ATLAS ESTATES

Condensed Consolidated Interim Report Half Year 2008

Atlas Estates Limited ("AEL" or "the Company") is a leading investor in real estate in Central and Eastern Europe with a dual listing on AIM and the Warsaw Stock Exchange

» Atlas Estates Limited ("the Company") is a closed-ended investment company incorporated in Guernsey. The Company began trading and was admitted to the AIM market of the London Stock Exchange on 1 March 2006. On 12 February 2008 the Company was also admitted to the Warsaw Stock Exchange and share trading commenced.

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

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

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

Business Review

Interim Condensed Consolidated Financial Information

Financial Highlights

Selected Consolidated Financial Items

	Six months ended 30 June 2008 (unaudited) €'000	Three months ended 30 June 2008 (unaudited) €'000	Six months ended 30 June 2007 (unaudited) €'000	Three months ended 30 June 2007 (unaudited) €'000
Revenues	21,097	11,361	10,222	8,198
Gross profit	10,434	6,316	2,358	2,283
(Decrease)/increase in value of investment properties	(2,143)	(2,143)	30,541	16,945
Impairment of asset held for sale	(3,996)	(3,996)	–	–
Operating profit/(loss)	1,292	(248)	29,889	20,638
(Loss)/profit before tax	(4,248)	(2,937)	27,732	18,183
(Loss)/profit for the period	(3,898)	(2,238)	21,650	14,781
(Loss)/profit attributable to equity shareholders	(3,901)	(2,261)	21,632	14,900
Net cash (outflow)/inflow from operating activities	(18,626)	(16,315)	(7,515)	17,507
Cash flow from investing activities	(1,432)	(393)	(110,321)	(21,521)
Cash flow from financing activities	(1,304)	(719)	85,402	3,012
Net decrease in cash	(14,669)	(11,529)	(33,870)	(1,553)
Non-current assets	276,341	276,341	338,602	338,602
Current assets	184,260	184,260	183,267	183,267
Assets classified as held for sale	96,946	96,946	–	–
Total assets	557,547	557,547	521,869	521,869
Current liabilities	(102,147)	(102,147)	(52,061)	(52,061)
Liabilities directly associated with assets classified as held for sale	(70,636)	(70,636)	–	–
Non-current liabilities	(164,022)	(164,022)	(216,574)	(216,574)
Total liabilities	(336,805)	(336,805)	(268,635)	(268,635)
Net assets	220,742	220,742	253,234	253,234
Shareholders' equity attributable to equity holders of the Company	220,000	220,000	251,928	251,928
Number of shares outstanding	44,978,081	44,978,081	48,448,081	48,448,081
(Loss)/earnings per share basic (eurocents)	(8.67)	(5.03)	44.65	30.76
Basic net asset value per share (€)	4.89	4.89	5.20	5.20
Adjusted net asset value (€'000) [1]	295,648	295,648	307,741	307,741
Adjusted net asset value per share (€)	6.57	6.57	6.35	6.35

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

Chairman's Statement

I am pleased to report financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings ("the Group") for the six and three months ended 30 June 2008. These results reflect the progress that continues to be made in the development of the property portfolio, which is in line with the strategy set out at the time of Atlas' initial public offering on AIM in March 2006. Our property manager Atlas Management Company Limited ("AMC" or the "Property Manager") continues to implement this strategy.

In August the appointment of the new Chief Executive Officer of AMC was announced. Mr. Nahman Tsabar will provide the business with the leadership needed to unlock value in the next phase of the Group's development. He brings a wealth of experience in construction and the completion of major projects across many countries. He has a proven record of achieving results and creating transaction flow. We are looking forward to the impact he will make to the business.

There have been a number of key developments since the Company's first quarter results announcement. The refinancing of the Hilton and the Platinum Towers development are significant in the current financial markets.

These results build upon the results reported over the past two years. The Adjusted Net Asset Value per share is €6.57 (30 June 2007: €6.35) representing a 39% growth (2007: 34% growth) since the formation of Atlas at IPO. The financial performance is very encouraging, particularly given the difficult global economic environment, the credit restrictions in the financial markets and the difficulties that are currently being faced by the property sector.

Strategy

The Group's strategy of investing in the developing markets of Central and Eastern Europe ("CEE") (excluding the former USSR) is proving successful. The economies of Poland, Hungary, Slovakia, Romania and Bulgaria, in which the Group operates, have not been immune from the adverse affects of the global economic crisis. However the potential for growth in these economies remains strong, with property values still below those in Western Europe. Demand for quality residential, office and retail properties substantially exceeds available supply, underpinning both rental and capital growth. The seed portfolio brought in at IPO in 2006 and the new investments made with the proceeds from listing have delivered growth in net asset value and offer the Group the opportunity to realise value for shareholders in the coming years.

The Company's strategy since IPO in London in 2006 has been to invest the proceeds from listing in quality assets with the potential for growth. These initial targets have been achieved.

- The proceeds from listing have been invested in an 18 month timeframe and in a combination of income generating and development projects.
- The Company has achieved an overall return above 20 per cent on an annualised basis and employed leverage to enhance returns.
- AMC has established local management teams in CEE with vast experience and local knowledge of real estate investment and development.

In the next three to five years the Company will be seeking to realise value for shareholders through property disposals and the completion of development projects.

The construction of the Hilton Hotel and Conferencing Centre in Warsaw was completed and the hotel officially opened on 19 March 2007. The hotel is in its second year of operation, enjoys 70% occupancy and is performing ahead of expectations.

In Warsaw there are two key projects in development, which are being progressed and will be completed in the next three years – the Platinum Towers residential developments and the Capital Art Apartments residential developments. The Company has acquired a variety of other properties across the Central and Eastern European region which it anticipates will realise value for shareholders.

In the current financial markets access to capital is difficult. As highlighted in the first quarter 2008 results announcement and in subsequent announcements, liquidity and the retention of cash has been a key priority for the Company. This is vital for the Group and its operations to complete projects in development and to support growth. The recent completion of the re-financing of the Hilton Hotel and new loan financing to complete the Warsaw developments are positive developments for the Company in the current difficult financial markets.

Dual Listing – London and Warsaw

On 12 February 2008, the Company successfully completed its listing on the Warsaw Stock Exchange ("WSE"). The Company has a dual listing on the AIM market operated by the London Stock Exchange plc ("AIM") and on the WSE. The WSE listing is a major strategic step forward in the Company's development, as it will provide the Company with access to an enlarged shareholder base and the benefit of increased liquidity offered by an EU regulated exchange.

Since IPO Atlas has returned €37.5 million to its shareholders in the form of dividends and share buy backs. Management have delivered substantial growth in the underlying value of the group, with a growth in Adjusted Net Asset Value per share of 39% since IPO. If dividends and share buy backs are added back then the growth in Adjusted Net Asset Value is 57%.

Atlas and AMC are committed to closing the gap between the share price and its Adjusted Net Asset Value. A return in confidence in the global economies and the property related sector will assist, but in the meantime the Company and its management are determined to realise value for shareholders through the successful implementation of strategic objectives as set out above. AMC and its management's interests are aligned to those of other shareholders through share ownership and share warrants in the Company. The confidence of AMC and its shareholders in the business has been demonstrated by the share acquisitions in 2008. Moreover, part of the performance fee of €4.5 million and the scrip dividend alternative was taken by AMC and its shareholders in shares and not in cash. This confidence and support underpins the business model of the Company.

Millennium Plaza disposal

On 14 January 2008, the Company announced that an 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. Completion of the sale is scheduled for September 2008 after satisfaction of conditions by 30 August 2008. There remains one outstanding condition, which the Company is currently seeking to satisfy.

Chairman's Statement
continued

Appointment of a new Chief Executive Officer ("CEO") of AMC

On 1 August 2008 the Company announced the appointment of Mr. Nahman Tsabar as CEO of AMC. Mr. Tsabar, a civil engineer, 52, brings to the Company more than thirty years of experience in the construction and development industry and has worked in many countries. He has gained this experience, which includes significant expertise in planning, procurement and project management, from a number of sectors and geographies, including infrastructure, civil works programmes and aviation.

Prior to joining AMC, Mr. Tsabar was the CEO of OCIF Investment and Development Limited from 2007. Before joining OCIF, Mr. Tsabar was President and CEO of Tahal Group, part of the GTC group, which was a leader in Build-Own-Transfer/Build-Own-Operate ("BOT/BOO") projects across a number of emerging markets, including Romania, Serbia, Poland, Russia, Turkey, India and China. Prior to this, he was CEO of Solel Boneh Development and Roads Limited, the largest contracting firm based in the Middle East and active worldwide, with 500 staff. From 1998 to 2000, Mr. Tsabar was Vice President of Ashtrom International Limited, an international construction company, where he was responsible for the company's operations in Jamaica, Turkey, Eastern Europe and the CIS. Prior to 1998 Mr. Tsabar spent 20 years in aviation construction.

Refinancing of Hilton and construction loan for Platinum Towers

On 25 July 2008 the Company refinanced the loan secured against its Hilton Hotel and Conferencing Centre asset in Warsaw, extending its facility with Investkredit Bank AG from €51.4 million to €65 million. The additional funding will be utilised in the continued advancement of the Group's development pipeline. Subject to certain conditions the facility will be increased to €75 million upon completion of a syndication facility. Additionally on 12 August 2008 the Company obtained a Polish Zloty 174 million (circa €54 million) facility relating to the construction of its Platinum Towers residential development in the Wola district in Warsaw. The loan is provided by Raiffeisen Bank Polska S.A, is secured against its Platinum Towers residential asset and will be used in the construction of the development.

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

The Company has used Net Asset Value per share and Adjusted Net Asset Value per share as key performance measures since its IPO. In the six months to 30 June 2008, NAV per share, as reported in the interim consolidated financial information that has been prepared in accordance with International Financial Reporting Standards ("IFRS"), has decreased by 2% to €4.89 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 increased by 3.5% to €6.57 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 €6.78, compared to €6.59 at 31 December 2007.

An independent valuation on the entire property portfolio is carried out on a semi-annual basis. At 30th June 2008 Cushman & Wakefield and Colliers International, acting as independent experts, have carried out independent valuations. These measure the valuation gains and losses during the financial period and are included in the basis for the Property Manager's performance assessment and fee calculations.

Pre-sales of apartments and the overall growth of the markets have driven the increase in value of the development land holdings over their book cost. These land holdings are valued on either a residual value or a comparative sales 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.

	Cost to Group at 30 June 2008 €'000	Independent valuation at 30 June 2008 €'000	Movement In value €'000
Development land assets and land held under operating lease included in total assets at cost to the Group	114,904	209,458	94,554
Attributable to minority interest partners	(1,850)	(3,164)	(1,314)
Company share of increase in valuation of development land and land held under operating lease	**113,054**	**206,294**	**93,240**
Deferred tax on increase in valuation of development land and land held under operating lease at local rates			(17,592)
Basic net asset value per balance sheet (excluding minority interest)			220,000
Adjusted net asset value			**295,648**
Number of ordinary shares in issue at 30 June 2008			44,978,081
Adjusted net asset value per share as at 30 June 2008			6.57
Adjusted net asset value per share as at 31 December 2007			6.36
Adjusted net asset value per share as at 30 June 2007			6.35
Net asset value per share at IPO (after costs)			4.73

Included in the Income Statement is a decrease of €2.1 million (2007: increase of €30.5 million) arising from the revaluation of the Group's investment properties. €2.1 million (2007: €9.7 million) of the revaluation reserve movement represents the revaluation of the Hilton Hotel and the Golden Tulip Hotel.

As independent valuations of the entire property portfolio are carried out on a semi-annual basis or when new properties are acquired, no valuation was undertaken at 31 March 2008. The NAV per share and Adjusted NAV per share at 31 March 2008 were €4.94 and €6.31, respectively, consistent with the results at 31 December 2007.

AMC performance fee 2007

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

Dividend and dividend policy

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

Since the early part of 2008, there have been significant changes in global economic conditions, in the property and financial markets in particular. Specifically, and of critical importance, is the effect that these changes are having on access to capital, which is becoming increasingly difficult to obtain. In order to achieve its strategic objectives, it is important that the Company is able to complete its development activity and to invest in market opportunities in an effective manner without cash constraints. The Board therefore considers that it is in the Company's and shareholders' best interests to retain cash.

As a result, the Board has decided not to declare any dividend for 2008, believing that it is more prudent to invest its cash resources in bringing forward and completing its development programme in order to realise the value in these schemes. It will also wish to be able to take advantage of opportunities, which are presenting themselves as a result of market conditions.

In future years the Board will determine the payment of dividends after taking account of the Company's sustainable cash flow (based on rental income, sales of residential development units and sales of investments), the Company's debt, market conditions and the investment opportunities available to the Company. This will enable the Company to pursue its strategic objectives and to provide the best overall return to its shareholders.

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 that this may have on the Company. The market has experienced a reduction in demand for new apartments in Poland and Hungary, where we have projects under construction. However, neither prices nor valuations have decreased and the strength of both the Company's portfolio and future prospects are demonstrated in the loans secured for construction.

The Board, in conjunction with AMC, regularly reviews construction costs and their 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 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.

We are particularly encouraged by the progress made on the ongoing construction of two sites in Warsaw and with the development of zoning and planning permits on a number of properties.

Despite the challenges presented by market conditions, the quarter and half year results and the potential to realise value from assets give the Board confidence that the Company is well positioned to perform strongly as markets recover.

Quentin Spicer
Chairman
14 August 2008

Property Manager's Report

In this report we present the operating results for the six and three months ended 30 June 2008. The Company has appointed AMC as Property Manager to oversee the operation of its portfolio and advise on new investment opportunities.

Portfolio valuation and valuation methods

The half year valuation process has been undertaken by two external valuation experts, Cushman and Wakefield and Colliers International. The gross market value of the property assets within the Company's portfolio, including valuation gains on development properties held in inventory and land held under lease but not recognised at fair value in the balance sheet, and including minority interest, has increased to €600 million as at 30 June 2008. This is an increase of 8% from the valuation at 31 December 2007 of €555 million. The Adjusted NAV of the Group has increased to €296 million as at 30 June 2008 from an Adjusted NAV of €286 million at 31 December 2007. This represents an increase of 3.5% and takes the Adjusted NAV per share to €6.57 per share at 30 June 2008. The increased valuations reflect the successful operation of the property portfolio by AMC, together with the ongoing growth and development opportunities in the countries in which we operate.

The portfolio was valued by Cushman & Wakefield and Colliers International, independent international companies of real estate advisors. No valuation was undertaken at 31 March 2008.

Operations review

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.

Hotels

The Hilton Hotel and Convention Centre in Warsaw has performed ahead of expectations. The large conferencing centre is becoming a popular venue for major events and meetings. The Holmes Place fitness centre offers the largest gym and fitness facility in Warsaw and is another feature that adds value to the hotel. Occupancy rates have increased over the first six months of 2008 and room rates have been in line with expectations.

The Golden Tulip Hotel in Bucharest has recorded an improvement in performance in the second quarter 2008 after a disappointing first quarter. A new management team was put in place and results have improved and returned to expected levels in terms of both occupancy and average room rates. The hotel has occupancy rates of around 70% in line with market average in Bucharest.

Revenue from hotel operations was €11.6 million and €6.1 million for the first six and three months of 2008, respectively.

Income Producing Assets

Revenue from the letting of investment properties was €9.3 million and €5.2 million for the six and three months respectively compared with €5.7 million and €3.9 million for the same periods 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.

Gross profit less administrative expenses amounted to €5.4 million and €3.4 million for the six and three months, respectively, an increase of 74% and 55% (six and three months ended 30 June 2007: €3.1 million and €2.2 million, respectively). The increase due to new acquisitions was €2.2 million and €0.9 million. Like for like growth in gross profit less administrative expenses from property owned throughout the six and three months of 2008 and 2007 was 8.2% and 40.9%, respectively.

Development Properties

Work in progress on development properties increased to €154.8 million over the six and three months. This expenditure represented construction on the residential towers of Platinum Towers and two buildings for Capital Art Apartments, which continue to be developed in line with planned schedules.

There has been other expenditure on zoning and building permit applications and the design and marketing of residential, office and retail developments for land banks held throughout the region. Expenditure not capitalised and expensed in accordance with IFRS reporting represents marketing and design costs.

As at 30 June 2008, the Company held a portfolio of 22 properties (excluding Millennium) comprising 11 investment properties of which seven are income

Review of the Half Year and Three Months Ended 30 June 2008 and Valuation of Assets

Review of the half year ended 30 June 2008

	Property Rental €'000	Residential Sales €'000	Hotel Operations €'000	Other €'000	Six months ended 30 June 2008 €'000	Six months ended 30 June 2007 €'000
Revenue	9,289	–	11,568	240	21,097	10,222
Cost of operations	(2,744)	(820)	(7,099)	–	(10,663)	(7,864)
Gross profit	**6,545**	**(820)**	**4,469**	**240**	**10,434**	**2,358**
Administrative expenses	(1,110)	(1,040)	(1,981)	(5,276)	(9,407)	(8,540)
Gross profit less administrative expenses	**5,435**	**(1,860)**	**2,488**	**(5,036)**	**1,027**	**(6,182)**
Gross profit %	70.5%	n/a	38.6%	n/a	49.5%	23.1%
Gross profit less administrative expenses %	58.5%	n/a	21.5%	n/a	4.9%	(60.5%)

Review of the Half Year and Three Months Ended 30 June 2008 and Valuation of Assets continued

Review of the three months ended 30 June 2008

	Property Rental €'000	Residential Sales €'000	Hotel Operations €'000	Other €'000	Three months ended 30 June 2008 €'000	Three months ended 30 June 2007 €'000
Revenue	5,181	–	6,057	123	11,361	8,198
Cost of operations	(1,518)	(541)	(3,181)	195	(5,045)	(5,915)
Gross profit	**3,663**	**(541)**	**2,876**	**318**	6,316	**2,283**
Administrative expenses	(260)	(484)	(1,269)	(3,582)	(5,595)	(5,561)
Gross profit less administrative expenses	**3,403**	**(1,025)**	**1,607**	**(3,264)**	721	**(3,278)**
Gross profit %	70.7%	n/a	47.5%	n/a	55.6%	27.8%
Gross profit less administrative expenses %	65.7%	n/a	26.5%	n/a	6.3%	(40.0%)

yielding properties and four are held for capital appreciation, two hotels and nine development properties. Total revenue for the six and three months was €21.1 million and €11.4 million respectively compared to €10.2 million and €8.2 million respectively for the first six and three months 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.

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

To date, the Group has signed preliminary contracts to deliver 691 apartments of total value €106 million at its Platinum Towers and Capital Art Apartments projects in Warsaw and Atrium Homes project in Budapest. Of these preliminary contracts, 49 were signed in the six months ended 30 June 2008 (25 in the three months ended 30 June 2008). In accordance with IFRS policies, no revenue has yet been recognised from the sale of residential apartments.

The income statement includes €4 million for the impairment of the asset held for sale. This arises as 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 is conditional upon a third party approval, which the Company is due to obtain by the end of August 2008. The related assets and liabilities have been classified as held for sale in the Group's balance sheet since 14 January. The impairment represents the change from the carrying value of the investment property at 31 December 2007 and the price agreed on 14 January 2008.

The income statement includes finance costs of €6.4 million and €3.2 million for the first six and three months respectively of 2008 as compared to €3.0 million and €2.8 million in the first six and three months of 2007, reflecting the effect of the increased external debt finance used to acquire new investment properties.

The Company's share of the whole property portfolio at 30 June 2008 is €539 million. Of this total, the investment portfolio represents €216 million (including the Millennium Plaza), the hotel portfolio amounts to €136 million, and the development portfolio represents €187 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.

Other than as detailed above, there were no factors or events that significantly impacted the six or three months ended 30 June 2008.

Net Asset Value

The basic fee and performance fee of the Property Manager are determined by the Adjusted NAV. For the six and three months to 30 June 2008 the basic fee payable to AMC was €2.86 million and €1.43 million respectively (€2.30 million and €1.15 million, respectively, to 30 June 2007). No accrual has been made for the performance fee because no reliable estimate can be made. This is because the performance measures are determined at year end and are subject to material changes resulting from the external valuations.

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 on the next page 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.

Property Manager's Report
continued

	NAV H1 2008 € millions	**NAV per share H1 2008 €**	NAV per share Q4 2007 €
Basic NAV	220.0	**4.89**	4.98
Development land valuation not recognised in financial statements	93.2		
Deferred tax	(17.6)		
Adjusted NAV	295.6	**6.57**	6.36
Warrants at €5 per share	27.4		
Deferred Tax on investment properties and hotels	19.2		
EPRA NAV	342.2	**6.78**	6.59

Notes:
The number of shares in issue as at 30 June 2008 and at 31 December 2007 is 44,978,081.
The number of warrants outstanding at 30 June 2008 and at 31 December 2007 is 5,488,118.

New zoning

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.

Changes in ownership structure of Property Manager

On 4 March 2008, the Board of AMC announced that Elran (D.D.) Real Estates Ltd ("Elran") had entered into an agreement with RP Capital Group ("RP") and BCRE Izaki Properties ("Izaki Group"), AMC's other shareholders, for the sale of Elran's 37.5% stake in AMC. As a result, RP now holds 51% and Izaki Group holds 49% of AMC. 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 six and three months 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 property portfolio is constantly reviewed to ensure it remains in line with the Company's stated strategy of creating a balanced portfolio that will provide: future capital growth; the potential to enhance investment value through active and innovative 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, it evaluates 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.

Financial management, operational management and material risks

Atlas Estates Limited has completed two years as a listed entity and is now a dual-listed entity in Warsaw and London. As a result, it is continually improving and developing its financial management and operational infrastructure and capability 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. Experienced operational teams are in place in country and a central operational team and investment committee monitor and control investments and major operational matters.

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.

Global economic conditions

The Board and AMC closely monitor the effect on the business of the current global economic conditions and will take steps to mitigate any adverse impact on the business. 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. The market has experienced a reduction in demand for new apartments in Poland and Hungary, where we have projects under construction. 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.

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.

Financing and liquidity
Management is experiencing a change in the approach and requirements of lenders for financing in the CEE region which has resulted in a number of factors 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 also taking longer then 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 strong relationship management and connections, has been able to secure financing opportunities in the region.

Despite the difficult conditions in the financial markets the Company has been able to refinance part of its portfolio to maximise growth capability and secured loans for the construction phase of its development projects. The completion of the Millennium Plaza disposal will further demonstrate the Company's ability to realise value and generate cash.

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 allocation of capital and investment decisions are reviewed and approved by local operational management, by the central finance and operational teams, by the investment committee of AMC and finally by the board of the Company. This provides a strong risk management framework. 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.

As at 30 June 2008, the Company's share of bank debt associated with the portfolio, including bank debt related to the Millennium Plaza, stood at €221 million, with cash at bank and in hand of €20 million. The loan to value ratio is 41%. The gearing ratio is 91%, based upon net debt as a percentage of equity attributable to shareholders and is 48% based upon net debt as a percentage of total capital. We are refinancing properties where valuations have increased, thereby releasing equity for further investment.

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

Most of the income from the Company's investment properties is denominated in Euros and our policy is to arrange debt to fund these assets in the same currency. Where possible, the Company looks to match the currency of the flow of income and outgoings. Some expenses are still incurred in local currency and these are planned for in advance. Development of residential projects has created receipts largely denominated in local currencies and funding facilities are arranged accordingly. "Free cash", available for distribution within the Company, is identified and appropriate translation mechanisms put in place.

Conclusions
AMC's key strategic objective is the maximisation of value for Atlas' shareholders. 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. Atlas has a portfolio of strong underlying assets and a development pipeline with the potential to deliver shareholder value, the combination of which allows us to look forward with confidence.

Michael Williamson
Chief Financial Officer
Atlas Management Company Limited
14 August 2008

Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton Hotel in Poland, 314 rooms and conference facilities	100%
Platinum Towers	387 apartments in two towers and a third tower with 22,500 square metres of office space. The two residential towers are with building permits and pre-sales	100%
Capital Art Apartments	721 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%
Hungary		
Ikarus Business Park	283,000 square metre plot with 110,000 square metres of lettable business space	100%
Metropol Office Centre	7,600 square metre office building, 100% occupied, yield on acquisition price: 8.25%	100%
Atrium Homes	456 apartments with building permits, marketing commenced	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 33,000 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%
Romania		
Voluntari	99,116 square metres of land in three adjacent plots	100%
Solaris Project	32,000 square metres plot for re-zoning to mixed-use development	100%
Golden Tulip Hotel	4 star 83 room hotel in central Bucharest	100%
Slovakia		
Nove Vajnory	879,000 square metres of land acquired from municipality, under re-zoning for mixed use development	50%
Basta Project[1]	7,202 square metres of land for Residential and commercial use development in the centre of Kosice, second city in Slovakia, with zoning	50%
Bastion Project	2,806 square metres for office and commercial use development in centre of Kosice, second city of Slovakia, with zoning	50%
Bulgaria		
The Atlas House	Office building in Sofia's city centre with 3,472 square metres of lettable area spread over eight floors	100%

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

Independent Review Report to Atlas Estates Limited

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Consolidated Interim Income Statement, Consolidated interim Balance Sheet, Consolidated Interim Statement of Changes in Equity, Consolidated Interim Cash Flow Statement and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our Responsibility
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO Novus Limited
Chartered Accountants
Elizabeth House, St Peter Port, Guernsey

Statement of Directors' Responsibilities

The Interim Financial Statements have been prepared in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The accounting policies applied are consistent with those described in the Annual Report 2007 and give a true and fair view of the assets, liabilities, financial position and profit of the Group.

The interim management report includes a fair review of the business and important events impacting it, as well as a description of the principal risks and uncertainties of the business. The Interim Financial Statements include a fair review of the related party disclosure requirements.

Quentin Spicer
Chairman

Michael Stockwell
Director

Shelagh Mason
Director

Dr Helmut Tomanec
Director

14 August 2008

Consolidated Income Statement

For the six and three months ended 30 June 2008

	Six months ended 30 June 2008 (unaudited) €'000	Three months ended 30 June 2008 (unaudited) €'000	Six months ended 30 June 2007 (unaudited) €'000	Three months ended 30 June 2007 (unaudited) €'000	Note
Revenues	**21,097**	**11,361**	**10,222**	**8,198**	3
Cost of operations	(10,663)	(5,045)	(7,864)	(5,915)	4.1
Gross profit	**10,434**	**6,316**	**2,358**	**2,283**	
Administrative expenses	(9,407)	(5,595)	(8,540)	(5,561)	4.2
Other operating income	279	(78)	1,705	1,628	
Other operating expenses	(629)	(269)	(839)	(519)	
(Decrease)/increase in value of investment properties	(2,143)	(2,143)	30,541	16,945	9
Impairment of asset held for sale	(3,996)	(3,996)	–	–	9
Other gains and (losses) – net	6,754	5,517	4,275	5,039	
Negative goodwill realised on acquisitions	–	–	389	823	
Operating profit/(loss)	**1,292**	**(248)**	**29,889**	**20,638**	
Finance income	862	511	800	304	
Finance costs	(6,402)	(3,200)	(2,957)	(2,759)	
(Loss)/profit on ordinary activities before taxation	**(4,248)**	**(2,937)**	**27,732**	**18,183**	
Tax credit/(expense)	350	699	(6,082)	(3,402)	5
(Loss)/profit for the period	**(3,898)**	**(2,238)**	**21,650**	**14,781**	
Attributable to:					
Equity shareholders	(3,901)	(2,261)	21,632	14,900	
Minority interests	3	23	18	(119)	
	(3,898)	**(2,238)**	**21,650**	**14,781**	
(Loss)/earnings per €0.01 ordinary share – basic (eurocents)	(8.67)	(5.03)	44.65	30.76	7
(Loss)/earnings per €0.01 ordinary share – diluted (eurocents)	(8.67)	(5.03)	44.65	30.76	7

Consolidated Balance Sheet

As at 30 June 2008

	30 June 2008 (unaudited) €'000	31 March 2008 (unaudited) €'000	31 December 2007 €'000	30 June 2007 (unaudited) €'000	Note
ASSETS					
Non-current assets					
Intangible assets	369	479	942	858	
Land under operating lease	20,571	19,626	18,984	18,329	
Property, plant and equipment	117,865	114,661	113,469	114,492	8
Investment property	123,956	118,733	217,040	198,024	9
Other loans receivable	8,742	8,784	8,674	3,276	
Deferred tax asset	4,838	4,054	3,284	3,623	
	276,341	**266,337**	**362,393**	**338,602**	
Current assets					
Inventories	154,777	135,746	124,644	125,823	10
Trade and other receivables	9,575	8,874	9,602	14,982	
Cash and cash equivalents	19,908	31,233	34,861	42,462	11
	184,260	**175,853**	**169,107**	**183,267**	
Assets classified as held for sale	96,946	101,018	–	–	14
TOTAL ASSETS	**557,547**	**543,208**	**531,500**	**521,869**	
Current liabilities					
Trade and other payables	(72,254)	(60,528)	(51,514)	(37,876)	
Bank loans	(29,893)	(34,512)	(29,822)	(14,185)	13
	(102,147)	**(95,040)**	**(81,336)**	**(52,061)**	
Liabilities directly associated with assets classified as held for sale	(70,636)	(70,424)	–	–	14
Non-current liabilities					
Other payables	(8,521)	(7,668)	(8,667)	(11,359)	
Bank loans	(127,468)	(121,357)	(188,666)	(171,258)	13
Deferred tax liabilities	(28,033)	(25,811)	(28,715)	(33,957)	
	(164,022)	**(154,836)**	**(226,048)**	**(216,574)**	
TOTAL LIABILITIES	**(336,805)**	**(320,300)**	**(307,384)**	**(268,635)**	
NET ASSETS	**220,742**	**222,908**	**224,116**	**253,234**	
EQUITY					
Share capital	484	484	484	484	
Revaluation reserve	6,672	8,144	8,144	10,825	15
Other distributable reserve	194,817	202,320	202,320	222,375	15
Other reserves	16,643	6,936	14,060	6,761	15
Amounts recognised directly in equity relating to assets held for sale	6,854	7,528	–	–	14
Accumulated (loss)/retained earnings	(5,470)	(3,223)	(1,631)	11,483	
Equity attributable to equity holders of the Company	**220,000**	**222,189**	**223,377**	**251,928**	
Minority Interests	**742**	**719**	**739**	**1,306**	
TOTAL EQUITY	**220,742**	**222,908**	**224,116**	**253,234**	
Basic net asset value per share	€4.89	€4.94	€4.98	€5.20	

Consolidated Statement of Changes in Equity

As at 30 June 2008

Six months ended 30 June 2008 (unaudited)

	Share capital €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 January 2008	**484**	**224,524**	**(1,631)**	**223,377**	**739**	**224,116**
Exchange adjustments	–	9,946	–	**9,946**	–	**9,946**
Deferred tax on exchange adjustments	–	(510)	–	**(510)**	–	**(510)**
Revaluation of properties	–	(1,886)	–	**(1,886)**	–	**(1,886)**
Deferred tax on revaluation of properties	–	414	–	**414**	–	**414**
Net income recognised directly in equity	–	7,964	–	**7,964**	–	**7,964**
Result for the period	–	–	(3,901)	**(3,901)**	3	**(3,898)**
Total recognised income and expense for the period	–	7,964	(3,901)	**4,063**	3	**4,066**
Share based payments	–	–	62	**62**	–	**62**
Dividends declared	–	(7,502)	–	**(7,502)**	–	**(7,502)**
As at 30 June 2008	**484**	**224,986**	**(5,470)**	**220,000**	**742**	**220,742**

Three months ended 30 June 2008 (unaudited)

	Share capital €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 April 2008	**484**	**224,928**	**(3,223)**	**222,189**	**719**	**222,908**
Exchange adjustments	–	9,511	–	**9,511**	–	**9,511**
Deferred tax on exchange adjustments	–	(479)	–	**(479)**	–	**(479)**
Revaluation of properties	–	(1,886)	–	**(1,886)**	–	**(1,886)**
Deferred tax on revaluation of properties	–	414	–	**414**	–	**414**
Net income recognised directly in equity	–	7,560	–	**7,560**	–	**7,560**
Result for the period	–	–	(2,261)	**(2,261)**	23	**(2,238)**
Total recognised income and expense for the period	–	7,560	(2,261)	**5,299**	23	**5,322**
Share based payments	–	–	14	**14**	–	**14**
Dividends declared	–	(7,502)	–	**(7,502)**	–	**(7,502)**
As at 30 June 2008	**484**	**224,986**	**(5,470)**	**220,000**	**742**	**220,742**

Consolidated Statement of Changes in Equity

As at 30 June 2008

Six months ended 30 June 2007 (unaudited)

	Share capital €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 January 2007	**484**	**232,238**	**(10,148)**	**222,574**	**1,288**	**223,862**
Exchange adjustments	–	3,910	–	**3,910**	–	**3,910**
Revaluation of properties	–	9,662	–	**9,662**	–	**9,662**
Deferred tax on revaluation of properties	–	(1,818)	–	**(1,818)**	–	**(1,818)**
Net income recognised directly in equity	–	11,754	–	**11,754**	–	**11,754**
Result for the period	–	–	21,792	**21,792**	18	**21,810**
Total recognised income and expense for the year		11,754	21,792	**33,546**	18	**33,564**
Share based payments	–	–	(161)	**(161)**	–	**(161)**
Dividends paid	–	(4,031)	–	**(4,031)**	–	**(4,031)**
As at 30 June 2007	**484**	**239,961**	**11,483**	**251,928**	**1,306**	**253,234**

Year ended 31 December 2007

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

Consolidated Cash Flow Statement

For the six and three months ended 30 June 2008

	Note	Six months ended 30 June 2008 (unaudited) €'000	Three months ended 30 June 2008 (unaudited) €'000	Six months ended 30 June 2007 (unaudited) €'000	Three months ended 30 June 2007 (unaudited) €'000
Cash (outflow)/inflow generated from operations	12	**(12,811)**	**(12,918)**	**(5,838)**	**19,481**
Interest received		395	173	655	160
Interest paid		(5,934)	(3,323)	(2,208)	(2,010)
Tax paid		(276)	(247)	(124)	(124)
Net cash (outflow)/inflow from operating activities		**(18,626)**	**(16,315)**	**(7,515)**	**17,507**
Investing activities					
Acquisition of subsidiaries – net of cash acquired		–	–	(11,163)	–
Purchase of investment property		(567)	(340)	(91,736)	(15,280)
Purchase of property, plant and equipment		(1,203)	(279)	(3,969)	(2,896)
Proceeds from disposal of property, plant and equipment		348	231	–	(2,757)
New loans granted to JV partners		–	–	(2,757)	–
Purchase of intangible assets – software		(10)	(5)	(696)	(588)
Net cash used in investing activities		**(1,432)**	**(393)**	**(110,321)**	**(21,521)**
Financing activities					
Dividends paid		–	–	(4,031)	(4,031)
New bank loans raised		–	–	88,421	6,094
Repayments of bank loans		(1,469)	(884)	–	–
New loans received from JV partners		–	–	–	728
New loans received from minority investors		165	165	1,012	221
Net cash (used in)/from financing activities		**(1,304)**	**(719)**	**85,402**	**3,012**
Net decrease in cash and cash equivalents in the period as a result of cashflows		**(21,362)**	**(17,427)**	**(32,434)**	**(1,002)**
Effect of foreign exchange rates on cash balances		6,693	5,898	(1,436)	(551)
Net decrease in cash and cash equivalents in the period		**(14,669)**	**(11,529)**	**(33,870)**	**(1,553)**
Cash and cash equivalents at the beginning of the period		**34,861**	**31,721**	**62,147**	**29,830**
Cash and cash equivalent at the end of the period		**20,192**	**20,192**	**28,277**	**28,277**
Cash and cash equivalents					
Cash at bank and in hand		19,908	19,908	42,462	42,462
Cash assets classified as held for sale		284	284	–	–
Bank overdrafts		–	–	(14,185)	(14,185)
		20,192	**20,192**	**28,277**	**28,277**

Selected Notes to the Interim Condensed Consolidated Financial Information

For the six and three months ended 30 June 2008

1. Basis of preparation

This condensed interim financial information for the six and three months ended 30 June 2008 has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on an historical cost basis as amended by the revaluation of land and buildings and investment property, available for sale financial assets at fair value, and financial assets and financial liabilities at amortised cost. Interim financial statements do not contain all information and notes included in annual financial statements; they should therefore be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2007. The six and three month financial results are not necessarily indicative of the full year results.

1.1 Changes in relation to previously published consolidated financial statements

The comparative information for the six months ended 30 June 2007 has been amended as follows:

(i) Administrative expenses of €5.2 million relating to cost of operations have been reclassified to cost of operations to aid comparison.
(ii) Foreign exchange losses of €4.2 million relating to investment property have been reclassified to decrease/increase in value of investment properties to aid comparison.

As a result of these changes, there has been no impact on the net result or net assets of the Group as previously reported.

2. Accounting policies

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

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

» IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods on or after 1 July 2009). The amendments related, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary. The Group is currently assessing the impact of the IAS 27 on its financial statements.

» IFRS 3, Business Combinations (revised January 2008; effective for annual periods on or after 1 July 2009). The Group is currently assessing the impact of IFRS 3 on its financial statements.

» IFRS 8, Operating segments (effective for annual periods beginning on or after 1 January 2009) – The Standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires a company to report financial and descriptive information about its operating segments and specifies how a company should report such information. The Group will apply IFRS 8 from 1 January 2009. The Group is currently assessing the impact of the IFRS 8 on its financial statements.

» IFRIC 11, IFRS 2 – Group and treasury share transactions (effective for annual periods beginning on or after 1 January 2009). This interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based transactions in the stand-alone financial statements of the parent and group companies. The Group is currently assessing the impact of IFRIC 11 on its financial statements.

» IFRIC 13, Customer Loyalty programmes (effective for annual periods beginning on or after 1 July 2008; not yet adopted by the EU), addresses how companies that grant their customers loyalty award credits when buying goods or services should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points – no such arrangement exists within the Group.

» IFRIC 14, The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 July 2008; not yet adopted by the EU), addresses certain aspects of the accounting for pension plans. No such plans exist within the Group.

» IFRIC 15, Agreements for construction of real estates (effective for annual periods beginning on or after 1 January 2009). The Group is currently assessing the impact of IFRIC 15 on its financial statements.

» IFRIC 16, Hedges of a net investment in a foreign operation (effective for annual periods beginning on or after 1 October 2008). The Group is currently assessing the impact of IFRIC 16 on its financial statements.

3. Business segments

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

Segment information about these businesses is presented below:

Six months ended 30 June 2008

	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2008 €'000
Revenue	**9,289**	**–**	**11,568**	**240**	**21,097**
Segment result	**(1,072)**	**2,287**	**5,374**	**–**	**6,589**
Unallocated costs					**(5,297)**
Operating profit					**1,292**
Finance income					**862**
Finance cost					**(6,402)**
Loss before tax					**(4,248)**
Tax on loss on ordinary activities					**350**
Loss for the year					**(3,898)**
Attributable to minority interests					**(3)**
Net loss attributable to equity shareholders					**(3,901)**
Segment assets	**180,520**	**170,402**	**134,793**	**–**	**485,715**
Share of joint venture assets					**51,235**
Unallocated assets					**20,597**
Total assets					**557,547**
Segment liabilities	**(113,862)**	**(112,076)**	**(62,971)**	**–**	**(288,909)**
Share of joint venture liabilities					**(31,659)**
Unallocated liabilities					**(16,237)**
Total liabilities					**(336,805)**
Other segment items					
Capital expenditure	621	109	526		
Depreciation	28	265	543		
Amortisation	16	3	22		

Selected Notes to the Interim Condensed Consolidated Financial Information

For the six and three months ended 30 June 2008

continued

3. Business segments continued

Six months ended 30 June 2007

	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2007 €'000
Revenue	**5,667**	**–**	**4,385**	**170**	**10,222**
Segment result	**37,750**	**(1,223)**	**(1,561)**	**–**	**34,966**
Unallocated costs					**(5,077)**
Operating profit					**29,889**
Finance income					**800**
Finance cost					**(2,957)**
Profit before tax					**27,732**
Tax on profit on ordinary activities					**(6,082)**
Profit for the year					**21,650**
Attributable to minority interests					**(18)**
Net profit attributable to equity shareholders					**21,632**
Segment assets	**172,521**	**140,868**	**131,706**	**–**	**445,095**
Share of joint venture assets					**46,617**
Unallocated assets					**30,157**
Total assets					**521,869**
Segment liabilities	**(112,753)**	**(56,337)**	**(63,924)**	**–**	**(233,014)**
Share of joint venture liabilities					**(28,129)**
Unallocated liabilities					**(7,492)**
Total liabilities					**(268,635)**
Other segment items					
Capital expenditure	86,067	5,849	18,213		
Depreciation	17	87	1,851		
Amortisation	7	1	80		

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.

4. Analysis of expenditure

4.1 Cost of operations

	Six months ended 30 June 2008 €'000	Three months ended 30 June 2008 €'000	Six months ended 30 June 2007 €'000	Three months ended 30 June 2007 €'000
Property operating costs	1,022	658	1,588	1,074
Utilities, services rendered and other costs	5,435	2,890	890	633
Depreciation and amortisation	825	(94)	1,955	1,872
Staff costs	3,381	1,591	3,431	2,336
Cost of operations	**10,663**	**5,045**	**7,864**	**5,915**

4. Analysis of expenditure continued

4.2 Administrative expenses

	Six months ended 30 June 2008 €'000	Three months ended 30 June 2008 €'000	Six months ended 30 June 2007 €'000	Three months ended 30 June 2007 €'000
Audit, accountancy and tax services	254	–	749	458
Incentive and management fee	2,860	1,430	2,300	1,150
Other professional fees	3,280	2,340	2,725	1,696
Share based payments	62	14	161	81
Staff costs	664	480	217	124
Other administrative expenses	2,287	1,331	2,388	2,052
Administrative expenses	**9,407**	**5,595**	**8,540**	**5,561**

	Six months ended 30 June 2008 €'000	Three months ended 30 June 2008 €'000	Six months ended 30 June 2007 €'000	Three months ended 30 June 2007 €'000
Atlas Estates Limited	4,519	2,759	3,672	1,831
Subsidiaries and other companies	4,888	2,836	4,868	3,730
Administrative expenses	**9,407**	**5,595**	**8,540**	**5,561**

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

	Six months ended 30 June 2008 €'000	Three months ended 30 June 2008 €'000	Six months ended 30 June 2007 €'000	Three months ended 30 June 2007 €'000
Continuing operations				
Current tax	319	292	347	179
Deferred tax	(669)	(991)	5,735	3,223
Tax (credit)/charge for the period	**(350)**	**(699)**	**6,082**	**3,402**

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 six and three month results.

6. Dividends

	Six months ended 30 June 2008 €'000	Three months ended 30 June 2008 €'000	Six months ended 30 June 2007 €'000	Three months ended 30 June 2007 €'000
Interim paid – nil (2007: interim dividend of 8.32 eurocents per ordinary share)	–	–	4,031	–
Second interim declared – interim dividend for year ended 31 December 2007 of 16.68 eurocents per ordinary share (2007: nil)	7,502	7,502	–	–

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

As at 30 June 2008, a liability of €7.5 million is included in current liabilities within trade and other payables in relation to this dividend.

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For the six and three months ended 30 June 2008

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7. (Loss)/earnings per share

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

Six months ended 30 June 2008

Continuing operations	Loss €'000	Weighted average number of shares	Per share amount Eurocents
Basic (LPS)/EPS			
Loss attributable to equity shareholders	**(3,901)**	**44,978,081**	**(8.67)**
Effect of dilutive securities			
Share warrants	–	–	–
Diluted (LPS)/EPS			
Adjusted loss	**(3,901)**	**44,978,081**	**(8.67)**

Three months ended 30 June 2008

Continuing operations	Loss €'000	Weighted average number of shares	Per share amount Eurocents
Basic (LPS)/EPS			
Loss attributable to equity shareholders	**(2,261)**	**44,978,081**	**(5.03)**
Effect of dilutive securities			
Share warrants	–	–	–
Diluted (LPS)/EPS			
Adjusted loss	**(2,261)**	**44,978,081**	**(5.03)**

Six months ended 30 June 2007

Continuing operations	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic (LPS)/EPS			
Profit attributable to equity shareholders	**21,632**	**48,448,081**	**44.65**
Effect of dilutive securities			
Share warrants	–	–	–
Diluted (LPS)/EPS			
Adjusted profit	**21,632**	**48,448,081**	**44.65**

Three months ended 30 June 2007

Continuing operations	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic (LPS)/EPS			
Profit attributable to equity shareholders	**14,900**	**48,448,081**	**30.76**
Effect of dilutive securities			
Share warrants	–	–	–
Diluted (LPS)/EPS			
Adjusted loss	**14,900**	**48,448,081**	**30.76**

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.

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

8. Property, plant and equipment

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2007	88,440	387	92	88,919
Acquisitions through business combinations	14,665	131	–	14,796
Additions at cost	1,206	2,044	174	3,424
Exchange adjustments	5,620	564	4	6,188
Disposals	–	(90)	(13)	(103)
Revaluation	4,054	–	–	4,054
At 31 December 2007	**113,985**	**3,036**	**257**	**117,278**
Additions at cost	609	528	67	1,204
Exchange adjustments	6,610	177	19	6,806
Disposals	(330)	(18)	(32)	(380)
Revaluation	(2,098)	–	–	(2,098)
At 30 June 2008	**118,776**	**3,723**	**311**	**122,810**
Accumulated depreciation				
At 1 January 2007	(16)	(70)	(15)	(101)
Charge for the year	(2,734)	(705)	(46)	(3,485)
Exchange adjustments	(217)	(31)	1	(247)
Disposals	–	11	13	24
At 31 December 2007	**(2,967)**	**(795)**	**(47)**	**(3,809)**
Charge for the period	(319)	(468)	(56)	(843)
Exchange adjustments	(118)	(123)	(6)	(247)
Disposals	32	1	22	55
At 30 June 2008	**(3,372)**	**(1,385)**	**(87)**	**(4,844)**
Net book value at 30 June 2008	**115,404**	**2,338**	**224**	**117,966**
Less: classified as held for sale and shown in current assets	**–**	**(82)**	**(19)**	**(101)**
At 30 June 2008	**115,404**	**2,256**	**205**	**117,865**
Net book value at 31 December 2007	**111,018**	**2,241**	**210**	**113,469**

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2007	88,440	387	92	88,919
Acquisitions through business combinations	13,969	131	–	14,100
Additions at cost	899	3,020	50	3,969
Exchange adjustments	112	19	12	143
Disposals	–	–	(15)	(15)
Revaluation	9,621	–	–	9,621
At 30 June 2007	**113,041**	**3,557**	**139**	**116,737**
Accumulated depreciation				
At 1 January 2007	(16)	(70)	(15)	(101)
Charge for the period	(948)	(987)	(24)	(1,959)
Exchange adjustments	(203)	(3)	6	(200)
Disposals	–	–	15	15
At 30 June 2007	**(1,167)**	**(1,060)**	**(18)**	**(2,245)**
Net book value at 30 June 2007	**111,874**	**2,497**	**121**	**114,492**

Buildings were valued as at 30 June 2008 by qualified professional valuers working for the company of Cushman & Wakefield, Chartered Surveyors, acting in the capacity of External Valuers. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors. All properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. For all properties, valuations were based on current prices in an active market. The resulting revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders equity.

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9. Investment property

	30 June 2008 €'000	31 March 2008 €'000	31 December 2007 €'000	30 June 2007 €'000
At beginning of the period	217,040	217,040	67,585	67,585
Acquisitions through business combinations	–	–	7,500	–
Additions	–	–	98,295	91,497
Capitalised subsequent expenditure	567	227	76	239
Exchange movements	5,031	(444)	5,244	4,203
PV of annual perpetual usufruct fees	–	–	2,180	3,959
Fair value (losses)/gains	(2,143)	–	36,160	30,541
Total	**220,495**	**216,823**	**217,040**	**198,024**
Less: classified as held for sale and shown in current assets	**(96,539)**	**(98,090)**	**–**	**–**
At end of period	**123,956**	**118,733**	**217,040**	**198,024**

The fair value of the Group's investment property at 30 June 2008, excluding the Millennium building, has been arrived at on the basis of valuations carried out at that date by Cushman & Wakefield and Colliers International. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties.

On 14 January 2008 the Company announced the conditional sale of the company owning the Millennium Plaza building in Warsaw. This is conditional upon a third party approval, which the Company is due to obtain by the end of August 2008. The related assets and liabilities have been classified as held for sale in the Company's balance sheet since 14 January 2008. Under the terms of this agreement, the investment property will be sold for a pre-determined amount. The investment property has been impaired to this value.

The Group has pledged investment property of €193.2 million (31 March 2008: €193.8 million; 31 December 2007: €191.8 million; 30 June 2007: €135.0 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €115.7 million (31 March 2008: €116.0 million; 31 December 2007: €116.3 million; 30 June 2007: €92.1 million) are secured on these investment properties (note 13).

10. Inventories

	30 June 2008 €'000	31 March 2008 €'000	31 December 2007 €'000	30 June 2007 €'000
Land held for development	94,332	88,305	89,160	101,936
Construction expenditures	60,445	47,441	35,484	23,887
Freehold and leasehold properties held for resale	**154,777**	**135,746**	**124,644**	**125,823**

The Group consumed no inventories during the period. Bank borrowings are secured on land for the value of €57.3 million (31 March 2008: €55.4 million; 31 December 2007: €29.0 million; 30 June 2007: €47.8 million) (note 13).

11. Cash and cash equivalents

	30 June 2008 €'000	31 March 2008 €'000	31 December 2007 €'000	30 June 2007 €'000
Cash and cash equivalents				
Cash at bank and in hand	17,546	7,927	19,817	31,000
Short term bank deposits	2,362	23,306	15,044	11,462
	19,908	**31,233**	**34,861**	**42,462**

Included in cash and cash equivalents is €8.6 million (31 March 2008: €6.2 million; 31 December 2007: €6.4 million; 30 June 2007: €7.0 million) restricted cash relating to security and customer deposits.

12. Cash generated from operations

	Six months ended 30 June 2008 €'000	Three months ended 30 June 2008 €'000	Six months ended 30 June 2007 €'000	Three months ended 30 June 2007 €'000
(Loss)/profit for the period	**(3,898)**	**(2,238)**	**21,650**	**14,781**
Adjustments for:				
Finance costs	6,402	3,200	2,957	2,759
Finance income	(862)	(511)	(799)	(303)
Tax (income)/expense	(350)	(699)	6,082	3,402
Operating profit/(loss)	**1,292**	**(248)**	**29,890**	**20,639**
Bad debt write off	123	17	271	271
Depreciation of property, plant and equipment	1,011	7	1,959	1,875
Amortisation charges	76	38	204	196
Gain on sale of property, plant and equipment	(6)	(45)	(5)	(5)
Net goodwill arising on acquisitions charged to the income statement	–	–	(389)	(823)
Decrease/(increase) in the value of investment property	2,143	2,143	(30,541)	(16,945)
Impairment of investment property	3,996	3,996	–	–
Effects of foreign currency	(6,754)	(5,517)	(4,277)	(5,041)
Charge relating to share based payments	62	14	–	(80)
	651	**653**	**(32,778)**	**(20,552)**
Changes in working capital				
Increase in inventory	(30,003)	(18,983)	(18,129)	(8,575)
(Increase)/decrease in trade and other receivables	(3,056)	(2,118)	7,211	11,597
Increase in trade and other payables	18,305	7,778	7,968	16,372
	(14,754)	**(13,323)**	**(2,950)**	**19,394**
Cash (outflow)/inflow generated from operations	**(12,811)**	**(12,918)**	**(5,838)**	**19,481**

13. Bank loans

	30 June 2008 €'000	31 March 2008 €'000	31 December 2007 €'000	30 June 2007 €'000
Current				
Bank loans and overdrafts due within one year or on demand				
Secured	(29,893)	(34,512)	(29,822)	(14,185)
Non-current				
Repayable within two years				
Secured	(48,848)	(13,620)	(17,019)	(40,837)
Repayable within three to five years				
Secured	(30,773)	(47,393)	(50,145)	(30,547)
Repayable after five years				
Secured	(47,847)	(60,344)	(121,502)	(99,874)
	(127,468)	(121,357)	(188,666)	(171,258)
Total	**(157,361)**	**(155,869)**	**(218,488)**	**(185,443)**
Bank loans directly associated with assets classified as held for sale	(63,229)	(63,474)	–	–
Total bank loans	**(220,590)**	**(219,343)**	**(218,488)**	**(185,443)**

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

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.

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13. Bank loans continued

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 – 30 June 2008	27	130,907	26,427	157,361
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 – 30 June 2007	49	171,673	13,721	185,443

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 income statement includes €4 million for the impairment of the asset held for sale.

The assets and liabilities directly associated with this sale have been separately classified as of 30 June 2008. The major classes of assets and liabilities held for sale are as follow:

Assets:	30 June 2008 €'000	31 March 2008 €'000
Intangible assets	456	442
Property, plant and equipment	101	88
Investment property	92,543	98,090
Deferred tax asset	332	350
Trade and other receivables	3,230	1,560
Cash and cash equivalents	284	488
Total assets classified as held for sale	**96,946**	**101,018**

Liabilities:	30 June 2008 €'000	31 March 2008 €'000
Trade and other payables	(4,003)	(2,624)
Bank loans	(63,229)	(63,474)
Deferred tax liabilities	(3,404)	(4,326)
Total liabilities directly associated with assets classified as held for sale	**(70,636)**	**(70,424)**

Amounts of €6.9 million (31 March 2008: €7.5 million) are recognised directly in equity relating to assets held for sale.

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

15 Other Reserves

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

16. Related party transactions

(a) Silverock Commerce Limited is an investment subsidiary of Investkredit Bank AG (previously Osterreichische Volksbanken-Aktiengesellschaft), an Austrian bank which was a shareholder in the Company. Throughout the period to 30 June 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 30 June 2008 a total of €80,865,977 (30 June 2007: €77,811,134) was due to Investkredit Bank AG.

16. Related party transactions continued

(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 4,594,630 shares in the Company, RP Capital Group was the holder of 9.81% of the share capital of Atlas Estates Limited at 14 August 2008.

(c) BCRE Izaki Properties is the holder of 49% of the share capital of AMC. As a result of a qualifying shareholding of 5,181,659 shares in the Company, BCRE Izaki Properties was the holder of 11.06% of the share capital of Atlas Estates Limited at 14 August 2008.

(d) Key management compensation

	Six months ended 30 June 2008 €'000	Three months ended 30 June 2008 €'000	Six months ended 30 June 2007 €'000	Three months ended 30 June 2007 €'000
Fees for non-executive directors	173	106	91	49

The Company has appointed AMC to manage its property portfolio. At 30 June 2008 AMC was owned by The RP Capital Group and Izaki Group. In consideration of the services provided, AMC received a management fee of €2.86 million and €1.43 million for the six and three months ended 30 June 2008 respectively (€2.30 million and €1.15 million for the six and three months ended 30 June 2007 respectively). Under the agreement, AMC are entitled to a performance fee based on the increase in value of the properties over the 12 month period to 31 December 2008. No performance fee has been accrued for the six and three months ended 30 June 2008 (€nil for the six and three months ended 30 June 2007) because no reliable estimate can be made.

(e) Under the loan agreement of 29 September 2005, Kendalside Limited, which is also a shareholder in Circle Slovakia s.r.o., has extended a loan facility of €6,042,106 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 30 June 2008 Circle Slovakia has drawn the loan facility plus associated interest in the amount of €7,019,534 (30 June 2007: €2,955,906).

(f) Under the loan agreement of 30 October 2006 and Assignment Agreement dated 6 May 2008, Kendalside Limited has extended a loan facility of SKK 340,000,000 (€11,216,680) to Eastfield Atlas a.s. (previously Slovak Investment and Development a.s.) for the purpose of covering ongoing investment and business expenses. The loan facility is to be repaid before 31 December 2015, and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. As at 30 June 2008 the borrower has drawn the loan facility plus associated interest in the amount of SKK 24,819,570 (€818,803) (30 June 2007: SKK 23,508,646 (€693,849)).

17. Post balance sheet events

17.1 AMC Performance Fee

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

17.2 Shares issued under Scrip Dividend Offer

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

17.3 Refinancing of HGC credit facility

On 25 July the Board of Directors announced that it had refinanced the loan secured against its Hilton Hotel asset in Warsaw, extending its facility with Investkredit Bank AG from €51.4 million to €65 million. The additional funding will be utilised in the continued advancement of its development pipeline. Subject to certain conditions, the facility will be increased to €75 million upon completion of a syndication facility.

17.4 New number of shares in issue

On 28 July 2008 the Company announced that following the recent issues of new shares, the total number of ordinary shares in issue is 46,852,014. The total number of shares in issue is 50,322,014. The Company has 3,470,000 shares held in Treasury.

17.5 Appointment of CEO to AMC

On 1 August 2008 the Company announced the appointment of Mr. Nahman Tsabar as CEO of Atlas Management Company Limited, the Company's Property Manager. This appointment follows the resignation of Mr. Amos Pickel, the previous CEO. Mr. Tsabar will be taking up his appointment in September 2008.

17.6 New credit facility

On 12 August 2008 the Board of Directors announced that it had obtained a Polish Zloty 174 million (€54 million) facility for the construction of its Platinum Towers residential development in the Wola district in Warsaw. The loan is provided by Raiffeisen Bank Polska S.A, and is secured against its Platinum Towers residential asset and will be used in the completion of the development.

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17. Post balance sheet events continued

17.7 Kokoszki purchase

In August 2008 Atlas Estates Investments B.V. acquired an additional 20% holding in its Kokoszki joint venture, Atlas Estates CF Plus 1 Sp. Z o.o., taking its holding to 70%.

18. Other items

18.1 Information about court proceedings

As of 14 August 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.

18.2 Information about Granted Sureties

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

18.3 Financial forecasts

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

18.4 Substantial shareholdings

As of 14 August 2008 and as at 31 December 2007 to the Company's best knowledge and belief, the following shareholders had a direct or indirect interest in 5% or more of the Company's ordinary share capital:

Shareholder	Number of shares as of 31 December 2007 (% of share capital)	Increase/ (decrease) number of shares	Number of shares as of 14 August 2008 (% of share capital)
Livermore Investments Group Ltd	9,579,345 (21.28)	360,000	9,939,345 (21.21)
Elran (D.D.) Real Estate Limited	4,097,509 (9.10)	(4,097,509)	Nil
Apollo Nominees Limited	4,373,326 (9.03)	(4,373,326)	Nil
CIBC World Market Corporation	3,857,649 (8.60)	(3,857,649)	Nil
Rathbone Brothers Plc	3,989,967 (8.24)	(3,257,388)	731,102 (1.56)
RP Capital Group	1,623,429 (3.61)	2,971,201	4,594,630 (9.81)
Henderson Global Investors Limited	3,070,000 (6.34)	(3,070,000)	Nil
BCRE Izaki Properties BV	2,488,465 (5.50)	2,693,194	5,181,659 (11.06)
Laxey Partners Limited	2,258,598 (5.02)	1,835,936	4,094,534 (8.74)
Finiman Limited(*)	Nil	4,097,509	4,097,509 (8.75)
Bank Julius Baer & Company Ltd(*)	Nil	2,631,757	2,631,757 (5.62)

(*) The ultimate beneficial ownerships for these shareholdings have not been disclosed to the Company.

18.5 Directors' share interests

There have been no changes to the Directors' share interests during the six months ended 30 June 2008. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the six and three months ended 30 June 2008. One Director (Mr Spicer) acquired a beneficial interest in 14,785 shares in the Company in 2007.

18.6 Other share interests

No changes have occurred in the six and three months ended 30 June 2008 in the number of warrants issued to managing and/or supervisory persons.

19. 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 six months ended 30 June 2008. Two new entities were established in Slovakia. The percentage holdings are consistent across all periods presented except for Circle Slovakia s.r.o., which was 100% at 30 June 2007 and 50% in all other periods.

Country of incorporation	Name of subsidiary/joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investments B.V.	Holding	100%
Holland	Trilby B.V.	Holding	100%
Cyprus	Darenisto Limited	Holding	100%
Cyprus	Kalipi Holdings Limited	Holding	100%
Poland	Atlas Estates (Poland) Sp. z o.o	Management	100%
Poland	Platinum Towers Sp. z o.o.	Development	100%
Poland	Zielono Sp. z o.o.	Development	76%
Poland	Properpol Sp z o.o.	Management	100%
Poland	Atlas Estates (Millennium) Sp. z o.o	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments Sp. z o.o.	Development	100%
Poland	Grzybowska Centrum Sp. z o.o.	Holding	100%
Poland	HGC S.A.	Hotel operation	100%
Poland	HPO Sp. z o.o.	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Atlas Estates CF Plus 1 Sp. z o.o.	Development	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%
Slovakia	Bastion Office Center, 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%

Selected Notes to the Interim Condensed Consolidated Financial Information

For the six and three months ended 30 June 2008

continued

20. Interim condensed non-consolidated financial information

Non-consolidated income statement
For the six and three months ended 30 June 2008

	Six months ended 30 June 2008 (unaudited) €'000	Three months ended 30 June 2008 (unaudited) €'000	Six months ended 30 June 2007 (unaudited) €'000	Three months ended 30 June 2007 (unaudited) €'000
Revenues	**–**	**–**	**–**	**–**
Cost of operations	–	–	–	–
Gross profit	**–**	**–**	**–**	**–**
Administrative expenses	(4,519)	(2,410)	(3,672)	(1,831)
Other operating expenses	(349)	(349)	–	–
Other gains and (losses) – net	71	227	(35)	22
Operating loss	**(4,797)**	**(2,532)**	**(3,707)**	**(1,809)**
Finance income	5,494	2,734	5,306	2,733
Finance costs	(4)	(2)	(3)	(1)
Profit on ordinary activities before taxation	**693**	**200**	**1,596**	**923**
Tax expense	–	–	–	–
Profit for the period	**693**	**200**	**1,596**	**923**

Non-consolidated balance sheet
As at 30 June 2008

	30 June 2008 (unaudited) €'000	31 March 2008 (unaudited) €'000	31 December 2007 €'000	30 June 2007 (unaudited) €'000
ASSETS				
Non-current assets				
Other loans receivable	–	263	263	342
Investment in subsidiaries	21,220	21,220	21,220	21,220
Loans receivable from subsidiaries	170,573	180,710	177,965	191,200
	191,793	**202,193**	**199,448**	**212,762**
Current assets				
Trade and other receivables	1,226	201	142	46
Cash and cash equivalents	7,596	803	3,232	8,460
	8,822	**1,004**	**3,374**	**8,506**
TOTAL ASSETS	**200,615**	**203,197**	**202,822**	**221,268**
Current liabilities				
Trade and other payables	(14,275)	(9,568)	(9,734)	(660)
Bank loans	–	–	–	–
	(14,275)	**(9,568)**	**(9,734)**	**(660)**
Non-current liabilities				
Other payables	–	–	–	–
Bank loans	–	–	–	–
Deferred tax liabilities	–	–	–	–
	–	–	–	–
TOTAL LIABILITIES	**(14,275)**	**(9,568)**	**(9,734)**	**(660)**
NET ASSETS	**186,340**	**193,629**	**193,088**	**220,608**
EQUITY				
Share capital	484	484	484	484
Other distributable reserve	194,818	202,320	202,320	222,375
Accumulated loss	(8,962)	(9,175)	(9,716)	(2,251)
TOTAL EQUITY	**186,340**	**193,629**	**193,088**	**220,608**
Basic net asset value per share	n/a	n/a	n/a	n/a

20. Interim condensed non-consolidated financial information continued
Non-consolidated statement of changes in equity
As at 30 June 2008

Six months ended 30 June 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 period	–	–	693	**693**
Share based payments	–	–	61	**61**
Dividends paid and declared	–	(7,502)	–	**(7,502)**
As at 30 June 2008	**484**	**194,818**	**(8,962)**	**186,340**

Three months ended 30 June 2008 (unaudited)	Share capital €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 April 2008	**484**	**202,320**	**(9,175)**	**193,629**
Result for the period	–	–	200	**200**
Share based payments	–	–	13	**13**
Dividends paid and declared	–	(7,502)	–	**(7,502)**
As at 30 June 2008	**484**	**194,818**	**(8,962)**	**186,340**

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)**
As at 31 December 2007	**484**	**202,320**	**(9,716)**	**193,088**

Six months ended 30 June 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 period	–	–	1,596	**1,596**
Share based payments	–	–	161	**161**
Dividends paid	–	(4,031)	–	**(4,031)**
As at 30 June 2007	**484**	**222,375**	**(2,251)**	**220,608**

Selected Notes to the Interim Condensed Consolidated Financial Information

For the six and three months ended 30 June 2008

continued

20. Interim condensed non-consolidated financial information continued
Non-consolidated cash flow statement
For the six and three months ended 30 June 2008

	Six months ended 30 June 2008 (unaudited) €'000	Three months ended 30 June 2008 (unaudited) €'000	Six months ended 30 June 2007 (unaudited) €'000	Three months ended 30 June 2007 (unaudited) €'000
Profit for the period	**693**	**200**	**1,596**	**923**
Adjustments for:				
Finance costs	4	2	3	1
Finance income	(5,494)	(2,734)	(5,306)	(2,732)
Operating loss	**(4,797)**	**(2,532)**	**(3,707)**	**(1,808)**
Effects of foreign currency	(71)	(30)	35	(22)
Charge relating to share based payments	62	14	161	81
	(9)	**(16)**	**196**	**59**
Changes in working capital				
Increase in trade and other receivables	(821)	(762)	(78)	(100)
Decrease in trade and other payables	(2,961)	(2,797)	(19,569)	(5,618)
Cash outflow generated from operations	**(8,588)**	**(6,107)**	**(23,158)**	**(7,467)**
Interest received	35	19	425	(2,149)
Interest paid	(4)	(4)	(3)	(2)
Net cash outflow from operating activities	**(8,557)**	**(6,092)**	**(22,736)**	**(9,618)**
Investing activities				
Repayment of loans from/(new loans granted to) subsidiary undertakings	12,850	12,850	(13,013)	6,600
Net cash used in investing activities	**12,850**	**12,850**	**(13,013)**	**6,600**
Financing activities				
Dividends paid	–	–	(4,031)	(4,031)
Net cash from/(used in) financing activities	**–**	**–**	**(4,031)**	**(4,031)**
Net increase/(decrease) in cash and cash equivalents in the period as a result of cashflows	**4,293**	**6,758**	**(39,780)**	**(7,049)**
Effect of foreign exchange rates on cash balances	71	35	(36)	19
Net increase/(decrease) in cash and cash equivalents in the period	**4,364**	**6,793**	**(39,816)**	**(7,030)**
Cash and cash equivalents at the beginning of the period	**3,232**	**803**	**48,276**	**15,490**
Cash and cash equivalents at the end of the period	**7,596**	**7,596**	**8,460**	**8,460**
Cash and cash equivalents				
Cash at bank and in hand	7,596	7,596	8,460	8,460
Bank overdrafts	–	–	–	–
	7,596	**7,596**	**8,460**	**8,460**

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