29 February 2008

ATLAS ESTATES LIMITED

Unaudited quarterly financial results for the quarter and year ended 31 December 2007

HIGHLIGHTS

Atlas Estates Limited ("Atlas" or the "Company), the Central and Eastern European investment and development property company, which recently became the second company with a dual listing on AIM and the Warsaw Stock Exchange, today announces its preliminary results for the year ended 31 December 2007.

Financial highlights

- Profit before tax of €20.2 million (2006: loss before tax of €9.8 million)
- IFRS NAV per share up 10.5% to €5.07 (2006: €4.59) (Note 1)
- EPRA NAV per share up 18.8% to €6.70 (2006: €5.64) (Note 2)
- Atlas share of the property portfolio increased to €508 million (31 December 2006: €315 million) with underlying growth of 16.2% increase in valuation full year
- Company's IPO proceeds now fully invested with investment, dividends and growth targets achieved
- Dividends of 25 eurocents per share relating to 2007, representing an annualised yield of 5% on IPO price (€5 per share).

Operational highlights

- Development projects in Warsaw meeting targets and new zonings being secured for land banks
- Warsaw Hilton opened on 19 March 2007; first year's trading ahead of expectations
- Strong apartments sales: 642 apartments sold out of 1,022 apartments on offer
- Preliminary agreement reached for conditional sale of Millennium Plaza for €93 million.

Post period-end events

- Atlas has become the second company with a dual listing on AIM and the Warsaw Stock Exchange – thereby increasing liquidity and responding to demand from continental European investors.

Quentin Spicer, Chairman of Atlas Estates commented,

"2007 has been a year of continued progress across Atlas' operations. Following its successful flotation on AIM in London in 2006, the Company completed its listing on the Warsaw Stock Exchange in February 2008. This dual listing will broaden our shareholder base and is expected to increase the liquidity of our shares. We have now invested all of the proceeds from the initial AIM placing and are continuing to meet the IPO targets, both in terms of dividend payments and growth in asset value. The agreement to sell the Millennium Plaza in Warsaw is a true example of our capability to recycle assets and, in building upon the strong performance of 2007; I look forward to 2008 with great confidence."

Amos Pickel, Chief Executive of Atlas Management Company ("AMC"), Atlas' property manager added:

"2007 has been a year of strong progress throughout Atlas' operations, building on the experience gained during its first year as an AIM-quoted company. We are particularly encouraged by the strong results and the progress made in obtaining relevant zoning and planning permits across the Company's development portfolio, together with the income that is being produced by its investment properties.

We are confident that, through the expertise of its management teams located across its network of regional offices and its experience in unlocking value from its assets through active management, the Company can continue to deliver on its strategic objectives and deliver value to its shareholders in the future."

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Notes:

(1) NAV represents the net assets per consolidated balance sheet as at 31 December 2007
(2) EPRA NAV represents NAV adjusted for the increase in valuation of development land at 31 December 2007 and adding back deferred tax on investment property and hotel assets

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Unaudited quarterly financial results for the quarter and year ended 31 December 2007

Atlas Estates Limited (the "Company") has its primary listing on the Warsaw Stock Exchange, which requires unaudited quarterly financial reports to be provided to its shareholders under Polish law. The report for the quarter ended 31 December 2007 has not been reviewed by the Company's auditors and may differ from the equivalent quarterly results contained in the Company's audited full year results. The attached is not required to be provided to shareholders under the AIM Rules issued by the London Stock Exchange and does not constitute part of the Company's preliminary results for the year ended 31 December 2007 as are required to be published under the AIM Rules. The preliminary audited results of the Company for the equivalent period may differ significantly from the information contained in the unaudited quarterly financial reports required to be published under Polish law and regulation.

Chairman's Statement

I am pleased to announce strong performance and progress in 2007. Since Admission to AIM on 1 March 2006, the Company continues to deliver on the strategic objectives and targets it set out at the time of its IPO. Optimising shareholder value remains the Company's key priority.

This is evidenced by the progress that Atlas has made since the year end, most noticeably by the successful completion of the Company's listing on the Warsaw Stock Exchange ("WSE"). As a result, Atlas is the second company to have a dual listing on AIM and on the WSE, with Warsaw becoming its primary listing. The admission to trading on the WSE is a major step forward in the Company's development, as it will provide Atlas with access to a new shareholder base and increase the liquidity of the shares within a regulated EU exchange. It also aligns Atlas more closely to the territory where the majority of its operations are located.

On 14 January 2008, the Company announced that a preliminary agreement for the conditional disposal of its interest in the Millennium Plaza building in Warsaw had been signed. The property had been acquired for €78 million in March 2007 and we were pleased to report that, it had been agreed with the purchaser to sell the company owning the property for a headline price of €93.1 million. This is conditional upon a third party approval. The final completion is expected in the coming months.

The sale of Millennium Plaza demonstrates Atlas' ability to unlock value within its assets through active management and recycle the capital back into the Company, in readiness for future acquisitions or development programmes.

Meeting IPO targets

At the time of its IPO, the Company stated that its aims were to invest the proceeds of the listing in a diversified portfolio within 18 months, targeting an overall return of 20% per annum through dividend yield and capital growth. To date, the Company has invested all of the net funds raised, paid dividends in line with the levels indicated at IPO and undertaken a share buyback programme. The Company has been able to deliver total shareholder return in 2007 of 25% pre payment of the incentive fee.

Financial Highlights and Valuation of Assets

ATLAS ESTATES LIMITED

The Company has delivered a profit before tax of €20.2 million in the year to 31 December 2007, compared with a loss of €9.8 million for the 11 months of trading in 2006. This has been achieved principally as a result of a €39.6 million valuation increase recorded within the Company's investment portfolio, which underlines our ability to select stock and effectively add value through the active management of assets in our portfolio.

The Company's principal revenue streams are rental income; sales from its hotel operations and income from the sale of the residential apartments it develops. Revenue from letting of investment properties was €14.0 million for the year compared with €5.3 million for the eleven months of trading in 2006.The Hilton Hotel in Warsaw was opened on 19 March 2007 after its successful construction and development by the Company and the Golden Tulip Hotel in Bucharest was acquired in March 2007. Revenue from hotel operations was €13.4 million. No revenue has yet been recognised from the sale of residential apartments.

Atlas' share of the whole property portfolio at the end of 2007 is €508 million, representing a 61% increase from the previous year. Of this total, the investment portfolio represents €214 million, the hotel portfolio amounts to €125 million, , and the development portfolio represents €169 million. The valuation increases demonstrate both the value that asset management initiatives add to Atlas' properties and the continuing strength of the Central and Eastern European property markets. These markets remain attractive to investors, particularly in comparison to western markets, where a degree of uncertainty remains. The Central and Eastern European property markets are forecast by many commentators as areas where the outlook for investment, opportunity and growth in the coming years remains positive.

Dividends and Share Buyback Programme

The Company paid a second dividend for 2006 of 8.32 eurocents per share in June 2007. The Company declared an interim dividend for 2007 of 8.32 eurocents per share, which was paid in October 2007 and the Company intends to pay a further dividend for 2007 of 16.68 eurocents per share. This takes the total dividend for the year to 25 eurocents per share, representing an annualised yield of 5%, based upon the initial flotation price of €5 per share. The 2007 dividend and the 2006 dividend of 3% annualised yield are in line with the targets made at IPO.

In December 2007, the Company carried out a share buyback programme, acquiring 3,470,000 shares at a total cost of €16 million. Since IPO a total of €30 million has been paid in dividends and share buy backs.

The dividend policy of the Company as set in the recent prospectus for the listing in Warsaw remains unchanged. The Board will be reviewing the dividend policy in the coming months to take account of the investment opportunities available to Company.

Net Asset Value (NAV)

The Company has used Net Asset Value per share and Adjusted Net Asset Value per share as key performance measures since IPO. In the twelve months to 31 December 2007, Net Asset Value ("NAV") per share, as reported in the consolidated financial statements and in accordance with International Financial Reporting Standards, has increased by a further 10.5% to €5.07 per share for 2007. The Adjusted NAV per share, which includes valuation gains or losses, net of deferred tax on development properties held in inventory, but not recognised at fair value in the balance sheet, has increased by 18.5% to €6.42 per share.

For the first time, the Company is also reporting performance in accordance with the European Public Real Estate Association ("EPRA") Best Practices Policy Recommendations of November 2006. Adoption of these practices allows consistency and comparability in performance reporting measures across the industry. The Company has reported a Diluted EPRA NAV per share of €6.70 per share. The same measure for 2006 would have been €5.64 per share.

An independent valuation on the entire property portfolio is carried out by Cushman & Wakefield acting as an independent expert on a semi-annual basis. This measures the total value added during the financial period and is included in the basis for the Property Manager's performance assessment and fee calculations.

Strong pre-sales of apartments and the overall growth of the markets have driven the increase in value of the development land holdings over their book cost. These land holdings are valued on a residual value and comparative basis. No profit is taken to reflect the stage of development of each site.

A key indicator of performance is the net asset value ("NAV") of the group. The following table sets out the impact on NAV per share of the re-valuation of land assets that cannot be reflected in the reported balance sheet due to accounting standards.

	Book cost	**Value at**	**Movement**

	to Group €'000	31 December 2007 €'000	in value €'000
Development land assets included in total assets at cost to the Group	95,439	171,610	76,171
Attributable to minority interest partners	(1,735)	(2,803)	(1,068)
Atlas share of increase in valuation of development land	**93,704**	**168,807**	**75,103**
Deferred tax on increase in valuation of development land at local rates			(14,362)
Basic net asset value per balance sheet			228,165
Adjusted net asset value			**288,906**
Number of ordinary shares in issue at 31 December 2007			44,978,081
Adjusted net asset value per share as at 31 December 2007			6.42
Adjusted net asset value per share as at 31 December 2006			5.42
Net asset value per share at IPO (after costs)			4.73

Included in the Income Statement is a sum of €39.6 million arising from the revaluation of the Group's investment properties. The total revaluation reserve of €11.4 million represents the revaluation of the Hilton Hotel and the Golden Tulip Hotel.

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

Operations

The Company's shares were admitted to AIM in March 2006 and it has successfully been meeting its IPO objectives.

- The proceeds from the AIM IPO are now fully invested in the Central and Eastern European property markets. This equity, combined with bank debt, has resulted in gross assets of €508 million being attributable to Atlas, based upon the latest independent valuation.

- Local offices and operations have now been established 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. In 2006 Atlas made an investment in Kosice, the second largest city in Slovakia. Additionally, in June and September 2007, two properties were acquired in Gdansk in Poland. These were the Group's first investments in Poland outside of Warsaw. These acquisitions are in line with the secondary objective of acquiring assets in cities other than capital cities.

- In March 2007 the Company completed its first development with the construction of the Hilton Hotel in the Wola district of Warsaw. During 2007 the hotel has performed ahead of expectation. The residential units at Atlas' Platinum Towers development, located adjacent to the Hilton have attracted significant demand. Pre-completion apartment sales have exceeded expectations, with 326 apartments sold subject to completion. The development will be completed in 2009/ 2010, when revenue from sales will be recognised.

- In Warsaw in the Capital Art Apartments the Company has commenced construction of the first and second stages with a pre-sold 216 apartments out of 219 in stage 1 and 35 apartments out of 177 apartments in stage 2. This project is being developed in five stages, with the first stage expected to be completed in 2008/2009. 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 which 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 properties. The Atrium Homes development property is a two-stage development, with construction of stage 1 expected to commence in 2008 with significant pre-sales of apartments already secured. Completion of stage 1 of this project is scheduled for 2009; with stage 2 following in 2010. The Company also has a 50% interest in the Volan project, which present 89,000 gross mixed use Sqm in the heart of Budapest adjacent to the West end shopping mall and the future government offices development, which would allow Atlas to create value.

- In Slovakia there are two development sites, in Bratislava and Kosice. In Bratislava we are awaiting approvals for rezoning of the land and we are pleased with the progress being made with the local authorities. In Kosice we are in progress of design and expect to obtain building permits in 2008.

- In 2007 we also increased our presence in Romania, a fast-developing market, and have three properties, including the Golden Tulip Hotel and two significant land banks which are now planned for redevelopment.

- In 2007 the Company also increased its portfolio of income producing assets to ensure an even proportion of assets between income producing assets and development property assets. This included the opening of the Hilton Hotel in Warsaw, Poland and the following four significant acquisitions:
    - Millennium Plaza in Warsaw, Poland (a conditional agreement for the sale of this asset has been entered into)
    - Sadowa office building in Gdansk, Poland
    - Golden Tulip Hotel in Bucharest, Romania and
    - An office building in Sofia, Bulgaria.

The Central and Eastern Europe regions remain popular for real estate investors looking to achieve higher returns than those currently achievable in Western Europe. Management has continued to demonstrate its ability to source quality investment and development opportunities. The Company has a total of 22 property sites across five countries, with the net IPO proceeds fully invested, in line with the timeframe outlined at the time of the Company's IPO.

Central and Eastern Europe

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

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

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

Trends in the region have moved away from the older, existing stock and towards newer, western-style developments. This provides opportunities for companies with development capabilities to exploit the need for new premises with pre-lets now more readily available. The sector specific demand varies from country to country, but, across the region, a shift towards regional centres as an alternative to the capital cities is also becoming apparent.

In addition to a strong environment for commercial property, there is also a growing demand for new, modern living accommodation. As residents have more disposable income and mortgage finance becomes more readily available, there is an increasing desire to move away from old, out-dated apartment blocks. This is helping to increase sales prices for all apartment types and related space.

Prospects

Competition in the region is becoming stronger as we continue to see more investors looking at CEE as a home for the increasing volume of funds looking to invest in real estate.

It is not certain how the evolving financial crisis in the global markets will affect the economies where the Company is active. Management is taking appropriate measures, such as increasing liquidity, to mitigate any potential risks. We believe, however, that the fundamentals in the region support continued growth.

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

Through its dedicated teams of property professionals that have lived and worked in these markets for many years, Atlas can identify, appraise and secure transactions at terms that are more favourable than those that are offered in the open market. The Company's local resource also provides an experienced delivery team that has knowledge of the different construction and sales requirements in the different markets.

The Property Manager's review below details the progress that we are making in executing our development plans and in securing maximum returns from our yielding assets. We have a strong pipeline of varied opportunities that span all sectors of the real estate market, both in countries in which we have assets and areas where we have identified the potential for expansion. Our on–the-ground teams are now sourcing transactions away from the capital cities, to focus on regional cities, where we see the potential for higher returns in the medium term.

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 establishing our operating base and moving the Company forward. I look forward to the year ahead with confidence.

Quentin Spicer
CHAIRMAN
29 February 2008

Property Manager Review

In this review we present operating results for the twelve months ended 31 December 2007. The Company appointed Atlas Management Company Limited ("AMC") to oversee the operation of its portfolio and advise on new investment opportunities and can report that, in line with the Company's original timetable, we have fully invested the funds raised at IPO within 18 months of admission.

In February 2008 Atlas completed a second listing on the Warsaw Stock Exchange, which is a very important milestone in the development of the Company, as it will broaden the shareholder base and increase the liquidity of the shares.

During 2007, the Company succeeded in sourcing new opportunities, whilst generating added value through the active management of its yielding asset portfolio. It has also begun to crystallise the value of development projects by pre-selling, and beginning construction of, hundreds of apartments.

The property portfolio is constantly reviewed to ensure it is in line with Atlas' 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.

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. At the same time, we evaluate the risks and rewards associated with a particular country, or sector, in order to maximise return on investment and therefore the return to shareholders.

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

<u>Property portfolio review – Assets held at 31 December 2007</u>

POLAND

Hilton Warsaw Hotel and Convention Centre

Opened on 19 March 2007, this is the first Hilton in Poland. Located in the central Wola district of Warsaw, the hotel provides modern, spacious accommodation for business travellers and tourists alike and is a clear demonstration of Atlas' ability to attract high quality global brands as its partners.

The Hilton comprises 314 rooms and suites and has the largest convention centre facility in the Warsaw hotel market. The hotel is managed on Atlas's behalf by Hilton under a long term management agreement that provides for base and incentive fees linked to the performance of the hotel.

The complex also includes a 4,500 sqm Holmes Place health club and spa and a casino, both of which are leased directly from Atlas. Direct lease agreements have also been completed for a collection of smaller retail units included in the fabric of the complex. A specialist operator is contracted to manage the 240-space underground car park.

The Hilton management team is led by individuals with extensive experience in the CEE region. They were on site for a number of months prior to opening, installing systems, training staff and taking reservations for rooms and functions in 2007 and continue to oversee the hotel's operations.

The Hotel is well positioned to be highly successful, with the combination of the Hilton brand and the quality of the accommodation and facilities being offered to the market providing confidence for the success of the venture. Recent years have also seen a vast improvement in the Warsaw hotel market in general, with occupancy and room rates rising steadily.

Since its opening, the Hilton Warsaw has enjoyed better results than anticipated, due to the strong hotel market in Warsaw and benefiting from the largest convention centre in the city.

Platinum Towers, Warsaw

The Platinum Towers residential and office development adjoins the Hilton complex in the heart of a city that has undergone rapid expansion and redevelopment, resulting from significant economic growth and wealth generation.

Platinum Towers – Residential, Warsaw

When development works complete, these two towers will provide approximately 26,000 sqm of living accommodation divided into 391 apartments. The towers span 22 floors and will also house a number of ground-floor commercial units. Residents of the towers will be able to benefit from the facilities of the Hilton hotel.

The Company has obtained the required building permits for the development and construction of both towers and construction has commenced. Sales of the apartments have been very strong. To the date of this report, 130 out of 191 apartments have been sold in the second tower, while the first tower is 99% pre-sold. We are in the process of completing the sale of all remaining apartments.

Platinum Towers – Offices, Warsaw

As part of the Hilton/Platinum complex a third tower will be constructed. Office rental prices are continuing to rise in the Warsaw market, and project appraisals are currently being finalised to assess the most profitable use for the building, as the Company has zoning for both residential and office uses. An office scheme would provide a total lettable area of 22,500 sqm of modern, Class A office space over 32 floors. The tower would provide approximately 17,500 saleable sqm as a residential and commercial scheme.

Capital Art Apartments project, Warsaw

The Capital Art Apartments contain approximately 760 apartments providing over 46,000 sqm of modern living accommodation in the Wola district of Warsaw. The development will also house 1,700 sqm of commercial space and 800 car parking spaces.

Sales of the first stage have been strong. We have sold 216 apartments out of the 219 available. Construction of the first stage is continuing according to schedule and preliminary sales agreements have been signed for 35 of the 177 apartments for the second stage. Construction of slurry walls for the second and third stages has commenced.

Zielono Project, Warsaw

The Zielono Project (formally Nowy Zoliborz) is situated in a more suburban residential area of Warsaw. The total plot area is 12,454 sqm and zoning has been obtained for 265 apartments and additional commercial space. The demolition of the existing buildings has been completed and the building permit has been applied for.

Millennium Plaza, Warsaw

Millennium Plaza is centrally located in a prime position on one of Warsaw's major transport intersections. The asset comprises 32,700 sqm of modern accommodation over a total of 28 floors, providing 6,100 sqm of retail and 26,600 sqm of office space.

The Company announced on 14 January 2008 that it entered into an agreement with Akron Management CEE GmbH for the sale of the company owning the property for €93.1 million. This is subject to tenant fit-out costs where the right to claim dilapidation payments from leaving tenants has been assigned to the seller. Completion is dependent upon third party approvals being obtained. All conditions must be satisfied or waived by the purchaser by 30 August 2008. If these are not fulfilled the purchaser will have 30 days to either withdraw or proceed to completion. This asset was originally acquired in an off-market transaction at €78 million in March 2007, representing an initial yield of 8%.

Cybernetyki Project, Warsaw

This asset comprises a 3,100 sqm plot of land that was acquired by Atlas with zoning for an office development. After purchase, Atlas has undertaken a re-zoning process and obtained zoning consent for the development of 11,000 sqm of residential and commercial space. The Company paid €3.25 million for its share of the land, held in a 50:50 partnership with Edmond de Rothschild Real Estate Fund.

Work on detailed design was concluded. Sales and construction is anticipated to commence in the second quarter of 2008.

Sadowa Office Building, Gdansk

The Sadowa Office building is a modern office asset comprising 7,471 gross sqm of high quality office space over six floors. The property occupancy level is at 99% with 6,550 sqm of net leasable office space. The final acquisition price, which was determined as per a pre-agreed formula, amounted to €9.5 million (including costs).

The building will generate €850,000 in net operating income, representing a yield of 9%. Cushman & Wakefield valued this property at €11.3 million.

Kokozski, Gdansk

Atlas concluded the purchase of this 430,000 sqm plot in the Kokozski district of Gdansk at the beginning of September 2007. The plot has building rights for the development of 130,000 sqm of mixed-use accommodation. Atlas holds 50% of the project, with the remainder held by, a local partner.

HUNGARY

Atrium Homes, Budapest

Atrium Homes is a residential development in the 13th district of Budapest. The development will be constructed in two phases and will provide nearly 22,000 sqm of residential accommodation, split into 456 apartments over eight floors. The complex will also contain 456 underground parking spaces and an additional 5,800 sqm of commercial space.

Building permits have been received for phase one, which will deliver 235 apartments, plus commercial space and two underground parking, floors. Pre-sales of the apartments have commenced, with 65 apartments sold. Construction agreements have been finalised and work will begin once pre-defined sales targets have been met.

Ikarus Business Park, Budapest

Ikarus Business Park is located in the 16th district of Budapest. It currently provides approximately 110,000 sqm of flexible office, logistics and warehouse space to a mix of international and local tenants. Active asset management by AMC has increased the occupancy of the park from 62% at IPO to 74% currently.

The Company secured grant funding from the Hungarian Government to redevelop a 7,000 sqm building to provide modern warehouse space with integral office space. The grant will fund 40% of the estimated build cost of €1.3 million, providing space which is expected to add over €300,000 to net operating income. Works on this building will be finished by the end of March 2008. Currently 45% of the building is leased with prices in the range of Euro 4.25 per Sqm

Over the longer term, the Company intends to redevelop the park for mixed-use as it is located within an established residential neighbourhood. The park has a gross land area of 283,000 sqm, but currently contains only 110,000 sqm of built areas. The Company continues to work with the municipality to obtain re-zoning permits.

Metropol Office Centre, Budapest

The Metropol Office Centre provides 7,600 sqm of modern office accommodation in the 13th district of Budapest and was originally constructed by one of the Company's founder shareholders. It is well located to provide easy access to the centre of Budapest.

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

Ligetvaros Centre, Budapest

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

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

In February 2008 the company has obtained new zoning for the adjacent Varosliget project. The new zoning affects the Ligetvaros property also and enables the company to develop approximately 6,000 sqm of new gross space for leasing. Management is working on a conceptual design to this development.

Varosliget, Budapest

Varosliget adjoins the Ligetvaros Centre in a unique position near to central Budapest. It comprises a plot of 12,000 sqm, located a few hundred metres from Andrassy Street, a well-known central area. Varosliget currently provides small business units at the lower end of the office and warehouse market. The Company owns 90% of the plot with the remaining 10% being held by the local municipality.

On 4 February 2008 the municipal authorities for Budapest's 7^{th} district approved a new zoning plan for the Varosliget-Ligetvaros Centre. According to the new zoning the company will be able to develop a mixed-use project on the Varoslikget property with a size of approximately 31,000 sqm gross. Most of the development will contain from new development. The Company will file in Q2 2008nan application requesting the approval of the intended purposes of the developments in accordance with the new zoning plan.

Moszkva Office Building, Budapest

Situated in a prime location on the main square of the Buda side of the city, the asset comprises 1,000 sqm of office space over three floors. The property is fully occupied with 95% of the leases having a remaining term of at least seven years. The Company acquired the property for a net initial yield of 8.75%.

Volan Project, Budapest

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

Atlas has concluded a significant review of the conceptual design. The new design builds in the flexibility to develop most of the site as offices, residential, retail and commercial.
The company has obtained building permits for the first stage of the project.

SLOVAKIA

Nove Vajnory Project, Bratislava

Nove Vajnory is a plot of 879,000 Sqm of land on the outskirts of the city of Bratislava. The land was acquired about 3 years ago from the Bratislava municipality, the land that is currently zoned for sports and recreation used to serve as a sports airfield. The company's is intending to change the zoning of the land to provide approximately 1,100,000 Sqm of mixed-use development.

Since acquisition of the property, the Company has been working on various aspects of planning and obtained necessary approvals from various authorities.

The new master plan for Bratislava has been adopted in September 2007, which facilitates a rezoning application. In October 2007 the municipality of Vajnory has approved the company change of zoning application with a scheme of 1,100,000 Sqm. Currently the new zoning in awaiting the approval of the municipality of Bratislava, which is the final stage of the re-zoning process.

The approval of the zoning plan is expected until the end of 2008.

In September 2007 the company sold 28.25% of its holdings in the project to its partner Eastfield at a valuation of Euro 46,515,000. Currently the company holds 50% of the project.

Basta Project, Kosice

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

ROMANIA

Solaris Project, Bucharest

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

We have commenced the rezoning works for the plot and conceptual design and market studies are in progress.

Voluntari Land, Bucharest

The Voluntari Land project comprises three adjacent plots with a total area of 99,116 sqm, located in the Voluntari district of Bucharest.

On 4 July 2007 Atlas completed, through a share purchase, the acquisition of our development partner's 40% interest in the project company. The acquisition price totalled €6,432,702, representing €216 per sqm of land. As a result, Atlas now owns 100% of the land.

Progress has been made on the overall master plan for the area and new projects are being constructed nearby. The conceptual design is currently being prepared.

Golden Tulip Hotel, Bucharest

The Golden Tulip Hotel is an 82-bedroom, four-star hotel in central Bucharest. It was built in 2005 and was acquired by the Company in March 2007. It is situated near to the main tourist attractions and business districts, where occupancy rates currently average approximately 80%.

BULGARIA

Atlas House, Sofia

The Atlas House is a fully-occupied office building, located in Sofia's city centre, less than one kilometre from the Central Business District. The building has 3,472 sqm of leasable area spread over eight floors. The purchase of the Atlas House was completed in October 2007.

Portfolio valuation

Valuation Methods

At 31 December 2007, the gross market value of the property assets within the Company's portfolio was €555 million (€329 million at 31 December 2006). Atlas' share of the portfolio amounts to €508 million (€315 million at 31 December 2006). The whole of the portfolio was valued by Cushman & Wakefield, an independent international company of real estate advisors. In the 12 months under review to 31 December 2007, the value of Atlas' share of the portfolio increased by 61% or €193 million over the valuation or acquisition cost at 31 December 2006. This increase is a result of acquisitions and valuation uplift, the latter being driven by the Company's active asset management programmes.

Net Asset Value

The basic fee and performance fee of the Property Manager, Atlas Management Company Limited ("AMC") are determined by the Adjusted Net Asset Value. For the year to 31 December 2007 the combined fee payable to AMC was €13,098k (€9,400k in 31 December 2006).

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, the Adjusted NAV per share as defined at IPO and previously disclosed by the Company and the EPRA NAV per share.

	NAV 2007 € millions	NAV per share 2007 €	NAV per share 2006 €
Basic NAV	228.2	5.07	4.59
Development land valuation increase	75.1		
Deferred tax	(14.5)		
Adjusted NAV	288.9	6.42	5.42
Warrants at €5 per share	27.4		
Deferred Tax on investment properties and hotels	21.6		
EPRA NAV	338.9	6.70	5.64

Notes:
The number of shares in issue as at 31st December 2007 is 44,978,081 (31st December 2006: 48,448,081)
The number of warrants outstanding at 31st December 2007 and 2006 are 5,448,118

Financial management

Atlas has completed its second year as a listed entity and now has a dual listing in Warsaw and London. As a result, it is continually improving and developing its financial management infrastructure. Finance teams have been established in each territory of operation and are supervised by an experienced company finance department.

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 Company's performance.

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 Company as necessary and balances are held in the appropriate currency.

The main financial risks faced by Atlas are currency and interest rate exposures. Currency risk is largely managed at a local level by matching the currency in which income and expenses are transacted and also the currencies of the underlying assets and liabilities.

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, Atlas 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.

Where possible, Atlas will use debt facilities to finance the various projects. These facilities will be secured at appropriate times, depending on the nature of the asset – yielding or development.

As at 31 December 2007 Atlas' share of bank debt associated with the portfolio stood at €218 million, with cash at bank and in hand of €35 million. The loan to value ratio is 43%. The gearing ratio is 80%, based upon net debt as a percentage of equity attributable to shareholders. We are refinancing properties where valuations have increased, thereby releasing equity for further investment.

Conclusions

ATLAS ESTATES LIMITED

2007 has been a year of strong progress throughout Atlas' operations, building on the experiences gained during its first year as an AIM-quoted company. We are particularly encouraged by the strong results produced through recycling assets in the portfolio and the progress made in obtaining relevant zoning and planning permits across the Company's development portfolio, together with the income that is being produced by its investment properties.

AMC remains confident that, through the expertise of its management teams located across its network of regional offices and its experience in unlocking value from its assets through active management, the Company can continue to deliver on its strategic objectives and deliver value to its shareholders in the future.

Amos Pickel	**Michael Williamson**
Chief Executive Officer	**Chief Financial Officer**
Atlas Management Company Limited	Atlas Management Company Limited
29 February 2008	

ATLAS ESTATES LIMITED

Location/Property	Description	Atlas ownership	Property value at 31/12/07	Property value at 31/12/06
Poland				
Hilton Hotel	First Hilton Hotel in Poland, 314 rooms and conference facilities	100%	110.8m	107.0m
Platinum Towers	387 apartments in two towers and a third tower with 23,000 square metres of office space. The two residential towers are with building permits and pre-sales	100%	60.0m	49.6m
Capital Art Apartments	800 apartments with building permits and pre-sales	100%	31.7m	24.3m
Zielono	Land with zoning for 325 apartments	76%	8.9m	8.0m
Millennium Tower	32,700 square metres of office and retail space	100%	94.9m	-
Diamond Apartments	3,100 square metre plot of land zoned for 11,000 square metres of residential development	50%	3.3m	-
Sadowa project	6,500 square metre office building with 99% occupancy	100%	11.5m	-
Kokoszki project	430,000 square metre plot in Gdansk with building rights for mixed use development	50%	7.6m	-
Hungary				
Ikarus Business Park	283,000 plot with 110,000 square metres of lettable business space	100%	29.6m	30.9m
Metropol Office Centre	7,750 square metre office building, 100% occupied, yield on acquisition price: 8.25%	100%	10.2m	9.1m
Atrium Homes	456 apartments with building permits, marketing commenced	100%	7.9m	6.0m
Ligetvaros Centre	6,300 square metres of office/retail space, 99% occupied. New zoning rights February 2008	100%	9.0m	8.2m
Varosliget Centre	12,000 square metre plot in Central Budapest, with new zoning rights in February 2008	100%	7.2m	4.8m
Moszkva Square	1,000 square metres of gross office space yielding 8.75%	100%	3.1m	3.0m
Volan Project	20,640 square metre plot, zoning for 89,000 square metre mixed use scheme	50%	10.3m	-
Slovakia				
Nove Vajnory	879,000 square metres of land acquired from municipality, under re-zoning for mixed use development -	50% (2006 78%)	20.6m	31.0m
Basta Project	10,000 square metres for mixed use development in centre of Kosice, second city of Slovakia, with zoning	50%	2.6m	2.6m
Romania				
Voluntari	99,116 square metres of land in 3 adjacent plots	100% (2006 60%)	31.6m	8.9m
Solaris Project	32,000 square metre plot for re-zoning to residential development	100%	26.1m	22.0m
Golden Tulip Hotel	4 star 82 room hotel in central Bucharest with 80% occupancy	100%	14.2m	-
Bulgaria				
Atlas House, Sofia	Office building with 3,472 sqm	100%	7.5m	-
Total			**508.7m**	**315.5m**

CONSOLIDATED INCOME STATEMENT - UNAUDITED
Three months ended 31 December 2007

	Three months ended 31 December 2007 €'000	Three months ended 31 December 2006 €'000	Notes
Revenue	**9,949**	**1,265**	
Cost of operations	(8,942)	(5,614)	
Gross profit/ (loss)	**1,007**	**(4,348)**	
Administrative expenses	(13,281)	(6,660)	
Other operating income	1,803	60	
Other operating expenses	(4,505)	(158)	
Net valuation gains	5,680	3,310	
Other gains and losses – net	8,488	(1,873)	
Net goodwill arising on acquisitions	511	(2,677)	
Operating profit / (loss)	**(3,903)**	**(12,347)**	
Finance income	1,295	360	
Finance costs	(2,922)	(343)	
Profit / (loss) on ordinary activities before taxation	**(5,530)**	**(12,330)**	
Tax credit/ (expense)	3,699	(480)	
Profit / (loss) for the period	**(1,831)**	**(11,850)**	
Attributable to:			
Equity shareholders	(2,467)	(12,029)	
Minority interests	636	179	
	(1,831)	**(11,850)**	

ATLAS ESTATES LIMITED

CONSOLIDATED INCOME STATEMENT - UNAUDITED

Twelve months ended 31 December 2007

	Year ended 31 December 2007 €'000	Eleven months ended 31 December 2006 (Restated) €'000	Notes
Revenue	**27,646**	**5,321**	
Cost of operations	(20,208)	(7,882)	
Gross profit/ (loss)	**7,438**	**(2,561)**	
Administrative expenses	(26,155)	(11,631)	
Other operating income	2,719	650	
Other operating expenses	(6,511)	(580)	
Net valuation gains	39,601	5,612	
Other gains and losses – net	7.795	(167)	
Net goodwill arising on acquisitions	900	(1,956)	
Operating profit / (loss)	**25,787**	**(10,634)**	
Finance income	2,297	2,507	
Finance costs	(7,887)	(1,663)	
Profit / (loss) on ordinary activities before taxation	**20,197**	**(9,789)**	
Tax credit / (expense)	(1,831)	(840)	
Profit / (loss) for the period	**18,366**	**(10,629)**	
Attributable to:			
Equity shareholders	19,022	(10,690)	
Minority interests	(656)	61	
	18,366	**(10,629)**	
Profit/(Loss) per €0.01 ordinary share – basic (eurocents)	38.1	(21.8)	
Profit/(loss) per €0.01 ordinary share – diluted (eurocents)	38.1	(21.8)	

All activities of the Group are continuing operations.

ATLAS ESTATES LIMITED

CONSOLIDATED BALANCE SHEET - UNAUDITED

As at 31 December 2007

	31 December 2007 €'000	Restated 31 December 2006 €'000	Notes
ASSETS			
Non-current assets			
Intangible assets	942	162	
Land under operating lease	18,235	18,422	
Property, plant and equipment	116,844	88,818	3
Investment property	217,046	67,585	4
Other loans receivable	-	327	
Deferred tax asset	3,707	1,821	
	356,734	**177,135**	
Current assets			
Inventory	127,221	99,205	5
Trade and other receivables	19,306	22,241	
Cash at bank and in hand	34,862	62,672	6
	181,389	**184,118**	
TOTAL ASSETS	**538,163**	**361,253**	
Current liabilities			
Trade and other payables	(54,193)	(30,724)	
Bank overdrafts and loans	(18,572)	(2,892)	8
	(72,765)	**(33,616)**	
Non-current liabilities			
Other payables	(2,369)	(6,047)	
Bank loans	(199,799)	(76,170)	8
External shareholder loans payable	(5,894)	-	
Deferred tax liabilities	(29,171)	(21,558)	
	(237,233)	**(103,775)**	
TOTAL LIABILITIES	**(309,998)**	**(137,391)**	
NET ASSETS	**228,165**	**223,862**	
EQUITY			
Share capital	484	484	
Revaluation reserve	11,449	2,981	
Other distributable reserve	202,320	226,406	
Other reserves	5,061	2,851	
Retained profit/ (loss)	8,219	(10,148)	
Equity attributable to equity holders of the parent	**(227,532)**	**222,574**	
Minority Interests	**(633)**	**1,288**	
TOTAL EQUITY	**228,165**	**223,862**	
Basic net asset value per share	**€5.07**	**€4.59**	

ATLAS ESTATES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

Twelve months ended 31 December 2007

Group	Share capital €'000	Other reserves €'000	Retained profit/ (loss) €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 3 February 2006	-	-	-	**-**	-	**-**
Exchange adjustments	-	3,152	-	**3,152**	(31)	**3,121**
Revaluation of properties	-	3,680	-	**3,680**	-	**3,680**
Deferred tax on exchange adjustments	-	(301)	-	**(301)**	3	**(298)**
Deferred tax on revaluation of properties	-	(699)	-	**(699)**		**(699)**
Net income/(expense) recognised directly in equity	-	5,832	-	**5,832**	(28)	**5,804**
Result for the period			(10,690)	**(10,690)**	61	**(10,629)**
Total recognised income and expense for the period	-	5,832	(10,690)	**(4,858)**	33	**(4,825)**
Issue of shares	493	246,472	-	**246,965**	-	**246,965**
Costs of issue of shares	-	(14,049)	-	**(14,049)**	-	**(14,049)**
Minority arising on acquisition	-	-	-	**-**	1,255	**1,255**
Shares bought back and cancelled	(9)	(3,977)	-	**(3,986)**	-	**(3,986)**
Share based payments	-	-	542	**542**	-	**542**
Dividends paid	-	(2,040)	-	**(2,040)**	-	**(2,040)**
As at 31 December 2006	**484**	**232,238**	**(10,148)**	**222,574**	**1,288**	**223,862**
Exchange adjustments	**-**	4,608	-	**4,608**	(84)	**(4,524**
Deferred tax on exchange adjustments	**-**	(527)	-	**(527)**	**-**	**(527**
Revaluation of properties	**-**	8,468	-	**8,468**	**-**	**8,468**
Deferred tax on revaluation of properties	**-**	(1,872)	-	**(1,872)**	**-**	**(1,872**
Net income recognised directly in equity	-	10,677	-	**10,677**	(84)	**10,593**
Result for the period	**-**	-	18,025	**18,367**	**-**	**18,367**
Total recognised income and expense for the period	-	10,677	18,025	**29,044**	(84)	**28,960**
Minority arising	**-**	-	-	**-**	(571)	**(571)**
Joint ventures arising on acquisition						
Shares bought back	**-**	(16,023)	-	**(16,023)**	**-**	**(16,023)**
Share based payments	**-**		342	**342**	**-**	**342**
Dividends paid	**-**	(8,062)	-	**(8,062)**	**-**	**(8,062)**
As at 31 December 2007	**484**	**218,830**	**8,219**	**227,533**	**633**	**228,165**

Other reserves include the revaluation reserves, other distributable reserves and other reserves.

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CONSOLIDATED CONDENSED CASH FLOW STATEMENT
Twelve months ended 31 December 2007

	Year ended 31 December 2007 €'000	Eleven months ended 31 December 2006 €'000	Note
Cash inflow / (outflow) generated from operations	**(15,344)**	**(11,741)**	**7**
Interest received	2,297	2,457	
Interest paid	(7,887)	(1,592)	
Tax paid	(23)	(128)	
Net cash inflow / (outflow) from operating activities	**(20,957)**	**(11,004)**	
Investing activities			
Acquisition of subsidiaries – net of cash acquired	(16,720)	(53,099)	
Amounts placed on escrow in relation to property acquisitions	(6,951)	(1,800)	
Deposits paid to secure future property acquisitions	-	(15,024)	
Purchase of investment property	(92,653)	(12,821)	
Purchase of property, plant and equipment	(6,733)	(17,260)	
New loans granted to JV partners	-	(327)	
Proceeds from disposal of property, plant and equipment	(1,743)	169	
Purchase of intangible assets – software	(920)	(183)	
Net cash used in investing activities	**(125,630)**	**(100,345)**	
Financing activities			
Dividends paid	(8,063)	(2,079)	
Payments to acquire or redeem the entity's own shares	(16,023)	(3,986)	
Share issue costs paid	-	(14,049)	
Proceeds on issue of shares	-	178,451	
New bank loans raised	139,309	9,804	
New loans received from minority investors	1,702	2,286	
Net cash from financing activities	**116,928**	**170,427**	
Net increase / (decrease) in cash and cash equivalents in the period	**(29,661)**	**59,078**	
Effect of foreign exchange rates	1,850	3,069	
Net increase / (decrease) in cash and cash equivalents in the period	**(27,810)**	**62,147**	
Cash and cash equivalents at the beginning of the period	**62,672**	**-**	
Cash and cash equivalent at the end of the period	**34,862**	**62,147**	
Cash and cash equivalents			
Cash at bank and in hand	34,862	62,672	
Bank overdrafts	-	(525)	
	34,862	**62,147**	

1. Statement of Accounting Policies

Year ended 31 December 2007

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation. The consolidated financial statements have been prepared on an historical cost basis as amended by the revaluation of investment properties and land and buildings. The information contained in this document is unaudited. The comparative financial information is only 11 months to 31 December 2006 because the Group was only formed in February 2006. The principal accounting policies are set out below.

Changes in relation to previously published consolidated financial statements

The comparative information for the 11 months ended as at 31 December 2006 has been restated as follows:

(i) An additional charge of €700,000 has been made to administrative expenses and corresponding accrual made, in respect of VAT which has now been determined irrecoverable.
(ii) An additional deferred tax asset and corresponding credit to tax expense, of €700,000 has been recognised to reflect the benefit of losses that arise in subsidiary companies.
(iii) Land held under operating leases amounting to €18,422,000 has been shown as a separate line item in the balance sheet. It was previously shown within property, plant and equipment.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries up to 31 December 2007. Subsidiaries are those entities that are controlled by the Company. Control is achieved where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

The interest of minority shareholders is stated at the minority's proportion of the book value of the assets and any liabilities recognised. Any losses incurred in subsequent periods applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

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

Segmental reporting

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

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

Revenue recognition

Revenue comprises:
(i) rental income, service charge and other recoveries from tenants and the supply of utilities to tenants of the Group's investment and trading properties and;
(ii) sale of hotel rooms, food and beverages
(iii) proceeds of the sale of residential apartments developed by the Group.

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

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

Revenue from the sale of hotel rooms, food and beverages are recognised when the services or products is delivered and is stated net of VAT and other sales related taxes.

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

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

Share based payments

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

Foreign currencies

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

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

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

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

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

Leases

Where the Group is the lessee:

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

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

Long term lease contracts for land – the Group is the lessee in long-term land lease contracts, which do not result in the transfer of legal title to the land to the Group, and which are classified as operating leases.

The expenditure relating to the purchase of rights from such contracts are initially recognised in the balance sheet at fair value of the payments made and are classified in accordance with the designated use of the individual property (inventory, investment property or separate balance sheet item where the property is designated for own use or does not qualify as inventory or investment property).

Where the land held under operating lease is classified as inventory (related to development of housing units) the initially recognised value is not subsequently revalued, unless the carrying value exceeds net realisable value.

Where the land is part of an investment property, the operating lease contract for the land is treated as a finance lease in accordance with IAS 40. As a result, at the time the Group enters into the contract, the fair value of future payments under the lease contract is calculated and recognised as a liability. Following the initial recognition, in subsequent accounting periods, the total value of investment property (including the land element) is revalued to fair value and the difference is included in the income statement.

The long-term land lease contracts which are separately disclosed in the balance sheet (i.e. do not qualify as inventory or investment property) are charged to the income statement over the lease term and are subject to impairment charges if required.

Where the Group is the lessor:

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

Borrowing costs

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

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

Intangible assets

Intangibles represent computer software used in the Group's operations as well as assignment fees paid to secure the rights to receive rent from parking spaces let to building tenants. Computer software is amortised over its useful economic life of five years. Assignment fees are amortised over the useful life of the lease.

Property, plant and equipment

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

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

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

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

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

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

Buildings	Over 50 years
Plant and equipment	3 to 10 years
Motor vehicles	5 years

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

Goodwill

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

Impairment

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

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

Investment Property

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

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

Inventories of housing units

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

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within cost of sales. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against cost of sales in the income statement.

Cash and cash equivalents

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

Restricted bank deposits

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

Financial liabilities and equity

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

Bank borrowings

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

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Equity instruments

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

Taxation

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

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

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

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

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

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

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

Dividends

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

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

Changes to accounting policies since the last period

These condensed consolidated financial statements were prepared following the same accounting policies and methods of computation that were disclosed in and applied to the annual consolidated financial statements of the Group as per the Company's Prospectus.

The group has applied the following standards for the period commencing 1 January 2007. There has been no significant impact to the financial information as a result of applying these standards for the first time.

- IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', It introduces new disclosures relating to financial instruments.
- IFRIC 7, Applying the restatement approach under IAS29 (effective for annual periods beginning on or after 1 March 2006);
- IFRIC 8, Scope of IFRS 2 (effective for periods beginning on or after 1 May 2006, that is from 1 January 2007);
- IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006);
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2007 or later periods and which the entity has not 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).
- IFRS 8, Operating segments (effective for annual periods beginning on or after 1 January 2009; not yet adopted by the EU) - 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 March 2007), addresses share-based payment arrangements. It is not expected to have any material impact on the Group's financial statements;

- IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008 ; not yet adopted by the EU) – no such arrangement exists within the Group;
- 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 (not yet adopted by EU) - 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 EU), addresses certain aspects of the accounting for pension plans. No such plans exist within the Group;

1. Earnings per share

Basic earnings per share is calculated by dividing the profit after tax attributable to ordinary shareholders of €19,022 (2006: loss €10,690) by the weighted average number of ordinary shares outstanding during the year of 48,294,519 (2006: 48,849,966).

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. The outstanding share warrants exercise price exceeds current market value; therefore the warrants are not dilutive. As a result, dilutive earnings per share are the same as the basic.

2. Dividends

	Group 2007 €'000	Group 2006 €'000
Interim paid for 2006- 4.16 eurocents per ordinary share		2,040
Interim paid for 2007 - 8.32 eurocents per ordinary share	4,031	-
Second interim paid for 2006 - 8.32 eurocents per ordinary share	4,031	-
	8,062	2,040

In addition the directors have approved a second interim dividend in respect of the financial period ending 31 December 2007 of 16.68 eurocents per share.

3. Property, plant and equipment

Group	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 3 February 2006	-	-	-	-
Acquisitions through business combinations	67,431	113	113	67,657
Additions at cost	16,909	305	46	17,260
Exchange adjustments	427	(2)	5	430
Disposals	(7)	(29)	(72)	(108)
Revaluation	3,680	-	-	3,680
At 31 December 2006	**88,440**	**387**	**92**	**88,919**
Additions at cost	17,889	2,879	175	20,834
Exchange adjustments	(55)	7	4	(44)
Disposals	(40)	-	(13)	(53)
Revaluation	8,468	-	-	8,468
At 31 December 2007	**114,702**	**3,273**	**257**	**118,234**
Accumulated depreciation				
At 3 February 2006	-	-	-	-
Charge for the year	(18)	(80)	(16)	(114)
Disposals	2	10	1	13
At 31 December 2006	**(16)**	**(70)**	**(15)**	**(101)**
Charge for the year	(362)	(789)	(46)	(1,197)
Exchange adjustments	(84)	(20)	1	(103)
Disposals			13	13
At 31 December 2007	**(462)**	**(879)**	**(47)**	**(1,388)**
Net book value at 31 December 2007	**114,240**	**2,394**	**210**	**116,844**

Net book value at 31 December 2006	88,424	317	77	88,818

Buildings were valued as at 31 December 2007 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.

4. Investment property

Group	**31 December 2007 €'000**	**31 December 2006 €'000**
At beginning of the period	67,585	-
Acquisitions through business combinations	2,703	49,545
Additions	104,253	12,483
Capitalised subsequent expenditure	58	338
Exchange movements	666	(393)
PV of annual perpetual usufruct fees	2,180	-
Fair value gains	39,601	5,612
Total	**217,046**	**67,585**

The fair value of the Group's investment property at 31 December 2007 has been arrived at on the basis of a valuation carried out at that date by Cushman & Wakefield. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

5. Inventories

	31 December 2007 €'000	**31 December 2006 €'000**
Land held for development	95,439	89,182
Construction expenditures	31,782	10,023
Freehold and leasehold properties held for resale	**127,221**	**99,205**

6. Cash at bank and in hand

	31 December 2007 €'000	**31 December 2006 €'000**
Cash at bank and in hand	19,817	55,952
Short term bank deposits	15,044	6,720
	34,862	**62,672**

7. Cash generated from operations

	31 December 2007 €'000	31 December 2006 €'000
Profit/(loss) for the period	**18,366**	**(10,629)**
Adjustments for:		
Finance costs	7,887	1,663
Finance income	(2,297)	(2,507)
Tax expense	1,831	1,120
Operating Profit/(loss)	**25,787**	**(10,353)**
Bad debt write off	804	-
Depreciation of property, plant and equipment	1.337	192
Amortisation charges	187	21
Gain on sale of property plant and equipment	-	(74)
Net goodwill arising on acquisitions charged to the income statement	(900)	1,956
Increase in the value of investment property	(39,601)	(5,612)
Effects of foreign currency	(7,795)	167
Charge relating to share based payments	342	542
	(45,814)	**(13,161)**
Changes in working capital		
Increase in inventory	(28,016)	(5,168)
Decrease / (Increase) in trade and other receivables	2,934	(1,114)
Increase in trade and other payables	29,764	7,702
	4,683	**1,420**
Cash outflow generated from operations	**(15,344)**	**(11,741)**

8. Bank loans

	31 December 2007 €'000	31 December 2006 €'000
Current		
Bank loans and overdrafts due within one year or on demand		
Secured	**(18,572)**	**(2,892)**
Non-current		
Repayable within two years		
Secured	(27,677)	(22,579)
Repayable within three to five years		
Secured	(50,036)	(15,755)
Repayable after five years		
Secured	(122,086)	(37,836)
	(199,799)	**(76,170)**
Total	**(218,371)**	**(79,062)**

.9. Other commitments, litigation and contingencies

Sureties for loans or guarantees issued by the issuer or its subsidiary undertaking

No new guarantees were issued during the period.

10. Information on any proceedings pending before a court, a competent arbitration body or any public administration authority

Save for the below mentioned administrative proceedings no legal or arbitration proceedings are active, pending or threatened against, or being brought by, the Group which are having or may have a significant effect on the Group's financial position.

On 3 December 2007, the Hungarian tax and finance supervisory authority encumbered the HUF and EUR accounts of Atlas Estates (Moszkva) by way of a direct collection order of HUF 95,283,010 (i.e. approx. EUR 366,000). This was caused by a mistake of the tax authority that mixed the companies (AE Moszkva Kft , AE Dekán Kft). AE Moszkva has no any stamp duty liability because of this company never bought any property.

On 3 July 2007, the Hungarian tax and finance authority imposed stamp duty on Atlas Estates (Dekan) in the amount of HUF 95,283,010 (i.e. approx. EUR 366,000). The abovementioned decision imposing such tax duty became final and executable on 18 July 2007. Consequently, there is a risk that the decision, as final, will be enforced by the Hungarian tax and finance supervisory authority by a way of a direct collection order according to which the bank accounts of Atlas Estates (Dekan) may be encumbered in the amount of HUF 95,283,010. Atlas Estates (Dekan) has appealed against the tax authority's decision stating that the imposition of the stamp duty in the amount of HUF 95,283,010 was unlawful and requesting that it be corrected to the justified amount of HUF 19,043,802 that was paid on 26 February 2008..We have already received the resolution about the decreased stamp duty and the modified amount (HUF 19,143,802) was paid.

11. Related party transactions

(a) Silverock Commerce Limited is an investment subsidiary of Osterreichische Volksbanken-Aktiengesellschaft (OVAG), an Austrian Bank which is also a shareholder in Atlas Estates Limited. Throughout the period to 31 December 2007 OVAG provided loan facilities to a number of Atlas 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 2007 a total of €84,872,734 (31 December 2006: €57,403,360) was due to the OVAG Group.

(b) Elran (DD) Real Estate Limited and Elran Real Estate Limited are part of the Elran Group. The Elran Group is also the holder of 37.5% of the share capital of the share capital of Atlas Management Company Limited. As a result of a qualifying shareholding of 8,088,436 shares in Atlas Estates Limited in October 2007 Elran (DD) Real Estate Limited received a dividend of €1,345,916.

(c) The RP Explorer Master Fund and RP Partners Fund are funds that are managed by R P Capital Group. The RP Capital Group is also the holder of 42.5% of the share capital of Atlas Management Company Limited. As a result of a qualifying shareholding of 1,623,429 shares in Atlas Estates Limited in 2007 RP Capital Group have received a dividend payments of €270,138.

(d) BCRE Izaki Properties is also the holder of 20% of the share capital of Atlas Management Company Limited. As a result of a qualifying shareholding of 2,376,356 shares in Atlas Estates Limited In October 2007 BCRE Izaki Properties received a dividend payment of €395,424.

(e) Key management compensation

	31 December 2007 €'000	31 December 2006 €'000
Fees for non-executive directors	224	227

Atlas Estates Limited has appointed Atlas Management Company Limited ("AMC") to manage its property portfolio. AMC is owned by Elran (DD) Real Estate Limited, The RP Capital Group and Izaki Group. In consideration of the services provided, AMC received a management fee of €5.2 million for the year ended 31 December 2007 (€3.8 million for eleven months ended 31 December 2006). 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 2007. AMC has accrued a performance fee of €8.0 million for the year ended 31 December 2007 (€5.6m for the eleven months ended 31 December 2006).

(f) Under the loan agreement of 29 September 2005 Kendalside Ltd. which is also a shareholder in Circle Slovakia s.r.o. extended a loan facility of €2,695,797 to Circle Slovakia for the acquisition of a real 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 the 31 December 2007 Circle Slovakia has drawn the loan facility in the amount of €2,695,797 (31 December 2006: EUR 2,695,797).

(g) Under the loan agreement of 30 October 2006 Eastfield Holding (Cyprus) Limited extended a loan facility of SKK 340,000,000 to Eastfield Atlas (previously Slovak Investment and Development) 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 2007 the borrower has used the loan facility in the amount of SKK 23,487,462 (31 December 2006: SKK 21,724,780).

12. Post balance sheet events

On 14th January 2008 the Company announced the conditional sale of the Company owning the Millennium Plaza Building in Warsaw based on a headline price of Euros 93.1million. This price will be adjusted to reflect among others tenant fit-out costs, where the right to claim dilapidation payments from the leaving tenants has been assigned to the seller. Completion is dependent upon Atlas obtaining third party approvals. All conditions must be waived or satisfied by 30th August 2008. A deposit of Euros 7.5 million was received at signing with a balancing payment in cash due upon completion.

13. Factors which could affect the Company's results on the next quarter

The region is becoming more competitive. We have seen an increasing number of investors looking at CEE as a home for the increasing volume of funds looking to investment in real estate.

The evolving potential financial crisis in the global markets may affect the economies where the Company is active, and management is taking appropriate measures, such as increasing liquidity, to mitigate risks. We believe, however, that the fundamentals in the region nonetheless support continued growth.

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

Through dedicated teams of property professionals that have lived and worked in these markets for many years, we can identify, appraise and secure transactions at terms that are more favourable than those that are offered in the open market. The local resource also provides an experienced delivery team that has knowledge of the different construction and sales requirements in the different markets.

The Property Manager Review details the progress that we are making in executing our development plans and in securing maximum returns from our yielding assets. We have a strong pipeline of varied opportunities that span all sectors of the real estate market, both in countries in which we have assets and areas where we have identified the potential for expansion. Our on–the-ground management teams are now sourcing transactions away from the capital cities which are where we see the potential for higher returns in the medium term.

14. Description of the Company

Atlas Estates Limited ("Atlas") is a closed-ended investment company incorporated in Guernsey. Atlas began trading and was admitted to the AIM market of the London Stock Exchange on 1st March 2006. On the 10th January 2008 Atlas was also admitted to the Warsaw Stock Exchange and share trading commenced.

The Company invests in real estate assets situated in Central and Eastern Europe (''CEE''). Atlas currently operates in the Polish, Hungarian, Slovakian, Romanian and Bulgarian real estate markets. Through an appropriate balance of income-generating properties and development projects, Atlas intends to provide investors with an attractive combination of yield and capital appreciation.

The Company's investment objective is to generate attractive and recurring returns from a diversified portfolio of real estate assets located in economically attractive countries in CEE. The Company is targeting an overall return of 20 per cent on an annualised basis and intends to employ leverage to enhance its returns although the extent of such leverage will vary on a property by property basis.

Atlas' assets are managed by Atlas Management Company Limited ("AMC"), a company whose sole purpose is to manage the Atlas property portfolio. AMC provides Atlas with a management team with vast experience and knowledge of real estate investment and development. In particular AMC can demonstrate a good track record of investment, development and management of property in CEE markets.

15. Substantial shareholdings

At 15th February 2008 the following shareholders had notified the Company of an interest in 3% or more of its ordinary share capital:

Shareholder	Number of Shares	%
Livermore Investments Group Limited	9,579,345	19.77
Elran (D.D.) Real Estate Ltd	4,097,509	8.46
Rathbone Unit Trust Management Ltd	3,926,886	8.11
BCRE Izaki Properties B.V.	2,558,465	5.28
Laxey Partners	2,258,598	4.66
HSBC Global Custody UK Ltd	1,987,514	4.10
Siverock Commerce Ltd	1,846,643	3.81
RP Capital Group	1,623,429	3.35
Deutsche Bank AG London	1,605,433	3.31
Apollo Nominees Ltd	1,603,898	3.31
ABP Investments	1,500,000	3.10
Total	**32,587,720**	**67,26**

In December 2007 the Company informed that it repurchased 3,470,000 of its own shares, representing 7.16% of the Company's share capital. As a result, the total number of shares remaining at the disposal of the Shareholders (except for the Company) is 44,978,081.

16. Directors' interests

Mr Spicer acquired a beneficial interest in 14,785 shares in the company in 2007.

17. Principal subsidiary companies

Country of incorporation	Name of subsidiary entity	Status	Percentage of nominal value of issued shares and voting rights held by Atlas Group
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	DPM Sp. z o.o.	Management	100%
Poland	Platinum Towers Sp. z o.o.	Development	100%
Poland	Nowy Zoliborz Sp. z o.o.	Development	76%
Poland	Properpol Sp z o.o.	Management	100%

Poland	Atlas Estates (Millennium) Sp. z o.o.	Investment	100%
Poland	Capital 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 Zoo	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp z o.o.	Development	100%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Cap East Kft.	Investment	100%
Hungary	Felikon kft.	Investment	100%
Hungary	Ligetváros Kft	Investment	100%
Hungary	Városliget Center Kft	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 Kft.	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%
Romania	World Real Estate SRL	Development	60%
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%

The above lists the current operating subsidiaries of the Group. In addition, the Group owns other entities which have no operating activities. All subsidiaries are consolidated.