(1,708)**	**199,377**
Total comprehensive income for the year	-	-	(63,968)	**(63,968)**
Share based payments	-	-	29	**29**
As at 31 December 2009	**6,268**	**194,817**	**(65,647)**	**135,438**

Three Months Ended 31 March 2009 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2009	**6,268**	**194,817**	**(1,708)**	**199,377**
Total comprehensive income for the period	-	-	900	**900**
Share based payments	-	-	13	**13**
As at 31 March 2009	**6,268**	**194,817**	**(795)**	**200,290**

19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED CASH FLOW STATEMENT
Three months ended 31 March 2010

	Three months ended 31 March 2010 (unaudited) €'000	Three months ended 31 March 2009 (unaudited) €'000
(Loss) / profit for the period	**(608)**	**900**
Adjustments for:		
Effects of foreign currency	5	18
Finance costs	-	1
Finance income	(56)	(1,917)
Charge relating to share based payments	4	13
	(655)	**(985)**
Changes in working capital		
Decrease / increase in trade and other receivables	123	(17)
(Decrease) in trade and other payables	(249)	(192)
Net cash outflow from operating activities	**(781)**	**(1,194)**
Investing activities		
New loans granted to subsidiaries	(720)	-
Net cash used in investing activities	**(720)**	**-**
Financing activities		
Interest received	-	5
Interest paid	-	(2)
Net cash from financing activities	**-**	**3**
Net decrease in cash and cash equivalents in the quarter	**(1,501)**	**(1,191)**
Effect of foreign exchange rates	(5)	(18)
Net decrease in cash and cash equivalents in the quarter	**(1,506)**	**(1,209)**
Cash and cash equivalents at the beginning of the quarter	**3,788**	**4,351**
Cash and cash equivalent at the end of the quarter	**2,282**	**3,142**
Cash and cash equivalents		
Cash at bank and in hand	2,282	3,142
Bank overdrafts	-	-
	2,282	**3,142**