



ATLAS GROUP HOLDINGS LIMITED
A.C.N. 098 674 545
Appendix 4D – Half Yearly Financial Report
Half-Year ended 31 December 2007

Results for announcement to the market

				HY08 \$'000	HY07 \$'000
Revenue	up	17%	to	238,135	203,121
(Loss) / Profit before tax	down	495%	to	(11,493)	2,908
(Loss) / Profit after tax from continuing operations	down		to	(8,382)	24
(Loss) / Profit attributable to members	down		to	(8,799)	(172)

Dividends	Amount per share	Franked amount per share	Tax rate for franking
Final dividend	N/A	N/A	N/A
Previous corresponding period	1.5 cents	0 cents	N/A
Record date for determining entitlements to the dividend		N/A	

	HY08	HY07
Other		
Net tangible asset backing per share	34.6cps	46.1cps

Explanation of Results

Please refer to the attached commentary for an explanation of the results.

Directors Report

The Directors submit their report for the half year ended 31 December 2007.

Highlights

1. Bisalloy continues excellent performance:
 - production at record levels
 - laser guided vehicle installed to eliminate production bottle neck
 - profit exceeded expectations
2. Bisalloy expected to continue record production and profits in 2H08
3. Distribution sales strong.
4. Distribution restructured. Costs up by 2.2% as a percentage of revenue on previous corresponding period. Aggressive action taken to arrest and drive down distribution cost base. Savings of \$9.5m per annum expected on the cost base as at 1 July 2007.
5. Nickel price decrease negatively impacted Distribution margins by 4%. Since 31 December 2007, stainless steel prices have stabilised and Distribution margins have started to improve. Margins expected to return to normal in Q1 FY09 on a substantially improved cost base.
6. Working capital and borrowings reduced by \$17.4m (10.2%) and \$4.7m (3.3%) respectively compared with FY07.
7. Normalised EBIT loss of \$1.9m – in line with guidance given 10 December 2007.

Results Summary

Results Summary – Atlas Group Holdings Limited results for the half year ended 31 December 2007 (HY08)			
\$m	HY08	HY07	%age Change
Group Statutory Reporting Basis			
Revenues	238.1	203.1	17%
Earnings before interest and tax (“EBIT”)	(4.0)	7.2	(154%)
Net financing costs	(7.5)	(4.2)	78%
Income tax benefit / (expense)	3.1	(2.9)	207%
Net (loss)/profit after tax (“NPAT”) from continuing operations	(8.4)	0.02	
Discontinued operations	(0.05)	0.03	(266%)
NPAT	(8.4)	0.05	
Minority interests	(0.4)	(0.22)	82%
NPAT attributable to members of the holding Company	(8.8)	(0.17)	(5,076%)
EPS (cents)	(8.5c)	(0.2c)	(4,150%)

\$m	HY08	HY07	%age Change
Normalised Reporting Basis			
Revenues	238.1	203.1	17%
EBIT	(4.0)	7.2	(154%)
Once-off costs:			
Redundancies	1.2	-	
Project debtor provisions from prior periods	0.7	1.5	
Costs relating to possible ownership transaction	0.2	-	
Total once-off costs	2.1	1.5	40%
EBIT Normalised	(1.9)	8.7	(120%)
Net financing costs	(7.5)	(4.2)	78%
Income tax benefit / (expense)	3.1	(2.9)	207%
NPAT from continuing operations (Normalised)	(6.3)	1.6	(487%)
Discontinued operations	(0.05)	0.03	(266%)
NPAT (Normalised)	(6.3)	1.6	(493%)
Minority interests	(0.4)	(0.2)	(100%)
NPAT attributable to members of the holding Company (Normalised)	(6.7)	1.4	(578%)

Reconciliation of Normalised EBIT to Normalised EBITDA	
\$m	HY08
EBITDA Normalised Reporting Basis (Continuing Operations)	0.9
Depreciation and Amortisation	2.8
EBIT - Normalised Reporting Basis (Continuing Operations)	(1.9)

Review of Operations

Overview

Bisalloy is Australia's only manufacturer of quenched and tempered steel plate and operates joint venture distribution companies in Thailand and Indonesia. The division has had a very strong half, with budgeted tonnage and EBIT exceeded. In December, a laser guided vehicle was commissioned to eliminate a production bottleneck between the new shot blaster (installation completed February 2007) and the furnace. The Bisalloy joint ventures in Thailand and Indonesia performed strongly and made an increased contribution to the Group. We expect Bisalloy to have a strong second half as demand for quenched and tempered steel plate will remain strong.

The Distribution division distributes specialty metals, principally stainless steel, to a variety of end users in Australia and New Zealand. In the Annual Report for 2007 and following on from previously announced restructure initiatives and management changes, we stated an intention to carry out a detailed review of the expenses and processes of this division in Australia and New Zealand. The review is now substantially complete and has yielded significant benefits. However, as also flagged, market conditions have been very difficult for the division in the first half. The nickel price peaked on the LME in May 2007 at US\$57,500 per tonne. By August 2007, the price had fallen to US\$25,600 per tonne – a fall of 55.5 per cent in just three months. As nickel is a major input in austenitic stainless steel production, the benchmark stainless steel price fell from US\$5,700 to below US\$4,000 per tonne (29.8 per cent) over much the same period. This volatility was unprecedented. As a result,

management needed to execute a major turnaround at a time of unprecedented volatility in stainless steel prices.

Undisciplined procurement from September 2006 to February 2007 left the division with \$154m in inventory at 30 June 2007. This included \$30m (reduced to below \$20m by end of first half) of non-core items which we have been working to sell through.

Operating and administration expenses are now at acceptable levels. Some \$9.5m in operating and administration expenses have been cut from the Company on an annualised basis. Sales remain strong as demand for our products is being driven by the resources and oil, chemical and gas industries. Margins have started to recover and we expect the division will return to profitability before year end as high cost inventory is sold and replaced by inventory purchased at lower current costs.

Atlas continued to grow in the transport segment with further coal and ore rail contracts wins. Atlas now expects to deliver sales in excess of \$20m within this segment in the next 12 months.

Bisalloy

Bisalloy had an excellent first half with strong demand across all markets. Demand for capital equipment and repairs and maintenance in the mining sector, particularly in Western Australia and Queensland, continue to underpin the domestic quenched and tempered steel plate market. This consistent demand is forecast to continue for the foreseeable future. Export opportunities reflect a general shortage of quenched and tempered steel plate capacity worldwide and, as such, export sales have made a significant contribution to profitability. Development and approval of armour plate grades have continued and Bisalloy is now recognised as a regional supplier of this product.

Recent investments in production equipment, such as the second shot blaster and laser guided vehicle, have produced a continuous process flow and significantly increased production efficiency. Bisalloy has sourced green feed from several overseas suppliers to meet the demands of the current order mix. Management continues to focus on the strategic growth of the Bisalloy business model. This includes investigation of further expansion opportunities in Asia where Vietnam and China present significant growth.

The Bisalloy joint ventures in Indonesia and Thailand generated excellent volumes, sales, profits and margins in the half year. The strategy over recent years to supplement quenched and tempered steel plate sales with other products has delivered good growth in these businesses. The businesses have sourced additional local finance to support the future strategic growth.

Distribution

Actions taken to reduce the cost base of the division include:

- Australian division restructured – business now structured into three regions; sales and product management positions rationalised and duplicated back office functions eliminated.
- Project Services division eliminated – project services activities now integrated back into Australian Distribution division; some additional provisions required to resolve issues in relation to poor project sales undertaken by previous management.
- Supply chain reconfigured – centralised supply model substantially reconfigured; freight and personnel costs reductions effected.
- New Zealand division restructured – Orehunga branch closed and Auckland operations now centred at East Tamaki; head count reductions implemented and sales effort restructured at New Zealand Tube Mills.

Finance

The Company's need to restructure the Distribution division and manage unprecedented volatility in stainless steel prices at the same time materially impacted profitability and cash flow in the first half. We received significant support from both the Company's principal financier, GE Commercial, and suppliers to meet this challenge. During the half, at the Company's initiation, we re-negotiated the facility with GE Commercial such that:

- The facility increased was by \$25m to \$150m and extended to 2010;
- Certain financial covenants were re-based to reflect the outlook in November 2007.

Borrowings fell by \$4.7m in part due to tighter control of working capital. The focus on getting the right inventory mix help reduce net working capital by \$17.3m as follows:

	\$m
Trade and other receivables	(13.2)
Inventory	(16.0)
Less trade and other payables	(11.9)
Net movement in working capital	<u>(17.3)</u>

Potential bidders

On 26 September 2007, the Board notified shareholders that it had received and rejected a highly conditional offer from Balron Nominees Pty Limited ("Balron") to purchase 100% of the Company's shares at \$1.00 per share.

Since that offer was rejected, a number of other potential bidders interested in acquiring the Company have been allowed to conduct due diligence.

The process is ongoing with interested parties (including Balron).

Outlook

The outlook for the second half is for continued strong performance from Bisalloy. We expect Bisalloy will meet or exceed its budgeted targets for FY2008.

The initiatives in terms of cost reductions in operating and administrative costs in the distribution division, coupled with a more effective supply chain system, will see improving margins and the Distribution division return to profitability in the last quarter of the financial year.

The Company will move back into profits during the fourth quarter of FY2008 and we expect to restore the Company's financial position in FY2009.

Dividend

No dividend has been declared by the Board in respect of the half.

DIRECTORS

The names of directors of Atlas Group Holdings Limited ("the Company") in office during the financial period and until the date of this report are set out below. Directors were in office for the entire period, unless otherwise stated.

Name	Experience
Mr Phillip Cave B.Bus, FCPA	Non-Executive Chairman
Mr Kym Godson Dip Tech (Bus Admin) FAICD, FAIM	Chief Executive Officer and Managing Director.
Mr Richard Grellman FCA	Non-Executive Director
Mr Graeme Pettigrew FPNA, FAIM, FAICD	Non-Executive Director

Signed in accordance with a resolution of the directors.



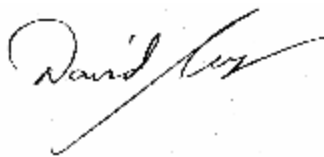
Kym Godson
Managing Director
28 February 2008

Auditor's Independence Declaration to the Directors of Atlas Group Holdings Limited

In relation to our review of the financial report of Atlas Group Holdings Limited for the half-year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'David McGregor'.

Mr David McGregor
Partner
Melbourne
28 February 2008

Consolidated Income Statement

Half year ended 31 December 2007

	Notes	Half Year ended 31 Dec 2007 \$'000	Half Year ended 31 Dec 2006 \$'000
Continuing operations			
Revenue			
Sales of goods		236,439	201,472
Rendering of services		1,400	1,331
Rental revenue		89	37
Finance revenue	3(a)	207	281
		<u>238,135</u>	<u>203,121</u>
Cost of sales		(196,457)	(160,065)
Gross profit		41,678	43,056
Other income		1,867	253
Distribution expenses		(16,106)	(15,278)
Marketing expenses		(11,381)	(9,845)
Occupancy expenses		(7,095)	(2,449)
Administrative expenses		(12,928)	(8,582)
		<u>(3,965)</u>	<u>7,155</u>
(Loss) / Profit from continuing operations before tax, finance costs		(3,965)	7,155
Finance costs	3(b)	(7,528)	(4,247)
		<u>(11,493)</u>	<u>2,908</u>
(Loss) / Profit from continuing operations before income tax		(11,493)	2,908
Income tax benefit / (expense)		3,112	(2,884)
		<u>(8,381)</u>	<u>24</u>
(Loss)/Profit after tax from continuing operations		(8,381)	24
Discontinued operations			
(Loss)/Profit after tax from discontinued operations	4	(57)	29
		<u>(8,438)</u>	<u>53</u>
Net (Loss)/Profit for the period		(8,438)	53
Net profit attributable to minority interest		(361)	(225)
		<u>(8,799)</u>	<u>(172)</u>
Net loss attributable to members of the Company		(8,799)	(172)
Earnings per share (cents per share)			
	6		
- basic for profit/(loss) for the period		(8.5)	(0.2)
- basic for profit/(loss) from continuing operations		(8.4)	(0.2)
- diluted for profit/(loss) for the period		(8.5)	(0.2)
- diluted for profit/(loss) from continuing operations		(8.4)	(0.2)
- dividends per share (fully franked at 30% tax rate)		-	-
- dividends per share (unfranked)		-	1.5

**Consolidated Balance Sheet
31 December 2007**

	Notes	31 Dec 2007 \$'000	30 June 2007 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	1,793	2,986
Trade and other receivables		72,737	85,933
Inventories		138,069	154,066
Other current assets		1,329	1,973
Income tax receivable		1,795	1,460
		215,723	246,418
Assets held for sale	4	41	2,895
Total current assets		215,764	249,313
Non current assets			
Deferred tax asset		5,938	1,868
Property, plant and equipment		27,755	28,931
Intangible assets		5,874	6,318
Total non current assets		39,567	37,117
Total assets		255,331	286,430
LIABILITIES			
Current liabilities			
Trade and other payables		64,138	75,999
Interest bearing loans and borrowings		1,740	17,790
Income tax payable		291	646
Provisions		2,396	5,849
Other finance liabilities		542	2,308
Total current liabilities		69,107	102,592
Non current liabilities			
Interest bearing loans and borrowings		138,382	127,045
Provisions		3,135	3,148
Total non current liabilities		141,516	130,193
Total liabilities		210,624	232,785
NET ASSETS		44,707	53,645
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	5	40,930	40,205
Retained earnings		2,297	12,629
Other reserves		(1,137)	(1,517)
Parent interests		42,090	51,317
Minority interests		2,617	2,328
TOTAL EQUITY		44,707	53,645

Consolidated Cash Flow Statement

Half Year ended 31 December 2007

	Notes	Half Year ended 31 Dec 2007 \$'000	Half Year ended 31 Dec 2006 \$'000
Cash flows from operating activities			
Receipts from customers		272,518	224,935
Payments to suppliers and employees		(260,761)	(235,454)
Interest received		207	280
Borrowing costs		(7,528)	(4,197)
Income tax paid		(1,747)	(2,094)
Net cash inflow/(outflow) from operating activities		2,689	(16,530)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		4,382	372
Payments for property, plant and equipment		(1,287)	(4,954)
Net cash inflow/(outflow) from investing activities		3,095	(4,582)
Cash flows from financing activities			
Payment of finance lease liabilities		(1,956)	(799)
(Repayment of)/proceeds from borrowings		(4,213)	24,406
Equity dividend paid		(808)	(2,448)
Net cash (outflow)/inflow from financing activities		(6,977)	21,159
Net (decrease)/increase in cash and cash equivalents		(1,193)	47
Cash and cash equivalents at the beginning of period		2,986	1,041
Cash and cash equivalents the end of period		1,793	1,088

Consolidated Statement of Changes in Equity

Half Year ended 31 December 2007

	Attributable to equity holders of the Company						Minority interest	Total equity
		Employee	Net loss / (gain) on cash	Foreign currency				
	Issued	equity	flow	translation	Retained			
	capital	benefits	hedges	reserve	earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2007	40,205	428	339	(2,284)	12,629	51,317	2,328	53,645
Gain/(loss) on translation of overseas controlled entities	-	-	-	582	-	582	(72)	510
Net income recognised in equity	-	-	-	582	-	582	(72)	510
Profit for the period	-	-	-	-	(8,799)	(8,799)	361	(8,438)
Total recognised income and expenses for the year	-	-	-	582	(8,799)	(8,217)	289	(7,928)
Cost of share-based payments	-	47	-	-	-	47	-	47
Reversal net losses on cash flow hedges	-	-	(339)	-	-	(339)	-	(339)
Net losses on cash flow hedges current year	-	-	90	-	-	90	-	90
Dividend reinvestment plan	725	-	-	-	(725)	-	-	-
Payment of dividend	-	-	-	-	(808)	(808)	-	(808)
At 31 December 2007	40,930	475	90	(1,702)	2,297	42,090	2,617	44,707
At 30 June 2006	38,168	359	-	(2,039)	19,586	56,074	2,003	58,077
Gain/(loss) on translation of overseas controlled entities	-	-	-	(9)	-	(9)	(1)	(10)
Net income recognised in equity	38,168	359	-	(2,048)	19,586	56,065	2,002	58,067
Profit for the period	-	-	-	-	(172)	(172)	225	53
Total recognised income and expenses for the year	-	-	-	-	(172)	(172)	225	53
Cost of share-based payments	-	180	-	-	-	180	-	180
Net gains on cash flow hedges	-	-	(1,110)	-	-	(1,110)	-	(1,110)
Dividend reinvestment plan	1,505	-	-	-	(1,505)	-	-	-
Payment of dividend	-	-	-	-	(2,448)	(2,448)	-	(2,448)
Other	-	-	-	-	106	106	-	106
At 31 December 2006	39,673	539	(1,110)	(2,048)	15,567	52,621	2,227	54,848

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes

1. Summary of significant accounting policies**a. Basis of preparation**

This general purpose condensed financial report for the half year ended 31 December 2007 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The financial information contained herein has been prepared in accordance with the historical cost convention, except for assets and liabilities classified as held for sale, which are measured at fair value less costs to sell and derivative financial instruments which have been measured at fair value.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2007 and considered together with any public announcements made by the Company during the half year ended 31 December 2007 in accordance with the continuous disclosure obligations of the ASX listing rules. The accounting policies are the same as those adopted in the most recent annual financial report.

The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

b. Going Concern Basis

The directors believe the going concern basis is appropriate. During the period management completed a restructure of the Distribution division, resulting in a reduced cost base. Actions taken to reduce the cost base of the division include:

- Australian Distribution division restructured – business now structured into three regions; sales and product management positions rationalised and duplicated back office functions eliminated.
- Project Services division eliminated – project services activities now integrated back into Australian Distribution division; some additional provisions required to resolve issues in relation to poor project sales undertaken by previous management.
- Supply chain reconfigured – centralised supply model substantially reconfigured; freight and personnel costs reductions effected.
- New Zealand Distribution division restructured – Onehunga branch closed and Auckland operations now centred at East Tamaki; head count reductions implemented and sales effort restructured at New Zealand Tube Mills.

Management have a number of initiatives designed to return the business to profitability, including:

- Increased focus on sales prices and margin maximisation
- Sell through strategy for non core products
- Realigned sales force focus and effectiveness
- Increased focus on projects and indent business

In December 2007, the Company obtained a waiver from its financiers GE Commercial, for breaches in its covenants. The Company also renegotiated an increased facility limit by \$25m to \$150m, with an extension of the facility out to 2010.

As part of the renegotiation the covenants were reset commencing January 2008, with a further reset for February 2008.

Management forecasts reflect that the achievement of the covenants will remain tight up to June 2008. The Company has a strong relationship with its financiers and will continue to work with them during this period. Forecasts completed in February 2008 show the company returning to profits in the last quarter of this financial year. Despite the significant inherent uncertainty in the forecasts, the directors and management are of the view that the forecasts and return to profitability will be achieved.

	Half Year Ending 31 Dec 2007 \$'000	Half Year Ending 31 Dec 2006 \$'000
2. Dividends:		
Dividends paid		
Final 2007 dividend at 1.5 cents per share (unfranked) (2006: 3.9 cents fully franked at the 30% tax rate)	1,533	3,953
3. Revenues and expenses:		
(a) Finance revenue		
Bank interest	207	281
	207	281
(b) Finance costs		
Bank loans and overdrafts	7,097	4,006
Finance charges payable under finance leases and hire purchase contracts	138	154
Interest rate swap change in fair value	293	-
Other borrowing costs	-	87
Total finance costs	7,528	4,247
(c) Depreciation, amortisation, foreign exchange differences and costs of inventories included in income statement		
Depreciation and amortisation	2,785	2,122
Foreign exchange loss / (gain)	844	(673)

		Half Year Ending 31 Dec 2007 \$'000	Half Year Ending 31 Dec 2006 \$'000
(d) Lease payment and other expenses included in income statement			
Rental – operating leases		4,493	4,488
(e) Employee benefits expense			
Wages and salaries		22,831	20,325
Workers' compensation costs		789	788
Superannuation costs		1,410	1,251
Expense of share-based payments		47	180
		25,077	22,544

4. Discontinued operations:

During 2006 Atlas Group Holdings Limited resolved to close the automotive operations of Southward Engineering Co Limited ("Southward"), a Company that manufactures automotive and tubular products in New Zealand.

On 24 January 2007, Atlas Group Holdings decided that the Company's Altona-based wire mills would cease production in the first half of 2007. Production was ceased on 17 May 2007.

At 30 June 2007 Property, plant and equipment to the value of \$2.7m was classified as discontinued operations. Only a small portion of these assets were part of and used by the discontinued operations. On reassessment, the Company has recorded the \$1.7m gain on sale as part of other income in continuing operations.

CONSOLIDATED						
The results of the discontinued operations for the period are presented below	HY07			HY06		
	Southward	Wiremill	Total	Southward	Wiremill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	-	-	-	4,717	2,565	7,282
Expenses	(57)	-	(57)	(4,712)	(2,563)	(7,275)
Gross profit/(loss)	(57)	-	(57)	5	2	7
Finance income/(expense)	-	-	-	(9)	-	(9)
Pre-tax profit/(loss)	(57)	-	(57)	(4)	2	(2)
Profit/(loss) recognised on the remeasurement to fair value	-	-	-	-	-	-
Profit/(loss) before tax from discontinued operation	(57)	-	(57)	(4)	2	(2)
Income tax (charge)/benefit:						
- related to pre-tax loss	-	-	(57)	31	-	31
Net profit/(loss) attributable to discontinued operation	(57)	-	(57)	27	2	29

4. Discontinued operations: (continued)

The major classes of assets and liabilities of the discontinued operations measured at the lower of carrying amount and fair value less costs to sell are as follows:

SOUTHWARD
Assets

Plant & equipment

Trade and other receivables

Non-current assets classified as held for sale

Net assets attributable to discontinued operations

**31 Dec
2007
\$'000**

**30 June
2007
\$'000**

- 51

- 140

- 191

- 191

WIREMILL
Assets

Land and buildings

Plant & equipment

Trade and other receivables

Non-current assets classified as held for sale

Net assets attributable to discontinued operations

- 2,575

41 24

- 105

41 2,704

41 2,704

**31 Dec 2007
\$'000**

**31 Dec 2006
\$'000**

The net cash flows incurred by the automotive operations of Southward are as follows:

Operating

Investing

Intercompany Financing

Net cash inflow/(outflow)

252 6,547

- -

- (6,547)

252 -

The net cash flows incurred by the Wiremill operations are as follows:

Operating

Investing

Intercompany Financing

Net cash inflow/(outflow)

105 -

- -

- -

105 -

	31 Dec 2007 \$'000	30 June 2007 \$'000
5. Issued capital:		
<i>Ordinary shares</i>		
<i>Issued and fully paid</i>	40,930	40,205
	Thousands	\$'000
<i>Movement in ordinary shares on issue</i>		
At 1 Jan 2007	103,005	39,673
Dividend reinvestment plan	677	532
At 30 Jun 2007	103,682	40,205
Dividend reinvestment plan	883	725
At 31 Dec 2007	104,565	40,930
	Half Year Ended 31 Dec 2007	Half Year Ended 31 Dec 2006
6. Earnings per share:		
Calculation of the following in accordance with AASB 133:		
Net (loss)/profit from continuing operations	(8,382)	24
Net profit attributable to minority interest holders	361	(255)
Net (loss)/profit attributable to equity holder from continuing operations	(8,743)	(231)
Net (loss)/profit attributable to equity holders from discontinued operations	(57)	29
Net (loss)/profit attributable to equity holders of the parent	(8,799)	(172)
Net (loss)/profit attributable to ordinary shareholders for diluted earnings per share	(8,799)	(172)
Net (loss)/profit attributable to ordinary shareholders from discontinued operations for basic earnings per share.	(57)	29
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	103,903	101,777
Effects of dilution:		
Performance rights	1,705	3,693
Adjusted weighted average number of ordinary shares for diluted earnings per share	105,608	105,470
Weighted average number of lapsed or cancelled potential ordinary shares included in diluted earnings per share	-	-

	31 Dec 2007 \$'000	30 June 2007 \$'000
7. Cash and cash equivalents		
Cash at bank and in hand	1,793	2,986
a. Reconciliation of cash		
For the purposes of the statements of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	1,793	2,986
	1,793	2,986
b. Non-cash financing activities		
<i>Dividend reinvestment plan</i>		
Under the terms and conditions of the dividend reinvestment plan \$725,000 (2006: \$1,505,000) of dividends were paid via the issue of 883,404 shares (2006: 1,636,146).		
8. Commitments and contingencies		
Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.		

9. Segment information

The Group's primary segment reporting format is business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced.

As a result of business restructures undertaken during the 2007 financial year, management has aligned continuing operations with the following business segments:

- The distribution segment is a supplier of stainless steel flat products, stainless steel sections, quenched and tempered steel plate, aluminium flat products, tubular products and engineering steels; and
- The primary processing segment converts supplier manufactured product through processing (e.g. quenched and tempered, drawn and peeled, cut to length and polished) into a form suitable for sale.

Business segments

The following table present revenue and result information regarding these business segments for the half years ended 31 December 2007 and 31 December 2006. Information pertaining to the half year ended 31 December 2006 has been restated from that previously reported to align comparative data with current business segments.

	Continuing Operations				Discontinued Operation	
	Distribution \$'000	Processing \$'000	Eliminations / Unallocated \$'000	Total \$'000	\$'000	Total \$'000
31 December 2007						
Segment revenue	171,861	70,118	(3,844)	238,135	-	238,135
Segment result	(4,871)	8,621	(15,243)	(11,493)	(57)	(11,550)
31 December 2006						
Segment revenue	151,662	59,070	(14,893)	195,839	7,282	203,121
Segment result	7,166	7,300	(11,556)	2,910	(2)	(2,908)

Compliance Statement:

1. This report is based on the financial statements to which one of the following applies:

☐ The financial statements have been audited.	☒ The financial statements have been subject to review.
☐ The financial statements are in the process of being audited or subject to review.	☐ The financial statements have not yet been audited or reviewed.

2. The entity has a formally constituted audit committee.

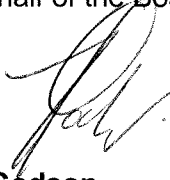
Directors' Declaration

In accordance with a resolution of the directors of Atlas Group Holdings Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Kym Godson
Managing Director
28 February 2008

To the members of Atlas Group Holdings Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half year financial report of Atlas Group Holdings Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration. The consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the half year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Atlas Group Holdings Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report 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 Australian Auditing Standards 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

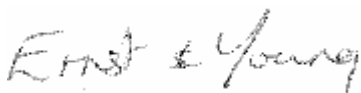
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Atlas Group Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

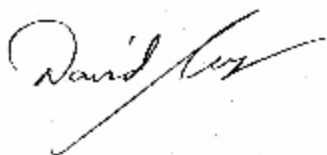
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the six month's ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Inherent Uncertainty Regarding Financial Covenant Compliance

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1b, there is significant inherent uncertainty whether Atlas Group Holdings Limited will be able to comply with the financial covenants of its debt facilities and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. Should the Group be in breach of its covenants, it will need to obtain a waiver from the financier. The financial report does not include adjustments relating to the recoverability and classification of the recorded assets amounts, or to the amounts and classifications of liabilities that might be necessary should the Group not comply with its financial covenants.



Ernst & Young



Mr David McGregor
Partner
Melbourne
28 February 2008