Atlas Estates Limited ("Atlas" or the "Company" or the "Group")

UNAUDITED QUARTERLY RESULTS FOR THE TWELVE AND THREE MONTHS TO 31 DECEMBER 2008

02 March 2009

Atlas Estates Limited, the Central and Eastern European ("CEE") property investment and development company, today reports its results for the twelve and three months ended 31 December 2008.

Financial highlights

- Revenue increased to €51.9 million (31 December 2007: €27.4 million)
- Loss from operations of €26.1 million (31 December 2007: profit from operations €17.6 million), predominantly due to an unrealised foreign exchange loss of €24.5 million (2007: gain €1.9 million) resulting from the depreciating currencies in the CEE region – unrealised foreign exchange arises on monetary assets and liabilities denominated in foreign currencies, for example bank loans, that are translated at the rates prevailing on the balance sheet date
- Net Asset Value of €173.8 million (31 December 2007: €224.1 million)
- Net Asset Value per share of €3.68 (31 December 2007: €4.98)
- Adjusted Net Asset Value per share of €4.42 (31 December 2007: €6.36)
- Bank loans at 31 December 2008 of €247.7 million (31 December 2007: €218.5 million).

Operational highlights

- Stage 1 of the Capital Art Apartments residential development in Warsaw completed on time and to budget – 165 apartments handed over to new owners to date and a further 30 to complete in the coming month
- Nahman Tsabar, the new CEO of Atlas Management Company, commenced his employment in September
- Refinancing of Hilton Hotel, Warsaw completed and new construction loan at Platinum Towers secured
- The Hilton Hotel in Warsaw performed ahead of expectations in 2008 – proving to be among the strongest performing five-star hotel and conference centres in Central and Eastern Europe
- Zoning, building permit applications and design work progressing in line with current operational strategy, which will provide further construction and development opportunities
- The residential element of the Platinum Towers development topped out on time in February 2009.

Commenting, Quentin Spicer, Chairman of Atlas, said:

"During 2008, the global economic crisis has had a very significant impact on the economies and prospects in the CEE region. Management is constantly reviewing the economic conditions in each of its markets, in order to identify and analyse the measures required to mitigate the effects of potential risks to its activities. We believe, however, that the economic fundamentals in the region remain strong, particularly with regard to the demand for the quality office, residential and retail space that Atlas is currently developing and for which it has zoning and permissions in place for its land bank. It is these important market fundamentals that underpin our ongoing strategy and continued investment, once global conditions stabilise and greater certainty and visibility on short to medium term prospects return, providing continued opportunity for growth."

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ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
FOURTH QUARTER 2008

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Financial Highlights

Selected Consolidated Financial Items	**Twelve months ended 31 December 2008 (unaudited) €'000**	**Three months ended 31 December 2008 (unaudited) €'000**	**Twelve months ended 31 December 2007 €'000**	**Three months ended 31 December 2007 (unaudited) €'000**
Revenues	51,875	21,848	27,375	9,678
Gross profit	16,591	4,537	6,727	2,431
(Decrease) / increase in value of investment properties	(4,495)	(2,047)	36,160	4,315
(Loss) / profit from operations	(26,076)	(24,306)	17,599	(11,853)
(Loss) / profit before tax	(40,850)	(29,984)	11,351	(14,139)
(Loss) / profit for the period	(39,697)	(30,031)	8,256	(11,703)
(Loss) / profit attributable to equity shareholders	(39,694)	(30,035)	8,196	(11,766)
Net cash (outflow) / inflow from operating activities	(29,140)	920	(16,230)	(22,472)
Cash flow from investing activities	(2,099)	(300)	(119,827)	(4,273)
Cash flow from financing activities	18,823	2,664	110,873	(3,124)
Net (decrease) / increase in cash	(19,573)	(7,251)	(27,811)	(28,913)
Non-current assets	337,053	337,053	362,393	362,393
Current assets	178,981	178,981	169,107	169,107
Total assets	516,034	516,034	531,500	531,500
Current liabilities	(149,560)	(149,560)	(81,336)	(81,336)
Non-current liabilities	(192,635)	(192,635)	(226,048)	(226,048)
Total liabilities	(342,195)	(342,195)	(307,384)	(307,384)
Net assets	173,839	173,839	224,116	224,116
Shareholders' equity attributable to equity holders of the Company	172,566	172,566	223,377	223,377
Number of shares outstanding	46,852,014	46,852,014	44,978,081	44,978,081
(Loss) / earnings per share basic (eurocents)	(86.6)	(64.1)	17.0	(24.7)
Basic net asset value per share (€)	3.68	3.68	4.98	4.98
Adjusted net asset value (€'000) (1)	206,981	206,981	285,969	285,969
Adjusted net asset value per share (€)	4.42	4.42	6.36	6.36

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

Chairman's Statement

I am pleased to announce the unaudited consolidated financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings ("the Group") for the twelve and three months ended 31 December 2008. Against a backdrop of very challenging ongoing conditions in the global markets, the Company has been able to achieve certain key objectives.

In the third and fourth quarters of 2008, the well-documented knock-on effects of the global economic downturn and credit crunch accelerated particularly in the aftermath of the collapse of Lehman Brothers. Inevitably, the Company's activities have not been immune. In our home markets, as is the case elsewhere in Europe, the impact has been demonstrated through low transactional volumes, a significant reduction in the availability of credit and reductions in GDP growth.

The results for the year and the fourth quarter of 2008 have been adversely impacted by the effects of the depreciating currencies in the Central and Eastern European markets. For the Company's investments in Poland, its major market, the Polish Zloty has depreciated by 16.5% from the 31 December 2007 rate of exchange to 31 December 2008 rate of exchange. The fall in value of the functional currencies has resulted in foreign exchange losses of €22.2 million in the income statement (2007: gain of €0.5 million) and €17.9 million (2007: gain of €11.7 million) in reserves for the year ended 31 December 2008. Of the loss in the income statement, €24.5 million (2007: gain €1.9 million) is unrealised. It has arisen on monetary assets and liabilities denominated in foreign currencies, for example bank loans, which are translated at the rates prevailing on the balance sheet date.

Recently, the Company has had to refinance several of its properties with its banks. Negotiations have been more difficult, which reflects the pressures being faced by international banks, but the Company has been successful in refinancing many of its loans, as detailed below.

Strategy

The Group's strategy is to invest in the developing markets of Central and Eastern Europe ("CEE") excluding the former Soviet Union and since IPO the Company has developed a significant portfolio of assets. The economies of Poland, Hungary, Slovakia, Romania and Bulgaria, in which the Group operates, have been impacted by the adverse effects of the global economic crisis. Although Poland, where 64% of the Company's assets are located, appears the most resilient economy in the region, Hungary, in which the Company also has interests (13%), has had to seek financial support from the International Monetary Fund ("IMF"). Despite the challenging environment, the projects that the Company is currently developing are well placed to meet the ongoing demand for quality residential, office and retail properties.

The Company's strategy, since its IPO in London in 2006, has been to invest the funds raised in acquiring quality assets with potential for growth. These targets have been achieved within the timeframe stated at IPO. Over the next three to five years, taking account of more uncertain market conditions, the Company will be seeking to realise value through property disposals and the completion of its ongoing development projects.

Chief Executive Officer ("CEO") of Atlas Management Company Limited ("AMC" or the "Property Manager")

In April 2008, the Company announced that Mr. Amos Pickel, the CEO of AMC, the Company's property manager, had resigned. He was replaced in September 2008 by Mr. Nahman Tsabar, a civil engineer, who brings to the Company more than thirty years of experience in construction and development, which includes significant expertise in planning, procurement and project management, gained across a number of sectors and geographies, including infrastructure, civil works programmes and aviation, particularly within the emerging markets. Since his appointment Mr. Tsabar has quickly been able to provide the leadership that the Group requires in these difficult economic conditions.

Refinancing and construction loans

In the current financial market conditions, gaining access to capital has become more difficult and, as highlighted in the quarterly announcements during 2008, enhancing liquidity and the retention of cash is a key priority. Both of these objectives are vital for operations as they will underpin our drive to progress the projects we currently have under development through to completion, whilst at the same time supporting growth.

The completion of the re-financing of the Hilton Hotel, Warsaw and securing of a new construction loan to complete the Platinum Towers development were significant achievements for the Company and particularly notable within the context of the current difficult conditions in the financial markets. On 25 July 2008, the Company refinanced the loan secured against its Hilton Hotel and Conferencing Centre asset in Warsaw, extending its facility with Investkredit Bank AG from €51.4 million to €65 million. The additional funding is being deployed in progressing the Group's development pipeline. Additionally, on 12 August 2008, the Company obtained a Polish Zloty 174 million (circa €37 million) facility relating to the construction of its Platinum Towers residential development in the Wola district in Warsaw. The loan is provided by Raiffeisen Bank Polska S.A. and is secured against its Platinum Towers residential asset. It is being deployed in the construction of the development.

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

In the twelve months to 31 December 2008, NAV per share, as reported in the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), has decreased by 26.1% to €3.68 per share. The Adjusted NAV per share, which includes valuation gains, net of deferred tax on development properties held in inventory and land held under operating lease, but not recognised at fair value in the balance sheet, has decreased by 30.5% to €4.42 per share.

An independent valuation of the entire property portfolio is carried out on a semi-annual basis between Cushman & Wakefield and Colliers International acting as independent experts. This assessed the total value added during the financial year and is included in the basis for the Property Manager's performance assessment and fee calculations.

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

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

	Book cost to Group as shown in the Balance Sheet €'000	**'Independent' Value at 31 December 2008 €'000**	**Movement In value €'000**
Development land assets and land held under operating lease included in total assets at cost to the Group	172,195	215,258	43,063
Attributable to minority interest partners	(1,867)	(2,554)	(687)
Company share of increase in valuation of development land and land held under operating lease	**170,328**	**212,704**	**42,376**
Deferred tax on increase in valuation of development land and land held under operating lease at local rates			(7,961)
Basic net asset value per balance sheet			172,566
Adjusted net asset value			**206,981**
Number of ordinary shares in issue at 31 December 2008			46,852,014
Adjusted net asset value per share as at 31 December 2008			4.42
Adjusted net asset value per share as at 31 December 2007			6.36
Net asset value per share at IPO (after costs)			4.73

Further analysis of the Company's NAV is contained in the Property Manager's review below.

AMC performance fee payment

AMC's performance fee in respect of the financial year ended 31 December 2007 was agreed by the Board at €7.037 million. The first €2.5 million of this amount was paid in cash by the Company to AMC in April 2008. As approved by shareholders at the AGM on 27 June 2008, AMC received 1,430,954 new ordinary shares in settlement of the balance of the performance fee. These shares were issued on 11 July 2008.

AMC's performance fee in respect of the financial year ended 31 December 2008 will be €nil.

Extraordinary General Meeting ("EGM")

On 30 December 2008 the Company held an EGM on the cancellation of admission of all of the Company's shares to trading on the AIM market of the London Stock Exchange PLC. The resolution was not passed. This was part of the Company's objective to reduce its cost base and to focus efforts in its major market in Warsaw.

Millennium Plaza disposal

On 1 December 2008 the Company announced that the agreement regarding the sale of the Millennium Plaza, Warsaw, expired. The sale agreement was originally concluded on 11 January 2008 and amended on 1 October 2008. It was a preliminary agreement regarding the sale of 100% of the shares in Atlas Estates (Millennium) Sp. z o.o., the owner of the Millennium Plaza building, to Portfolio Real Estate 16 Sp. z o. o., a subsidiary of Akron Management CEE GmbH. The expiry occurred because the purchaser did not exercise his option to complete by 30 November 2008.

Dividend and dividend policy

On 3 March 2008, the Board announced that it had resolved to pay to shareholders a second dividend of 16.68 eurocents per share ("2007 Dividend") for the year ended 31 December 2007. As approved by shareholders at the AGM on 27 June 2008, the Board offered shareholders the choice of receiving the whole or part of the 2007 Dividend in new fully paid ordinary shares in the Company instead of cash (the **"**Scrip Dividend Offer"). The Board received acceptances for the Scrip Dividend Offer from holders of 7,478,694 ordinary shares in the Company, which resulted in the issue of 442,979 new ordinary shares (representing 0.945 per cent of the current issued share capital of the Company, excluding shares held in treasury). These shares have been admitted to trading on AIM and WSE.

The changes in global economic conditions during 2008, particularly in the property and financial markets, are well documented. However, specifically, and of critical importance, is the effect that these changes are having on access to capital, which continues to be difficult. In order for the Company to achieve its strategic objectives, it is important that it is able to complete its development activity and to invest in market opportunities in an effective manner, without cash constraints. The Board therefore considers that it is in the Company's best interests to retain cash.

As previously announced, the Board has decided not to declare any dividend for 2008, believing that it is more prudent to invest its cash resources in bringing forward and completing its development programme in order to realise the value in these projects. The Company also aims to ensure that it is positioned to take advantage of opportunities that arise as a result of market conditions.

As previously stated, the Board will, in future years, determine the payment of dividends after taking account of the Company's distributable profits, sustainable cash flow (based on rental income, sales of residential developments units and sales of investment assets), the Company's debt, market conditions and the investment opportunities available to the Company. This will enable Atlas to pursue its strategic objectives and to maximize the value it can return to its shareholders.

Central and Eastern Europe

Our chosen area of investment continues to be CEE. GDP growth throughout Central and Eastern Europe in recent years has outperformed that of Western Europe, with the exception of the Republic of Ireland and Greece. As stated above, the difficult market conditions have spread from Western Europe to CEE throughout 2008, accelerating towards the end of the year. GDP growth rates have slowed as the availability of credit has become very restricted and, as a result, investment and development activity in the real estate market has significantly reduced.

The Company has prudently managed its current investments in the region and continually monitors risks associated with its portfolio so that it is appropriately positioned in the context of the ongoing economic conditions. In the second half of 2008, yields on investment properties increased for the first time in many years, resulting in falling valuations. Yields on investment properties had compressed over many years in the CEE region, but still remain above those of comparable assets in Western Europe.

Prospects

During 2008, the global economic crisis has had a very significant impact on the economies and prospects in the CEE region. Economic growth has slowed as access to funding has become increasingly restricted and the ongoing economic uncertainty has affected investment.

It is not certain how the evolving financial crisis in the global markets will affect the economies where the Company is active in 2009. Management is constantly reviewing the economic conditions in each of its markets, in order to identify and analyse the measures required to mitigate the effects of potential risks to its activities. We believe, however, that the economic fundamentals in the region remain strong, particularly with regard to the demand for the quality office, residential and retail space that Atlas is currently developing and for which it has zoning and permissions in place for its land bank. It is these important market fundamentals that underpin our ongoing strategy and continued investment.

The Property Manager's review below details the progress that we are making in executing our development plans and in securing returns from our yielding assets. I would like to take the opportunity to thank my fellow board members, the directors and staff of the Property Manager and our team of advisors for their continued enterprise and skill in maintaining our operating base and moving the Company forward, particularly under the current difficult conditions.

Quentin Spicer
CHAIRMAN
02 March 2009

Property Manager's Report

In this report we present the financial and operating results for the twelve and three months ended 31 December 2008. AMC is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio, advice on new investment opportunities and to implement the Company's strategy. AMC, in line with the Company's original timetable, has fully invested the funds raised at IPO within 18 months of admission to trading on AIM and has actively managed this portfolio since then to optimise and preserve value.

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

Changes in ownership structure of Property Manager

On 4 March 2008, the Board of AMC announced that Elran (D.D.) Real Estates Ltd ("Elran") had entered into an agreement with RP Capital Group ("RP") and BCRE Izaki Properties ("Izaki Group"), AMC's other shareholders, for the sale of Elran's 37.5% stake in AMC. As a result, RP now holds 51% and Izaki Group holds 49% of AMC. Gadi Dankner and Dori Dankner resigned their positions as directors of AMC and members of the Investment Committee on completion of the sale.

Rafael Berber, Roni Izaki and Saradhi Rajan remain as directors of AMC. Rafael Berber and Roni Izaki remain as members of the Investment Committee.

Financial Review

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 does not become over exposed to, or reliant on, any one particular area. AMC continually evaluates the risks and rewards associated with a particular country, sector or asset class, in order to optimise its return on investment and therefore the return that the Company is able to deliver to shareholders over the longer term.

2008 has been a very challenging year for the Company given the instability in the global economic environment. In the first half, the valuation of the Group's portfolio increased. However, those gains have been subsequently reversed in the second half of 2008 as the effects of increasing yields, restricted bank lending and instability in the CEE and global economies took effect.

Admission to WSE

In February 2008, the Company completed a listing on the Warsaw Stock Exchange. In completing this listing, the Company has broadened its shareholder base and increased the liquidity of its shares. As 2008 progressed and the impact of the collapse in the global capital markets became more pronounced, access to funding has become significantly more difficult. However, AMC believes that over time, when greater clarity and stability returns to the capital markets, this listing may provide the Company with the opportunity to access additional capital, with which to further develop the business.

Portfolio valuation and valuation methods

An independent valuation of the entire property portfolio is carried out on a semi-annual basis (June and December) by independent experts. The year end valuation process has been undertaken by two external valuation experts, Cushman & Wakefield and Colliers International, independent international companies of real estate advisors. 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 €558 million as at 31 December 2008. This compares to the valuation at 31 December 2007 of €555 million and at 30 June 2008 of €600 million.

As at 31 December 2008, the Company held a portfolio of 23 properties comprising 12 investment properties of which eight are income yielding properties and four are held for capital appreciation, two hotels and nine development properties.

- Investment properties were valued at €197 million at 31 December 2008, excluding minority interest, compared to €215 million at 31 December 2007 and €218 million at 30 June 2008. The fall in the second half 2008 was 10%, reflecting the effect of increasing yields. In Poland the yields applied in the valuations increased by 1% to 8-8.5% and in Hungary by 1% to 9-9.5%.

- Hotel properties were valued at €117 million at 31 December 2008, excluding minority interest, compared to €125 million at 31 December 2007 and €136 million at 30 June 2008. The fall in the second half 2008 was 14%, reflecting the effect of increasing yields.

- Development properties were valued at €202 million at 31 December 2008, excluding minority interest, compared to €169 million at 31 December 2007 and €187 million at 30 June 2008. There has been an increase in value over the year of 20% reflecting the effect of the added value generated through the construction works and sales on the development properties in Warsaw.

Loans

As at 31 December 2008, the Company's share of bank debt associated with the portfolio of the group was €248 million (30 September 2008: €250 million; 31 December 2007 €218 million). The increase in debt has arisen principally from the utilisation of construction loans in the development of the Platinum Towers and Capital Art Apartments properties in Warsaw. The loan on the Hilton Hotel was refinanced also during the year to €65 million. Total facilities were €290 million (30 September 2008: €290 million; 31 December 2007: €243 million). Loans and valuations may be analysed as follows for those periods in which valuations were undertaken:

	Loans 2008 €'000	**Valuation 2008 €'000**	**Loan to Value Ratio 2008**	**Loans 2007 €'000**	**Valuation 2007 €'000**	**Loan to Value Ratio 2007**
Investment property	116,325	196,745	59.1%	116,300	214,865	54.1%
Hotels	67,648	116,580	58.0%	47,989	125,040	38.4%
Development property in construction	30,969	109,614	28.3%	22,919	69,700	32.9%
Other development property	32,743	92,390	35.4%	31,280	99,107	31.2%
	247,685	**515,329**	**48.1%**	**218,488**	**508,712**	**42.9%**

The valuations in the table above differ from the values included in the consolidated balance sheet as at 31 December 2008 due to the treatment under IFRS of land held under operating leases and development property.

Loans maturing within one year have increased to €96 million at 31 December 2008 from €30 million at 31 December 2007 and €32 million at 30 September 2008. The increase has arisen from the natural ageing of debts and from the reclassification of two loans with covenant breaches. The banks are aware of the technical breaches and have not asked for repayment of the loans. In relation to the most material loan, the Group has received a written covenant waiver from its lender after the year end and the lender will continue to extend the €63.1 million facility. The breaches arise from lower valuations resulting in the breach of loan to value ratio covenants and from lower occupancy levels resulting in the breach of debt service coverage ratios.

Cash at bank and in hand was €15 million at 31 December 2008 (30 September 2008: €23 million; 31 December 2007: €35 million). The gearing ratio is 135%, based upon net debt as a percentage of equity attributable to shareholders and is 57.4% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders).

Review of the Twelve and Three Months Ended 31 December 2008 and Valuation of Assets

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

Review of the twelve and three months ended 31 December 2008

	Property Rental €'000	Residential Sales €'000	Hotel Operations €'000	Other €'000	Twelve months ended 31 December 2008 €'000	Twelve months ended 31 December 2007 €'000
Revenue	17,094	12,961	21,435	385	51,875	27,375
Cost of operations	(6,921)	(12,744)	(14,982)	(637)	(35,284)	(20,648)
Gross profit	**10,173**	**217**	**6,453**	**(252)**	**16,591**	**6,727**
Administrative expenses	(1,055)	(2,135)	(2,485)	(9,731)	(15,406)	(23,284)
Gross profit / (loss) less administrative expenses	**9,118**	**(1,918)**	**3,968**	**(9,983)**	**1,185**	**(16,557)**
Gross profit %	60%	2%	30%	n/a	32%	25%
Gross profit less administrative expenses %	53%	n/a	19%	n/a	2%	n/a

	Property Rental €'000	Residential Sales €'000	Hotel Operations €'000	Other €'000	Three months ended 31 December 2008 €'000	Three months ended 31 December 2007 €'000
Revenue	3,563	12,961	5,244	80	21,848	9,678
Cost of operations	(1,730)	(11,437)	(3,885)	(259)	(17,311)	(7,247)
Gross profit	**1,833**	**1,524**	**1,359**	**(179)**	**4,537**	**2,431**
Administrative expenses	(19)	(497)	(832)	(2,236)	(3,584)	(13,255)
Gross profit less administrative expenses	**1,814**	**1,027**	**527**	**(2,415)**	**953**	**(10,824)**
Gross profit %	51%	12%	26%	n/a	21%	25%
Gross profit less administrative expenses %	51%	8%	10%	n/a	4%	n/a

Revenue

Total revenue for the twelve and three months ended 31 December was €51.9 million and €21.8 million, respectively, compared to €27.4 million and €9.7 million for the year 2007. The Company's principal revenue streams are rental income, sales from its hotel operations, and income from the sale of the residential apartments that the Company develops. 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

To date, the Group has signed preliminary contracts to deliver 727 apartments with a total value of €109 million at its Platinum Towers and Capital Art Apartments projects in Warsaw and its Atrium Homes project in Budapest. Of these preliminary contracts, 85 were signed in the twelve months ended 31 December 2008 (23 in the three months ended 31 December 2008), and 99 were handed over to new owners in the last quarter of 2008.

For the first time, the Company is recognising revenue on its development properties following the completion, in the fourth quarter of 2008, of construction works on stage 1 at Capital Art Apartments. These buildings include 219 apartments, of which 216 have been pre-sold. By 31 December 2008, 99 of these apartments had been handed over to new owners, with the full price of the apartment received by the Company. As a result, the economic risks and rewards have been 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. For the twelve and three months ended 31 December 2008, revenue of €13.0 million and gross profit of €2.2 million have been recognised on the sales of the 99 apartments delivered for stage 1 of Capital Art Apartments.

Income Producing Assets

Revenue from income producing assets has increased to €17.1 million and decreased to €3.6 million for the twelve and three months ended 31 December 2008, respectively, from €13.9 million and €4.4 million for 2007. The increase in the twelve month period principally represents the effect of acquisitions made during 2007, which have been in operation for a full year in 2008. These acquisitions included the Millennium Plaza in Warsaw, Poland in March 2007, Sadowa Business Park in Gdansk, Poland in June 2007 and Atlas House in Sofia, Bulgaria in October 2007. The growth in gross profit less administrative expenses of properties held for the full 12 months throughout 2007 and 2008 was 20%. The decrease in the three month period relates to the loss of a major tenant in the Millennium Plaza. The introduction of new tenants was delayed as a result of the proposed sale of the building, which expired in December 2008. The Group has a strong pipeline for potential new tenants.

Hotels

Revenue from hotels increased to €21.4 million for the twelve months ended 31 December 2008 from €13.2 million for 2007. Revenue from hotels for the three months ended 31 December 2008 and the equivalent period in 2007 remained constant at €5.2 million and €5.3 million respectively. The two hotels were opened and acquired during 2007 – the Warsaw Hilton opened on 19 March 2007 and the Golden Tulip, Bucharest, was acquired in June 2007. The increase in revenues for the twelve months results from the operation of these hotels for a full year in 2008.

The Hilton in Warsaw has performed ahead of expectations in its second year of operation, with occupancy levels at 65%. The hotel's revenues are enhanced by income from the conferencing and banqueting facilities, together with the high quality Holmes Place fitness centre and the casino. The hotel is regarded as an ideal venue for corporate events in Central and Eastern Europe, with competitive room rates being offered in comparison to other countries in the region. For example, on 25 February 2009, the hotel hosted the Financial Times' Central & Eastern European Property Conference, which attracted more than 1,000 delegates.

The Golden Tulip Hotel in Bucharest, Romania had a difficult first quarter in 2008. Since then, however, performance has improved in the second half, following managerial changes. Average occupancy rates in 2008 were 65%.

Cost of operations

Cost of operations has been reclassified in 2008 to include all costs directly attributable to revenue generation. The following costs are included:

- For income producing assets, all costs that directly relate to the property and/or that are covered by service charge and other income;
- For hotels, all costs that directly relate to occupancy; and
- For development properties, all costs directly relating to sales, including sales costs and direct advertising expenditure.

Administrative expenses

Administrative expenses have been reclassified in 2008. The cost items included in administrative expenses include the following:

- For income producing assets, all costs that do not directly relate to tenants;
- For hotels, costs that are incurred whether the hotel is occupied or not;
- For development properties, all costs not directly related to sales; and
- Central overheads.

Other operating income and expenses

Other operating income and expenses are items that do not directly relate to the day-to-day activities of the Group. Such items include: the costs associated with the Warsaw listing (€0.3 million and €nil for the twelve and three months ended 31 December 2008, and €3.1 million for both the twelve and three months ended 31 December 2007); income and expenses for items that are recharged to contractors and other suppliers at cost; income and expenses relating to purchases and sales of subsidiaries that are not included in any other category; and other such items.

Foreign exchange

There have been significant changes 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
Current rate				**Euro entry**	
26/2/09	4.7068	300.21	4.2891	30.126	1.95583
Closing rates					
31/12/08	4.1724	264.78	3.9852	30.126	1.95583
31/12/07	3.5820	253.35	3.6102	33.603	1.95583
% Change	(16.5%)	(4.5%)	(10.4%)	10.3%	n/a
30/6/08	3.3542	237.03	3.6475	30.312	1.95583
% Change	6.4%	6.4%	(1.0%)	9.8%	n/a
Average rates					
2008	3.5166	251.25	3.6827	31.291	1.95583
2007	3.7829	251.40	3.3395	33.781	1.95583
% Change	7.0%	0.1%	(10.3%)	7.4%	n/a

The above demonstrates the weakening in the underlying currencies during the second half of 2008, as the effects of the global financial crisis spread into the CEE region. The current rates of exchange indicate a further weakening in the CEE region currencies. Slovakia entered the Eurozone in January 2009.

Property valuations have been adversely effected by these currency movements, in particular in the development assets which are predominately based in local currency. The large foreign exchange losses in the income statement represent exchange losses on bank loans denominated in Euros, which are recorded in the local functional currencies of the individual group companies and then translated into Euros for consolidated financial reporting presentational purposes only.

The change in value of investment properties recorded in the consolidated income statements for the twelve and three months ended 31 December 2008 of €4.5 million and €2.0 million, respectively, represents the effect of increasing yields across the region.

Finance income and costs

The income statement includes finance costs of €16.2 million and €5.9 million for the twelve and three months respectively ended 31 December 2008, compared with €8.0 million and €3.1 million in the same twelve and three months of 2007, respectively, reflecting the effect of the increased external debt finance used to acquire new investment properties.

Other than as detailed above, there were no factors or events that significantly impacted the twelve or three months ended 31 December 2008.

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 increases in value from each category is subject to different treatment as follows:

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

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

- Property developments, including the land on which they will be built – held as inventory with no increase in value recognised in the financial statements.

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

	NAV 2008 € millions	**NAV per share 2008 €**	NAV 2007 € millions	**NAV per share 2007 €**
Basic NAV	172.6	**3.68**	224.1	**4.98**
Development land valuation increase	42.4		75.7	
Deferred tax	(8.0)		(13.8)	
Adjusted NAV	207.0	**4.42**	286.0	**6.36**

Notes:
The number of shares in issue as at 31 December 2008 is 46,852,014 (31 December 2007: 44,978,081)
The number of warrants outstanding at 31 December 2008 and 2007 are 5,448,118.

Included in the income statement is a sum of €4.5 million arising from the revaluation of the Group's investment properties. The total revaluation reserve of €15.6 million represents the revaluation of the Hilton Hotel and the Golden Tulip Hotel.

The Property Manager's basic and performance fees are determined by the Adjusted NAV. For the twelve and three months to 31 December 2008 the combined fee payable to AMC was €5.7 million and €1.4 million respectively (€12.2 million and €8.8 million, respectively, to 31 December 2007).

Operational Highlights

- The proceeds from the AIM IPO are now fully invested in a diverse portfolio of assets in Central and Eastern Europe. This equity, combined with bank debt, has resulted in gross assets of €515 million being attributable to the Company, based upon the latest independent valuation.

- Properties have been acquired in five countries: Poland, Hungary, Slovakia, Romania and Bulgaria. Our main focus has been in acquiring properties in the respective capital cities of Warsaw, Budapest, Bratislava, Bucharest and Sofia. The Company has also made an investment in Kosice, the second largest city in Slovakia. Additionally, two properties were acquired in Gdansk, Poland. These acquisitions were in line with the secondary objective of acquiring assets in cities other than capital cities.

- The Company completed its first development with the construction of the Hilton Hotel in the Wola district of Warsaw. During 2008 the hotel has performed ahead of expectation. The residential units in construction at the Platinum Towers development, located adjacent to the Hilton have attracted significant demand. Pre-completion apartment sales have exceeded expectations, with 327 apartments sold subject to completion. The development will be completed in phases during the fourth quarter of 2009 and the first quarter of 2010, when revenue from sales will be recognised. In February 2009, the Company topped out the two towers that comprise the residential element of the development, on time and to budget.

- At the Capital Art Apartments development in Warsaw, the Company has commenced construction of the first and second stages with sold and pre-sold apartments of 216 out of 219 in stage 1 and 117 apartments out of 300 apartments in stage 2. This project is being developed in three stages. The first stage was completed in the fourth quarter of 2008. Sales of 99 apartments were recognised as income for the first time. The Company also holds valuable land assets in Warsaw, for which it is acquiring zoning and permits for further development.

- In Hungary the Company has seven properties, all of which are located in Budapest. Four are income producing assets, including the Ikarus Industrial Park. It is anticipated that some of these properties may be redeveloped in the future. In February 2008 a new zoning plan was obtained for the Ligetvaros and Varosliget sites, allowing the development works to begin on these mixed-use projects. The Atrium Homes development property is a two-stage development. The construction of stage 1 has been delayed due to current economic conditions.

- In Slovakia the Group owns three development sites, one in Bratislava and two in Kosice. In Bratislava, the Group is awaiting approvals for rezoning of the land and is pleased with the progress being made on discussions with the local authorities. In Kosice, design works for a residential and office development are currently underway.

- The Company has three properties in Romania, including the Golden Tulip Hotel and two significant land banks which are now planned for redevelopment.

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.

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.

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

Financial management, operational management and material risks

The Company has completed almost three years as a quoted company and its first as 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. Finance teams are operating in each of its major territories, with support across all countries provided by an experienced group finance team. Experienced operational teams are in place in each country and 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. For this year's results we have used a new financial reporting system. This has been successfully implemented and it provides the Group with the required reporting systems, financial management and internal control. It is intended to extend this system in 2009 from financial reporting into management reporting, business planning and forecasting. As a result, the Company will have a fully integrated financial reporting and management reporting system.

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. The main financial risks that have affected the Company in 2008 are the effect of the global liquidity crisis on the Company's ability to access capital and to realise value from forced property disposals amid weakening in the economies in the CEE region.

Among the demonstrations of the weakening conditions are the rapidly weakening exchange rates of countries in the region, together with a reduction in demand for new apartments in Poland and Hungary, where we have projects under construction and transactions are taking longer to reach completion. AMC has been advising the Board on a regular basis with respect to financial performance and the effect of external factors on the business.

The Board, through AMC, also regularly review construction costs and the effect on development project profits, particularly given the global variations in commodity prices and the increase of labour costs in the CEE region. The Company is constantly seeking ways to control costs and minimise increases.

Financing and liquidity

Management is experiencing 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. Although recent news regarding the willingness of banks in the CEE region to finance projects has been negative, AMC's management team, through its strong relationship management and connections, has been able to secure financing opportunities in the region. However, the management team see this as a potential risk to the ongoing development of the Company and as a result are devoting significant resource to the management of banking relationships and the monitoring of risk in this area.

Despite the difficult conditions in the financial markets the Company has been able to refinance part of its portfolio and secured loans for the construction phase of its development projects. 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 December 2008, the Company's share of bank debt associated with the portfolio was €247.7 million, with cash at bank and in hand of €15.3 million. The gearing ratio is 135%, based upon net debt as a percentage of equity attributable to shareholders and is 57.4% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). 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.

The results for the year and the fourth quarter of 2008 have been adversely impacted by the effects of the depreciating currencies in the Central and Eastern European markets. For the Company's investments in Poland, its major market, the Polish Zloty has depreciated by 16.5% from the 31 December 2007 rate of exchange to 31 December 2008 rate of exchange. The fall in value of the functional currencies has resulted in foreign exchange losses of €22.2 million in the income statement (2007: gain of €0.5 million) and €17.9 million (2007: gain of €11.7 million) in reserves for the year ended 31 December 2008.

Conclusions

AMC's key strategic objective is the maximisation of value for the Company's shareholders, which it continues to work towards, despite the very challenging economic backdrop. Its teams located across its network of regional offices 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 continues to be made with the construction of our two key development projects in Warsaw, Platinum Towers and Capital Art Apartments and pre-sales 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 our 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
02 March 2009

Michael Williamson
Chief Financial Officer

Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton Hotel in Poland, 314 rooms and conference facilities	100%
Platinum Towers	387 apartments in two towers and a third tower with 22,500 square metres of office space. The two residential towers are with building permits and pre-sales	100%
Capital Art Apartments	760 apartments with building permits and pre-sales	100%
Zielono	Land with zoning for 265 apartments	76%
Millennium Plaza	32,700 square metres of office and retail space	100%
Cybernetyki project	3,100 square metre plot of land zoned for 11,000 square metres of residential development	50%
Sadowa project	6,550 square metre office building with 99% occupancy	100%
Kokoszki, Gdansk	430,000 square metre plot in Gdansk with zoning for construction of 130,000 square metres of mixed use development	90%
Hungary		
Ikarus Business Park	283,000 square metre plot with 110,000 square metres of lettable business space	100%
Metropol Office Centre	7,600 square metre office building, 100% occupied, yield on acquisition price: 8.25%	100%
Atrium Homes	456 apartments with building permits, marketing commenced and pre-sales	100%
Ligetvaros Centre	6,300 square metres of office/retail space, 99% occupied, rights to build extra 6,400 square metres. Yield on acquisition price: 8%	100%
Varosliget Centre	12,000 square metre plot in Central Budapest, with zoning for residential development of 31,000 gross square metres	100%
Moszkva Square	1,000 square metres of office space, yield on acquisition 8.75%	100%
Volan Project	20,640 square metre plot, zoning for 89,000 square metre mixed use scheme	50%
Romania		
Voluntari	99,116 square metres of land in three adjacent plots	100%
Solaris Project	32,000 square metres plot for re-zoning to mixed-use development	100%
Golden Tulip Hotel	4 star 83 room hotel in central Bucharest	100%
Slovakia		
Nove Vajnory	879,000 square metres of land acquired from municipality, under re-zoning for mixed use development	50%
Basta Project[1]	7,202 square metres of land for Residential and commercial use development in the centre of Kosice, second city in Slovakia, with zoning	50%
Bastion Project[1]	2,806 square metres of land for office and commercial use development in centre of Kosice, second city of Slovakia, with zoning	50%
Bulgaria		
The Atlas House	Office building in Sofia's city centre with 3,472 square metres of lettable area spread over eight floors	100%

[1] The Basta and Bastion projects are both part of the Basta project as presented in the past.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the twelve and three months ended 31 December 2008

	Twelve months ended 31 December 2008 (unaudited) €'000	Three months ended 31 December 2008 (unaudited) €'000	Twelve months ended 31 December 2007 (restated) €'000	Three months ended 31 December 2007 (unaudited) €'000	Note
Revenues	**51,875**	**21,848**	**27,375**	**9,678**	3
Cost of operations	(35,284)	(17,311)	(20,648)	(7,247)	4.1
Gross profit	**16,591**	**4,537**	**6,727**	**2,431**	
Administrative expenses	(15,406)	(3,584)	(23,284)	(13,255)	4.2
Other operating income	1,164	751	3,513	(172)	
Other operating expenses	(1,974)	(642)	(6,228)	(3,432)	
(Decrease) / increase in value of investment properties	(4,495)	(2,047)	36,160	4,315	10
Impairment of asset held for sale	-	3,996	-	-	10
Other gains and (losses) – foreign exchange	(22,174)	(27,414)	523	(1,539)	
Impairment charge in relation to goodwill	(469)	(469)	(201)	(201)	20
Negative goodwill realised on acquisitions	687	566	389	-	20
(Loss) / profit from operations	**(26,076)**	**(24,306)**	**17,599**	**(11,853)**	
Finance income	1,379	258	1,794	792	5
Finance costs	(16,153)	(5,936)	(8,042)	(3,078)	5
(Loss) / profit on ordinary activities before taxation	**(40,850)**	**(29,984)**	**11,351**	**(14,139)**	
Tax credit / (expense)	1,153	(47)	(3,095)	2,436	6
(Loss) / profit for the year / period	**(39,697)**	**(30,031)**	**8,256**	**(11,703)**	
Attributable to:					
Equity shareholders	(39,694)	(30,035)	8,196	(11,766)	
Minority interests	(3)	4	60	63	
	(39,697)	**(30,031)**	**8,256**	**(11,703)**	
(Loss) / earnings per €0.01 ordinary share – basic (eurocents)	(86.6)	(64.1)	17.0	(24.7)	8
(Loss) / earnings per €0.01 ordinary share – diluted (eurocents)	(86.6)	(64.1)	17.0	(24.7)	8

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	31 December 2008 (unaudited) €'000	30 September 2008 (unaudited) €'000	31 December 2007 €'000	Note
ASSETS				
Non-current assets				
Intangible assets	610	334	942	
Land under operating lease	16,445	20,186	18,984	
Property, plant and equipment	108,035	115,283	113,469	9
Investment property	198,677	130,400	217,040	10
Other loans receivable	7,928	5,898	8,674	
Deferred tax asset	5,358	4,893	3,284	
	337,053	**276,994**	**362,393**	
Current assets				
Inventories	155,855	173,428	124,644	11
Trade and other receivables	7,838	9,696	9,602	
Cash and cash equivalents	15,288	21,778	34,861	12
	178,981	**204,902**	**169,107**	
Assets classified as held for sale	-	97,590	-	17
TOTAL ASSETS	**516,034**	**579,486**	**531,500**	
Current liabilities				
Trade and other payables	(53,402)	(70,140)	(51,514)	14
Bank loans	(95,702)	(31,535)	(29,822)	15
Derivative financial instruments	(456)	-	-	16
	(149,560)	**(101,675)**	**(81,336)**	
Liabilities directly associated with assets classified as held for sale	-	(70,408)	-	17
Non-current liabilities				
Other payables	(10,104)	(8,285)	(8,667)	
Bank loans	(151,983)	(155,342)	(188,666)	15
Derivative financial instruments	(1,427)	-	-	16
Deferred tax liabilities	(29,121)	(26,439)	(28,715)	
	(192,635)	**(190,066)**	**(226,048)**	
TOTAL LIABILITIES	**(342,195)**	**(362,149)**	**(307,384)**	
NET ASSETS	**173,839**	**217,337**	**224,116**	
EQUITY				
Share capital account	6,268	6,268	484	18
Revaluation reserve	15,575	6,792	8,144	19
Other distributable reserve	194,817	194,817	202,320	19
Other reserves	(4,682)	11,280	14,060	19
Amounts recognised directly in equity relating to assets held for sale	-	6,248	-	17
Accumulated (loss) / retained earnings	(39,412)	(9,155)	(1,631)	
Equity attributable to equity holders of the Company	**172,566**	**216,250**	**223,377**	
Minority Interests	**1,273**	**1,087**	**739**	
TOTAL EQUITY	**173,839**	**217,337**	**224,116**	
Basic net asset value per share	€3.68	€4.62	€4.98	

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 December 2008

Twelve Months Ended 31 December 2008 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 January 2008	**484**	**224,524**	**(1,631)**	**223,377**	**739**	**224,116**
Exchange adjustments	-	(17,931)	-	**(17,931)**	-	**(17,931)**
Deferred tax on exchange adjustments	-	1,009	-	**1,009**	-	**1,009**
Revaluation of buildings	-	11,053	-	**11,053**	-	**11,053**
Deferred tax on revaluation of buildings	-	(3,621)	-	**(3,621)**	-	**(3,621)**
Realisation of exchange adjustments	-	(2,148)	2,148	**-**	-	**-**
Deferred tax on realisation of exchange adjustments	-	326	(326)	**-**	-	**-**
Net income recognised directly in equity	-	(11,312)	1,822	**(9,490)**	-	**(9,490)**
Result for the period	-	-	(39,694)	**(39,694)**	(3)	**(39,697)**
Total recognised income and expense for the period	-	(11,312)	(37,872)	**(49,184)**	(3)	**(49,187)**
Minority interest acquired in the period (note 20)	-	-	-	**-**	537	**537**
Shares issued in the period(note 18)	5,784	-	-	**5,784**	-	**5,784**
Share based payments	-	-	91	**91**	-	**91**
Dividends declared	-	(7,502)	-	**(7,502)**	**-**	**(7,502)**
As at 31 December 2008	**6,268**	**205,710**	**(39,412)**	**172,566**	**1,273**	**173,839**

Three Months Ended 31 December 2008 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 October 2008	**6,268**	**219,137**	**(9,155)**	**216,250**	**1,087**	**217,337**
Exchange adjustments	-	(23,864)	-	**(23,864)**	-	**(23,864)**
Deferred tax on exchange adjustments	-	1,296	-	**1,296**	-	**1,296**
Revaluation of buildings	-	12,939	-	**12,939**	-	**12,939**
Deferred tax on revaluation of buildings	-	(4,035)	-	**(4,035)**	-	**(4,035)**
Realisation of exchange adjustments	-	389	(389)	**-**	-	**-**
Deferred tax on realisation of exchange adjustments	-	(152)	152	**-**	-	**-**
Net income recognised directly in equity	-	(13,427)	(237)	**(13,664)**	-	**(13,664)**
Result for the period	-	-	(30,035)	**(30,035)**	4	**(30,031)**
Total recognised income and expense for the period	-	(13,427)	(30,272)	**(43,699)**	4	**(43,695)**
Minority interest acquired in the period (note 20)	-	-	-	**-**	182	**182**
Shares issued in the period(note 18)	-	-	15	**15**	-	**15**
Share based payments	-	-	-	**-**	-	**-**
As at 31 December 2008	**6,268**	**205,710**	**(39,412)**	**172,566**	**1,273**	**173,839**

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 December 2008

Year Ended 31 December 2007	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 January 2007	**484**	**232,238**	**(10,148)**	**222,574**	**1,288**	**223,862**
Exchange adjustments	-	11,739	-	**11,739**	-	**11,739**
Deferred tax on exchange adjustments	-	(530)	-	**(530)**	-	**(530)**
Revaluation of buildings	-	4,054	-	**4,054**	-	**4,054**
Deferred tax on revaluation of buildings	-	1,109	-	**1,109**	-	**1,109**
Net income recognised directly in equity	-	16,372	-	**16,372**	-	**16,372**
Result for the year	-	-	8,196	**8,196**	60	**8,256**
Total recognised income and expense for the year	-	16,372	8,196	**24,568**	60	**24,628**
Minority interest	-	-	-	**-**	(609)	**(609)**
Shares bought back as Treasury	-	(16,023)	-	**(16,023)**	-	**(16,023)**
Share based payments	-	-	321	**321**	-	**321**
Dividends paid	-	(8,063)	-	**(8,063)**	-	**(8,063)**
As at 31 December 2007	**484**	**224,524**	**(1,631)**	**223,377**	**739**	**224,116**

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED CASH FLOW STATEMENT
For the twelve and three months ended 31 December 2008

	Note	Twelve months ended 31 December 2008 (unaudited) €'000	Three months ended 31 December 2008 (unaudited) €'000	Twelve months ended 31 December 2007 €'000	Three months ended 31 December 2007 (unaudited) €'000
Cash (outflow) / inflow generated from operations	**13**	**(13,052)**	**7,519**	**(9,953)**	**(20,157)**
Interest received		517	20	1,794	792
Interest paid		(16,114)	(6,538)	(8,042)	(3,078)
Tax paid		(491)	(81)	(29)	(29)
Net cash (outflow) / inflow from operating activities		**(29,140)**	**920**	**(16,230)**	**(22,472)**
Investing activities					
Acquisition of subsidiaries – net of cash acquired		58	116	(16,575)	(5,411)
Disposal of subsidiary interest		-	-	6,951	-
Purchase of investment property		(835)	(52)	(105,871)	(13,385)
Purchase of property, plant and equipment		(1,460)	(41)	(3,424)	14,620
Proceeds from disposal of property, plant and equipment		156	(315)	12	(8)
Purchase of intangible assets – software		(18)	(8)	(920)	(89)
Net cash used in investing activities		**(2,099)**	**(300)**	**(119,827)**	**(4,273)**
Financing activities					
Dividends paid		(6,256)	-	(8,063)	(4,032)
Payments to acquire or redeem the entity's own shares		-	-	(16,023)	(16,023)
New bank loans raised		41,899	4,119	139,427	19,564
Repayments of bank loans		(16,796)	(1,109)	-	-
New loans granted to JV partners		(746)	(746)	(8,076)	(6,030)
New loans received from minority investors		722	400	3,608	3,397
Net cash from / (used in) financing activities		**18,823**	**2,664**	**110,873**	**(3,124)**
Net (decrease) / increase in cash and cash equivalents in the period as a result of cashflows		**(12,416)**	**3,284**	**(25,184)**	**(29,869)**
Effect of foreign exchange rates		(7,157)	(10,535)	(2,627)	956
Net decrease in cash and cash equivalents in the period		**(19,573)**	**(7,251)**	**(27,811)**	**(28,913)**

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED CASH FLOW STATEMENT - CONTINUED
For the twelve and three months ended 31 December 2008

	Twelve months ended 31 December 2008 (unaudited) €'000	Three months ended 31 December 2008 (unaudited) €'000	Twelve months ended 31 December 2007 €'000	Three months ended 31 December 2007 (unaudited) €'000
Cash and cash equivalents at the beginning of the period	**34,861**	**22,539**	**62,672**	**63,774**
Cash and cash equivalents at the end of the period	**15,288**	**15,288**	**34,861**	**34,861**
Cash and cash equivalents				
Cash at bank and in hand	15,288	15,288	34,861	34,861
Bank overdrafts	-	-	-	-
	15,288	**15,288**	**34,861**	**34,861**

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the twelve and three months ended 31 December 2008

1. Basis of preparation

This condensed interim financial information for the twelve and three months ended 31 December 2008 has been prepared in accordance with International Accounting Standard No. 34, “Interim Financial Reporting” (“IAS 34”). The financial information has been prepared on an historical cost basis as amended by the revaluation of land and buildings and investment property, available for sale financial assets at fair value, and financial assets and financial liabilities at amortised cost. Interim financial statements do not contain all information and notes included in annual financial statements; they should therefore be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2008. The twelve and three month financial results are not necessarily indicative of the full year results.

As described in the Chairman’s Statement and the Property Manager’s Report, the current economic environment is challenging and the Group has reported an operating loss for the year ended 31 December 2008 and a significant fall in net asset value as at 31 December 2008. The directors consider that the outlook presents significant challenges in terms of the markets in which the Group operates, the effect of fluctuating exchange rates in the functional currencies of the Group and the availability of bank financing for the Group.

As at 31 December 2008 the Group held land and building assets with a market value of €515 million, compared to external debt of €248 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. All land and building assets and associated debts are ring-fenced in unique, specific, corporate vehicles. In all cases the market values of the assets held exceed the external debt. This being the case, any repossession by the bank on default of loan terms would clear the outstanding debt and not result in additional finance liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

In the preparation of this condensed interim financial information for the twelve and three months ended 31 December 2008, the directors have reclassified an additional two loans, totaling €67.6 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 covenant breaches on these loans existed and the bank had not given a waiver on the breach of covenant at 31 December 2008. The banks are aware of the technical breaches and have not asked for repayment of the loans. One of the breaches arises from a lower valuation resulting in the breach of the loan to value ratio covenant and one from lower occupancy levels resulting in the breach of the debt service coverage ratio. Loans maturing within one year have increased to €96 million at 31 December 2008 from €30 million at 31 December 2007 and €32 million at 30 September 2008.

The principal loan reclassified from non current to current liabilities relates to the loan on Atlas Estates (Millennium) Sp. z o.o.. Following the year end the Group received a written covenant waiver from its lender in relation to the covenant breach at Atlas Estates (Millennium) Sp. z o.o.. The lender will continue to extend the €63.1 million facility to the company and the 2009 business plan brings the asset back within the ratio limit. This is disclosed in note 22.1 on financing as part of the post balance sheet events note.

In assessing the going concern basis of preparation of the consolidated financial statements for the twelve and three months ended 31 December 2008, the directors have taken into account the status of current negotiations on loans. These are disclosed in note 22.1 on financing as part of the post balance sheet events note.

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 consolidated financial results for the twelve and three months ended 31 December 2008.

The financial statements do not include any adjustments that would result if the going concern basis of preparation were to become no longer appropriate.

Changes in relation to previously published consolidated financial statements

The comparative information for the 12 months ended as at 31 December 2007 has been restated as follows:

i) Administrative expenses of €1.0 million have been reclassified to cost of operations to aid comparison.

As a result of these changes there has been no change to the net result or net assets of the Group as previously reported.

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 2007, as described in the annual financial statements for the year ended 31 December 2007.

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning after 1 January 2009 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.

- IAS 23, Borrowing Costs (revised March 2008; effective for annual periods beginning on or after 1 January 2009);
- IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods on or after 1 July 2009). The amendments related, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary. The Group is currently assessing the impact of the IAS 27 on its financial statements;
- IFRS 3, Business Combinations (revised January 2008; effective for annual periods on or after 1 July 2009). The Group is currently assessing the impact of IFRS 3 on its financial statements;
- IFRS 8, Operating segments (effective for annual periods beginning on or after 1 January 2009) - The Standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires a company to report financial and descriptive information about its operating segments and specifies how a company should report such information. The Group will apply IFRS 8 from 1 January 2009. The Group is currently assessing the impact of the IFRS 8 on its financial statements;
- IFRIC 11, 'IFRS 2 – Group and treasury share transactions' (effective for annual periods beginning on or after 1 January 2009). This interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share based transactions in the stand-alone financial statements of the parent and group companies. The Group is currently assessing the impact of IFRIC 11 on its financial statements;
- IFRIC 13, Customer Loyalty programmes (effective for annual periods beginning on or after 1 July 2008; not yet adopted by the EU), addresses how companies that grant their customers loyalty award credits when buying goods or services should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points - no such arrangement exists within the Group;
- IFRIC 14, The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 July 2008; not yet adopted by the EU), addresses certain aspects of the accounting for pension plans. No such plans exist within the Group;
- IFRIC 15, Agreements for construction of real estates (effective for annual periods beginning on or after 1 January 2009). The Group is currently assessing the impact of IFRIC 15 on its financial statements;
- IFRIC 16, Hedges of a net investment in a foreign operation (effective for annual periods beginning on or after 1 October 2008). The Group is currently assessing the impact of IFRIC 16 on its financial statements.

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 primary segment information.

Segment information about these businesses for the twelve months ended 31 December 2008 and 2007 is presented below:

Twelve months ended 31 December 2008	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2008 €'000
Revenue	**17,094**	**12,961**	**21,435**	**385**	**51,875**
Segment result	**(5,726)**	**(2,098)**	**(8,774)**	**-**	**(16,598)**
Unallocated costs					**(9,478)**
Loss from operations					**(26,076)**
Finance income					**1,379**
Finance costs					**(16,153)**
Loss before tax					**(40,850)**
Tax on loss on ordinary activities					**1,153**
Loss for the year					**(39,697)**
Attributable to minority interests					**3**
Net loss attributable to equity shareholders					**(39,694)**
Segment assets	**165,528**	**174,422**	**121,935**	**-**	**461,885**
Share of joint venture assets					**38,752**
Unallocated assets					**15,397**
Total assets					**516,034**
Segment liabilities	**(112,378)**	**(118,330)**	**(82,976)**	**-**	**(313,684)**
Share of joint venture liabilities					**(25,128)**
Unallocated liabilities					**(3,383)**
Total liabilities					**(342,195)**
Other segment items					
Capital expenditure	904	288	519		
Depreciation	69	468	2,016		
Amortisation	31	4	43		

3. Business segments - continued

Twelve months ended 31 December 2007	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2007 €'000
Revenue	**13,919**	**48**	**13,214**	**194**	**27,375**
Segment result	**21,942**	**14,289**	**(566)**	**-**	**35,665**
Unallocated costs					**(18,066)**
Profit from operations					**17,599**
Finance income					**1,794**
Finance costs					**(8,042)**
Profit before tax					**11,351**
Tax on profit on ordinary activities					**(3,095)**
Profit for the year					**8,256**
Attributable to minority interests					**(60)**
Net profit attributable to equity shareholders					**8,196**
Segment assets	**182,436**	**152,880**	**130,117**	**-**	**465,433**
Share of joint venture assets					**46,042**
Unallocated assets					**20,025**
Total assets					**531,500**
Segment liabilities	**(112,623)**	**(92,590)**	**(62,467)**	**-**	**(267,680)**
Share of joint venture liabilities					**(26,800)**
Unallocated liabilities					**(12,904)**
Total liabilities					**(307,384)**
Other segment items					
Capital expenditure	99,440	16,779	10,583		
Depreciation	310	46	3,220		
Amortisation	2	33	45		

Segment information about these businesses for the three months ended 31 December 2008 and 2007 is presented below:

3. Business segments - continued

Three months ended 31 December 2008	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2008 €'000
Revenue	**3,563**	**12,961**	**5,244**	**80**	**21,848**
Segment result	**(5,470)**	**(3,323)**	**(13,414)**	**-**	**(22,207)**
Unallocated costs					**(2,099)**
Loss from operations					**(24,306)**
Finance income					**258**
Finance costs					**(5,936)**
Loss before tax					**(29,984)**
Tax on loss on ordinary activities					**(47)**
Loss for the year					**(30,031)**
Attributable to minority interests					**(4)**
Net loss attributable to equity shareholders					**(30,035)**

Three months ended 31 December 2007	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2007 €'000
Revenue	**4,423**	**48**	**5,315**	**(108)**	**9,678**
Segment result	**(1,719)**	**1,037**	**1,168**	**-**	**486**
Unallocated costs					**(12,339)**
Loss from operations					**(11,853)**
Finance income					**792**
Finance costs					**(3,078)**
Loss before tax					**(14,139)**
Tax on loss on ordinary activities					**2,436**
Loss for the year					**(11,703)**
Attributable to minority interests					**(63)**
Net loss attributable to equity shareholders					**(11,766)**

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

Unallocated assets represent cash balances held by the Company and those of selected sub-holding companies, deposits paid for potential future property acquisitions and a land holding with no designated use as at the balance sheet date. Unallocated liabilities include accrued costs within the Company, and deferred consideration for land holdings with no designated use as at the balance sheet date.

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the twelve and three months ended 31 December 2008

4. Analysis of expenditure

4.1 Cost of operations

	Twelve months ended 31 December 2008 €'000	Three months ended 31 December 2008 €'000	Twelve months ended 31 December 2007 (restated) €'000	Three months ended 31 December 2007 €'000
Costs of sale of residential property	10,053	10,053	-	-
Utilities, services rendered and other costs	12,972	3,791	9,890	4,050
Legal and professional expenses	1,653	715	1,618	884
Staff costs	6,541	1,638	5,185	1,201
Sales and direct advertising costs	2,799	823	2,904	1,112
Depreciation and amortisation	1,266	291	1,051	-
Cost of operations	**35,284**	**17,311**	**20,648**	**7,247**

4.2 Administrative expenses

	Twelve months ended 31 December 2008 €'000	Three months ended 31 December 2008 €'000	Twelve months ended 31 December 2007 (restated) €'000	Three months ended 31 December 2007 €'000
Audit, accountancy and tax services	720	263	1,973	1,191
Incentive and management fee	5,719	1,429	12,289	8,839
Other professional fees	3,592	535	2,936	1,144
Utilities, services rendered and other costs	1,425	231	1,026	129
Share based payments	91	15	321	81
Staff costs	1,466	284	1,021	355
Depreciation and amortisation	1,805	681	2,677	1,252
Other administrative expenses	588	146	1,041	264
Administrative expenses	**15,406**	**3,584**	**23,284**	**13,255**

	Twelve months ended 31 December 2008 €'000	Three months ended 31 December 2008 €'000	Twelve months ended 31 December 2007 (restated) €'000	Three months ended 31 December 2007 €'000
Atlas Estates Limited	6,719	1,626	15,400	9,916
Subsidiaries and other companies	8,687	1,958	7,884	3,339
Administrative expenses	**15,406**	**3,584**	**23,284**	**13,255**

5. Finance income – net

	Twelve months ended 31 December 2008 €'000	Three months ended 31 December 2008 €'000	Twelve months ended 31 December 2007 €'000	Three months ended 31 December 2007 €'000
Interest payable on bank borrowings	(13,107)	(3,656)	(7,718)	(3,016)
Interest payable on other loans	(167)	(59)	(45)	(8)
Gain / (loss) on interest rate derivative	(2,040)	(2,040)	-	-
Other similar charges	(839)	(181)	(279)	(54)
Finance costs	(16,153)	(5,936)	(8,042)	(3,078)
Finance income – interest income	1,379	258	1,794	792
Finance costs – net	**(14,774)**	**(5,678)**	**(6,248)**	**(2,286)**

6. Tax on (loss) / profit on ordinary activities

Continuing operations	Twelve months ended 31 December 2008 €'000	Three months ended 31 December 2008 €'000	Twelve months ended 31 December 2007 €'000	Three months ended 31 December 2007 €'000
Current tax	(747)	53	(359)	(22)
Deferred tax	1,900	(100)	(2,736)	2,458
Tax credit / (charge) for the period	**1,153**	**(47)**	**(3,095)**	**2,436**

Taxation has been calculated by applying the standard corporation tax rates ruling in each operating territory for the relevant period.

7. Dividends

	Twelve months ended 31 December 2008 €'000	Three months ended 31 December 2008 €'000	Twelve months ended 31 December 2007 €'000	Three months ended 31 December 2007 €'000
Second interim paid for 2006 - 8.32 eurocents per ordinary share	-	-	4,032	-
Interim paid for 2007 - 8.32 eurocents per ordinary share	-	-	4,031	4,031
Second interim declared – interim dividend for year ended 31 December 2007 of 16.68 eurocents per ordinary share	7,502	-	-	-

On 3 March 2008, the Board announced that it had resolved to pay to shareholders a second dividend of 16.68 eurocents per share ("2007 Dividend") for the year ended 31 December 2007. As approved by shareholders at the AGM on 27 June 2008, the Board offered to shareholders the choice of receiving the whole or part of the 2007 Dividend in new fully paid ordinary shares in the Company instead of cash (the "Scrip Dividend Offer"). The Board received acceptances of the Scrip Dividend Offer from holders of 7,478,694 ordinary shares in the Company, which resulted in the issue of 442,979 new ordinary shares (representing 0.945 per cent of the current issued share capital of the Company, excluding shares held in treasury). These shares have been admitted to trading on AIM and WSE.

8. (Loss) / Earnings per share

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

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

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

Twelve Months ended 31 December 2008 Continuing operations	(Loss) €'000	Weighted average number of shares	Per share amount Eurocents
Basic (LPS)			
Loss attributable to equity shareholders	**(39,694)**	**45,848,392**	**(86.6)**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted (LPS)			
Adjusted loss	**(39,694)**	**45,848,392**	**(86.6)**

8. (Loss) / Earnings per share - continued

Three Months ended 31 December 2008 **Continuing operations**	**(Loss)** **€'000**	**Weighted average number of shares**	**Per share amount Eurocents**
Basic (LPS)			
Loss attributable to equity shareholders	**(30,035)**	**46,852,014**	**(64.1)**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted (LPS)			
Adjusted loss	**(30,035)**	**46,852,014**	**(64.1)**

Twelve Months ended 31 December 2007 **Continuing operations**	**Profit** **€'000**	**Weighted average number of shares**	**Per share amount Eurocents**
Basic EPS			
Profit attributable to equity shareholders	**8,196**	**48,264,519**	**17.0**
Effect of dilutive securities			
Share warrants	-	-	-
Diluted EPS			
Adjusted profit	**8,196**	**48,264,519**	**17.0**

Three Months ended 31 December 2007 **Continuing operations**	**(Loss)** **€'000**	**Weighted average number of shares**	**Per share amount Eurocents**
Basic (LPS)			
Loss attributable to equity shareholders	**(11,766)**	**47,719,820**	**(24.7)**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted (LPS)			
Adjusted loss	**(11,766)**	**47,719,820**	**(24.7)**

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

During the year ended 31 December 2007 3,470,000 ordinary shares of €0.01 each with an aggregate nominal value of €34,700 were purchased and are held in Treasury.

9. Property, plant and equipment

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2007	88,440	387	92	88,919
Acquisitions through business combinations	14,665	131	-	14,796
Additions at cost	1,206	2,044	174	3,424
Exchange adjustments	5,620	564	4	6,188
Disposals	-	(90)	(13)	(103)
Revaluation	4,054	-	-	4,054
At 31 December 2007	**113,985**	**3,036**	**257**	**117,278**
Transfer between categories	(6,900)	6,881	19	-
Additions at cost	590	751	119	1,460
Exchange adjustments	(15,442)	(418)	(19)	(15,879)
Disposals	(79)	(12)	(73)	(164)
Revaluation	10,906	-	-	10,906
At 31 December 2008	**103,060**	**10,238**	**303**	**113,601**
Accumulated depreciation				
At 1 January 2007	(16)	(70)	(15)	(101)
Charge for the year	(2,734)	(705)	(46)	(3,485)
Exchange adjustments	(217)	(31)	1	(247)
Disposals	-	11	13	24
At 31 December 2007	**(2,967)**	**(795)**	**(47)**	**(3,809)**
Charge for the year	(1,571)	(971)	(84)	(2,626)
Exchange adjustments	589	249	11	849
Disposals	-	-	20	20
At 31 December 2008	**(3,949)**	**(1,517)**	**(100)**	**(5,566)**
Net book value at 31 December 2008	**99,111**	**8,721**	**203**	**108,035**
Net book value at 31 December 2007	**111,018**	**2,241**	**210**	**113,469**

9. Property, plant and equipment - continued

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2008	113,985	3,036	257	117,278
Additions at cost	595	710	114	1,419
Exchange adjustments	4,588	148	12	4,748
Disposals	(275)	(23)	(44)	(342)
Revaluation	(1,995)	-	-	(1,995)
At 30 September 2008	**116,898**	**3,871**	**339**	**121,108**
Accumulated depreciation				
At 1 January 2008	(2,967)	(795)	(47)	(3,809)
Charge for the period	(944)	(732)	(61)	(1,737)
Exchange adjustments	(130)	(60)	(6)	(196)
Disposals	-	-	12	12
At 30 September 2008	**(4,041)**	**(1,587)**	**(102)**	**(5,730)**
Net book value at 30 September 2008	**112,857**	**2,284**	**237**	**115,378**
Less: classified as held for sale and shown in current assets	**-**	**(78)**	**(17)**	**(95)**
At 30 September 2008	**112,857**	**2,206**	**220**	**115,283**

Buildings were valued as at 31 December 2008 by qualified professional valuers working for the company of Cushman & Wakefield, Chartered Surveyors, acting in the capacity of External Valuers. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors. All properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. For all properties, valuations were based on current prices in an active market. The resulting revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders equity.

The Group has pledged property, plant and equipment of €105.9 million (30 September 2008: €112.9 million; 31 December 2007: €112.2 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €67.6 million (30 September 2008: €67.4 million; 31 December 2007: €48.0 million) are secured on these investment properties (note 15).

10. Investment property

	31 December 2008 €'000	30 September 2008 €'000	31 December 2007 €'000
At beginning of the period	217,040	217,040	67,585
Acquisitions through business combinations (note 20)	9,540	9,540	7,500
Additions	-	-	98,295
Capitalised subsequent expenditure	835	783	76
Exchange movements	(24,243)	2,024	5,244
PV of annual perpetual usufruct fees	-	-	2,180
Fair value (losses) / gains	(4,495)	(2,448)	36,160
Total	**198,677**	**226,939**	**217,040**
Less: classified as held for sale and shown in current assets	**-**	**(96,539)**	**-**
At end of period	**198,677**	**130,400**	**217,040**

The fair value of the Group's investment property at 31 December 2008 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield and by Colliers International. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

On 14 January 2008 the Company announced the conditional sale of the company owning the Millennium Plaza building in Warsaw. This was conditional upon a third party approval, which the Company was due to obtain by the end of November 2008. The related assets and liabilities were classified as held for sale in the Company's balance sheet since 14 January 2008. Under the terms of this agreement, the investment property was to be sold for a pre-determined amount and the investment property was impaired to this value. On 1 December 2008, the agreement regarding the sale of Millennium Plaza expired. The related assets and liabilities were de-classified as held for sale in the Company's balance sheet, and the impairment to the investment property was reversed.

The Group has pledged investment property of €176.9 million (30 September 2008: €200.2 million; 31 December 2007: €191.8 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €116.3 million (30 September 2008: €118.6 million; 31 December 2007: €116.3 million) are secured on these investment properties (note 15).

11. Inventories

	31 December 2008 €'000	30 September 2008 €'000	31 December 2007 €'000
Land held for development	81,469	92,781	89,160
Construction expenditures	63,559	80,647	35,484
Completed properties	10,827	-	-
Freehold and leasehold properties held for resale	**155,855**	**173,428**	**124,644**

The Group utilized €10.8 million inventories during the twelve and three months ended 31 December 2008 (30 September 2008 and 31 December 2007: €nil). Bank borrowings are secured on land for the value of €75.5 million (30 September 2008: €86.2 million; 31 December 2007: €29.0 million) (note 15).

12. Cash and cash equivalents

	31 December 2008 €'000	30 September 2008 €'000	31 December 2007 €'000
Cash and cash equivalents			
Cash at bank and in hand	13,711	20,343	19,817
Short term bank deposits	1,577	1,435	15,044
	15,288	**21,778**	**34,861**

Included in cash and cash equivalents is €3.3 million (30 September 2008: €4.4 million; 31 December 2007: €6.4 million) restricted cash relating to security and customer deposits.

13. Cash generated from operations

	Twelve months ended 31 December 2008 €'000	Three months ended 31 December 2008 €'000	Twelve months ended 31 December 2007 €'000	Three months ended 31 December 2007 €'000
(Loss) / profit for the period	**(39,697)**	**(30,031)**	**8,256**	**(11,703)**
Adjustments for:				
Finance costs	16,153	5,936	8,042	3,078
Finance income	(1,379)	(258)	(1,794)	(792)
Tax (income) / expense	(1,153)	47	3,095	(2,436)
(Loss) / profit from operations	**(26,076)**	**(24,306)**	**17,599**	**(11,853)**
Bad debt and other write offs	2,043	1,869	762	486
Depreciation of property, plant and equipment	2,924	939	3,585	1,021
Amortisation charges	147	33	141	(32)
(Gain) / loss on sale of property plant and equipment	(6)	12	67	67
Net goodwill arising on acquisitions charged to the income statement	(218)	(97)	(188)	201
Decrease / (increase) in the value of investment property	4,495	2,047	(36,160)	(4,315)
Impairment of investment property	-	(3,996)	-	-
Effects of foreign currency	24,456	29,697	(523)	1,539
Charge relating to share based payments	91	15	321	482
	33,932	**30,519**	**(31,995)**	**(551)**
Changes in working capital				
(Increase) / decrease in inventory	(28,933)	19,587	(25,439)	(17,945)
(Increase) / decrease in trade and other receivables	973	2,264	12,368	3,738
Increase / (decrease) in trade and other payables	7,052	(20,545)	17,514	6,454
	(20,908)	**1,306**	**4,443**	**(7,753)**
Cash (outflow) / inflow generated from operations	**(13,052)**	**7,519**	**(9,953)**	**(20,157)**

14. Trade and other payables

	31 December 2008 €'000	30 September 2008 €'000	31 December 2007 €'000
Current			
Trade payables	(9,431)	(10,953)	(5,854)
Other tax and social security	(693)	(1,199)	(558)
Other creditors	(3,228)	(1,227)	(11,737)
Accruals and deferred income	(40,050)	(56,761)	(33,365)
	(53,402)	**(70,140)**	**(51,514)**

15. Bank loans

	31 December 2008 €'000	30 September 2008 €'000	31 December 2007 €'000
Current			
Bank loans and overdrafts due within one year or on demand			
Secured	(95,702)	(31,535)	(29,822)
Non-current			
Repayable within two years			
Secured	(52,624)	(51,458)	(17,019)
Repayable within three to five years			
Secured	(22,920)	(22,476)	(50,145)
Repayable after five years			
Secured	(76,439)	(81,408)	(121,502)
	(151,983)	(155,342)	(188,666)
Total	**(247,685)**	**(186,877)**	**(218,488)**
Bank loans directly associated with assets classified as held for sale	-	(63,038)	-
Total bank loans	**(247,685)**	**(249,915)**	**(218,488)**

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

As of 31 December 2008, two loans have been reclassified from non current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand. This resulted from covenant breaches on these loans that existed and for which the bank had not given a waiver on the breach of covenant at 31 December 2008. The banks are aware of the technical breaches and have not asked for repayment of the loans. One of the breaches arises from a lower valuation resulting in the breach of the loan to value ratio covenant and one from lower occupancy levels resulting in the breach of the debt service coverage ratio.

The principal loan reclassified from non current to current liabilities related to the loan on Atlas Estates (Millennium) Sp. z o.o.. Following the year end the Group received a written covenant waiver from its lender in relation to the covenant breach at Atlas Estates (Millennium) Sp. z o.o.. The lender will continue to extend the €63.1 million facility to the company and the 2009 business plan brings the asset back within the ratio limit.

The second loan reclassified from non current to current liabilities related to the loans on Atlas House within Atlas Estates (Totleben) EOOD and Immobul EOOD as a result of the breach of the loan to value ratio covenant.

15. Bank loans - continued

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.

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:

	Other €'000	Euro €'000	Zloty €'000	Total €'000
Bank loans and overdrafts – 31 December 2008	26	203,440	44,219	247,685
Bank loans and overdrafts – 30 September 2008	24	139,873	46,980	186,877
Bank loans and overdrafts – 31 December 2007	65	194,646	23,777	218,488

16. Derivative financial liabilities

	31 December 2008 €'000	30 September 2008 €'000	31 December 2007 €'000
Derivatives not designated as hedging instruments:			
- Interest rate swaps	(1,883)	-	-
Total financial instruments classified as held for trading	(1,883)	-	-
Less non-current portion:			
- Interest rate swaps	1,427	-	-
Current portion	**(456)**	**-**	**-**

The fair value of a derivative financial instrument is split between current and non-current depending on the remaining maturity of the derivative contract and its contractual cash flows.

The fair value of the Group's interest rate derivatives is based on broker quotes.

The maximum exposure to credit risk at the balance sheet date is the fair value of the derivative assets in the balance sheet.

An analysis of derivative financial instruments' maturity is as follows:

	31 December 2008 €'000	30 September 2008 €'000	31 December 2007 €'000
Up to 3 months	-	-	-
3 to 6 months	-	-	-
6 to 12 months	-	-	-
Later than one year and not later than 5 years	(1,883)	-	-
Total financial instruments classified as held for trading	**(1,883)**	**-**	**-**

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

On 14 January 2008 the Company announced the conditional sale of the company owning the Millennium Plaza building in Warsaw based on a headline price of €93.1 million. Completion was dependent upon obtaining third party approvals. All conditions would be waived or satisfied by 30 November 2008. A deposit of €7.5 million was received at signing with a balancing payment in cash due upon completion. These monies were held in escrow account. The income statement for the nine months ended 30 September 2008 included €4 million for the impairment of the asset held for sale.

On 1 December 2008, the agreement regarding the sale of Millennium Plaza expired. The related assets and liabilities were de-classified as held for sale in the Company's balance sheet, and the impairment to the investment property was reversed. The asset is now included within investment property and has been revalued to market value.

The assets and liabilities directly associated with this sale were separately classified as of 30 September 2008. The major classes of assets and liabilities held for sale were as follow:

Assets:	**31 December 2008 €'000**	**30 September 2008 €'000**	**31 December 2007 €'000**
Intangible assets	-	441	-
Property, plant and equipment	-	95	-
Investment property	-	92,543	-
Deferred tax asset	-	611	-
Trade and other receivables	-	3,139	-
Cash and cash equivalents	-	761	-
Total assets classified as held for sale	**-**	**97,590**	**-**

Liabilities:	**31 December 2008 €'000**	**30 September 2008 €'000**	**31 December 2007 €'000**
Trade and other payables	-	(3,811)	-
Bank loans	-	(63,038)	-
Deferred tax liabilities	-	(3,559)	-
Total liabilities directly associated with assets classified as held for sale	**-**	**(70,408)**	**-**

Amounts of €6.2 million relating to cumulative translation differences were recognised directly in equity in relation to assets held for sale as at 30 September 2008 (31 December 2008 and 2007: €nil).

These assets and liabilities relate to the Company's property rental segment.

18. Share capital and premium

	Number of shares	Ordinary shares €'000	Total share capital account €'000
Authorised			
Ordinary shares of €0.01 each	100,000,000	1,000	1,000
Issued and fully paid			
As at 1 January 2007	48,448,081	484	484
Shares bought back and held in Treasury	(3,470,000)	-	-
As at 31 December 2007	**44,978,081**	**484**	**484**
Issued as part settlement of the performance fee	1,430,954	4,537	4,537
Issued under the Scrip Dividend Offer (note 7)	442,979	1,247	1,247
As at 31 December 2008 and 30 September 2008	**46,852,014**	**6,268**	**6,268**

On 11 July 2008 the Company issued 1,430,954 new ordinary shares to AMC as part settlement of the performance fee earned by AMC under the Property Management Agreement for the financial year ending 31 December 2007. This had been approved at the AGM held on 27 June 2008.

On 28 July 2008 the Company announced that it had issued 442,979 new ordinary shares under the Scrip Dividend Offer (note 7), which had been approved at the AGM held on 27 June 2008.

During 2007 3,470,000 ordinary shares of €0.01 each with an aggregate nominal value of €34,700 were purchased and are held in Treasury. Distributable reserves were reduced by €16,023,000, being the consideration paid for these shares.

19. Other Reserves

The Other Reserves column included in the Consolidated Statement of Changes in Equity includes the Group's Revaluation Reserve, Other Distributable Reserve and Other Reserves. The Revaluation Reserve includes amounts relating to revaluation of properties and the related deferred tax. The Other Distributable Reserve includes amounts relating to cancellation of share premium, shares bought back and cancelled or held in Treasury, and dividends paid. The Other Reserves includes exchange adjustments and the related deferred tax. The Group's Revaluation Reserve and Other Reserves represent unrealised gains and losses and therefore are not distributable.

20. Changes in investments in joint ventures

(a) On 1 August 2008, the Group acquired an additional 20% of the share capital of its Kokoszki joint venture, Atlas Estates CF Plus 1 Sp. Z o.o., for a cash consideration of PLN 600,000 (€186,509). On each of 3 September 2008, 2 October 2008, 6 November 2008 and 10 December 2008 the Group acquired a further 5% holding for a total cash consideration of PLN 600,000 (€163,889). At 31 December 2008, the Group's holding in Atlas Estates CF Plus 1 Sp. Z o.o. was 90%. These transactions have been accounted for using the purchase method of accounting.

	Book value €'000	Fair value adjustments €'000	Fair value €'000
Net assets acquired			
Investment property	7,179	-	**7,179**
Trade and other receivables	927	-	**927**
Cash	38	-	**38**
Trade and other payables	(2,821)	-	**(2,821)**
Deferred tax liabilities	(44)	-	**(44)**
Bank loans	(5,109)	-	**(5,109)**
			170
Goodwill			**180**
Total consideration			**350**
Satisfied by:			
Equity			**-**
Cash			**350**
			350

The increased holding contributed loss after tax of €0.7 million and €0.5 million from revenue of €213 and €126 to the Group results for the twelve and three months ended 31 December 2008, respectively.

(b) On 31 December 2008, the Group increased the fair value of the consideration paid in relation to the purchase of Városliget Center Kft by €289,000 to account for contingent consideration that was paid during the year. The Group carried out an impairment test on the resulting goodwill and considered that it was impaired with reference to fair value less cost to sell of the related cash generating unit, and transferred the goodwill to the income statement.

(c) On 31 December 2008, the Group decreased the fair value of the consideration paid in relation to the purchase of Megarom Line SRL by €687,000 to account for contingent consideration that became no longer payable during the year. The Group transferred the resulting negative goodwill to the income statement.

21. Related party transactions

(a) Silverock Commerce Limited is an investment subsidiary of Investkredit Bank AG (previously Osterreichische Volksbanken-Aktiengesellschaft), an Austrian bank which was a shareholder in the Company. Throughout the period to 31 December 2008 Investkredit Bank AG provided loan facilities to a number of Company projects and investments. All such facilities were entered into on an arms length basis with market standard commercial terms. At exchange rates prevailing on 31 December 2008 a total of €98,689,081 (30 September 2008: €100,970,768; 31 December 2007: €84,872,734) was due to Investkredit Bank AG.

(b) The RP Explorer Master Fund and RP Partners Fund are funds that are managed by RP Capital Group. The RP Capital Group is also the holder of 51% of the share capital of AMC. As a result of a qualifying shareholding of 5,560,576 shares in the Company, RP Capital Group was the holder of 11.87% of the share capital of Atlas Estates Limited at 02 March 2009.

(c) RI Limited and RI Holdings Limited together are the holders of 49% of the share capital of AMC. These entities have the same beneficial owner as Atlas International Holdings Limited, who has a qualifying shareholding of 6,536,925 shares in the Company, or 13.95% of the share capital of Atlas Estates Limited at 02 March 2009.

21. Related party transactions - continued

(d) Key management compensation

	Twelve months ended 31 December 2008 €'000	Three months ended 31 December 2008 €'000	Twelve months ended 31 December 2007 €'000	Three months ended 31 December 2007 €'000
Fees for non-executive directors	282	50	224	65

The Company has appointed AMC to manage its property portfolio. At 31 December 2008 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 €5.7 million and €1.4 million for the twelve and three months ended 31 December 2008 respectively (€5.2 million and €1.7 million for the twelve and three months ended 31 December 2007 respectively). 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 2008. No performance fee is due for the twelve and three months ended 31 December 2008 (€7.0 million for the twelve and three months ended 31 December 2007). As of 31 December 2008, €1.8 million included in current trade and other payables was due to AMC (30 September 2008: €0.4 million; 31 December 2007: €7.7 million).

(e) Under the loan agreement of 29 September 2005, Kendalside Limited, which is also a shareholder in Circle Slovakia s.r.o., has extended a loan facility of €6,837,151 to Circle Slovakia for the acquisition of a property. 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. As of 31 December 2008 Circle Slovakia has drawn the loan facility plus associated interest in the amount of €8,024,229 (30 September 2008: €7,121,570; 31 December 2007: €2,695,797).

(f) Under the loan agreement of 30 October 2006 and Assignment Agreement dated 6 May 2008, Kendalside Limited has extended a loan facility of SKK 340,000,000 (€11,285,932) to Eastfield Atlas a.s. (previously Slovak Investment and Development a.s.) for the purpose of covering ongoing investment and business expenses. The loan facility is to be repaid before 31 December 2015, and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. As at 31 December 2008 the borrower has drawn the loan facility plus associated interest in the amount of SKK 25,681,409 (€852,467) (30 September 2008: SKK 25,240,816 (€837,842); 31 December 2007: SKK 23,487,462 (€779,641)).

(g) 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 €3,954,050 to Atlas Estates (Cybernetyki) 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. As of 31 December 2008 Atlas Estates (Cybernetyki) has drawn the loan facility plus associated interest in the amount of €2,214,841 (30 September 2008: €2,179,092; 31 December 2007: €1,740,548).

22. Post balance sheet events

22.1 Financing

The Group has successfully negotiated an extension to its €24.9 million loan held within the Slovakian joint venture Circle Slovakia s.r.o.. The bank has offered to extend the loan to March 2010. The land loan was due to expire on 31 March 2009.

The Polish subsidiary Zielono Sp z o.o. has a land loan due to expire on 31 March 2009 of €3.1 million. Following the year end the lender has agreed to extend the facility to 30 September 2009. Management are now in negotiation with a second bank to provide a construction loan. A term sheet has been provided and the bank is currently completing its due diligence.

The Group's Polish subsidiary Atlas Estates CF Plus 1 Sp z o.o. is currently in negotiations with the bank in relation to its €8.4 million facility expiring 28 February 2009. The asset is currently valued at €14 million.

22. Post balance sheet events - continued

Following the year end the Group received a written covenant waiver from its lender in relation to the covenant breach at Atlas Estates (Millennium) Sp. z o.o.. The lender will continue to extend the €63.1 million facility to the company and the 2009 business plan brings the asset back within the ratio limit.

22.2 Atlas House

On the 26 January 2009 the merger of Atlas Estates (Totleben) EOOD and Immobul EOOD, the Group's two Bulgarian subsidiaries, was successfully completed. The resulting entity Immobul EOOD will continue to trade as an income yielding investment company.

22.3 Kokoszki purchase

The Group acquired an additional 5% holding in its Kokoszki subsidiary, Atlas Estates CF Plus 1 Sp. z o.o. on each of 15 January 2009 and 9 February 2009, taking its holding to 100%.

23. Other items

23.1 Information about court proceedings

As of 02 March 2009, 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.

23.2 Information about Granted Sureties

During the twelve and three months ended 31 December 2008, the Company has granted the following sureties (for loans or credit facilities) or guarantees.

23.2.1 HGC refinancing

HGC S.A. ("HGC"), a subsidiary of Atlas, concluded an amendment agreement to a credit facility agreement dated 8 April 2004 with Investkredit Bank AG (the "Amendment"). The material provisions of the credit facility agreement concluded between HGC and Investkredit Bank AG, dated 8 April 2004, were described in the section "Credit and loan facilities, guarantees and sureties" of the prospectus of Atlas approved by the Polish Financial Supervision Commission on 31 January 2008, which was published on the website of Atlas.

Under the Amendment dated 11 July 2008, the current amount of the facility (i.e. EUR 51,386,000) was increased by EUR 13,614,000 (additional sum borrowed), i.e. up to EUR 65,000,000. HGC was entitled to draw the additional funds by 30 September 2009. The term of the facility was extended until 30 September 2015. The facility is to be repaid in 24 quarterly instalments payable from 31 December 2009, and on 30 September 2015 in a final balloon payment of approximately EUR 54,000,000. The credit facility bears interest at a variable rate equal to the sum of EURIBOR 3M and the bank's margin. The guarantees of Atlas remained unchanged and are equal to EUR 45,000,000.

Based on the amendments to the respective security agreements, the value of the following security interests established for the facility has been increased up to EUR 78,000,000: (i) a registered pledge on shares in HGC held by Grzybowska Centrum Sp. z o.o. (a subsidiary of Atlas); (ii) a first ranking ceiling mortgage on the Warsaw Hilton and the right of perpetual usufruct to a plot located in Warsaw at the crossing of Wronia and Grzybowska streets; (iii) registered pledges and a blockade of the funds deposited in HGC's bank accounts; and (iv) a registered pledge on the movable assets of HGC.

HGC also effected an assignment of certain receivables to secure the credit facility.

Furthermore, in order to provide additional security for the credit facility agreement dated 8 April 2004 concluded between HGC and Investkredit Bank AG, on 14 July 2008 HGC concluded a bank account registered pledge agreement with Investkredit Bank AG. Under the pledge agreement, HGC established a registered pledge on its bank account maintained by Bank Pekao S.A., the Warsaw Branch. The pledge was established to secure the receivables of Investkredit Bank AG under the facility agreement dated 8 April 2004. The pledge secures receivables up to EUR 78,000,000. The pledge will take effect upon being entered in the register by the relevant registry court. The agreement provides that upon its conclusion an ordinary pledge will be established to secure the repayment of the credit facility, which will expire two months after the registered pledge has been validly and undisputedly registered by the court.

23. Other items - continued

23.2.2 Platinum Towers new construction loan

Platinum Towers Sp. z o.o. ("Platinum"), a subsidiary of Atlas, concluded a credit facility agreement (the "Agreement") dated 24 July 2008 with Raiffeisen Bank Polska S.A. (the "Bank").

The Agreement provides for a credit facility of up to PLN 174,000,000 (circa €51 million). The utilization of the facility is dependent on the costs of construction of the Platinum Towers buildings. Under the agreement up to PLN 42,000,000 is to be utilized on the refinancing of the facility granted by Erste Bank der Österreichischen Sparkassen AG and the balance (circa PLN 132,000,000) to finance the construction of Platinum Towers. The tenor of the facility ends on 30 June 2010. The facility bears interest at a variable rate based on the WIBOR plus the bank's margin. The credit facility is secured by:

1. A registered pledge established pursuant to the agreement dated 24 July 2008 concluded between the Bank and a subsidiary of Atlas, Atlas Estates Investment B.V. The pledge encumbers 30,700 shares, with the nominal value of PLN 500 each, of Platinum, a subsidiary of Atlas, which are held by Atlas Estates Investment B.V. The encumbered shares constitute 100% of Platinum's share capital and entitle the holder to 100 % of votes at the shareholders' meeting of Platinum. The pledge secures the Bank's claims arising from the Agreement up to PLN 261,000,000. The shares in Platinum are a long term capital investment of Atlas' subsidiary. The value of the pledged assets registered in the book of accounts kept by Atlas Estates Investment B.V. is EUR 5,895,972. The shares in Platinum are material assets within the meaning of the Regulation of the Minister of Finance dated 19 October 2005 on Current and Periodic Disclosures to be Made by Issuers of Securities, since their value exceeds 10% of Atlas's equity.

2. A ceiling mortgage established on 24 July 2008 by HPO Sp. z o.o., a subsidiary of Atlas in favour of the Bank on the right of perpetual usufruct granted to HPO Sp. z o.o. to the real property situated in the Wola district of Warsaw, at ul. Grzybowska and ul. Wronia with a total area of 4,454 m^2. The mortgage secures the Bank's claims arising out of the Agreement up to PLN 261,000,000.

3. A ceiling mortgage established on 24 July 2008 by Platinum, a subsidiary of Atlas in favour of the Bank on the right of perpetual usufruct granted to Platinum to the real property situated in the Wola district of Warsaw, at ul. Grzybowska and ul. Wronia with a total area of 5,117 m^2. The mortgage secures the Bank's claims arising out of the Agreement up to PLN 261,000,000.

4. An assignment of rights arising out of the specified agreements to the Bank by Platinum.

23.2.3 Atlas Estates Investment B.V.

An understanding was given to Investkredit Bank AG by Atlas Estates Investment B.V. that invested money would not be withdrawn without the prior approval of Investkredit Bank AG and to cover all costs not covered by the current sales proceeds or by the loan as granted to the company Capital Art Apartments Sp. Z o.o..

23.2.4 Atlas Estates (Cybernetyki) Sp. z o.o.

The Polish subsidiary Atlas Estates (Cybernetyki) Sp. z o.o. had a land loan due to expire on 31 December 2008 of €3.8 million. On 29 December 2008, the facility was extended to 31 January 2010. Financial covenants under the revised loan agreement remain unchanged, but under the new terms six months prepayment of interest is required, calculated and paid quarterly thereafter.

23.3 Financial Forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2008.

23 Other Items – continued

23.4 Substantial shareholdings

As of 02 March 2009 and as at 14 November 2008 to the Company's best knowledge and belief, the following shareholders had a direct or indirect interest in 5% or more of the Company's ordinary share capital:

Shareholder	Number of Shares as of Third Quarter Report (% of share capital)	Increase / (Decrease) Number of Shares	Number of Shares as of 26 February 2009 (% of share capital)
BBHISL Nominees Limited	9,939,345 (21.21)	(3,344,836)	6,594,509 (14.08)
Chetwynd Nominees Limited	5,528,884 (11.80)	31,692	5,560,576 (11.87)
Forest Nominees Limited	6,424,331 (13.71)	112,594	6,536,925 (13.95)
Lynchwood Nominees Limited	-	9,997,733	9,997,733 (21.34)
Roy Nominees Limited	-	6,730,623	6,730,623 (14.37)
The Bank of New York (Nominees) Limited	-	3,827,613	3,827,613 (8.17)
HSBC Global Custody Nominee (UK) Limited	4,094,534 (8.74)	(4,094,534)	-
Finiman Limited	4,097,509 (8.75)	(4,097,509)	-
Bank Julius Baer & Company Ltd	2,631,114 (5.62)	(2,631,114)	-

23.5 Directors' share interests

There have been no changes to the Directors' share interests during the twelve and three months ended 31 December 2008. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the twelve and three months ended 31 December 2008. One Director (Mr Spicer) acquired a beneficial interest in 14,785 shares in the Company in 2007.

23.6 Other share interests

No changes have occurred in the twelve and three months ended 31 December 2008 in the number of warrants issued to managing and/or supervisory persons.

24. 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 twelve months ended 31 December 2008. Two new entities were established in Slovakia. During the three months ended 31 December 2008, Atlas Estates Investments B.V. acquired an additional 15% holding in its Kokoszki joint venture, Atlas Estates CF Plus 1 Sp. Z o.o.. The percentage holdings are consistent across all periods presented except for Atlas Estates CF Plus 1 Sp. z o.o., which was 90% at 31 December 2008, 75% at 30 September 2008 and 50% in all other periods.

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 Investments B.V.	Holding	100%
Holland	Trilby 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 Sp. z o.o.	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 CF Plus 1 Sp. z o.o.	Development	90%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Cap East Kft.	Investment	100%
Hungary	Felikon Kft.	Investment	100%
Hungary	Ligetváros Kft	Investment	100%
Hungary	Városliget Center Kft	Development	100%
Hungary	Atlas Estates (Moszkva) Kft.	Holding	100%
Hungary	Atlas Estates (Dekan) Kft.	Investment	100%
Hungary	Atlas Estates (Vagany) Kft.	Holding	100%
Hungary	Atlas Estates Kaduri Shasha ZRT	Development	50%
Slovakia	Circle Slovakia s.r.o.	Development	50%
Slovakia	Eastfield Atlas a.s.	Holding	50%
Slovakia	Slovak Trade Company s.r.o	Development	50%
Slovakia	WBS a.s.	Development	50%
Slovakia	Smokovec Trade Company, s.r.o.	Development	50%
Slovakia	Nitra Trade Company, s.r.o.	Development	50%
Slovakia	Bastion Office Center, s.r.o.	Development	50%

24. Principal subsidiary companies and joint ventures - continued

Country of incorporation	Name of subsidiary/joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Romania	World Real Estate SRL	Development	100%
Romania	Megarom Line SRL	Development	100%
Romania	DNB Victoria Towers SRL	Hotel operation	100%
Romania	DNB Victoria Tower Hotel Management SRL	Management	100%
Bulgaria	Atlas Estates (Totleben) EOOD	Holding	100%
Bulgaria	Immobul EOOD	Investment	100%

25. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED INCOME STATEMENT
For the twelve and three months ended 31 December 2008

	Twelve months ended 31 December 2008 (unaudited) €'000	Three months ended 31 December 2008 (unaudited) €'000	Twelve months ended 31 December 2007 €'000	Three months ended 31 December 2007 (unaudited) €'000
Revenues	-	-	-	**-**
Cost of operations	-	-	-	-
Gross profit	-	-	-	**-**
Administrative expenses	(6,811)	(1,718)	(15,399)	(9,915)
Other operating income	4,419	4,419	-	-
Other operating expenses	(1,049)	-	(2,109)	(109)
Other gains and (losses) – foreign exchange	147	87	316	530
(Loss) / profit from operations	**(3,294)**	**2,788**	**(17,192)**	**(9,494)**
Finance income	11,236	2,963	11,169	3,037
Finance costs	(25)	(20)	(6)	(2)
Profit / (loss) on ordinary activities before taxation	**7,917**	**5,731**	**(6,029)**	**(6,459)**
Tax expense	-	-	-	-
Profit / (loss) for the period	**7,917**	**5,731**	**(6,029)**	**(6,459)**

25. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	31 December 2008 (unaudited) €'000	30 September 2008 (unaudited) €'000	31 December 2007 €'000
ASSETS			
Non-current assets			
Other loans receivable	-	-	263
Investment in subsidiaries	21,220	21,220	21,220
Loans receivable from subsidiaries	176,062	173,105	177,965
	197,282	**194,325**	**199,448**
Current assets			
Trade and other receivables	176	188	142
Cash and cash equivalents	4,351	684	3,232
	4,527	**872**	**3,374**
TOTAL ASSETS	**201,809**	**195,197**	**202,822**
Current liabilities			
Trade and other payables	(2,432)	(1,565)	(9,734)
Bank loans	-	-	-
	(2,432)	**(1,565)**	**(9,734)**
Non-current liabilities			
Other payables	-	-	-
Bank loans	-	-	-
Deferred tax liabilities	-	-	-
	-	**-**	**-**
TOTAL LIABILITIES	**(2,432)**	**(1,565)**	**(9,734)**
NET ASSETS	**199,377**	**193,632**	**193,088**
EQUITY			
Share capital account	6,268	6,268	484
Other distributable reserve	194,817	194,817	202,320
Accumulated loss	(1,708)	(7,453)	(9,716)
TOTAL EQUITY	**199,377**	**193,632**	**193,088**
Basic net asset value per share	n/a	n/a	n/a

25. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 December 2008

Twelve Months Ended 31 December 2008 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2008	**484**	**202,320**	**(9,716)**	**193,088**
Result for the period	-	-	7,917	**7,917**
Shares issued in the period	5,784	-	-	**5,784**
Share based payments	-	-	91	**91**
Dividends paid and declared	-	(7,502)	-	**(7,502)**
As at 31 December 2008	**6,268**	**194,818**	**(1,708)**	**199,378**

Three Months Ended 31 December 2008 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 October 2008	**6,268**	**194,818**	**(7,453)**	**193,633**
Result for the period	-	-	5,731	**5,731**
Share based payments	-	-	14	**14**
Shares issued in the period	-	-	-	**-**
Dividends paid and declared	-	-	-	**-**
As at 31 December 2008	**6,268**	**194,818**	**(1,708)**	**199,378**

Year Ended 31 December 2007	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2007	**484**	**226,406**	**(4,008)**	**222,882**
Result for the period	-	-	(6,029)	**(6,029)**
Shares bought back as Treasury	-	(16,023)	-	**(16,023)**
Share based payments	-	-	321	**321**
Dividends paid	-	(8,063)	-	**(8,063)**
As at 31 December 2007	**484**	**202,320**	**(9,716)**	**193,088**

25. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED CASH FLOW STATEMENT
For the twelve and three months ended 31 December 2008

	Twelve months ended 31 December 2008 (unaudited) €'000	Three months ended 31 December 2008 (unaudited) €'000	Twelve months ended 31 December 2007 €'000	Three months ended 31 December 2007 (unaudited) €'000
Profit / (loss) for the period	**7,917**	**5,731**	**(6,029)**	**(6,459)**
Adjustments for:				
Finance costs	25	20	6	2
Finance income	(11,236)	(2,963)	(11,169)	(3,037)
(Loss) / profit from operations	**(3,294)**	**2,788**	**(17,192)**	**(9,494)**
Bad debt write off	259	259	-	-
Creditor write off	(4,419)	(4,419)	-	-
Effects of foreign currency	(155)	(95)	-	(214)
Charge relating to share based payments	91	15	321	160
	(4,224)	**(4,240)**	**321**	**(54)**
Changes in working capital				
(Increase) / decrease in trade and other receivables	(30)	(246)	(95)	5
Increase / (decrease) in trade and other payables	1,634	5,266	(10,494)	7,308
Cash (outflow) / inflow generated from operations	**(5,914)**	**3,568**	**(27,460)**	**(2,235)**
Interest received	53	7	11,169	10,903
Interest paid	(6)	(6)	(6)	(2)
Net cash (outflow) / inflow from operating activities	**(5,867)**	**3,569**	**(16,297)**	**8,666**
Investing activities				
Repayment of loans from / (new loans granted to) subsidiary undertakings	13,087	-	(4,662)	8,446
Net cash from / (used in) investing activities	**13,087**	**-**	**(4,662)**	**8,446**
Financing activities				
Dividends paid	(6,256)	-	(8,063)	(4,032)
Payments to acquire or redeem the entity's own shares	**-**	**-**	(16,023)	(16,023)
Net cash from / (used in) financing activities	**(6,256)**	**-**	**(24,086)**	**(20,055)**
Net increase / (decrease) in cash and cash equivalents in the period as a result of cashflows	**964**	**3,569**	**(45,045)**	**(2,943)**
Effect of foreign exchange rates	155	98	-	47
Net increase / (decrease) in cash and cash equivalents in the period	**1,119**	**3,667**	**(45,045)**	**(2,896)**

25. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED CASH FLOW STATEMENT - CONTINUED
For the twelve and three months ended 31 December 2008

	Twelve months ended 31 December 2008 (unaudited)	Three months ended 31 December 2008 (unaudited)	Twelve months ended 31 December 2007	Three months ended 31 December 2007 (unaudited)
	€'000	€'000	€'000	€'000
Cash and cash equivalents at the beginning of the period	**3,232**	**684**	**48,277**	**6,128**
Cash and cash equivalent at the end of the period	**4,351**	**4,351**	**3,232**	**3,232**
Cash and cash equivalents				
Cash at bank and in hand	4,351	4,351	3,232	3,232
Bank overdrafts	-	-	-	-
	4,351	**4,351**	**3,232**	**3,232**