

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

**UNAUDITED QUARTERLY RESULTS FOR THE THREE MONTHS TO 31 MARCH 2008**

**15 May 2008**

Atlas Estates Limited, the Central and Eastern European (“CEE”) property investment and development company, today reports growth in revenue in its quarterly results for the three months ended 31 March 2008.

**Financial highlights**

- Revenue of €9.7 million (31 March 2007: €2.0 million)
- Operating profit of €1.5 million (31 March 2007: €9.3 million)
- Operating profit excluding the movement in value of investment properties of €1.5 million (31 March 2007: operating loss of €4.3 million)
- Loss for the period (after finance costs and tax) of €1.7 million (31 March 2007: profit of €6.9 million)
- Net Asset Value per share of €4.94 (31 December 2007: €4.98)
- Adjusted Net Asset Value per share of €6.31 (31 December 2007: €6.36)

**Operational highlights**

- The Hilton Hotel in Warsaw is trading ahead of expectations with strong occupancy and room rates
- Rental properties are achieving targets
- Construction on Capital Art Apartments and Platinum Towers residential properties in Warsaw has been progressing on schedule
- Obtained zoning for mixed use development for Varosliget property in Budapest
- Zoning, building permit applications and design work progressing as planned, which will provide further construction and development opportunities
- Focus on liquidity and cash retention in response to changing financial markets and credit restrictions and a general slowdown in real estate markets in the CEE region.

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ATLAS ESTATES LIMITED  
CONDENSED CONSOLIDATED QUARTERLY REPORT  
FOR THE FIRST QUARTER OF 2008

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## **Chairman's Statement**

I am pleased to report the first quarter results of Atlas Estates Limited ("the Company") for the quarter ended 31 March 2008, which we are announcing for the first time, as quarterly reporting is a requirement of the Warsaw Stock Exchange ("WSE"). The quarterly report is unaudited and as such represents a report by management only.

The Company has continued to improve operational performance and make solid progress on its key projects in order to achieve its overriding aim of maximising shareholder value.

However, the long term development of the Company and its assets is dependent upon access to capital, and the changing financial markets and the global liquidity crisis which is affecting all businesses operating in the Central and Eastern Europe ("CEE") region, may potentially lead to short-term delays in the Company's ability to progress projects as planned. There has been an increasingly risk averse attitude from lenders during 2008 which, combined with the potential difficulties in realising value from disposals, together with the factors highlighted above, means that retention of cash is critical to the successful development of the business.

### ***Key events in 2008***

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 €76 million in March 2007 and we were pleased to report that it has 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 related assets and liabilities have been classified as held for sale in the Company's balance sheet at 31 March 2008. The completion of the sale of Millennium Plaza will demonstrate the Company's 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.

On 12 February 2008, the Company successfully completed its listing on the WSE. The Company has a dual listing on the AIM market operated by London Stock Exchange plc ("AIM") and on the WSE, with Warsaw as its primary listing. The WSE listing is a major step forward in the Company's development, as it will potentially provide the Company with access to an enlarged shareholder base and the benefit of increased liquidity offered by an EU regulated exchange. It also aligns the Company more closely to the territory where the majority of its assets are currently located.

In April 2008, Amos Pickel, CEO of Atlas Management Company Limited ("AMC"), resigned from his position. The search for a successor is well underway. The exact date of Amos Pickel's departure from AMC will be agreed in due course, taking account of progress made in the search for a successor and to ensure an orderly handover is in place prior to his departure. The operational infrastructure established since IPO ensures that the ongoing management and control of the business continues in an effective manner. The Board would like to thank Amos for his contribution to the success of the Company's business and completion of its listing process on the WSE.

## Financial Highlights, Review of the Quarter and Valuation of Assets

Selected Consolidated Financial Items	3 months ended 31 March 2008 €000	3 months ended 31 March 2007 €000
Revenues	9,736	2,024
Gross profit	4,118	75
Increase in value of investment properties	-	13,596
Operating profit	1,540	9,251
(Loss) / profit before tax	(1,311)	9,549
(Loss) / profit for the period	(1,660)	6,869
(Loss) / profit attributable to equity shareholders	(1,640)	6,731
Net cash outflow from operating activities	(2,311)	(25,022)
Cash flow from investing activities	(1,039)	(88,800)
Cash flow from financing activities	(586)	82,390
Net decrease in cash	(3,140)	(32,317)
Non-current assets	266,337	280,745
Current assets	175,853	167,983
Assets classified as held for sale	101,018	-
Total assets	543,208	448,728
Current liabilities	(95,040)	(56,417)
Liabilities directly associated with assets classified as held for sale	(70,424)	-
Non-current liabilities	(154,836)	(161,075)
Total liabilities	(320,300)	(217,492)
Net assets	222,908	231,236
Shareholders' equity attributable to equity holders of the Company	222,189	229,810
Number of shares outstanding	44,978,081	48,448,081
(Loss) / earnings per share (eurocents)	(3.65)	13.89
Basic net asset value per share (€)	4.94	4.74
Adjusted net asset value (€000)	283,826	268,407
Adjusted net asset value per share (€)	6.31	5.54

## Review of the First Quarter

	Property Rental €000	Residential Sales €000	Hotel Operations €000	Other €000	3 months ended 31 March 2008 €000
Revenue	4,108	-	5,511	117	9,736
Cost of operations	(1,226)	(279)	(3,918)	(195)	(5,618)
<b>Gross profit</b>	<b>2,882</b>	<b>(279)</b>	<b>1,593</b>	<b>(78)</b>	<b>4,118</b>
Administrative expenses	(850)	(556)	(712)	(1,694)	(3,812)
<b>Gross profit less administrative expenses</b>	<b>2,032</b>	<b>(835)</b>	<b>881</b>	<b>(1,772)</b>	<b>306</b>
Gross profit %	70.1%	n/a	28.9%	n/a	42.3%
Gross profit less administrative expenses %	49.4%	n/a	16.0%	n/a	3.1%

The Company has delivered an operating profit of €1.5 million for the quarter ended 31 March 2008, compared with an operating loss of €4.3 million excluding the increase in valuation of investment properties for the quarter ended 31 March 2007.

The Company has not undertaken an external valuation in the quarter. These valuations are carried out at June and December period ends or when a new property is acquired. The valuations in the financial statements for this quarter are as provided by Cushman & Wakefield at 31 December 2007. However the increase in value of investment properties included in the first quarter of 2007 represents the uplift in value on the Millennium Plaza, which was acquired at €76 million and valued by Cushman & Wakefield in the first quarter of 2007 at €90 million.

As at 31 March 2008, the Company held a portfolio of 22 properties, comprising eight income yielding properties, two hotels and 12 development properties. Total revenue for the quarter was €9.7 million compared to €2.0 million for the first quarter of 2007. The Company's principal revenue streams are rental income, sales from its hotel operations, and income from the sale of the residential apartments that the Company develops.

Revenue from the letting of investment properties was €4.1 million for the quarter compared with €1.7 million for the same period in 2007. The increase in revenue represents the effect of acquisitions in 2007 including the Millennium Plaza in Warsaw, Sadowa Business Park in Gdansk and Atlas House in Sofia.

The Hilton Hotel has performed ahead of expectations in the first quarter of 2008 with occupancy levels between 60% and 70% and average room rates exceeding €100 per night. The conferencing centre, which is the largest in Warsaw, is proving very successful at attracting business customers to the hotel. The Golden Tulip Hotel has occupancy rates of around 65% against a market average in Bucharest of 70% and our longer term target remains 80%. Revenue from hotel operations was €5.5 million for the first quarter of 2008.

To date, the Company has signed preliminary contracts to deliver 666 apartments of total value €94 million at its Platinum Towers and Capital Art Apartment projects in Warsaw and Atrium Homes project in Budapest. In accordance with International Financial Reporting Standards ("IFRS") policies, no revenue has yet been recognised from the sale of residential apartments.

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

The income statement includes finance costs of €3.2 million for the first quarter 2008 as compared to €0.2 million in the first quarter 2007, reflecting the effect of the increased external debt finance used to acquire new investment properties.

Based on valuations made at 31 December 2007, the Company's share of the whole property portfolio at 31 March 2008 is €510 million. Of this total, the investment portfolio represents €214 million (including the Millennium Plaza), the hotel portfolio amounts to €126 million, and the development portfolio represents €170 million. 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. As outlined above, this statement comprises management reports only and as such no external valuations have been completed. Therefore, the NAV reported in this statement is consistent with that reported at 31 December 2007. A full valuation of the Company's portfolio will be undertaken for its interim results statement, which will be released later this year. The Company's management team have confirmed that they are not aware of any factors that would, in their judgement, materially affect the 31 December 2007 valuations.

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

#### ***AMC performance fee 2007***

AMC's performance fee in respect of the financial year ended 31 December 2007 has been agreed by the Board at €7.037 million. The first €2.5 million of this amount was paid in cash by the Company to AMC.

AMC and the Company are currently in discussions regarding the terms on which AMC would agree to receive new ordinary shares in settlement of the balance of the performance fee. Any such agreement would be subject to shareholder approval by way of a resolution to be proposed at the AGM.

#### ***Dividend and dividend policy***

On 29 February 2008, the Board resolved to pay a further dividend for the year ended 31 December 2007 of 16.68 eurocents per share ("2007 Dividend"). Shareholder approval will be obtained before payment is made.

The Board will offer to shareholders, subject to shareholder approval, at the forthcoming AGM the choice of receiving the whole or part of the 2007 Dividend in new fully paid ordinary shares in the Company instead of cash (a "Scrip Dividend Alternative").

The Scrip Dividend Alternative allows more flexibility for shareholders who wish to receive shares instead of cash dividends or a combination of shares and cash. The Scrip Dividend Alternative will make it possible for shareholders to increase their holdings in the Company without incurring dealing costs. At the same time, the Company will benefit from the retention of cash for reinvestment in the business that would otherwise be paid out as a dividend. Each of the AMC shareholders have given irrevocable undertakings to the Company to vote in favour of the resolution to approve the Scrip Dividend Alternative and to elect to take up their full scrip dividend entitlement.

The Company's AIM admission document and WSE prospectus made the following statement regarding its dividend policy:

"in order to create a sustainable cash flow stream to underpin Shareholder dividends, the Company anticipates generating cash flow through the following:

- *rental income*: the Directors anticipate that the Company will receive a stable and recurring cash flow from rental income. The Directors expect rental income from income-generating investments to increase over time through a combination of market forces (i.e. increasing demand for quality commercial properties) and the active management of the Portfolio;
- *sales of residential development units*: the Company intends to generate cash through the sale of apartments in its residential development projects. These projects will not produce a steady cash flow but will generate cash flows as apartment units are sold and delivered. The Company expects the net proceeds will be available for reinvestment and/or distribution to Shareholders; and
- *sales of investments*: it is possible that the Company will sell certain of its investments. In the event that a disposal is completed, the net proceeds will be available for reinvestment and/or distribution to Shareholders."

The Company's portfolio remains well positioned to delivering long term returns to shareholders. As reflected in the Company's results, the rental income from the current portfolio does not currently generate a net operational cash flow, after group operational and funding costs. However, the sales of residential developments units are expected to deliver strong profits and cash flow from late 2009 onwards.

The dividend policy of the Company as set out in the prospectus remains unchanged. The Board continues to review the Company's dividend policy in the light of the cash flow created from the above activities; the Company's debt and in particular any recourse debt; and the investment opportunities available to the Company.

#### **Net Asset Value (NAV)**

The Company has used Net Asset Value ("NAV") per share and Adjusted Net Asset Value ("Adjusted NAV") per share as key performance measures since its IPO. In the three months to 31 March 2008, NAV per share, as reported in the interim consolidated financial information that has been prepared in accordance with IFRS, has decreased by 1% to €4.94 per share from 31 December 2007. The Adjusted NAV per share, which includes valuation gains net of deferred tax on development properties held in inventory and land held under operating lease but not recognised at fair value in the balance sheet, has decreased by 1% to €6.31 per share.

Commencing on 31 December 2007, the Company also reports 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 €6.55 per share, compared to €6.59 at 31 December 2007. The same measure for 31 March 2007 would have been €5.79 per share.

An independent valuation on the entire property portfolio is carried out on a semi-annual basis by Cushman & Wakefield acting as an independent expert. 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. The latest independent valuation was performed on 31 December 2007. Management considers the 31 December 2007 valuations to still be valid at 31 March 2008. Land holdings are valued on a residual value and comparative basis. No profit is taken to reflect the stage of development of each site.

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

	<b>Book cost to Group as shown in the Balance Sheet €000</b>	<b>Value at 31 March 2008 €000</b>	<b>Movement In value €000</b>
Development land assets and land held under operating lease included in total assets at cost to the Group	108,177	184,610	76,433
Attributable to minority interest partners	(1,760)	(2,803)	(1,043)
<b>Company share of increase in valuation of development land and land held under operating lease</b>	<b>106,417</b>	<b>181,807</b>	<b>75,390</b>

Deferred tax on increase in valuation of development land and land held under operating lease at local rates	(13,753)
Basic net asset value per balance sheet	222,189
<hr/>	
<b>Adjusted net asset value</b>	<b>283,826</b>
Number of ordinary shares in issue at 31 March 2008	44,978,081
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Adjusted net asset value per share as at 31 March 2008	6.31
Adjusted net asset value per share as at 31 December 2007	6.36
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Net asset value per share at IPO (after costs)	4.73

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

### **Operations**

The Company's shares were admitted to AIM in March 2006. The proceeds from the AIM IPO were fully invested in the Central and Eastern European property markets within 18 months of IPO.

As described in additional detail in the annual financial statements for the year ended 31 December 2007, local offices and operations have been established in five countries: Poland, Hungary, Slovakia, Romania and Bulgaria. The main strategic focus has been in acquiring properties in the respective capital cities of Warsaw, Budapest, Bratislava, Bucharest and Sofia. In 2006 the Company made an investment in Kosice, the second largest city in Slovakia, and in June and September 2007, two properties were acquired in Gdansk in Poland. These acquisitions are in line with the secondary objective of acquiring assets in cities other than capital cities.

### **Prospects**

The Board is continually monitoring the effect on its business of the current global economic conditions and will take steps to mitigate any adverse impact on the business. We have seen a general slowdown in the real estate markets in the CEE region due to the effects of the global financial crisis. The Company is currently experiencing a reduction in demand for new apartments in our major market of Poland, where we have two projects under construction. Generally, transactions are taking significantly longer to reach completion.

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

The Company is currently working to refinance part of its portfolio to maximise growth capability and to secure loans for the construction phase of its development projects.

The Company has in the last two years demonstrated its ability to source attractive off-market opportunities. The Board and AMC believe that the current global financial crisis may present attractive opportunities for the Company in the short and medium term as more assets come to the market through forced sales.

The first quarter of 2008 has been a quarter of consolidation with no new acquisitions. We have seen strong progress throughout the Company's operations and we are particularly encouraged by the progress made on the ongoing construction of two sites in Warsaw, together with the income that is being produced by investment properties.

Despite the challenges presented by current market conditions, the resilient performance of the Company's portfolio and its potential to create future shareholder value gives the Board confidence that the Company is well positioned to perform strongly in relative terms as markets recover.

**Quentin Spicer**  
**CHAIRMAN**  
**15 May 2008**



## **Property Manager's Report**

In this review we present key operating results for the three months ended 31 March 2008. The Company appointed AMC as Property Manager to oversee the operation of its portfolio and advise on new investment opportunities.

### **Key Events**

On 14 January 2008 the Company announced the conditional sale of the company owning the Millennium Plaza Building in Warsaw based on a headline price of €93.1 million. This price will be adjusted to reflect factors such as 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 obtaining third party approvals. All conditions must be waived or satisfied by 30 August 2008. A deposit of €7.5 million was received at signing with a balancing payment in cash due upon completion.

In February 2008 the Company completed the Warsaw listing. This is an important milestone in the development of the Company, as it will potentially broaden the shareholder base.

In February 2008 the Company obtained a new zoning plan for the Varosliget-Ligetvaros project in Budapest, Hungary. This new zoning plan authorises the construction of mixed-use developments on the site with a gross total building area of 37,200 square metres, comprising 32,800 square metres of newly built space and 4,400 square metres of renovated existing buildings situated on the site. The development will form part of the Varosliget project (26,400 square metres); the remaining space (6,400 square metres) will be part of additional lettable area constructed at the Ligetvaros Centre.

In April 2008, Amos Pickel resigned from his position as CEO of AMC. The search for a successor is underway and progressing. The exact date of Amos Pickel's departure from AMC will be agreed in due course with AMC, having regard to progress in the search for a successor and to ensure an orderly handover is in place prior to him leaving AMC.

### **Changes in ownership structure of Property Manager**

On 4 March 2008, the Board of AMC announced that Elran (D.D.) Real Estates Ltd ("Elran") had entered into an agreement with RP Capital Group ("RP") and BCRE Izaki Properties ("Izaki Group") for the sale of Elran's 37.5% stake in AMC to RP and Izaki Group, AMC's other shareholders. As a result, RP holds 51% and Izaki Group holds 49% of AMC. The Board of Atlas Estates Limited has waived its right to terminate the property manager and adviser agreement triggered by the sale of Elran's shareholding in AMC. Gadi Dankner and Dori Dankner resigned their positions as directors of AMC and members of the Investment Committee on completion of the sale.

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

### **Ongoing activities**

During the first quarter of 2008, the Company continued to seek new opportunities, whilst generating added value through the active management of its yielding asset portfolio. It has continued to crystallise the value of development projects by the pre-selling of apartments under construction. The agreement for the sale of Millennium demonstrates the Company's ability to unlock value within its assets through active management and recycle the capital back into the Company.

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

The management team continuously monitors the territories in which the Company is invested, analysing the economics of the region and the key measures of the sectors in which it operates to ensure that it 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.

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

For a more detailed review regarding the property portfolio, please see the annual financial statements of the Company for the year ended 31 December 2007.

## Portfolio valuation

### Valuation Methods

An independent valuation of the entire property portfolio is carried out on a semi-annual basis by Cushman & Wakefield acting as an independent expert. Independent valuations may also be performed when a new property is acquired. The most recent valuation was performed at 31 December 2007. Management considers the 31 December 2007 valuations to still be valid at 31 March 2008.

### Net Asset Value

The basic fee and performance fee of the Property Manager are determined by the Adjusted NAV. For the three months to 31 March 2008 the basic fee payable to AMC was €1.43 million (€1.15 million to 31 March 2007). No accrual has been made for the performance fee, as the performance measures are determined at year end and are subject to material changes resulting from the external valuation of Cushman & Wakefield.

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 NAV 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 Q1 2008 € millions	NAV per share Q1 2008 €	NAV per share Q4 2007 €
<b>Basic NAV</b>	222.2	<b>4.94</b>	4.98
Development land valuation not recognized in financial statements	75.4		
Deferred tax	(13.8)		
<b>Adjusted NAV</b>	283.8	<b>6.31</b>	6.36
Warrants at €5 per share	27.4		
Deferred Tax on investment properties and hotels	19.1		
<b>EPRA NAV</b>	330.3	<b>6.55</b>	6.59

#### Notes:

The number of shares in issue as at 31 March 2008 and at 31 December 2007 is 44,978,081.

The number of warrants outstanding at 31 March 2008 and at 31 December 2007 is 5,488,118.

## Financial management

Atlas Estates Limited has completed two years 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 in order to meet the requirements of a dual listing. 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 that have affected the Company in recent months are the effect of the global liquidity crisis on the Company's ability to access capital and to realise value from property disposals. These external factors are affecting the Company's ability to continue to meet its strategic objectives and unlock value from key development projects. Transactions are taking longer to reach completion. We have been advising the Board on a regular basis with respect to financial performance and the effect of external factors on the business.

Where possible, the Company 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.

Management is experiencing a change in the approach of lenders for financing in the CEE region which is seen in lenders' requirements, such as a reduction of loan to value ratio and an increase in levels of pre-sales on development projects. Negotiation and completion of financing is taking longer than previously experienced.

Although the recent news has been negative with respect to the willingness of banks in the CEE region to finance projects, the Company's management team, through its connections, has been able to pursue financing opportunities in the region.

Currency and interest rate exposures are continually monitored. 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, the Company looks to match the currency of the flow of income and outgoings. Some expenses are still incurred in local currency and these are planned for in advance. Development of residential projects has created receipts largely denominated in local currencies and funding facilities are arranged accordingly. "Free cash", available for distribution within the Company, is identified and appropriate translation mechanisms put in place.

As at 31 March 2008, the Company's share of bank debt associated with the portfolio, including bank debt related to the Millennium Plaza, stood at €219 million, with cash at bank and in hand of €32 million. The loan to value ratio is 43%. The gearing ratio is 84%, based upon net debt as a percentage of equity attributable to shareholders and is 46% based upon net debt as a percentage of total capital. We are refinancing properties where valuations have increased, thereby releasing equity for further investment.

## **Conclusions**

AMC's key strategic objective remains the maximisation of shareholder value. It has teams located across its network of regional offices with experience in unlocking value from its assets through active management. The Company's key objectives in the current economic climate are to optimise cash retention and liquidity to continue the Company's growth and development.

**Amos Pickel**  
**Chief Executive Officer**  
Atlas Management Company Limited  
15 May 2008

**Michael Williamson**  
**Chief Financial Officer**  
Atlas Management Company Limited

## Property portfolio information

Location/Property	Description	Company's ownership
<b>Poland</b>		
Hilton Hotel	First Hilton Hotel in Poland, 314 rooms and conference facilities	100%
Platinum Towers	391 apartments in two towers and a third tower with 22,500 square metres of office space. The two residential towers are with building permits and pre-sales	100%
Capital Art Apartments	7,800 apartments with building permits and pre-sales	100%
Zielono	Land with zoning for 265 apartments	76%
Millennium Tower	32,700 square metres of office and retail space	100%
Cybernetyki project	3,100 square metre plot of land zoned for 11,000 square metres of residential development	50%
Sadowa project	6,550 square metre office building with 99% occupancy	100%
Kokoszki, Gdansk	430,000 square metre plot in Gdansk with zoning for construction of 130,000 square metres of mixed use development	50%
<b>Hungary</b>		
Ikarus Business Park	283,000 square metre plot with 110,000 square metres of lettable business space	100%
Metropol Office Centre	7,600 square metre office building, 100% occupied, yield on acquisition price: 8.25%	100%
Atrium Homes	456 apartments with building permits, marketing commenced	100%
Ligetvaros Centre	6,300 square metres of office/retail space, 99% occupied rights to build extra 6,000 square metres. Yield on acquisition price: 8%	100%
Varosliget Centre	12,000 square metre plot in Central Budapest, with zoning for residential development of 31,000 gross square metres	100%
Moszkva Square	1,000 square metres of office space yielding 8.75%	100%
Volan Project	20,640 square metre plot, zoning for 89,000 square metre mixed use scheme	50%
<b>Romania</b>		
Voluntari	99,116 square metres of land in three adjacent plots	100%
Solaris Project	32,000 square metres plot for re-zoning to residential development	100%
Golden Tulip Hotel	4 star 82 room hotel in central Bucharest	100%
<b>Slovakia</b>		
Nove Vajnory	879,000 square metres of land acquired from municipality, under re-zoning for mixed use development	50%
Basta Project	10,000 square metres for mixed use development in centre of Kosice, second city of Slovakia, with zoning	50%
<b>Bulgaria</b>		
The Atlas House	Office building in Sofia's city centre with 3,472 square metres of lettable area spread over eight floors	100%

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT

For the three month period ended 31 March 2008

	Three months ended 31 March 2008 (unaudited) €000	Three months ended 31 March 2007 (unaudited) €000	Note
<b>Revenues</b>	<b>9,736</b>	<b>2,024</b>	3
Cost of operations	(5,618)	(1,949)	4.1
<b>Gross profit</b>	<b>4,118</b>	<b>75</b>	
Administrative expenses	(3,812)	(2,979)	4.2
Other operating income	355	77	
Other operating expenses	(360)	(320)	
Increase in value of investment properties	-	13,596	9
Other gains and (losses) – net	1,239	(764)	
Negative goodwill realised on acquisitions	-	(434)	
<b>Operating profit</b>	<b>1,540</b>	<b>9,251</b>	
Finance income	351	496	
Finance costs	(3,202)	(198)	
<b>(Loss) / profit on ordinary activities before taxation</b>	<b>(1,311)</b>	<b>9,549</b>	
Tax expense	(349)	(2,680)	5
<b>(Loss) / profit for the period</b>	<b>(1,660)</b>	<b>6,869</b>	
<b>Attributable to:</b>			
Equity shareholders	(1,640)	6,731	
Minority interests	(20)	138	
	<b>(1,660)</b>	<b>6,869</b>	
(Loss) / earnings per €0.01 ordinary share – basic (eurocents)	(3.65)	13.89	7
(Loss) / earnings per €0.01 ordinary share – diluted (eurocents)	(3.65)	13.89	7

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	31 March 2008 (unaudited) €000	31 December 2007 €000	31 March 2007 (unaudited) €000	Notes
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	479	942	264	
Land under operating lease	19,626	18,984	18,094	
Property, plant and equipment	114,661	113,469	102,211	8
Investment property	118,733	217,040	157,637	9
Other loans receivable	8,784	8,674	1,054	
Deferred tax asset	4,054	3,284	1,485	
	<b>266,337</b>	<b>362,393</b>	<b>280,745</b>	
<b>Current assets</b>				
Inventory	135,746	124,644	110,992	10
Trade and other receivables	8,874	9,602	26,636	
Cash and cash equivalents	31,233	34,861	30,355	11
	<b>175,853</b>	<b>169,107</b>	<b>167,983</b>	
Assets classified as held for sale	101,018	-	-	14
<b>TOTAL ASSETS</b>	<b>543,208</b>	<b>531,500</b>	<b>448,728</b>	
<b>Current liabilities</b>				
Trade and other payables	(60,528)	(51,514)	(22,304)	
Bank loans	(34,512)	(29,822)	(34,113)	13
	<b>(95,040)</b>	<b>(81,336)</b>	<b>(56,417)</b>	
Liabilities directly associated with assets classified as held for sale	(70,424)	-	-	14
<b>Non-current liabilities</b>				
Other payables	(7,668)	(8,667)	(6,854)	
Bank loans	(121,357)	(188,666)	(127,277)	13
Deferred tax liabilities	(25,811)	(28,715)	(26,944)	
	<b>(154,836)</b>	<b>(226,048)</b>	<b>(161,075)</b>	
<b>TOTAL LIABILITIES</b>	<b>(320,300)</b>	<b>(307,384)</b>	<b>(217,492)</b>	
<b>NET ASSETS</b>	<b>222,908</b>	<b>224,116</b>	<b>231,236</b>	
<b>EQUITY</b>				
Share capital	484	484	484	
Revaluation reserve	8,144	8,144	2,980	
Other distributable reserve	202,320	202,320	226,406	
Other reserves	6,936	14,060	3,277	
Amounts recognised directly in equity relating to assets held for sale	7,528	-	-	14
Accumulated loss	(3,223)	(1,631)	(3,337)	
<b>Equity attributable to equity holders of the Company</b>	<b>222,189</b>	<b>223,377</b>	<b>229,810</b>	
<b>Minority Interests</b>	<b>719</b>	<b>739</b>	<b>1,426</b>	
<b>TOTAL EQUITY</b>	<b>222,908</b>	<b>224,116</b>	<b>231,236</b>	
Basic net asset value per share	€4.94	€4.98	€4.74	

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2008

Three Months Ended 31 March 2008 (unaudited)	Share capital €000	Other reserves €000	Accumulated loss €000	Total €000	Minority interest €000	Total equity €000
<b>As at 1 January 2008</b>	<b>484</b>	<b>224,524</b>	<b>(1,631)</b>	<b>223,377</b>	<b>739</b>	<b>224,116</b>
Exchange adjustments	-	435	-	435	-	435
Deferred tax on exchange adjustments	-	(31)	-	(31)	-	(31)
Revaluation of properties	-	-	-	-	-	-
Deferred tax on revaluation of properties	-	-	-	-	-	-
Net income recognised directly in equity	-	404	-	404	-	404
Result for the period	-	-	(1,640)	(1,640)	(20)	(1,660)
Total recognised income and expense for the period	-	404	(1,640)	(1,236)	(20)	(1,256)
Share based payments	-	-	48	48	-	48
<b>As at 31 March 2008</b>	<b>484</b>	<b>224,928</b>	<b>(3,223)</b>	<b>222,189</b>	<b>719</b>	<b>222,908</b>

Three Months Ended 31 March 2007 (unaudited)	Share capital €000	Other reserves €000	Accumulated loss €000	Total €000	Minority interest €000	Total equity €000
<b>As at 1 January 2007</b>	<b>484</b>	<b>232,238</b>	<b>(10,148)</b>	<b>222,574</b>	<b>1,288</b>	<b>223,862</b>
Net income recognised directly in equity – exchange adjustments	-	425	-	425	-	425
Result for the period	-	-	6,731	6,731	138	6,869
Total recognised income and expense for the period	-	425	6,731	7,156	138	7,294
Share based payments	-	-	80	80	-	80
<b>As at 31 March 2007</b>	<b>484</b>	<b>232,663</b>	<b>(3,337)</b>	<b>229,810</b>	<b>1,426</b>	<b>231,236</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2008

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



# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED CASH FLOW STATEMENT

Three months ended 31 March 2008

	Note	3 months ended 31 March 2008 (unaudited) €000	3 months ended 31 March 2007 (unaudited) €000
<b>Cash inflow / (outflow) generated from operations</b>	<b>12</b>	<b>107</b>	<b>(25,319)</b>
Interest received		222	495
Interest paid		(2,611)	(198)
Tax paid		(29)	-
<b>Net cash outflow from operating activities</b>		<b>(2,311)</b>	<b>(25,022)</b>
<b>Investing activities</b>			
Acquisition of subsidiaries – net of cash acquired		-	(11,163)
Purchase of investment property		(227)	(76,456)
Purchase of property, plant and equipment		(924)	(1,073)
Proceeds from disposal of property, plant and equipment		117	-
Purchase of intangible assets – software		(5)	(108)
<b>Net cash used in investing activities</b>		<b>(1,039)</b>	<b>(88,800)</b>
<b>Financing activities</b>			
New bank loans raised		-	82,327
Repayments of bank loans		(586)	-
New loans granted to JV partners		-	(728)
New loans received from minority investors		-	791
<b>Net cash (used in) / from financing activities</b>		<b>(586)</b>	<b>82,390</b>
<b>Net decrease in cash and cash equivalents in the period</b>		<b>(3,936)</b>	<b>(31,432)</b>
Effect of foreign exchange rates on cash balances		796	(885)
<b>Net decrease in cash and cash equivalents in the period</b>		<b>(3,140)</b>	<b>(32,317)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>34,861</b>	<b>62,672</b>
<b>Cash and cash equivalent at the end of the period</b>		<b>31,721</b>	<b>30,355</b>
<b>Cash and cash equivalents</b>			
Cash at bank and in hand		31,233	30,355
Cash assets classified as held for sale		488	-
Bank overdrafts		-	-
		<b>31,721</b>	<b>30,355</b>

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 1. Basis of preparation

This condensed interim financial information for the three months ended 31 March 2008 has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on an historical cost basis as amended by the revaluation of land and buildings and investment property. The consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2007. The quarterly financial results are not necessarily indicative of the full year results.

### 2. Accounting Policies

The accounting policies adopted and methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in the annual financial statements for the year ended 31 December 2007.

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2008 and which the entity has not early adopted. None of these standards are expected to have a significant impact on recognition or measurement of the Group's assets or liabilities.

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

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 3. Business segments

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

Segment information about these businesses is presented below:

Three months ended 31 March 2008	Property rental €000	Residential sales €000	Hotel operations €000	Other €000	2008 €000
<b>Revenue</b>	4,108	-	5,511	117	9,736
<b>Segment result</b>	2,906	(879)	1,307		3,334
Unallocated costs					(1,794)
<b>Operating profit</b>					1,540
Finance cost					(3,202)
Finance income					351
<b>Loss before tax</b>					(1,311)
Tax on loss on ordinary activities					(349)
<b>Loss for the period</b>					(1,660)
Attributable to minority interests					20
<b>Net loss attributable to equity shareholders</b>					(1,640)
<b>Segment assets</b>	182,931	165,984	130,205	-	479,120
Share of joint venture assets					46,897
Unallocated assets					17,191
<b>Total assets</b>					543,208
<b>Segment liabilities</b>	(113,380)	(102,961)	(62,509)	-	(278,850)
Share of joint venture liabilities					(29,979)
Unallocated liabilities					(11,471)
<b>Total liabilities</b>					(320,300)
<b>Other segment items</b>					
Capital expenditure	511	46	41		
Depreciation	14	165	740		
Amortisation	8	2	11		

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 3. Business segments - continued

Three months ended 31 March 2007	Property rental €000	Residential sales €000	Hotel operations €000	Other	2007 €000
<b>Revenue</b>	1,747	-	120	157	2,024
<b>Segment result</b>	13,569	(896)	(1,253)		11,420
Unallocated costs					(2,169)
<b>Operating profit</b>					9,251
Finance cost					(198)
Finance income					496
<b>Profit before tax</b>					9,549
Tax on loss on ordinary activities					(2,680)
<b>Profit for the year</b>					6,869
Attributable to minority interests					(138)
<b>Net profit attributable to equity shareholders</b>					6,731
<b>Segment assets</b>	163,281	132,258	115,332	-	410,871
Share of joint venture assets					7,880
Unallocated assets					29,977
<b>Total assets</b>					448,728
<b>Segment liabilities</b>	(96,649)	(51,808)	(56,644)	-	(205,101)
Share of joint venture liabilities					(4,598)
Unallocated liabilities					(7,793)
<b>Total liabilities</b>					(217,492)
<b>Other segment items</b>					
Capital expenditure	76,664	3,856	8,326		
Depreciation	7	40	36		
Amortisation	4	-	-		

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

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

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 4. Analysis of expenditure

#### 4.1 Cost of operations

	3 months ended 31 March 2008 €000	3 months ended 31 March 2007 €000
Property operating costs	364	515
Utilities, services rendered and other costs	2,545	256
Depreciation and amortisation	919	83
Staff costs	1,790	1,095
<b>Cost of operations</b>	<b>5,618</b>	<b>1,949</b>

#### 4.2 Administrative expenses

	3 months ended 31 March 2008 €000	3 months ended 31 March 2007 €000
Audit, accountancy and tax services	291	291
Incentive and management fee	1,430	1,150
Other professional fees	939	1,029
Share based payments	48	80
Staff costs	184	93
Other administrative expenses	920	336
<b>Administrative expenses</b>	<b>3,812</b>	<b>2,979</b>

### 5. Tax on profit / loss on ordinary activities

	3 months ended 31 March 2008 €000	3 months ended 31 March 2007 €000
<b>Continuing operations</b>		
Current tax	27	168
Deferred tax	322	2,512
<b>Tax charge for the period</b>	<b>349</b>	<b>2,680</b>

On an individual company basis, an estimate has been made of the effective tax rate for the full year and has been applied to the quarter results.

### 6. Dividends

There were no dividends paid in the quarter to March 2008 (March 2007: nil).

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 7. Earnings per share

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

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

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

<b>Three Months ended 31 March 2008</b>	<b>Loss</b>	<b>Weighted average number of shares</b>	<b>Per share amount</b>
<b>Continuing operations</b>	<b>€000</b>		<b>Eurocents</b>
<b>Basic EPS</b>			
Loss attributable to equity shareholders	(1,640)	44,978,081	(3.65)
<b>Effect of dilutive securities</b>	-	-	-
Share warrants			
<b>Diluted EPS</b>			
Adjusted loss	(1,640)	44,978,081	(3.65)
<hr/>			
<b>Three Months ended 31 March 2007</b>	<b>Profit</b>	<b>Weighted average number of shares</b>	<b>Per share amount</b>
<b>Continuing operations</b>	<b>€000</b>		<b>Eurocents</b>
<b>Basic EPS</b>			
Profit attributable to equity shareholders	6,731	48,448,081	13.89
<b>Effect of dilutive securities</b>	-	-	-
Share warrants			
<b>Diluted EPS</b>			
Adjusted profit	6,731	48,448,081	13.89

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

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 8. Property, plant and equipment

	Buildings €000	Plant and equipment €000	Motor vehicles €000	Total €000
<b>Cost or valuation</b>				
At 1 January 2007	88,440	387	92	88,919
Acquisitions through business combinations	14,665	131	-	14,796
Additions at cost	1,206	2,044	174	3,424
Exchange adjustments	5,620	564	4	6,188
Disposals	-	(90)	(13)	(103)
Revaluation	4,054	-	-	4,054
<b>At 31 December 2007</b>	<b>113,985</b>	<b>3,036</b>	<b>257</b>	<b>117,278</b>
Additions at cost	523	344	57	924
Exchange adjustments	1,324	163	(1)	1,486
Disposals	-	(156)	-	(156)
<b>At 31 March 2008</b>	<b>115,832</b>	<b>3,387</b>	<b>313</b>	<b>119,532</b>
<b>Accumulated depreciation</b>				
At 1 January 2007	(16)	(70)	(15)	(101)
Charge for the year	(2,734)	(705)	(46)	(3,485)
Exchange adjustments	(217)	(31)	1	(247)
Disposals	-	11	13	24
<b>At 31 December 2007</b>	<b>(2,967)</b>	<b>(795)</b>	<b>(47)</b>	<b>(3,809)</b>
Charge for the period	(627)	(233)	(34)	(894)
Exchange adjustments	(48)	(31)	(1)	(80)
<b>At 31 March 2008</b>	<b>(3,642)</b>	<b>(1,059)</b>	<b>(82)</b>	<b>(4,783)</b>
<b>Net book value at 31 March 2008</b>	<b>112,190</b>	<b>2,328</b>	<b>231</b>	<b>114,749</b>
<b>Less: classified as held for sale and shown in current assets</b>	<b>-</b>	<b>(68)</b>	<b>(20)</b>	<b>(88)</b>
<b>At 31 March 2008</b>	<b>112,190</b>	<b>2,260</b>	<b>211</b>	<b>114,661</b>
<b>Net book value at 31 December 2007</b>	<b>111,018</b>	<b>2,241</b>	<b>210</b>	<b>113,469</b>

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 8. Property, plant and equipment - continued

	Buildings €000	Plant and equipment €000	Motor vehicles €000	Total €000
<b>Cost or valuation</b>				
At 1 January 2007	88,440	387	92	88,919
Acquisitions through business combinations	14,100	-	-	14,100
Additions at cost	887	99	87	1,073
Exchange adjustments	(1,589)	(106)	-	(1,695)
Disposals	-	-	-	-
Revaluation	-	-	-	-
<b>At 31 March 2007</b>	<b>101,838</b>	<b>380</b>	<b>179</b>	<b>102,397</b>
<b>Accumulated depreciation</b>				
At 1 January 2007	(16)	(70)	(15)	(101)
Charge for the period	(25)	(42)	(17)	(84)
Exchange adjustments	-	(1)	-	(1)
Disposals	-	-	-	-
<b>At 31 March 2007</b>	<b>(41)</b>	<b>(113)</b>	<b>(32)</b>	<b>(186)</b>
<b>Net book value at 31 March 2007</b>	<b>101,797</b>	<b>267</b>	<b>147</b>	<b>102,211</b>

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 properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. For all properties, valuations were based on current prices in an active market. No valuation has been performed as 31 March 2008. Based on a review of the valuations and the related buildings, management considers that the valuations made as at 31 December 2007 are still applicable as at 31 March 2008.



# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 9. Investment property

	31 March 2008 €000	31 December 2007 €000	31 March 2007 €000
At beginning of the period	217,040	67,585	67,585
Acquisitions through business combinations	-	7,500	-
Additions	-	98,295	76,456
Capitalised subsequent expenditure	227	76	-
Exchange movements	(444)	5,244	-
PV of annual perpetual usufruct fees	-	2,180	-
Fair value gains	-	36,160	13,596
<b>Total</b>	<b>216,823</b>	<b>217,040</b>	<b>157,637</b>
<b>Less: classified as held for sale and shown in current assets</b>	<b>(98,090)</b>	<b>-</b>	<b>-</b>
<b>At end of period</b>	<b>118,733</b>	<b>217,040</b>	<b>157,637</b>

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. No valuation has been performed as 31 March 2008. Based on a review of the valuations and the related property, management considers that the valuations made as at 31 December 2007 are still applicable as at 31 March 2008.

The Group has pledged investment property of €193.8 million to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €116.0 million are secured on these investment properties (note 13).

### 10. Inventories

	31 March 2008 €000	31 December 2007 €000	31 March 2007 €000
Land held for development	88,305	89,160	88,220
Construction expenditures	47,441	35,484	22,772
<b>Freehold and leasehold properties held for resale</b>	<b>135,746</b>	<b>124,644</b>	<b>110,992</b>

The Group consumed no inventories during the period. Bank borrowings are secured on land for the value of €55.4 million (note 13).

### 11. Cash and cash equivalents

	31 March 2008 €000	31 December 2007 €000	31 March 2007 €000
<b>Cash and cash equivalents</b>			
Cash at bank and in hand	7,927	19,817	23,160
Short term bank deposits	23,306	15,044	7,195
	<b>31,233</b>	<b>34,861</b>	<b>30,355</b>

Included in cash and cash equivalents is €6.2 million restricted cash relating to security and customer deposits.

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 12. Cash generated from operations

	3 months ended 31 March 2008 €000	3 months ended 31 March 2007 €000
<b>(Loss) / profit for the period</b>	<b>(1,660)</b>	<b>6,869</b>
<b>Adjustments for:</b>		
Finance costs	3,202	198
Finance income	(351)	(496)
Tax expense	349	2,680
<b>Operating profit</b>	<b>1,540</b>	<b>9,251</b>
Bad debt write off	106	-
Depreciation of property, plant and equipment	1,006	84
Amortisation charges	38	8
Gain on sale of property plant and equipment	39	-
Net goodwill arising on acquisitions charged to the income statement	-	434
Increase in the value of investment property	-	(13,596)
Effects of foreign currency	(1,239)	764
Charge relating to share based payments	48	80
	<b>(2)</b>	<b>(12,226)</b>
<b>Changes in working capital</b>		
Increase in inventory	(11,020)	(9,554)
Increase in trade and other receivables	(938)	(4,386)
Increase / (decrease) in trade and other payables	10,527	(8,404)
	<b>(1,431)</b>	<b>(22,344)</b>
<b>Cash inflow / (outflow) generated from operations</b>	<b>107</b>	<b>(25,319)</b>

### 13. Bank loans

	31 March 2008 €000	31 December 2007 €000	31 March 2007 €000
<b>Current</b>			
<i>Bank loans and overdrafts due within one year or on demand</i>			
Secured	(34,512)	(29,822)	(34,113)
<b>Non-current</b>			
<i>Repayable within two years</i>			
Secured	(13,620)	(17,019)	(35,907)
<i>Repayable within three to five years</i>			
Secured	(47,393)	(50,145)	(22,001)
<i>Repayable after five years</i>			
Secured	(60,344)	(121,502)	(69,369)
	<b>(121,357)</b>	<b>(188,666)</b>	<b>(127,277)</b>
<b>Total</b>	<b>(155,869)</b>	<b>(218,488)</b>	<b>(161,390)</b>

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

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 13. Bank loans - continued

The fair value of the fixed and floating rate borrowings approximated their carrying values at the balance sheet date, as the impact of marking to market and discounting is not significant. The fair values are based on cash flows discounted using rates based on equivalent fixed and floating rates as at the end of the period.

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

	Other €000	Euro €000	Zloty €000	Total €000
Bank loans and overdrafts – 31 March 2008	31	131,102	24,736	155,869
Bank loans and overdrafts – 31 December 2007	65	194,646	23,777	218,488
Bank loans and overdrafts – 31 March 2007	-	152,119	9,271	161,390

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

On 14 January 2008 the Company announced the conditional sale of the company owning the Millennium Plaza Building in Warsaw based on a headline price of €93.1 million. 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 obtaining third party approvals. The final completion is expected in the coming months. All conditions must be waived or satisfied by 30 August 2008. A deposit of €7.5 million was received at signing with a balancing payment in cash due upon completion. These monies are held in escrow account.

The assets and liabilities directly associated with this sale have been separately classified as of 31 March 2008. The major classes of assets and liabilities held for sale are as follow:

	31 March 2008 €000
<b>Assets:</b>	
Intangible assets	442
Property, plant and equipment	88
Investment property	98,090
Deferred tax asset	350
Trade and other receivables	1,560
Cash and cash equivalents	488
<b>Total assets classified as held for sale</b>	<b>101,018</b>
	31 March 2008 €000
<b>Liabilities:</b>	
Trade and other payables	(2,624)
Bank loans	(63,474)
Deferred tax liabilities	(4,326)
<b>Total liabilities directly associated with assets classified as held for sale</b>	<b>(70,424)</b>

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

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 15. Related party transactions

- (a) Silverock Commerce Limited is an investment subsidiary of Investkredit Bank AG (previously Osterreichische Volksbanken-Aktiengesellschaft), an Austrian bank which is also a shareholder in the Company. Throughout the period to 31 March 2008 Investkredit Bank AG provided loan facilities to a number of Company projects and investments. All such facilities were entered into on an arms length basis with market standard commercial terms. At exchange rates prevailing on 31 March 2008 a total of €86,068,544 (31 March 2007: €70,480,815) was due to Investkredit Bank AG.
- (b) The RP Explorer Master Fund and RP Partners Fund are funds that are managed by RP Capital Group. The RP Capital Group is also the holder of 51% of the share capital of AMC. As a result of a qualifying shareholding of 1,623,429 shares in the Company, RP Capital Group was the holder of 3.61% of the share capital of Atlas Estates Limited at 31 March 2008. At 15 May 2008, RP Capital Group was the holder of 8.16% of the Company's share capital.
- (c) BCRE Izaki Properties is the holder of 49% of the share capital of AMC. As a result of a qualifying shareholding of 2,376,356 shares in the Company, BCRE Izaki Properties was the holder of 5.3% of the share capital of Atlas Estates Limited at 31 March 2008.

- (d) Key management compensation

	<b>31 March 2008 €000</b>	<b>31 March 2007 €000</b>
Fees for non-executive directors	67	42

The Company has appointed AMC to manage its property portfolio. At 31 March 2008 AMC was owned by The RP Capital Group and Izaki Group. In consideration of the services provided, AMC received a management fee of €1.43 million for the three months ended 31 March 2008 (€1.15 million for the three months ended 31 March 2007). Under the agreement, AMC are entitled to a performance fee based on the increase in value of the properties over the 12 month period to 31 December 2008. No performance fee has been accrued for the three months ended 31 March 2008 (€nil for the three months ended 31 March 2007).

- (e) Under the loan agreement of 29 September 2005, Kendalside Ltd., which is also a shareholder in Circle Slovakia s.r.o., has extended a loan facility of €6,042,106 to Circle Slovakia for the acquisition of a property. The loan facility is to be repaid by 31 August 2013, and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. As of the 31 March 2008 Circle Slovakia has drawn the loan facility plus associated interest in the amount of €6,920,881 (31 March 2007: €2,913,602).
- (f) Under the loan agreement of 30 October 2006, Eastfield Holding (Cyprus) Limited, which is a group company of the Company's joint venture partner in Slovakia, has extended a loan facility of SKK 340,000,000 to Eastfield Atlas a.s. (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 March 2008 the borrower has drawn the loan facility plus associated interest in the amount of SKK 24,546,656 (31 March 2007: SKK 23,118,639).

### 16. Post balance sheet events

In April 2008, Amos Pickel, CEO of AMC resigned from his position. The search for a successor is well underway. The exact date of Amos Pickel's departure will be agreed in due course with AMC, taking account of progress made in the search for a successor and to ensure an orderly handover is in place prior to his departure. The operational infrastructure established since IPO ensures that the ongoing management and control of the business continues in an effective manner.

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 17. Other items

#### 17.1 Information about court proceedings

As of 15 May 2008, the Company was not aware of any proceedings instigated before a court, a competent arbitration body or a public administration authority concerning liabilities or receivables of the Company, or its subsidiaries, whose joint value constitutes at least 10% the Company's equity capital.

#### 17.2 Information about Granted Sureties

During the first quarter of 2008, the Company has not granted any sureties (for loans or credit facilities) or guarantees.

#### 17.3 Financial Forecasts

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

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 17 Other Items – continued

#### 17.4 Substantial shareholdings

As of 15 May 2008, the following shareholders had notified the Company of an interest in 5% or more of its ordinary share capital:

Shareholder	Number of Shares as of 31 December 2007 (% of share capital)	Increase / (Decrease) Number of Shares	Number of Shares as of 15 May 2008 (% of share capital)
Livermore	9,579,345 (21.28)	-	9,579,345 (21.28)
Brown Brothers	6,594,509 (14.0)	-	6,594,509 (14.60)
Elran (D.D.) Real Estate Limited	4,097,509 (9.10)	-	4,097,509 (9.10)
Apollo Nominees Limited	4,373,326 (9.03)	-	4,373,326 (9.03)
CIBC World Market Corporation	3,857,649 (8.60)	-	3,857,649 (8.60)
Rathbone Brothers Plc	3,989,967 (8.24)	-	3,989,967 (8.24)
RP Capital Group	1,623,429 (3.61)	2,046,643	3,670,072 (8.16)
Henderson Global Investors Limited	3,070,000 (6.34)	-	3,070,000 (6.34)
Fibi Bank	2,488,465 (5.50)	-	2,488,465 (5.50)
Laxey Partners Limited	2,258,598 (5.02)	-	2,258,598 (5.02)

#### 17.5 Directors' share interests

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

#### 17.6 Other share interests

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

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 18. Principal subsidiary companies and joint ventures

The table below lists the current operating companies of the Group. In addition, the Group owns other entities which have no operating activities. All Group companies are consolidated. No new subsidiary undertakings were acquired and no investments were made in any additional joint ventures during the three months ended 31 March 2008. One new entity was established in Slovakia.

Country of incorporation	Name of subsidiary/joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investments B.V.	Holding	100%
Holland	Trilby B.V.	Holding	100%
Cyprus	Darenisto Limited	Holding	100%
Cyprus	Kalipi Holdings Limited	Holding	100%
Poland	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	50%
Poland	Atlas Estates CF Plus 1 Sp z.o.o.	Development	50%
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%
Slovakia	Smokovec Trade Company, s.r.o.	Development	50%
Slovakia	Nitra Trade Company, s.r.o.	Development	50%
Romania	World Real Estate SRL	Development	100%
Romania	Megarom Line SRL	Development	100%
Romania	DNB Victoria Towers SRL	Hotel operation	100%
Romania	DNB Victoria Tower Hotel Management SRL	Management	100%
Bulgaria	Atlas Estates (Totleben) EOOD	Holding	100%
Bulgaria	Immobul EOOD	Investment	100%

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

#### NON-CONSOLIDATED INCOME STATEMENT

For the three month period ended 31 March 2008

	Three months ended 31 March 2008 (unaudited) €000	Three months ended 31 March 2007 (unaudited) €000
<b>Revenues</b>	-	-
Cost of operations	-	-
<b>Gross profit</b>	-	-
Administrative expenses	(2,109)	(1,841)
Other gains and (losses) – net	(156)	(57)
<b>Operating loss</b>	<b>(2,265)</b>	<b>(1,898)</b>
Finance income	2,760	2,574
Finance costs	(2)	(2)
<b>Profit on ordinary activities before taxation</b>	<b>493</b>	<b>674</b>
Tax expense	-	-
<b>Profit for the period</b>	<b>493</b>	<b>674</b>



# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

#### NON-CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	31 March 2008 (unaudited) €000	31 December 2007 €000	31 March 2007 (unaudited) €000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Other loans receivable	263	263	-
Investment in subsidiaries	21,220	21,220	21,220
Loans receivable from subsidiaries	180,710	177,965	192,916
	<b>202,193</b>	<b>199,448</b>	<b>214,136</b>
<b>Current assets</b>			
Trade and other receivables	201	142	288
Cash and cash equivalents	803	3,232	15,490
	<b>1,004</b>	<b>3,374</b>	<b>15,778</b>
<b>TOTAL ASSETS</b>	<b>203,197</b>	<b>202,822</b>	<b>229,914</b>
<b>Current liabilities</b>			
Trade and other payables	(9,568)	(9,734)	(6,278)
Bank loans	-	-	-
	<b>(9,568)</b>	<b>(9,734)</b>	<b>(6,278)</b>
<b>Non-current liabilities</b>			
Other payables	-	-	-
Bank loans	-	-	-
Deferred tax liabilities	-	-	-
	-	-	-
<b>TOTAL LIABILITIES</b>	<b>(9,568)</b>	<b>(9,734)</b>	<b>(6,278)</b>
<b>NET ASSETS</b>	<b>193,629</b>	<b>193,088</b>	<b>223,636</b>
<b>EQUITY</b>			
Share capital	484	484	484
Other distributable reserve	202,320	202,320	226,406
Accumulated loss	(9,175)	(9,716)	(3,254)
<b>TOTAL EQUITY</b>	<b>193,629</b>	<b>193,088</b>	<b>223,636</b>
Basic net asset value per share	n/a	n/a	n/a

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

#### NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2008

Three Months Ended 31 March 2008 (unaudited)	Share capital €000	Other reserves €000	Accumulated loss €000	Total €000
As at 1 January 2008	484	202,320	(9,716)	193,088
Result for the year	-	-	493	493
Share based payments	-	-	48	48
<b>As at 31 March 2008</b>	<b>484</b>	<b>202,320</b>	<b>(9,175)</b>	<b>193,629</b>

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

Three Months Ended 31 March 2007 (unaudited)	Share capital €000	Other reserves €000	Accumulated loss €000	Total €000
As at 1 January 2007	484	226,406	(4,008)	222,882
Result for the year	-	-	674	674
Shares bought back as Treasury	-	-	-	-
Share based payments	-	-	80	80
Dividends paid	-	-	-	-
<b>As at 31 March 2007</b>	<b>484</b>	<b>226,406</b>	<b>(3,254)</b>	<b>222,636</b>

# ATLAS ESTATES LIMITED

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2008

### 19. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

#### NON-CONSOLIDATED CASH FLOW STATEMENT

Three months ended 31 March 2008

	3 months ended 31 March 2008 (unaudited) €000	3 months ended 31 March 2007 (unaudited) €000
<b>Profit for the period</b>	<b>493</b>	<b>674</b>
<b>Adjustments for:</b>		
Finance costs	2	2
Finance income	(2,760)	(2,574)
<b>Operating loss</b>	<b>(2,265)</b>	<b>(1,898)</b>
Effects of foreign currency	(41)	57
Charge relating to share based payments	48	80
	<b>7</b>	<b>137</b>
<b>Changes in working capital</b>		
(Increase) / decrease in trade and other receivables	(59)	22
Decrease in trade and other payables	(164)	(13,951)
<b>Cash outflow generated from operations</b>	<b>(2,481)</b>	<b>(15,690)</b>
Interest received	16	2,574
Interest paid	-	(2)
<b>Net cash outflow from operating activities</b>	<b>(2,465)</b>	<b>(13,118)</b>
<b>Investing activities</b>		
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>		
New loans granted to subsidiaries	-	(19,613)
<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(19,613)</b>
<b>Net decrease in cash and cash equivalents in the quarter</b>	<b>(2,465)</b>	<b>(32,731)</b>
Effect of foreign exchange rates on cash balances	36	(56)
<b>Net decrease in cash and cash equivalents in the quarter</b>	<b>(2,429)</b>	<b>(32,787)</b>
<b>Cash and cash equivalents at the beginning of the quarter</b>	<b>3,232</b>	<b>48,277</b>
<b>Cash and cash equivalent at the end of the quarter</b>	<b>803</b>	<b>15,490</b>
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	803	15,490
Bank overdrafts	-	-
	<b>803</b>	<b>15,490</b>