



ATLAS ESTATES

Atlas Estates Limited (“Atlas” / “Company” / “Group”)

INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2007

ATLAS ESTATES DELIVERS A 13.3 PER CENT INCREASE IN NAV PER SHARE IN THE FIRST HALF

**Embargoed until 07.00am
24th September 2007**

Atlas Estates Limited (“Atlas”) the Central and Eastern European property investment and development company, today reports excellent NAV growth and progress in its portfolio in its interim results for the six months ended 30 June 2007.

Financial Highlights

- NAV per share up 13.3% to €5.20/£3.52 (31 December 2006: €4.59/£3.08)
- Adjusted NAV per share up 17.2% to €6.35/£4.29 (31 December 2006: €5.42/£3.64)
- Profit before tax of €27.7 million compared with a loss before tax in 2006 of €9.5m
- Total property, independently valued by Cushman & Wakefield, rose by 56% to €513 million since 31 December 2006, as a result of continued investment as well as revaluation uplifts
- Dividends of 12.48 eurocents per share paid relating to 2006 – first interim dividend for 2007 of 8.32 eurocents per share to be paid, representing an annualised yield of 5 per cent on IPO price
- The majority of the net IPO proceeds have been invested or committed for investment in line with IPO target

Operational Highlights

- The Group has currently investments across four countries, with a strong acquisition pipeline
- Presence in Romania expanded to include three assets, which have increased in value over the period by €25.1 million
- Warsaw Hilton opened on 19 March 2007. First months of trading ahead of expectations
- The Platinum Towers, adjacent to the Warsaw Hilton, have achieved substantial off-plan sales
- Major new acquisition of income producing asset – the Millennium Building in Warsaw
- Two property acquisitions outside of capital city in Gdansk in Poland, in line with the Company strategy
- Company submitted prospectus to the Warsaw Stock Exchange to establish listing

Quentin Spicer, Chairman of Atlas Estates commented,

“Atlas has been a public company for 18 months and has made significant progress in that period in terms of meeting the objectives in the AIM Admission Document. The interim results for 2007 highlight the progress made across our operations and the vision of our management team in identifying and executing strong acquisitions. The Board are pleased to report a further increase in net asset value and have delivered profitability for the first time, driven by further increases in the underlying value of our property portfolio.”

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We have a strong pipeline of varied opportunities that span all sectors of the real estate market, both in countries in which we currently 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 where we see the potential for higher returns in the medium term. I am looking forward to the year ahead with confidence in the prospects for the Company.”

Amos Pickel, Chief Executive Officer of Atlas Management Company, added:

“We are delighted to have succeeded in sourcing new opportunities, whilst generating added value through the active management of our yielding asset portfolio and have begun to crystallise the value of the development projects by selling and beginning construction of hundreds of apartments. Based on our progress to date, 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.

“We also consistently identify and execute a strong pipeline of opportunities ranging from small individual land plots and large commercial premises to mixed portfolios of assets. The combination of vast local knowledge, extensive investment and development experience and a streamlined investment approval process enables Atlas to respond quickly to opportunities as they arise, helping to build sustainable relationships with property owners in the process.”

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Chairman's Statement

I am pleased to report strong performance and progress across the Company and its operations during the first half of 2007. Since Atlas' admission to AIM on 1 March 2006, the Company has set out and delivered on its strategic objectives and continues to work to realise its aim of optimising shareholder value.

At the time of its IPO, the Company stated that its aims were to invest the proceeds of the listing in a diversified portfolio, targeting an overall return of 20% per annum through dividend yield and capital growth. To date, the Company has invested or committed to invest the majority of the net funds raised. In the six months to 30 June 2007, Net Asset Value ("NAV") per share has increased by a further 13.3% to €5.20 per share, having paid a dividend of 8.32 eurocents per share in respect of 2006.

At the last results announcement we indicated the possibility of listing the Company's shares on the Warsaw Stock Exchange, in addition to its listing on AIM. The Company has successfully completed its listing documentation and has submitted a prospectus to the Warsaw Stock Exchange for review. A final decision regarding a listing or a capital increase will be made in due course, depending on market conditions and the Company's share price.

Performance and dividend

I am pleased to announce that the Company has achieved profit before tax of €27.7 million in the six months to 30 June 2007, compared with a loss of €9.5 million for the 11 months of trading in 2006. This has been achieved principally as a result of a €34.8 million valuation increase recorded within the Company's investment portfolio. This valuation increase demonstrates the capability of our property management teams in identifying and negotiating exceptional properties for our portfolio, which quickly deliver additional value. The strong market conditions in Central and Eastern Europe also confirm the Company's strategy, whilst enabling it to pass on the benefits to its shareholders.

The Company's main sources of revenue are rental income from letting its investment properties; sales revenue from its hotel operations and income from the sale of its residential apartments, which it develops. Revenue of €4.4 million was recognised for the first time, representing sales revenue from two new hotel operations. The Hilton Hotel in Warsaw was opened on 19 March 2007 after the successful construction and development by the Company and the Golden Tulip Hotel in Bucharest was acquired in March 2007. Revenue from letting of investment properties was €5.7 million for the period compared with €5.7 million for the eleven months of trading in 2006.

In accordance with International Financial Reporting Standards ("IFRS"), income from the sale of residential apartments is not recognised as revenue until the apartments under construction have been completed. As a result, deferred income on the balance sheet amounted to €14 million for the period, which will be credited to the income statement upon completion of the development property. In addition to this, further income will be recognised in line with sales contracts.

Net assets increased by €30 million to €253 million at 30 June 2007. This represents a net asset value per share of €5.20 (31 December 2006: €4.59). The adjusted net asset value per share increased by 17.2% to €6.35 (31 December 2006: €5.42). This measure of net asset value includes the uplift in value of development property assets that are not recognised at fair value in the balance sheet.

At the time of the IPO we set out our dividend policy for the Company's formative years. In October 2006, shareholders received an interim dividend of 4.16 eurocents per share. A further interim dividend for 2006 of 8.32 eurocents per share was paid in June 2007. This provided a total dividend of 12.48 eurocents per share, representing an annualised yield of 3% on the initial flotation price of €5 per share. This is in line with the commitment we made at the time of the IPO.

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The Board is pleased to declare that an interim dividend for 2007 of 8.32 eurocents per share will be paid in October 2007. This represents a one third payment of the annualised yield of 5% on the initial flotation price of €5 per share. This is in line with the dividend targets made at IPO.

The Company will have paid to shareholders a total of €14 million represented by dividends and share buy back prior to the end of 2007, in addition to the NAV growth created.

Adjusted Net Asset Value

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

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

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

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

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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 to Group €'000	Value at 30 June 2007 €'000	Movement in value €'000
Development land assets included in total assets at cost to the Group	125,611	191,673	66,062
Attributable to minority interest partners	(20,290)	(23,783)	(3,493)
	105,321	167,890	62,569
Basic net asset value per balance sheet			251,927
Atlas share of increase in valuation of development land			62,569
Deferred tax on increase in valuation of development land at local rates			(6,755)
Adjusted net asset value			307,741
Number of ordinary shares in issue at 30 June 2007			48,448,081
Adjusted net asset value per share as at 30 June 2007			€6.35
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 €34.8 million arising from the revaluation of the Group's investment properties. The total revaluation reserve of €11 million represents the revaluation of the Hilton Hotel and the Golden Tulip Hotel.

Progress since IPO

Since the Company's listing on AIM in March 2006, I am pleased to report that the Company has been able to meet its IPO objectives.

- The proceeds from the listing have been substantially invested or committed in the Central and Eastern European property markets. This equity combined with bank debt has resulted in Gross Assets of €518 million being brought into the Group balance sheet, based upon the latest independent valuation.
- Local offices and operations have been established in 4 countries, Poland, Hungary, Slovakia and Romania. New properties have been acquired in the capital cities of Warsaw, Budapest, Bratislava and Bucharest. In recent months two new properties were acquired in Gdansk in Poland. This is the Group's first entry in Poland outside of Warsaw. It follows an investment in 2006 in Kosice, the second largest city in Slovakia and is in line with the objective of acquiring assets in cities other than capital cities.

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- In Warsaw we completed the construction of the Hilton Hotel in the Wola district of the city. The hotel was opened in March 2007. In its first 6 months of operation the hotel has performed ahead of planned levels. The Platinum Towers development alongside the Hilton has attracted significant demand. Pre-completion apartment sales have exceeded expectations, with 307 apartments sold subject to completion.
- In March we completed the acquisition of the Millennium Plaza building in Warsaw for €78.0 million, including costs. The purchase of this income producing asset was financed principally by debt. It has been valued since acquisition at 30 June 2007 at €92.7 million. This demonstrates management's capability of acquiring quality assets at attractive prices, thereby delivering added value to shareholders.
- In 2007 we increased our presence in Romania and have three properties, including the Golden Tulip Hotel. These properties have increased in value by €25.1 million to €70.0 million. These increases demonstrate the capability of management to deliver value ahead of the market.

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

Against this background, the management team has continued to demonstrate its ability to source quality investment and development opportunities off market. The Company has a total of 20 property sites across 4 countries, with the net IPO proceeds being invested.

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 possibly Ireland and Greece. This trend is forecast to continue into the foreseeable future as the region's economies continue to expand and develop.

Membership of the EU, greater personal wealth created both domestically and as a result of population movements and the growing emergence of business activity in capital and 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 space.

The trend is away from the older, existing stock toward newer Western style developments. This provides opportunities for those with development capabilities to exploit the need for new premises with pre-lets now more readily available. The sector specific demand varies from country to country, but – across the region – the demand is also starting to move into the regional centres as an alternative to the capital cities.

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

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Prospects

There is no doubt that the region as a whole 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.

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

Quentin Spicer
24 September 2007

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Review of the Property Manager

In this review we present operating results for the six months ended 30 June 2007. Atlas Estates Limited ("the Company") was admitted to AIM on 1 March 2006 and therefore has been in operation for 18 months.

The Company appointed Atlas Management Company Limited ("AMC") to oversee the operation of its portfolio and advise on new investment opportunities. We can report that in line with the Company's original timetable that we have achieved substantially full investment within 18 months of admission.

Moreover, the Company has succeeded in sourcing new opportunities, whilst generating added value through the active management of the yielding asset portfolio and have begun to crystallise the value of the development projects by selling and beginning construction of hundreds of apartments.

The property portfolio is constantly reviewed to ensure that we are working toward our stated strategy of creating a balanced portfolio that will provide future capital growth; the potential to enhance investment value through active and innovative management; programmes and the ability to deliver strong development margins.

The management 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. Management evaluates the risks and rewards associated with a particular country or sector in order to maximise our return on investment and therefore the return to our shareholders.

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

Property portfolio review – assets held at 30 June 2007

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.

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 m² Holmes Place health club and spa and a casino, both of which are leased directly from Atlas. Direct lease agreements have also been completed for a collection of smaller retail units included in the fabric of the complex. A 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 have been on site for a number of months prior to opening, installing systems, training staff and taking reservations for rooms and functions in 2007.

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

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Since its opening, the Hilton Warsaw has enjoyed better results than planned, due to the strong hotel market in Warsaw and the its unique large convention centre.

Platinum Towers, Warsaw

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

Platinum Towers – Residential, Warsaw

These two towers will provide approximately 22,000 m² of living accommodation split into 385 apartments. The towers, each spanning 22 floors, will also house a number of ground floor commercial units. Residents of the towers will be able to benefit from the facilities of the Hilton hotel.

The Company has obtained the required building permits for the development and construction of both towers. Construction has commenced on both towers together due to the high level of sales.

Sales of the apartments have been very strong. To the date of this report, 117 out of 189 apartments were sold in the second tower, while the first tower is almost sold out. We are in a process to complete the sale of all remaining apartments. A general contractor was appointed.

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 residential sales values continue to rise. Project appraisals are currently being finalised to assess the more profitable use for the building. The Company has zoning for both residential and office use. An office scheme would provide a total lettable area of 22,500 m² of modern, Class A office space over 32 floors. The tower would provide approximately 17,500 saleable square metres as a residential scheme.

Capital Art Apartments project, Warsaw

The Capital Art Apartments contain 800 apartments providing over 46,000 m² of modern living accommodation in the Wola district of Warsaw. The development will also house 1,700 m² of commercial space and 800 car parking spaces.

Sale of the first stage has been strong. We have sold 214 apartments out of the 219 available. Construction of the first stage is continuing according to schedule. Sales for the 2nd and 3rd stages are ready to start. Construction of slurry walls for the 2nd and 3rd stage has commenced.

Zeilono Project, Warsaw

The Zeilono Project (formally Nowy Zoliborz) is situated in a more suburban residential area of Warsaw. A total of 19,500 m² of residential space will be constructed providing 325 apartments, 850 m² of commercial space and 340 parking spaces. The demolition of the existing buildings is completed and the building permit has been applied for. Sales of these units will commence in the fourth quarter of 2007 and forecasted demand is strong.

Millennium Plaza, Warsaw

The Millennium Plaza is centrally located in a prime position on one of Warsaw's major transport intersections. The asset consists of 32,700 m² of modern accommodation over a total of 28 floors, providing 6,100 m² of retail and 26,600 m² of office space. The asset is 95% let to a number of significant tenants that include Millennium Bank, one of the largest in Poland and ABG Software, an IT company listed on the Warsaw Stock Exchange.

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This asset was secured in an off-market transaction at a price that represents an initial yield of 8%. Millennium Plaza is a good quality asset in a market that has seen considerable letting activity in recent years. Yields are continuing to compress and rental values are on the rise, giving confidence that in addition to providing cash flow to the group, we will experience capital growth in the coming years. Millennium Bank (the largest tenant) will not exercise its option to extend its lease and will vacate the building at the end of February 2008. The Company has started to re-let this space.

Cybernetyki Project, Warsaw

This asset comprises a 3,100 m² plot of land that was purchased by Atlas with zoning for office development. After purchase, Atlas have undertaken a re-zoning process and obtained a zoning for 11,000 m² of residential development. The Company paid €3.25 million for its 50% share of the land. Atlas holds 50% of the project, in partnership with Edmond de Rothschild Real Estate Fund.

Work on detailed design has commenced. Sales and construction is anticipated to commence in quarter 4 2007.

Sadowa Office Building, Gdansk, Poland

The Sadowa Office building is a modern office building comprising of 7,471 gross m² of high quality office space over 6 floors, the property occupancy level is at 99% with 6,550 m² 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

We have concluded the purchase of this 437,000 m² plot in Kokozski district of Gdansk in the beginning of September. The plot has building rights for the development of 130,000 m² of mixed development construction. Atlas holds 50% of the project and the rest is 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 m² of residential accommodation, split into 456 apartments over eight floors. The complex will also contain 456 underground parking spaces and an additional 5,801 m² of commercial space.

Building permits have been received for phase one which will house 239 apartments, part of the commercial area and two underground parking floors. Sale of the apartments has commenced and 59 apartments were sold and 35 apartments were reserved. 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 m² of flexible office, logistics and warehouse space to a mix of international and local users. Active management by AMC has increased the occupancy of the park from 62% at IPO to 74%. Major tenants include the Hungarian Government, which uses part of the site to store surplus grain, and Skoda, which operates its bus division in Hungary from the Park.

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

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

Metropol Office Centre, Budapest

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

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

Ligetvaros Centre, Budapest

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

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

Varosliget, Budapest

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

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

Moszkva Office Building, Budapest

Situated in a prime location on the main square of the Buda side of the city, the asset comprises of 1,350 m² of office space over three floors. The property is fully occupied with 95% of the leases having a remaining term of at least seven years. 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 m² plot has been prepared for the development of a planned 89,000 m² of mixed residential, office, 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 massive change in conceptual design. The new conceptual design allows flexibility to develop most of the site as offices, should the plan to move the new government offices to the adjacent site materialise. Application for building permits is expected in September 2007.

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Slovakia

Nove Vajnory Project, Bratislava

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

Since acquisition of the property, the Company has been working with the Vajnory local authority on various aspects of planning. The new master plan for Bratislava has been adopted recently, which facilitates a rezoning application.

Basta Project, Kosice

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

Romania

Solaris Project, Bucharest

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

We have started work of rezoning the plot. Conceptual design and market study are in progress.

Voluntari Land, Bucharest

The Voluntari land comprises 3 adjacent plots with a total area of 99,116 m². The land is located in the Northern part of Bucharest in the Voluntari district.

On 4 July 2007 we completed the acquisition of the interests of our 40% partner. This was a share deal in which we purchased 40% of the shares of the company holding the land, at a price representing €216 per square metre of land. The total cash outlay for the Company was €6,432,702. The Company now owns 100% of the land.

Progress has been made on the general master plan for the area and new projects are being constructed nearby. Conceptual design is under preparation.

Golden Tulip Hotel, Bucharest

The Golden Tulip Hotel is an 82 room 4 star hotel in central Bucharest. It was built in 2005 and was acquired by the Company in 2007. It is situated near to the main tourist attractions and business districts with occupancy rates of around 80%.

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Pipeline

The Company has a strong pipeline of opportunities ranging from small individual land plots, to large commercial premises as well as mixed portfolio assets. The pipeline is sourced from many introductions, generated both from our local management teams and AMC senior management contacts. It seeks opportunities from traditional market sources but has a particular strength in its capability in sourcing off-market transactions. The combination of vast local knowledge, extensive investment and development experience, and a streamlined investment approval process enables the Company to respond quickly to opportunities as they arise, helping to build sustainable relationships with property owners in the process.

In order to continue to achieve superior returns for our investors the Company has developed a pipeline that includes opportunities in capital and other major cities and additional countries in the region. The pipeline reflects the strategy of building a balanced portfolio of income yielding and development assets.

Portfolio valuation

As at 30 June 2007, the gross market value of the property assets within the portfolio was €513 million (€334 million at 31 December 2006). Atlas share of this portfolio represented €486 million (€312 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 6 months under review to 30 June 2007 the Atlas share of the portfolio increased by 56% or €174 million over the valuation or acquisition cost at 31 December 2006. This is as a result of acquisitions and valuation uplift.

Financial management

As a newly listed public company we have made considerable progress in developing the financial management infrastructure of the Group. Finance teams have been established in each territory of operation and are supervised by an experienced Group finance function.

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

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

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

Most income from the Group's investment properties is denominated in Euro and our policy is to arrange debt to fund these assets in Euro also. Where possible we look 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 so funding facilities are arranged accordingly. "Free cash" available for distribution within the Group is identified and appropriate translation mechanisms put in place.

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

As at 30 June 2007 the Group's share of bank debt associated with the portfolio stood at €185 million, with cash at bank and in hand of €42 million. The loan to value ratio is 38%. The gearing ratio is 57%, based upon net debt as a percentage of equity attributable to shareholders. We are refinancing properties where valuations have increased, thus releasing equity for further investment.

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Amos Pickel
Chief Executive Officer
Atlas Management Company Limited
24 September 2007

Michael Williamson
Chief Financial Officer
Atlas Management Company Limited

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Property portfolio information

Location/Property	Description	Atlas ownership	Property value at 30/6/07	Atlas share of property value
Poland				
Hilton Hotel	First Hilton Hotel in Poland, 313 rooms and conference facilities	100%	109.5m	109.5m
Platinum Towers	383 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%	57.0m	57.0m
Capital Art Apartments	800 apartments with building permits and pre-sales	100%	25.0m	25.0m
Zeilono	Land with zoning for 325 apartments	76%	11.5m	8.7m
Millennium Tower	32,700 square metres of office and retail space	100%	92.7m	92.7m
Cybernetyki project	3,100 square metre plot of land zoned for 11,000 square metres of residential development	50%	6.5m	3.3m
Sadowa project	6,500 square metre office building with 99% occupancy	100%	11.3m	11.3m
Hungary				
Ikarus Business Park	283,000 plot with 110,000 square metres of lettable business space	100%	29.8m	29.8m
Metropol Office Centre	7,750 square metre office building, 100% occupied, yield on acquisition price: 8.25%	100%	10.2m	10.2m
Atrium Homes	456 apartments with building permits, marketing commenced	100%	7.8m	7.8m
Ligetvaros Centre	6,300 square metres of office/retail space, 99% occupied, rights to build extra 3,800 square metres. Yield on acquisition price: 8%	100%	9.0m	9.0m
Varosliget Centre	12,000 square metre plot in Central Budapest, under re-zoning for residential development	100%	6.0m	6.0m
Moszkva Square	1,350 square metres of gross office space yielding 8.75%	100%	3.1m	3.1m
Volan Project	20,640 square metre plot, zoning for 89,000 square metre mixed use scheme	50%	18.4m	9.2m
Slovakia				
Nove Vajnory	877,000 square metres of land acquired from municipality, under re-zoning for mixed use development	78.25%	40.1m	31.4m
Basta Project	10,000 square metres for mixed use development in centre of Kosice, second city of Slovakia, with zoning	50%	4.7m	2.3m
Romania				
Voluntari	99,116 square metres of land in 3 adjacent plots	100%	29.8m	29.8m
Solaris Project	32,000 square metre plot for re-zoning to residential development	100%	25.6m	25.6m
Golden Tulip Hotel	4 star 82 room hotel in central Bucharest with 80% occupancy	100%	14.6m	14.6m
Total			512.6m	486.2m

The Kokozski project is not included in the table above because it was acquired after 30 June 2007.

ATLAS ESTATES LIMITED

CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2007

	Six Months ended 30 June 2007	Eleven Months ended 31 December 2006 Restated €'000	Five Months ended 30 June 2006 Restated €'000	Notes
	€'000	€'000	€'000	
Revenue	10,222	5,321	1,983	1
Cost of sales	(2,653)	(2,482)	(769)	
Gross profit	7,569	2,839	1,214	
Administrative expenses	(13,751)	(16,751)	(3,293)	2
Other operating income	1,705	650	111	
Other operating expenses	(839)	(580)	-	
Increase in value of investment properties	34,785	5,612	2,300	
Other gains / (losses) – net	31	(167)	(372)	
Impairment charge in relation to goodwill	-	(13,354)	-	
Negative goodwill arising on acquisition	389	11,398	721	
Operating profit/(loss)	29,889	(10,353)	681	
Financial income	800	2,507	1,808	
Finance costs	(2,957)	(1,663)	(1,293)	
Profit/(loss) on ordinary activities before taxation	27,732	(9,509)	1,196	
Tax expense	(6,082)	(1,120)	(720)	3
Profit/(Loss) for the period	21,650	(10,629)	476	
Attributable to:				
Equity Shareholders	21,632	(10,690)	476	
Minority Interests	18	61	-	
	21,650	(10,629)	476	
Earnings/(loss) per €0.01 ordinary share – basic	44.65 eurocents	(21.8) eurocents	0.97 eurocents	4
Earnings/(loss) per €0.01 ordinary share – diluted	44.65 eurocents	(21.8) eurocents	0.97 eurocents	4

All activities of the group are continuing operations.

ATLAS ESTATES LIMITED

CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	30 June 2007 €'000	31 December 2006 €'000	Notes
ASSETS			
Non-current assets			
Intangible assets	858	162	
Land held under operating lease	18,329	18,422	
Property, plant and equipment	114,492	88,818	6
Investment property	198,024	67,585	7
Other loans receivable	3,084	327	
Other receivables	192	-	
Deferred tax asset	3,623	1,821	
	338,602	177,135	
Current assets			
Inventory	125,823	99,205	8
Trade and other receivables	14,982	22,241	
Cash at bank and in hand	42,462	62,672	9
	183,267	184,118	
TOTAL ASSETS	521,869	361,253	
Current liabilities			
Trade and other payables	(37,876)	(30,724)	
Bank overdrafts and loans	(14,185)	(2,892)	11
	(52,061)	(33,616)	
Non-current liabilities			
Other payables	(11,359)	(6,047)	
Bank loans	(171,258)	(76,170)	11
Deferred tax liabilities	(33,957)	(21,558)	
	(216,574)	(103,775)	
Total liabilities	(268,635)	(137,391)	
NET ASSETS	253,234	223,862	
EQUITY			
Share capital	484	484	
Revaluation reserve	10,825	2,981	
Other distributable reserve	222,375	226,406	
Other reserves	6,761	2,851	
Retained earnings	11,483	(10,148)	
Equity attributable to equity holders of the parent	251,928	222,574	
Minority Interest	1,306	1,288	
TOTAL EQUITY	253,234	223,862	
Basic net asset value per share	5.20	4.59	

ATLAS ESTATES LIMITED

STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2007

Group	Share capital €'000	Other reserves €'000	Retained earnings €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 3 February 2006						
Issue of shares	493	246,472		246,965		246,965
Cost of issue		(13,528)		(13,528)		(13,528)
Minority arising on acquisition				-	1,255	1,255
Profit for the period			476	476		476
Share based payments			(246)	(246)		(246)
Exchange adjustments		(1,146)		(1,146)		(1,146)
Revaluation of properties		1,000		1,000		1,000
As at 30 June 2006	493	232,798	230	233,521	1,255	234,776
Cost of issue		(521)		(521)		(521)
Shares bought back and cancelled	(9)	(3,977)		(3,986)		(3,986)
Profit for the period			(10,082)	(10,082)	61	(10,021)
Exchange adjustments		4,298		4,298	(31)	4,267
Revaluation of properties		2,680		2,680		2,680
Deferred tax on exchange adjustments		(301)		(301)	3	(298)
Deferred tax on revaluation of properties		(699)		(699)		(699)
Share based payments			(296)	(296)		(296)
Dividends paid		(2,040)		(2,040)		(2,040)
As at 31 December 2006	484	232,238	(10,148)	222,574	1,288	223,862
Profit for the period			21,792	21,792	18	21,810
Revaluation of properties		9,662		9,662		9,662
Deferred tax on revaluation of properties		(1,818)		(1,818)		(1,818)
Share based payments			(161)	(161)		(161)
Exchange adjustments		3,910		3,910		3,910
Dividends paid		(4,031)		(4,031)		(4,031)
As at 30 June 2007	484	239,961	11,483	251,928	1,306	253,234

ATLAS ESTATES LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2007

	Six months ended 30 June 2007	Restated Eleven months ended 31 December 2006	Five months ended 30 June 2006	Notes
	€'000	€'000	€'000	
Cash outflow generated from operations	(5,838)	(11,741)	(7,086)	10
Interest received	655	2,457	1,062	
Interest paid	(2,208)	(1,592)	(229)	
Tax paid	(124)	(128)	17	
Net cash outflow from operating activities	(7,515)	(11,004)	(6,236)	
Investing activities				
Acquisition of subsidiaries	(11,163)	(53,099)	(51,961)	
Amounts placed on escrow in relation to property acquisitions	-	(1,800)	(1,800)	
Deposits paid to secure future property acquisitions	-	(15,024)	-	
Purchase of investment property	(91,736)	(12,821)	(9,326)	
Purchase of property plant and equipment	(3,969)	(17,260)	(5,144)	
New loans granted to JV partners	(2,757)	(327)	-	
Disposal of property plant and equipment	-	169	-	
Purchase of intangible assets - software	(696)	(183)	-	
Net cash used in investing activities	(110,321)	(100,345)	(68,231)	
Financing activities				
Dividends paid	(4,031)	(2,079)	-	
Payments to acquire or redeem the entity's own shares	-	(3,986)	-	
Share issue costs paid	-	(14,049)	(13,528)	
Proceeds on issue of shares	-	178,451	178,451	
New bank loans raised	88,421	9,804	4,916	
New loans received from minority investors	1,012	2,286	4,607	
Net cash from financing activities	85,402	170,427	174,446	
Net (decrease) / increase in cash and cash equivalents in the period	(32,434)	59,078	99,979	
Effect of foreign exchange rates	(1,436)	3,069	1,968	
Net (decrease) / increase in cash and cash equivalents in the period	(33,870)	62,147	101,947	
Cash and cash equivalents at the beginning of the period	62,147	-	-	
Cash and cash equivalents at the end of the period	28,277	62,147	101,947	
Cash and cash equivalents				
Cash at bank and in hand	42,462	62,672	103,057	
Bank overdrafts	(14,185)	(525)	(1,110)	
	28,277	62,147	101,947	

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

Six months ended 30 June 2007

Basis of preparation

This consolidated condensed Interim information has been prepared in accordance with IAS 34. The financial information has been prepared on an historical cost basis as amended by the revaluation of land and buildings. The information contained in this document is unaudited and these Interim financial statements do not represent the group's statutory accounts. Audited statutory accounts of the group and company for the eleven months to 31st December 2006 have been filed and contained an unqualified audit opinion. The comparative financial information is only 5 months to 30 June 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 and as at 31 December 2006 has been restated as follows. Corresponding changes have also been made to the comparative information for the 5 months ended 30 June 2006.

- (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 the period end date. 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 fair 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").

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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. The Group's primary reporting segments are business.

Revenue recognition

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

Revenue from the sale of hotel rooms, food and beverages are recognised on an accruals basis net of VAT and other sales related taxes.

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

Rental income is recognised on an accruals basis. Changes to rental income that arise from 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 housing units is recognised when the risks and rewards of ownership have been transferred to the buyer and provided that the Company has no further substantial acts to complete under the contract.

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

Share based payments

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

Foreign currencies

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

Transactions in foreign currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are de-nominated 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.

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

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

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

Leases

Where the Group is the lessee:

Operating leases – 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.

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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 the 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	%
Plant and equipment	Over 50 years
Motor vehicles	10% to 33% per annum
	20% per annum

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

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Goodwill

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

Impairment

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

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

Investment Property

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

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

Inventories of housing units

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs those overheads that have been incurred in bringing the inventories to their present location and costs. 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 using the effective interest 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.

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Cash and cash equivalents

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

Restricted bank deposits

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

Financial liabilities and equity

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

Bank borrowings

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

Trade payables

Trade payables are 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.

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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 dealt within 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.

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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. The group will apply IFRS 7 from 1 January 2007, but it is not expected to have any material impact on the classification and valuation of the group's 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 2007; 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;

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NOTES TO THE FINANCIAL STATEMENTS

1. Segmental reporting

Primary reporting format – Business Segments

6 months ended 30 June 2007	Property rental €'000	Residential sales €'000	Hotel operations €'000	€'000
Income Statements				
Revenue	5,643	24	4,386	10,053
Unallocated revenue				169
Total Revenue				10,222
Segment result	37,750	(1,223)	(1,561)	34,966
Unallocated costs				(5,077)
Operating Profit				29,889
5 months ended 30 June 2006				
Revenue	1,744	86	16	1,846
Unallocated revenue				137
Total Revenue				1,983
Segment result	1,452	(1,271)	(136)	45
Unallocated costs				636
Operating Profit				681

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2. Administrative Expenses

	Group Six months ended 30 June 2007	Group Eleven months ended 31 December 2006	Group Five months ended 30 June 2006
	2007 €'000	2006 €'000	2006 €'000
Property related expenses	(2,864)	(820)	(257)
Management Fees	(2,300)	(9,400)	(2,300)
Other Administrative expenses	(8,587)	(6,531)	(736)
Total	(13,751)	(16,751)	(3,293)

3. Tax on profit on ordinary activities

	Group Six months ended 30 June 2007	Group Eleven months ended 31 December 2006	Group Five months ended 30 June 2006
	€'000	€'000	€'000
Current tax	(347)	(128)	7
Deferred tax	(5,735)	(992)	(727)
Total	(6,082)	(1,120)	(720)

An estimate is made of the effective tax rate for the full year and has been applied to the half year results.

4. Earnings per share

Basic earnings per share is calculated by dividing the profit after tax attributable to ordinary shareholders (€21,632; 2006: -€10,690) by the weighted average number of ordinary shares outstanding during the period (48,448,081; 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 is the same as the basic.

5. Dividends

	Group Six months ended 30 June 2007 €'000	Group Eleven months ended 31 December 2006 €'000
Interim paid – 8.32 eurocents per ordinary share (2006: Interim dividend of 4.16 eurocents)	4,031	2,040

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6. 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
Acquisitions through business combinations	13,969	131	0	14,100
Additions at cost	899	3,020	50	3,969
Exchange adjustments	112	19	12	143
Disposals	-	-	(15)	(15)
Revaluation	2,546	4,830	-	7,376
At 30 June 2007	105,966	8,387	139	114,492
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	(948)	(987)	(24)	(1,959)
Exchange adjustments	(203)	(3)	6	(200)
Disposals	-	-	15	15
Revaluations	1,144	986	10	2,140
At 30 June 2007	(23)	(74)	(8)	(105)
Net book value at 30 June 2007	105,943	8,313	131	114,387
Net book value at 31 December 2006	88,424	317	77	88,818

Buildings were valued as at 30 June 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.

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7. Investment property

	30 June 2007 €'000	31 December 2006 €'000
At beginning of the period	67,585	-
Acquisitions through business combinations	-	49,545
Additions	91,497	12,483
Capitalised subsequent movements	239	338
Exchange movements	(41)	(393)
Present value of annual perpetual usufruct fees	3,959	-
Fair value gains	34,785	5,612
Total	198,024	67,585

The fair value of the Group's investment property at 30 June 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.

The Group acquired the remaining 40% share capital of S.C. World Real Estate on 28 June 2007. At 31 December 2006 100% of S.C. World Real Estate was consolidated and as S.C. World Real Estate had net liabilities no minority interest was recognised. The acquisition of the 40% interest for €5.7m therefore represents an additional investment in the property and is included in additions above.

8. Inventories

	30 June 2007 €'000	31 December 2006 €'000
Land held for development	101,936	89,182
Construction expenditure	23,887	10,023
Freehold and leasehold properties held for resale	125,823	99,205

9. Cash at bank and in hand

	30 June 2007 €'000	31 December 2006 €'000
Cash at bank and in hand	31,000	55,952
Short term bank deposits	11,462	6,720
	42,462	62,672

Restricted bank deposits total €9,078,844 as at 30 June 2007 (31 December 2006: nil).

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10. Cash generated from operations

	30 June 2007 €'000	31 December 2006 €'000	30 June 2006 €'000
Profit/(loss) for the period	21,650	(10,629)	476
Adjustments for:			
Finance costs	2,957	1,663	1,293
Finance income	(799)	(2,507)	(1,808)
Tax expense	6,082	1,120	720
Operating Loss	29,890	(10,353)	681
Bad debt write off	271	-	
Depreciation of property, plant and equipment	1,959	192	89
Amortisation charges	204	21	
Gain on sale of property plant and equipment	(5)	(74)	
Net goodwill arising on acquisitions charged to the income statement	(389)	1,956	(721)
Increase in the value of investment property	(34,785)	(5,612)	(2,300)
Effects of foreign currency	(33)	167	372
Charge relating to share based payments	-	542	
	(2,888)	(13,161)	(1,879)
Changes in working capital			
Increase in inventory	(18,129)	(5,168)	(8,958)
Decrease / (Increase) in trade and other receivables	7,211	(1,114)	2,676
Increase in trade and other payables	7,968	7,702	1,075
	(2,950)	1,420	(5,207)
Cash outflow generated from operations	(5,838)	(11,741)	(7,086)

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11. Bank loans

	30 June 2007 €'000	31 December 2006 €'000
Current		
<i>Bank loans and overdrafts due within one year or on demand</i>		
Secured	(14,185)	(2,892)
	(14,185)	(2,892)
Non-current		
<i>Repayable within two years</i>		
Secured	(40,837)	(22,579)
<i>Repayable within three to five years</i>		
Secured	(30,547)	(15,755)
<i>Repayable after five years</i>		
Secured	(99,874)	(37,836)
Total	(171,258)	(76,170)

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

Bank loans are denominated in a number of currencies. All borrowings denominated in foreign currency are stated in Euros in the group accounts. Bank loans bear interest based on a variety of interest rates. An analysis of the Group's borrowings by currency:

	Euro	Zloty	Florint	Total
Bank overdrafts	(16,434)		(49)	(16,483)
Bank loans	(155,239)	(13,721)	-	(168,960)
Total	(171,673)	(13,721)	(49)	(185,443)

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12. Acquisition of subsidiary undertakings

- (a) On 2 March 2007, the Group acquired 50% of the share capital of Atlas Estates Kaduri Shasha Zrt for a cash consideration of €3,825,299. The company has an investment in a land asset in Budapest, Hungary. This transaction has been accounted for using the purchase method of accounting.

	Book Value €'000	Fair value adjustments €'000	Fair value €'000
Net assets acquired			
Inventory	3,740	4,731	8,471
Cash	18		18
Shareholder loans payable	(1,445)		(1,445)
Banks Loan	(2,264)		(2,264)
Trade and other payables	(8)		(8)
Deferred tax liabilities	-	(947)	(947)
Overdrafts			
current tax liabilities			
			3,825
Goodwill			-
Total consideration			3,825
Satisfied by:			
Equity			-
Cash			3,825

The company acquired, contributed profit after tax of €19,000 from operating revenue of €798 to the Group results for the period.

- (b) On 28 March 2007, the Group acquired the entire share capital of Kalipi Holdings Limited, DNB Victoria Tower S.R.L. and Victoria Tower Hotel Management S.R.L. for a cash consideration of €7,448,021. These companies own and manage property assets in Bucharest, Romania. This transaction has been accounted for using the purchase method of accounting.

	Book Value €'000	Fair value adjustments €'000	Fair value €'000
Net assets acquired			
PPE	3,949	10,151	14,100
Inventory	18		18
Trade and other receivables	143		143
Cash	91		91
Trade and other payables	(219)		(219)
Deferred tax liabilities		(1,624)	(1,624)
Bank Overdrafts and loans	(4,672)		(4,672)
			7,837
Negative goodwill			(389)
Total consideration			7,448
Satisfied by:			
Equity			-
Cash			7,448

The companies acquired, contributed profit after tax of €501,000 from revenue of €1,295,493 to the Group results for the period.

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13. Post balance sheet events

- (a) On 4 July 2007 Atlas Estates (Sadowa) Sp zoo secured a loan from Investkredit Bank AG for €7,080,000. The loan has an interest rate of EURIBOR plus a margin of 1.4%. Investkredit Bank AG has obtained a pledge on the company's shares, bank accounts and rent as security.
- (b) On 19 July 2007 Atlas Estates (Cybernetyki) Sp zoo secured a loan facility from Investkredit Bank AG for €14,500,000. The loan has an interest rate of EURIBOR plus a margin of 1.3%. Investkredit Bank AG has obtained a pledge on the company's shares and bank accounts as security.
- (c) On 6 September 2007, Atlas Estates Limited announced that it had completed the acquisition of a plot of land in Gdansk, Poland for €14.3m. A 437,258 square metre plot for residential development has been acquired with a local joint venture partner, CF Plus Sp. z.o.o. Both parties hold a 50 % interest in the project.

14. Related party transactions

- (a) Silverock Commerce Limited is an investment subsidiary of Osterreichische Volksbanken-Aktiengesellschaft (OVAG), an Austrian Bank. Throughout the period to 30 June 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 30 June 2007 a total of €75,657,890 (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 3,646,056 shares in Atlas Estates Limited on 15 June 2007 Elran (DD) Real Estate Limited received a dividend of €303,351.85. As a result of a qualifying shareholding of 4,130,520 shares in Atlas Estates Limited on 15 June 2007 Elran Real Estate Limited received a dividend of €343,659.26
- (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 20,590,434 shares in Atlas Estates Limited on 15 June 2007 RP Capital Group received a dividend payment of €1,713,124.
- (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 9,689,616 shares in Atlas Estates Limited on the 15 June 2007 BCRE Izaki Properties received a dividend payment of €806,176.

- (e) Key management compensation

	30 June 2007	31 December 2006
	€'000	€'000
Fees for non-executive directors	91	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 €2.3 million for the period ended 30 June 2007 (€3.8 million for year 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. No accrual of this performance fee is made at the interim stage as the property valuation at 31 December 2007 is uncertain.

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- (f) Under the loan agreement of 29 September 2005 Kendalside Ltd. (subsidiary of Eastfield) 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 2008, and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. As of the 30 June 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 30 June 2007 the borrower has used the loan facility in the amount of SKK 23,487,462 (31 December 2006: SKK 21,724,780).