Ronson Europe N.V.

Interim Financial Report
for the nine months
ended
30 September 2013

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Directors' Report

General

Introduction

Ronson Europe N.V. (hereinafter "the Company"), a Dutch public company with its registered office located in Rotterdam, the Netherlands, was incorporated on 18 June 2007. The Company through its subsidiaries (hereinafter "the Group"), is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects and single family or semi-detached housing to individual customers in Poland.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 30 September 2013, 32.1% of the outstanding shares are controlled by I.T.R. 2012 B.V., a further 32.1% of the outstanding shares are controlled by I.T.R. Dori B.V. (both cooperating through the ITRD Partnership), 15.3% of the outstanding shares are held by GE Real Estate CE Residential B.V. ('GE Real Estate') and the remaining 20.5% of the outstanding shares are held by other investors including Amplico Otwarty Fundusz Emerytalny and ING Otwarty Fundusz Emerytalny each holding between 5% and 10% of the outstanding shares. For major shareholders of the Company reference is made to page 19. On 5 November 2013, the market price was PLN 1.95 per share giving the Company a market capitalization of PLN 531.1 million.

Company overview

The Company is an experienced, fast-growing and dynamic residential real estate developer expanding its geographic reach to major metropolitan areas across Poland. Leveraging upon its large portfolio of secured sites, the Company believes it is well positioned to maintain its position as a leading residential development company throughout Poland.

The Company aims to maximize value for its shareholders by a selective geographical expansion in Poland as well as by creation of a portfolio of real estate development properties. Management believes the Company has positioned itself strongly to navigate the volatile economic environment the Company has found itself in over the past several years. On the one hand, the Polish economy appears to remain stable, which potentially bodes well for the Company's prospects. On the other hand, the tenuous European recovery may continue to have a negative impact on the Polish economy and the Company's overall prospects. As a result, the Company continues to adhere to a development strategy that allows it to adjust quickly to these uncertain conditions by spreading risks through (i) closely monitoring its projects, (ii) potentially modifying the number of projects and their quality and sizes, (iii) considering various other geographical locations to commence development, and (iv) maintaining its conservative financial policy compared to other regional residential developers.

As at 30 September 2013, the Group has 898 units available for sale in ten locations, of which six are ongoing projects, comprising a total of 1,059 units, with a total area of 56,100 m^2. The construction of 78 units, with a total area of 4,900 m^2, is expected to be completed during the remainder of 2013.
In addition, the Group has a pipeline of 21 projects in different stages of preparation, representing approximately 5,000 residential units with a total area of approximately 326,500 m^2 for future development in Warsaw, Poznań, Wrocław and Szczecin. The Group is considering commencement of another stage of the currently run project comprising 107 units with a total area of 5,700 m^2, and two new projects comprising 255 units with a total area of 16,700 m^2, during the remainder of 2013.

During the nine months ended 30 September 2013, the Company realized sales of 418 units with the total value PLN 161.4 million, which compares favorably to sales of 261 units with a total value of PLN 105.6 million during the nine months ended 30 September 2012. These results appear to reflect an improving market position of the Company in comparison to other developers listed in WSE, as they reported increased sales, they were at a slower rate than our increase in the same period.

Company overview (cont'd)

During June and July 2013, the Company issued bonds with an aggregate nominal value and issue price of PLN 116.3 million. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus a margin, with interest payable semi-annually and maturing in June 2016 (PLN 23.5 million), July 2016 (PLN 9.3 million) and June 2017 (PLN 83.5 million), with full payment due on the maturity date. The bonds have been issued in order to enable the Company to refinance the PLN 66.8 million in bonds issued by the Company in April 2011. Moreover, in October 2013, the Company repaid all of its outstanding series B bonds in the nominal value of PLN 15.7 million utilizing its option of earlier repurchase. Furthermore, the proceeds from the bonds provide the Company with additional capital required to purchase land for new projects as well as to commence construction of new projects. For additional information see Note 10 of the Interim Condensed Consolidated Financial Statements.

Dividend policy

On 8 May 2013, the Company issued current report number 4/2013, announcing that the Company's Management Board would recommend to the General Meeting of Shareholders to change its dividend policy and to start paying dividend in 2013. On 14 May 2013, current report number 5/2013 was issued, stating that he Supervisory Board approved the recommendations of the Management Board. On 27 June 2013, the Annual General Meeting of Shareholders approved the proposal to declare a dividend for the financial year 2012 in the amount of PLN 8,170,800 in total or PLN 0.03 per ordinary share in cash. This is equal to 26% of the net profit attributable to the equity holders of the parent company in 2012. For more details on the payment of the dividend declared for the financial year 2012, please refer to "Additional information to the report – Dividend payment" on page 20.

Since the incorporation of the Company and the IPO in 2007, the Company has retained its profits and did not distribute dividends, in accordance with the dividend policy as set out in the prospectus. The new dividend policy assumes ongoing periodic dividend payouts to the shareholders. The Management Board believes that the expected operating, financial and cash-flow position of the Company may allow for increasing the dividend payout in the future. According to a new policy, the Board of Supervisory Directors will be evaluating the future recommendations of the Board of Managing Directors with respect to the potential dividend payouts taking into account (i) the current and expected balance sheet of the Company, with close observance of the all balance-sheet linked debt covenants, (ii) the financial needs of the Company aiming to be ranked amongst leading residential developers in Poland and (iii) changing market environment.

Market overview

The Polish economy has proven to be relatively strong even in the recent turbulent times, which in combination with the general paucity of dwellings in Poland (in comparison to all other European countries) creates, what management believes to be, solid long term prospects for further development of the residential real estate market in spite of the volatility that has characterized the market for the past five years. Management believes the Company is well positioned to adapt to changing market conditions. The Company's sales results during 2010, 2011, 2012 and during first nine months of 2013 seem to confirm that the Company continues to adapt positively to the changing market environment.

The trend observed in 2010 and in 2011, when increasing activities of developers resulted in an increased offer of apartments available for sale on the market, changed in 2012, as many developers faced difficulties in finding customers for their products. In 2012, the construction of 142 thousand new apartments was commenced in Poland (a decrease of 12% compared to 2011) and this trend continued in 2013 as the residential developers and individual investors commenced construction of only 123 thousand new units during the 12-month period finished in September 2013 which was 18% lower result than in the same period in the previous year. Simultaneously, competition among real estate developers significantly increased, which has, in turn, led to increased customer demands and expectations relating to quality, a more advanced stage of construction and higher expectations for lower priced apartments. Moreover, an increasing number of customers have indicated interest in more "economical-sized" apartments, i.e. the same number of rooms in a smaller area.

Another unique factor affecting the Polish residential market is related to the governmental plans supporting and subsidizing young couples purchasing their first apartments. The most recent program called "Rodzina na Swoim" ("Family on its own") expired at the end of 2012, whereas the next program prepared by the government is expected to go into effect no earlier than 2014. Taking into consideration all these circumstances, various real estate advisors estimated that the sale of the total number of dwellings in major Polish metropolitan areas would fall by 15% to 20% in 2013, while in Warsaw the market was projected to shrink by 10% to 15% from last year. Recent actual results suggest

Market overview (cont'd)

that those estimates were too pessimistic. The number of apartments sold in Warsaw during first half of 2013 amounted to 6.0 thousand units, which was only 5% lower than in the corresponding period in 2012, when it amounted to 6.3 thousand. During the third quarter of 2013 the market conditions actually improved significantly as the total number of new apartments sold in the Warsaw market increased from 2.4 thousand to 3.9 thousand (by over 60%). Moreover during the first nine months of 2013, the prices of the apartments stabilized, which became an important reason for many customers awaiting further discounts not to delay their purchase. The prices of Warsaw apartments have already stabilized for many months and according to many analysts, the residential market in Warsaw (as well as in many other major Polish cities) has reached an equilibrium.

Moreover in the last few months, the National Bank of Poland has kept interest rates at record low levels (only 2.5% since July 2013). Sharp decreases in interest rates in 2013 have positively impacted the residential market, as on the one hand mortgage loans became more affordable to the potential clients and on the other hand more customers purchase apartments for cash, as they consider this real estate investment as an attractive alternative to the very low interest earned on banking deposits. To that end (according to the estimates of real estate brokers), the number of clients purchasing apartments for cash doubled in comparison to the trends observed for similar periods in 2012.

All the above factors and especially significantly improved sales results during the third quarter of 2013, which were observed also in other Polish metropolitan areas, may indicate a positive change of the trend observed during last two years. Management believes that all of the above factors taken together suggest ongoing improvement in the Polish residential market in the coming quarters.

Meanwhile, on the construction side, arranging the financing of construction sites has become more challenging for developers due to implementation of a new law that entered into force in Poland in April 2012, which requires construction processes to be financed from debt as well as equity or, alternatively, to be secured by additional bank guarantees increasing security of customers' deposits, if such deposits are being used for financing the construction. Management believes that the Company is in a relatively strong financial position and should not face difficulties in arranging debt financing for its projects. In addition, to further minimize market risk, the Company is taking a very selective approach when initiating new projects. In the preparation phase of all projects, great emphasis is put on splitting the projects into smaller parts. Management is also cognizant of the tightened credit markets. Accordingly, when planning its newest projects, the Company has prepared itself for more demanding debt facility structures that are being imposed by the lending banks especially anticipating the requirements under the new developers' law.

Business highlights during the nine months ended 30 September 2013

A. Projects completed

The table below presents information on the projects that were completed (i.e. completing all construction works and receiving occupancy permit) during the nine months ended 30 September 2013:

Project name	Location	Number of units	Area of units (m^2)
Sakura II (*)	Warsaw	136	8,300
Chilli II (*)	Poznań	20	1,600
Naturalis III (*)	Warsaw	60	3,400
Total		**216**	**13,300**

(*) For additional information see section 'B. Results breakdown by projects' below.

B. Results breakdown by project

Revenue from the sale of residential units is recognized upon the transfer to the buyer of significant risks and rewards of the ownership of the residential unit, i.e. upon signing of the protocol of technical acceptance and the transfer of the key to the buyer of the residential unit. Total revenue of the Group recognized during the nine months ended 30 September 2013 amounted to PLN 168 million, whereas cost of sales amounted to PLN 131.5 million, which resulted in a gross profit amounting to PLN 36.5 million with a gross margin of 21.7%.

The following table specifies revenue, cost of sales, gross profit and gross margin during the nine months ended 30 September 2013 on a project by project basis:

	Information on the delivered units		Revenue (*)		Cost of sales (**)		Gross profit	Gross margin
Project name	**Number of units**	**Area of units (m^2)**	**PLN (thousand)**	**%**	**PLN (thousand)**	**%**	**PLN (thousand)**	**%**
Gemini II	70	5,359	43,205	25.7%	26,256	19.9%	16,949	39.2%
Verdis I	57	4,244	29,224	17.4%	19,940	15.2%	9,284	31.8%
Sakura I & II	134	8,022	55,224	33.0%	46,855	35.6%	8,369	15.2%
Impressio I	19	1,320	7,608	4.5%	7,720	5.9%	(112)	-1.5%
Constans	8	2,154	8,125	4.8%	8,378	6.4%	(253)	-3.1%
Naturalis I, II & III	36	1,875	9,922	5.9%	8,611	6.6%	1,311	13.2%
Panoramika I	40	2,322	10,543	6.3%	10,035	7.6%	508	4.8%
Chilli I & II	12	855	3,599	2.1%	3,368	2.6%	231	6.4%
Other	N.A	N.A	515	0.3%	292	0.2%	223	43.3%
Total / Average	**376**	**26,151**	**167,965**	**100%**	**131,455**	**100.0%**	**36,510**	**21.7%**

(*) Revenue is recognized upon the transfer of significant risks and rewards of the ownership of the residential unit to the buyer, i.e. upon signing of the protocol of technical acceptance and the transfer of the key of the residential unit to the buyer.

(**) Cost of sales allocated to the delivered units proportionally to the expected total value of the project.

Gemini II

The construction of the Gemini II project was completed in December 2012. The Gemini II project was developed on a land strip of 4,703 m^2 located in the Ursynów district in Warsaw (KEN Avenue) situated next to the subway station Imielin. The Gemini II project comprises 2 eight and eleven-storey, multi-family residential buildings with a total of 167 apartments and 15 commercial units and an aggregate floor space of 13,900 m^2.

Verdis I

The construction of the Verdis I was completed in December 2012. The Verdis I project was developed on a part of a land strip of 16,300 m^2 located in the Wola district in Warsaw (Sowińskiego Street). The Verdis I project comprises 3 seven, eight and ten-storey, multi-family residential buildings with a total of 128 apartments and 11 commercial units and an aggregate floor space of 9,400 m^2.

Business highlights during the nine months ended 30 September 2013 (cont'd)

B. Results breakdown by project (cont'd)

Sakura I & II

The construction of the Sakura I and Sakura II projects were completed in May 2012 and May 2013, respectively. The Sakura I and Sakura II projects were developed on a part of a land strip of 21,000 m^2 located in the Mokotów district in Warsaw (Kłobucka Street). The Sakura I and Sakura II projects comprise 1 eleven-storey, multi-family residential building with a total of 99 apartments and 21 commercial units and an aggregate floor space of 8,100 m^2 and 1 seven and eleven-storey, multi-family residential building with a total of 136 apartments and an aggregate floor space of 8,300 m^2, respectively.

Impressio I

The construction of the Impressio I project was completed in June 2012. The Impressio I project was developed on a part of a land strip of 14,500 m^2 located in the Grabiszyn district in Wrocław. The Impressio I project comprises 3 four-storey, multi-family residential buildings with a total of 70 apartments and an aggregate floor space of 4,500 m^2.

Constans

The first, second and the third phases of the Constans housing project were completed in July 2010, November 2010 and June 2011, respectively. This project was developed on part of a land strip of 36,377 m^2 located in Konstancin near Warsaw. The first, second and the third phases of the Constans housing project comprise 8 semi-detached units (total 16 units) with an aggregate floor space of 4,471 m^2, 5 semi-detached units (total 10 units) with an aggregate floor space of 2,758 m^2 and 4 semi-detached units (total 8 units) with an aggregate floor space of 2,176 m^2, respectively.

Naturalis I, II & III

The construction of the Naturalis I, II and III projects were completed in December 2012, August 2012 and August 2013, respectively. The Naturalis I, II and III projects were developed on a part of a land strip of 31,800 m^2 located in Łomianki near Warsaw. The Naturalis I, II and III projects comprise 1 four-storey, multi-family residential building with a total of 52 apartments and an aggregate floor space of 2,900 m^2 and 2 four-storey, multi-family residential buildings, each with a total of 60 apartments and an aggregate floor space of 3,400 m^2.

Panoramika I

The construction of the Panoramika I project was completed in October 2012. The Panoramika I project was developed on a part of a land strip of 30,300 m^2 located in Szczecin at Duńska Street. The Panoramika I project comprises 2 four and five-storey, multi-family residential buildings with a total of 90 apartments and an aggregate floor space of 5,300 m^2.

Chilli I & II

The construction of the Chilli I and II projects were completed in July 2012 and July 2013, respectively. The Chilli I and II projects were developed on a part of a land strip of 39,604 m^2 located in Tulce near Poznań. The Chilli I and II projects comprises 30 units with an aggregate floor space of 2,100 m^2 and 20 units with an aggregate floor space of 1,600 m^2, respectively.

Other

Other revenues are mainly associated with sales of the parking places and storages in other projects that were completed in previous years, as well as rental revenues.

Business highlights during the nine months ended 30 September 2013 (cont'd)

C. Units sold during the year

The table below presents information on the total units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), during the nine months ended 30 September 2013:

Project name	Location	Units sold until 31 December 2012	Units sold during the nine months ended 30 September 2013	Units for sale as at 30 September 2013	Total
Constans (*)	Warsaw	21	12	1	34
Gemini II (*)	Warsaw	166	14	2	182
Verdis I (*)	Warsaw	105	26	8	139
Verdis II (**)	Warsaw	19	32	27	78
Verdis III (**)	Warsaw	-	5	141	146
Sakura I & II (*)	Warsaw	141	94	21	256
Sakura III (**)	Warsaw	-	8	137	145
Naturalis I, II & III (*)	Warsaw	61	32	79	172
Impressio I (*)	Wrocław	48	17	5	70
Impressio II (*)	Wrocław	-	-	142	142
Chilli I & II (*)	Poznań	21	26	3	50
Chilli III (**)	Poznań	-	-	38	38
Panoramika I (*)	Szczecin	33	34	23	90
Espresso I (**)	Warsaw	96	83	31	210
Espresso II (**)	Warsaw	-	8	144	152
Młody Grunwald I (**)	Poznań	25	27	96	148
Total		**736**	**418**	**898**	**2,052**

(*) For information on the completed projects see "Business highlights during the nine months ended 30 September 2013 – B. Results breakdown by project"(pages 4 and 5).

(**) For information on current projects under construction and/or on sale, see "Outlook for the remainder of 2013 – B. Current projects under construction and/or on sale" (pages 14-16).

D. Commencements of new projects

The table below presents information on the projects for which construction and/or sale commenced during the nine months ended 30 September 2013:

Project name	Location	Number of units	Area of units (m^2)
Sakura III (*)	Warsaw	145	7,300
Verdis III (*)	Warsaw	146	7,700
Espresso II (*)	Warsaw	152	7,600
Impressio II (*)	Wrocław	142	8,400
Chilli III (*)	Poznań	38	2,200
Total		**623**	**33,200**

(*) For information on current projects under construction and/or on sale, see "Outlook for the remainder of 2013 – B. Current projects under construction and/or on sale" (pages 14-16).

Financial information

The Interim Condensed Consolidated Financial Statements as included in this Interim Financial Report on pages 21 through 42 have been prepared in accordance with IAS 34 of the International Financial Reporting Standards ("IFRS") as endorsed by the EU. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the full IFRSs and the IFRSs endorsed by the European Union, except for IFRS 10-12 impact, which effective date was moved to 1 January 2014. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").
The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. For additional information see Note 3 of the Interim Condensed Consolidated Financial Statements.

Overview of results

The net profit attributable to the equity holders of the parent company for the nine months ended 30 September 2013 was PLN 17,834 thousand and can be summarized as follows:

	For the nine months ended 30 September	
	2013	**2012**
	PLN (thousands, except per share data)	
Revenue *	167,965	73,439
Cost of sales	(131,455)	(61,498)
Gross profit	**36,510**	**11,941**
Selling and marketing expenses	(5,135)	(4,442)
Administrative expenses	(11,951)	(10,667)
Other expense	(1,939)	(932)
Other income *	480	930
Result from operating activities	**17,965**	**(3,170)**
Finance income	1,429	2,839
Finance expense	(2,663)	(898)
Net finance income/(expense)	**(1,234)**	**1,941**
Profit/(loss) before taxation	**16,731**	**(1,229)**
Income tax benefit	749	1,259
Net profit for the period before non-controlling interests	**17,480**	**30**
Non-controlling interests	354	269
Net profit for the period attributable to the equity holders of the parent	**17,834**	**299**
Net earnings per share attributable to the equity holders of the parent (basic and diluted)	**0.065**	**0.001**

* the comparative numbers have been adjusted by PLN 516 thousand in connection with the sales of a small land strip nearby one of the Company's completed projects. This adjustment is only a reclassification; the impact of the adjustment on results and equity is nil.

Overview of results (cont'd)

Revenue

Total revenue increased by PLN 94.5 million (128.7%) from PLN 73.4 million during the nine months ended 30 September 2012 to PLN 167.9 million during the nine months ended 30 September 2013, which is primarily explained by an increase in apartments delivered to the customers in terms of area size (in m^2). The increase is offset in part by a slight decrease in the average selling price per m^2.

The revenues for the nine months ended 30 September 2012 were increased by PLN 0.5 million due reclassification of income recognized in connection with the sales of a small land strip nearby one of the Company's completed projects, which originally was presented in the other income.

Cost of sales

Cost of sales increased by PLN 70.0 million (113.8%) from PLN 61.5 million during the nine months ended 30 September 2012 to PLN 131.5 million during the nine months ended 30 September 2013, which is primarily explained by the cost associated with the increase in apartments delivered to the customers in terms of area size (in m^2), which is partly offset by a slight decrease in the average cost of sales per m^2.

Gross margin

The gross margin during the nine months ended 30 September 2013 was 21.7% which compares to a gross margin during the nine months ended 30 September 2012 of 16.3%. The increase in gross margin is primarily explained by the impact of the write-down adjustment on the Constans project, which was recognized during the nine months ended 30 September 2012, as well as by a slight decrease in the cost of sales per m^2. The increase is offset in part by a slight decrease in the average selling price per m^2.

Selling and marketing expenses

Selling and marketing expenses increased by PLN 0.7 million (15.6%) from PLN 4.4 million for the nine months ended 30 September 2012 to PLN 5.1 million for the nine months ended 30 September 2013. The increase of expenses reflects the changing market dynamics, which demands that developers undertake a more proactive sales and marketing effort in a more competitive environment. Simultaneously the number of units sold by the Company increased in the period by 60% (from 261 during nine months ended 30 September 2012 to 418 units during corresponding period in 2013).

Administrative expenses

Administrative expenses increased by PLN 1.3 million (12%) from PLN 10.7 million for the nine months ended 30 September 2012 to PLN 12.0 million for the nine months ended 30 September 2013. The increase is primarily explained by an increase in the Management Board bonus which is calculated in proportion to the profit before tax, as well as increase in the sales department bonus due to the increase in sales.

Result from operating activities

As a result of the factors described above, the Company's operating result increased by PLN 21.2 million, from an operating loss of PLN 3.2 million for nine months ended 30 September 2012 to an operating profit of PLN 18.0 million for nine months ended 30 September 2013.

Overview of results (cont'd)

Net finance income/(expense)

Finance income/(expense) is accrued and capitalized as part of the cost price of inventory to the extent this is directly and indirectly attributable to the construction of residential units. Unallocated finance income/(expense) not capitalized is recognized in the statement of comprehensive income.

The table below shows the finance income/(expense) before capitalization into inventories and the total finance income/(expenses) capitalized into inventories:

	For the nine months ended 30 September 2013		
	PLN (thousands)		
	Total amount	**Amount capitalized**	**Recognized as profit or loss**
Finance income	1,525	(96)	1,429
Finance expense	(13,621)	10,958	(2,663)
Net finance income/(expense)	**(12,096)**	**10,862**	**(1,234)**

	For the nine months ended 30 September 2012		
	PLN (thousands)		
	Total amount	**Amount capitalized**	**Recognized as profit or loss**
Finance income	2,899	(60)	2,839
Finance expense	(14,892)	13,994	(898)
Net finance income/(expense)	**(11,993)**	**13,934**	**1,941**

Net finance expenses before capitalization increased by PLN 0.1 million (0.9%) from PLN 12.0 million during the nine months ended 30 September 2012 to PLN 12.1 million during the nine months ended 30 September 2013, which was a result of an increase in the average net debt position during the period from PLN 132.7 million during the nine months ended 30 September 2012 to PLN 147.9 million during the nine months ended 30 September 2013, as well as a result of accelerated recognition of the one-time costs related to the bonds issued in 2011, which were repurchased before maturity. The increase was offset in part by a decrease in the reference rates (WIBOR).

Due to increased proportion of the finished goods in the Company's inventory (finished apartments), the Company decreased the amount of financial expense capitalized.

Income tax benefit

During the nine months ended 30 September 2013 the Group realized a tax benefit of PLN 0.7 million, in comparison to a tax benefit of PLN 1.3 million for the nine months ended 30 September 2012. The tax benefit during the nine months ended 30 September 2013 and 30 September 2012 is explained by the recognition of tax assets. The recognition of the tax assets took place after an organizational restructuring of the Group, which allowed the Company to utilize certain tax losses that in prior periods were deemed not to be usable.

Non-controlling interests

Non-controlling interests comprise the share of non-controlling interest (minority shareholders) in profit and losses from subsidiaries that are not 100% owned by the Company and amounted to PLN 354 thousand (positive) for the nine months ended 30 September 2013, as compared to PLN 269 thousand (positive) for the nine months ended 30 September 2012.

Overview of selected details from the Interim Consolidated Statement of Financial Position

The following table presents selected details from the Interim Consolidated Statement of Financial Position in which material changes had occurred.

	As at 30 September 2013	As at 31 December 2012
	PLN (thousands)	
Inventory	617,287	668,080
Advances received	54,723	68,492
Loans and borrowings	200,326	207,557

Inventory

The balance of inventory is PLN 617.3 million as of 30 September 2013 compared to PLN 668.1 million as of 31 December 2012. The decrease in inventory is primarily explained by cost of sales recognized for a total amount of PLN 131 million. The decrease is offset in part by the Group's investments associated with direct construction costs for a total amount of PLN 60.0 million and a net finance expense capitalized for a total amount of PLN 10.9 million.

Advances received

The balance of advances received is PLN 54.7 million as of 30 September 2013 compared to PLN 68.5 million as of 31 December 2012. The decrease is a result of revenues recognized from the sale of residential units for a total amount of PLN 168 million and is offset in part by advances received from clients regarding sales of residential units for a total amount PLN 154.2 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 200.3 million as of 30 September 2013 compared to PLN 207.6 million as of 31 December 2012. The decrease in loans and borrowings is primarily explained by repayment of bonds loans (Series A and B) for the total amount PLN 66.8 million, as well as repayment of bank loans for the total amount PLN 72.3 million. The decrease is offset in part by the effect of issuance of new bond loans (Series C, D and E) for the total amount PLN 113.3 million (net of issue costs), as well as proceeds from bank loans net of bank charges for a total amount of PLN 16.4 million. Of the mentioned PLN 200.3 million, an amount of PLN 58.3 million comprises facilities maturing no later than 30 September 2014.

The maturity structure of the loans and borrowings reflects the Company's recent activities related to bonds issued in April 2011, June 2013 and in July 2013. Simultaneously, the banking loans that were obtained by the Company in the past 5 to 6 years to partially refinance some of its land acquisitions with short-term and medium-term banking facilities are gradually converted into construction loans (when the Company commences construction in a particular project) and repaid by the Company after construction is completed and the apartments are sold to the customers. In addition, for the majority of projects where construction works have already commenced, the Company also entered into new loan agreements regarding the financing of construction costs. The Company intends to repay its loans and borrowings, both received for land purchases as well as for construction works from the proceeds expected from customers buying apartments in the projects co-financed with the particular loans as well as with the bonds.

Overview of selected details from the Interim Consolidated Statement of Financial Position (cont'd)

Loans and borrowings (cont'd)

The loans and borrowings may be split into four categories: 1) floating rate bond loans, 2) banking loans related to residential projects which are completed or under construction, 3) banking loans granted for the financing of land purchases related to projects where the Company has not entered into loan facilities regarding the financing of construction works and 4) loans from third parties.

Floating rate bond loans as at 30 September 2013 amounted to PLN 137.1 million comprising a loan principal amount of PLN 137.0 million plus accrued interest of PLN 3.0 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 2.9 million). For additional information see Note 10 of the Interim Condensed Consolidated Financial Statements.

The bank loans supporting completed projects or projects under construction are tailored to the pace of construction works and of sales. As at 30 September 2013, loans in this category amounted to PLN 15.4 million.

The bank loans granted to finance the land purchases as at 30 September 2013 amounted to PLN 34.7 million in total.

Loans from third parties as at 30 September 2013 amounted to PLN 13.1 million.

Overview of cash flow results

The Group funds its day-to-day operations principally from cash flow provided by its operating activities, loans and borrowings under its loan facilities.

The following table sets forth the cash flow on a consolidated basis:

	For the nine months ended 30 September	
	2013	**2012**
	PLN (thousands)	
Cash flow from/(used in) operating activities	44,582	(34,547)
Cash flow from/(used in) investing activities	2,378	(7,332)
Cash flow from/(used in) financing activities	(19,115)	1,454

Cash flow from/(used in) operating activities

The Company's net cash inflow from operating activities for the nine months ended 30 September 2013 amounted to PLN 44.6 million which compares to a net cash outflow used in operating activities during the nine months ended 30 September 2012 amounting to PLN 34.5 million. The increase is principally explained by:

- a net cash inflow from inventory amounting to PLN 61.7 million during the nine months ended 30 September 2013 as compared to a net cash outflow used in inventory amounting to PLN 72.1 million during the nine months ended 30 September 2012. The main reason for increasing cash inflow from inventory was an increase in the cost of sales recognized.

This effect was offset in part by:

- a net cash outflow from advances received from clients regarding sales of residential units from cash inflow PLN 154.2 million during the nine months ended 30 September 2013, which were offset by revenue recognized for a total amount of PLN 168.0 million, comparing to a net cash inflow from advances received in the amount of PLN 128.7 million during the nine months ended 30 September 2012, which were offset by revenue recognized for a total amount of PLN 73.4 million.

Overview of cash flow results (cont'd)

Cash flow from/(used in) investing activities

The Company's net cash inflow from investing activities amounting to PLN 2.4 million during the nine months ended 30 September 2013 compared to a net cash outflow used in investing activities totaling PLN 7.3 million during the nine months ended 30 September 2012. The increase is primarily explained by:

- a net cash inflow from investment in Short-term bank deposits (collateralized) amounting to PLN 2.0 million during the nine months ended 30 September 2013 compared to a net cash outflow used in investment in Short-term bank deposits (collateralized) amounting to PLN 2.6 million during the nine months ended 30 September 2012;
- a net cash outflow used for granting of loans to related parties amounting to PLN 0.2 million during the nine months ended 30 September 2013 compared to PLN 5.2 million during the nine months ended 30 September 2012.

Cash flow from/(used in) financing activities

The Company's net cash outflow used in financing activities amounted to PLN 19.1 million during the nine months ended 30 September 2013 compared to a net cash inflow totaling PLN 1.5 million in the nine months ended 30 September 2012. The decrease is primarily due to:

- a repayment of bonds loans (issued in April 2011) for the total amount PLN 66.8 million during the nine months ended 30 September 2013 compared to PLN nil during the nine months ended 30 September 2012;
- a repayment of secured bank loans amounting to PLN 72.3 million during the nine months ended 30 September 2013 compared to a repayment of secured bank loans amounting to 26.7 million during the nine months ended 30 September 2012;
- a payment of announced dividend amounting to PLN 8.2 million during the nine months ended 30 September 2013 compared to PLN nil during the nine months ended 30 September 2012.

The decrease is partly offset by

- proceeds from issuance of newly issued bond loans for a total amount PLN 113.3 million (net of issue costs) during the nine months ended 30 September 2013 compared to nil during the PLN nine months ended 30 September 2012.

Quarterly reporting by the Company

As a result of requirements (indirectly) pertaining to I.T.R. Dori B.V., one of the Company's larger shareholders, whose ultimate parent company is listed on the Tel Aviv Stock Exchange, the first quarter reports, semi-annual reports and third quarter reports are subject to a full scope review by the Company's auditors. For the Company itself, being domiciled in the Netherlands and listed on the Warsaw Stock Exchange, only the semi-annual report is subject to a review by the Company's auditors. The Company has agreed with the ultimate parent company of I.T.R. Dori B.V. that the costs for the first and third quarter audit review will be fully reimbursed to the Company. The Company considers having its first and third quarter report provided with a review report a benefit to all of its shareholders.

Selected financial data

PLN/EUR	Exchange rate of Euro versus the Polish Zloty: Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2013 (9 months)	**4.201**	**4.067**	**4.343**	**4.216**
2012 (9 months)	4.209	4.047	4.514	4.114

Source: National Bank of Poland ("NBP")

Selected financial data	EUR		PLN	
	(thousands, except per share data and number of shares)			
	For the nine months ended 30 September or as at 30 September			
	2013	**2012**	**2013**	**2012**
Revenues	**39,982**	17,448	**167,965**	73,439
Gross profit	**8,691**	2,837	**36,510**	11,941
Profit before taxation	**3,983**	(292)	**16,731**	(1,229)
Net profit for the period attributable to the equity holders of the parent	**4,245**	71	**17,834**	299
Cash flows from/(used in) operating activities	**10,612**	(8,208)	**44,582**	(34,547)
Cash flows from/(used in) investment activities	**566**	(1,742)	**2,378**	(7,332)
Cash flows from/(used in) financing activities	**(4,550)**	345	**(19,115)**	1,454
Increase/(decrease) in cash and cash equivalents	**6,628**	(9,604)	**27,845**	(40,425)
Inventory	**146,415**	173,749	**617,287**	714,803
Total assets	**181,561**	204,636	**765,462**	841,871
Advances received	**12,980**	34,685	**54,723**	142,694
Long term liabilities	**35,645**	32,579	**150,278**	134,032
Short term liabilities (including advances received)	**34,655**	67,903	**146,107**	279,352
Equity attributable to the equity holders of the parent	**110,418**	103,185	**465,521**	424,502
Share capital	**5,054**	5,054	**20,762**	20,762
Average number of equivalent shares (basic and diluted)	**272,360,000**	272,360,000	**272,360,000**	272,360,000
Earnings per share (basic and diluted)	**0.0155**	0.0002	**0.065**	0.001

* *Information is presented in EUR solely for presentation purposes. Due to changes in the Polish Zloty against the Euro exchange rate over the past period, the Statement of Financial Position data may not accurately reflect the actual comparative financial position of the Company. The reader should consider changes in the PLN / EUR exchange rate from 1 January 2012 to 30 September 2013, when reviewing this data.*
Selected financial data were translated from PLN into EUR in the following way:
(i) Statement of financial position data were translated using the period end exchange rate published by the National Bank of Poland for the last day of the period.
(ii) Statement of comprehensive income and cash flows data were translated using the arithmetical average of average exchange rates published by the National Bank of Poland.

Outlook for the remainder of 2013

A. Completed projects

The table below presents information on the total residential units in the completed projects/stages that the Company expects to sell and deliver during the remainder of 2013 and during 2014:

		Number of residential units delivered (*)			Number of residential units expected to be delivered (*)			
Project name	**Location**	**Until 31 December 2012**	**During the period ended 30 September 2013**	**Total units delivered**	**Sold until 30 September 2013**	**Not sold as at 30 September 2013**	**Total units expected to be delivered**	**Total project**
Constans (**)	Warsaw	19	8	27	6	1	7	34
Gemini II (**)	Warsaw	106	70	176	4	2	6	182
Verdis I (**)	Warsaw	67	57	124	7	8	15	139
Naturalis I,II & III (**)	Warsaw	33	36	69	24	79	103	172
Sakura I & II (**)	Warsaw	86	134	220	15	21	36	256
Impressio I (**)	Wrocław	43	19	62	3	5	8	70
Chilli I & II (**)	Poznań	14	12	26	21	3	24	50
Panoramika I (**)	Szczecin	23	40	63	4	23	27	90
Total		**391**	**376**	**767**	**84**	**142**	**226**	**993**

(*) *For the purpose of disclosing information related to the particular projects, the word "sell" ("sold") is used, that relates to signing the preliminary sale agreement with the client for the sale of the apartment; whereas the word "deliver" ("delivered") relates to the transferring of significant risks and rewards of the ownership of the residential unit to the client.*

(**) *For information on the completed projects see "Business highlights during the nine months ended 30 September 2013 – B. Results breakdown by project" (pages 4 to 5).*

B. Current projects under construction and/or on sale

The table below presents information on projects for which completion is scheduled in the remainder of 2013, in 2014 and in 2015:

Project name	**Location**	**Total area of units (m^2)**	**Total units**	**Units sold until 30 September 2013**	**Expected completion of construction**
Verdis II	Warsaw	4,900	78	51	2013
Espresso I	Warsaw	9,500	210	179	2014
Młody Grunwald I	Poznań	8,500	148	52	2014
Chilli III	Poznań	2,200	38	-	2014
Sakura III	Warsaw	7,300	145	8	2015
Verdis III	Warsaw	7,700	146	5	2015
Espresso II	Warsaw	7,600	152	8	2015
Impressio II	Wrocław	8,400	142	-	2015
Total		**56,100**	**1,059**	**303**	

Outlook for the remainder of 2013 (cont'd)

B. Current projects under construction and/or on sale (cont'd)

Verdis II and III

Description of project

The second and the third phases of the Verdis project are being developed on a part of a land strip of 16,300 m^2 located in the Wola district in Warsaw (Sowińskiego Street) and are a continuation of Verdis I, which was completed during 2012. The second and the third phase of this project will comprise 2 seven-storey, multi-family residential buildings with a total of 72 apartments and 6 commercial units and an aggregate floor space of 4,900 m^2 and 2 seven and eleven-storey, multi-family residential buildings with a total of 140 apartments and 6 commercial units and an aggregate floor space of 7,700 m^2, respectively. In total, the Verdis project shall comprise around 440 units with a total estimated flat usable area of 26,000 m^2.

Stage of development

The construction of the Verdis II project commenced in August 2012, while completion is expected in the fourth quarter of 2013. The sales of the Verdis III project commenced in June 2013 and the construction commenced in October 2013, while completion is expected in the second quarter of 2015.

Espresso I and II

Description of project

The first and the second phase of the Espresso project are being developed on a part of a land strip of 16,192 m^2 located in Warsaw at Jana Kazimierza Street. The first and the second phase of this project will comprise 2 seven, eight, nine and ten-storey, multi-family residential buildings with a total of 202 apartments and 8 commercial units and an aggregate floor space of 9,500 m^2 and 2 seven and eight -storey, multi-family residential buildings with a total of 142 apartments and 10 commercial units and an aggregate floor space of 7,600 m^2, respectively. In total, the Espresso project shall comprise around 670 units with a total estimated usable area of 34,500 m^2.

Stage of development

The construction of the Espresso I project commenced in March 2012, while completion is expected in the first quarter of 2014. The construction of the Espresso II project commenced in September 2013, while completion is expected in the second quarter of 2015.

Młody Grunwald I

Description of project

The first phase of the Młody Grunwald project is being developed on a part of a land strip of 15,449 m^2 located in Poznań at Jeleniogórska Street. The first phase of this project will comprise 3 six-storey, multi-family residential buildings with a total of 136 apartments and 12 commercial units and an aggregate floor space of 8,500 m^2. In total, the Młody Grunwald project shall comprise around 430 units with a total estimated usable area of 25,000 m^2.

Stage of development

The construction of the Młody Grunwald I project commenced in September 2012, while completion is expected in the second quarter of 2014.

Outlook for the remainder of 2013 (cont'd)

B. Current projects under construction and/or on sale (cont'd)

Chilli III

Description of project

The third phase of the Chilli project is being developed on a part of a land strip of 39,604 m^2 located in Tulce near Poznań, and is a continuation of Chilli I and Chilli II, which were completed during 2012 and 2013. The third phase of this project will comprise 38 units with an aggregate floor space of 2,200 m^2. In total, the Chilli project shall comprise around 274 units with a total estimated usable area of 17,800 m^2.

Stage of development

The construction of the Chilli III project commenced in September 2013, while completion is expected in the fourth quarter of 2014.

Sakura III

Description of project

The third phase of the Sakura project is being developed on a part of a land strip of 21,000 m^2 located in the Mokotów district in Warsaw (Kłobucka Street) and is a continuation of Sakura I and Sakura II, which were completed during 2012 and 2013. The third phase of this project will comprise 1 six and seven-storey, multi-family residential building with a total of 145 apartments and an aggregate floor space of 7,300 m^2. In total, the Sakura project shall comprise around 530 units with a total estimated flat usable area of 30,600 m^2.

Stage of development

The construction of the Sakura III project commenced in September 2013, while completion is expected in the second quarter of 2015.

Impressio II

Description of project

The second and the last phase of the Impressio project is being developed on a part of a land strip of 14,500 m^2 located in the Grabiszyn district in Wrocław, and is a continuation of Impressio I, which was completed during 2012. The second phase of this project will comprise 142 units with an aggregate floor space of 8,400 m^2.

Stage of development

The sales of the Impressio II project commenced in September 2013 and the construction expected to be commenced in the fourth quarter of 2013, while completion is expected in the second quarter of 2015.

Outlook for the remainder of 2013 (cont'd)

C. Projects for which construction work is planned to commence during the remainder of 2013

As the Company is aware of the increasing competition in the market, the Company has been careful to manage the number of new projects and the makeup of such projects in order to best satisfy consumer demand. During the remainder of 2013, the Company is considering the commencement of development of another stage of one currently run project and two new projects, which management believes are well-suited to the current customer requirements, including smaller apartments at more economical prices. Furthermore, in order to minimize market risk, the Company's management breaks down the new projects into relatively smaller stages. In the event of any market deterioration or difficulties with securing financing by the banks for the considered projects, management may further delay some of those plans.

a) New Projects

Moko (previously named Magellan)

The Moko project will be developed on a land strip of 12,150 m^2 located in Warsaw at Magazynowa Street. The project will comprise 398 units with an aggregate floor space of 23,500 m^2 and will be divided into 2 or more phases. The first stage is to comprise 190 units with an aggregate floor space of 11,200 m^2. The Company is considering commencing construction of the first phase of this project during the remainder of 2013.

Tamka

The Tamka project will be developed on a land strip of 2,515 m^2 located in Warsaw city centre at Tamka Street. The project will comprise around 65 units with an aggregate floor space of 5,500 m^2. The Company is considering commencing construction of the project during the remainder of 2013.

b) New stages of running projects

Panoramika II

The Panoramika II project is a continuation of Panoramika I. The project will comprise 107 units with an aggregate floor space of 5,700 m^2. The Company is considering commencing construction of this project during the remainder of 2013.

Outlook for the remainder of 2013 (cont'd)

D. Value of the preliminary sales agreements signed with clients for which revenue has not been recognized in the Consolidated Statement of Comprehensive Income

The current volume and value of the preliminary sales agreements signed with the clients do not impact the Statement of Comprehensive Income account immediately but only after final settlement of the contracts with the customers (for more details see under "A – Completed projects" above on page 14). The table below presents the value of the preliminary sales agreements executed with the Company's clients in particular for units that have not been recognized in the Consolidated Statement of Comprehensive Income:

Project name	Location	Value of the preliminary sales agreements signed with clients in thousands of PLN	Completed / expected completion of construction
Gemini II (*)	Warsaw	2,841	Completed
Verdis I (*)	Warsaw	3,625	Completed
Sakura I & II (*)	Warsaw	7,630	Completed
Naturalis I, III & III (*)	Warsaw	7,238	Completed
Panoramika I (*)	Szczecin	1,187	Completed
Constans (*)	Warsaw	6,066	Completed
Impressio I (*)	Wrocław	1,116	Completed
Chilli I & II (*)	Poznań	6,628	Completed
Subtotal completed projects		***36,331***	
Verdis II (**)	Warsaw	20,153	2013
Espresso I (**)	Warsaw	50,378	2014
Młody Grunwald I (**)	Poznań	13,300	2014
Sakura III (**)	Warsaw	2,226	2015
Espresso II (**)	Warsaw	2,246	2015
Verdis III (**)	Warsaw	2,029	2015
Subtotal projects under construction		***90,332***	
Total		**126,663**	

(*) *For information on the completed projects see "Business highlights during the nine months ended 30 September 2013 – B. Results breakdown by project" (pages 4 to 5).*

(**) *For information on current projects under construction and/or on sale, see under "B" above (pages 14-16).*

E. Main risks and uncertainties during the remainder of 2013

The economic situation in Europe and in Poland and the ongoing uncertainties in the housing market make it very difficult to predict results for 2013 precisely. The level of development of the Polish economy, the performance of the banking industry and consumers' interest in new housing projects, as well as increasing competition in the market are considered to be the most significant uncertainties for the financial year ending 31 December 2013.

Additional information to the report

To the best of the Company's knowledge, as of the date of publication of this short report for the nine months ended 30 September 2013 (5 November 2013), the following shareholders are entitled to exercise over 5% of the voting rights at the General Meeting of Shareholders in the Company:

Shares

	As of 5 November 2013 Number of shares / % of shares	**Change in number of shares**	**As of 30 September 2013 Number of shares / % of shares**	**Change in number of shares**	**As of 31 December 2012 Number of shares / % of shares**
Shares issued	***272,360,000***	**-**	***272,360,000***	**-**	***272,360,000***
Major shareholders:					
I.T.R. 2012 B.V. (*)	87,449,187	-	87,449,187	-	87,449,187
	32.1%		32.1%		32.1%
I.T.R. Dori B.V. (*)	87,449,187	-	87,449,187	-	87,449,187
	32.1%		32.1%		32.1%
GE Real Estate CE Residential B.V. (**)	41,800,000	-	41,800,000	-	41,800,000
	15.3%		15.3%		15.3%
Amplico Otwarty Fundusz Emerytalny	N/A	N/A	N/A	N/A	N/A
	Between 5%-10%.		Between 5%-10%.		Between 5%-10%.
ING Otwarty Fundusz Emerytalny	N/A	N/A	N/A	N/A	N/A
	Between 5%-10%.		Between 5%-10%.		Between 5%-10%.

(*) In December 2012, I.T.R. 2012 B.V. and I.T.R. Dori B.V. entered into a partnership, the ITRD Partnership, which holds the voting rights attached to 174,898,374 shares in the Company representing 64.2% of the total number of shares in the Company, which voting rights were previously held by I.T.R. Dori B.V.

(**) In July 2013, both I.T.R. 2012 B.V. and I.T.R. Dori B.V. entered into an agreement with GE Real Estate CE Residential B.V. whereby I.T.R. 2012 B.V. and I.T.R. Dori B.V. will acquire from GE Real Estate Residential B.V. its 15.3% stake of the shares in the Company. Each of I.T.R. 2012 B.V. and I.T.R. Dori B.V. will acquire 7.65% of shares in the Company. Completion of this transaction is expected to occur in November 2013 subject to the satisfaction of certain conditions precedent. If not all of the conditions precedent are satisfied by December 20, 2013 (or such later date as may be agreed upon by the parties), the agreement will be terminated.

Changes in ownership of shares and rights to shares by Management Board members in the nine months ended 30 September 2013 and until the date of publication of this report

Shares

The following members of the Management Board own shares in the Company:

- Mr Ronen Ashkenazi as at 30 September 2013 and as at the day of publishing this report, indirectly held a 4.2% interest in the Company.
- Mr Israel Greidinger, as at 30 September 2013 and as at the day of publishing this report, indirectly held 7.06% of the shares and 7.59% of the voting rights in the Company.

Changes in ownership of shares and rights to shares by Supervisory Board members in the nine months ended 30 September 2013 and until the date of publication of the report

None

Additional information to the report (cont'd)

Changes in the Management Board during the nine months ended 30 September 2013 and until the date of publication of this report

On 27 June 2013, the General Meeting of Shareholders adopted a resolution appointing Mr. Pierre Decla as a member of the Management Board and managing director B for a term of four years. Mr. Decla replaced Mr. Karol Pilniewicz who had stepped down as managing director B as of 31 October 2012.

Dividend payment

On 20 August 2013, the Company distributed the dividend for the financial year 2012 amounting to PLN 8,170,800 in total or PLN 0.03 per ordinary share. The ex-dividend day was determined as 1 August 2013. The dividend was paid through the National Depositary of Securities S.A. (Krajowy Depozyt Papierów Wartościowych S.A.) with its registered seat in Warsaw.

Other

As of 30 September 2013, the Company has issued guarantees for bank loans granted to subsidiaries amounting to a total of PLN 6,401 thousand.
As of 30 September 2013, the Group had no litigations for claims or liabilities that in total would exceed 10% of the Group's equity.

The following net movements in the Group's main provisions took place during the nine months ended 30 September 2013:

- a decrease in the provision for deferred tax liabilities of PLN 3,643 thousand (a decrease of PLN 459 thousand during the nine months ended 30 September 2012).

Responsibility statement

The Management Board confirms that, to the best of its knowledge, these Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 of the International Financial Reporting Standards ("IFRS") as endorsed by the EU. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the IFRSs applied by the Group and the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). The Interim Condensed Consolidated Financial Statements give a true and fair view of the state of affairs of the Group at 30 September 2013 and of the net result for the period then ended.

The Directors' report in this Interim Financial Report gives a true and fair view of the situation on the reporting date and of developments during the nine months period together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year. The nine months management board report gives a true and fair view of the important events of the past nine-month period and their impact on the interim financial statements, as well as the principal risks and uncertainties for the period to come, and the most important related party transactions.

The Management Board

Shraga Weisman Chief Executive Officer	**Tomasz Łapiński** Chief Financial Officer	**Andrzej Gutowski** Sales and Marketing Director
Israel Greidinger	**Ronen Ashkenazi**	**Pierre Decla**

Rotterdam, 5 November 2013

Interim Condensed Consolidated Statement of Financial Position

As at *In thousands of Polish Zlotys (PLN)*	*Note*	**30 September 2013 (Reviewed/ Unaudited)**	**31 December 2012 (Audited)**
Assets			
Property and equipment		7,967	8,660
Investment property		8,279	8,279
Loans granted to third parties		823	1,043
Loans granted to related parties		8,443	7,704
Deferred tax assets		8,972	11,798
Total non-current assets		**34,484**	**37,484**
Inventory	*9*	617,287	668,080
Trade and other receivables and prepayments		37,554	30,661
Income tax receivable		2,438	2,422
Short-term bank deposits - collateralized		926	2,944
Cash and cash equivalents		72,773	44,928
Total current assets		**730,978**	**749,035**
Total assets		**765,462**	**786,519**
Equity			
Share capital		20,762	20,762
Share premium		282,873	282,873
Retained earnings		161,886	152,223
Equity attributable to equity holders of the parent		**465,521**	**455,858**
Non-controlling interests		3,556	3,910
Total equity		**469,077**	**459,768**
Liabilities			
Floating rate bond loans	*10*	113,557	86,756
Secured bank loans	*11*	15,336	39,893
Loans from third parties		13,115	13,932
Other payables		383	816
Deferred tax liability		7,887	11,530
Total non-current liabilities		**150,278**	**152,927**
Trade and other payables and accrued expenses		32,815	38,090
Floating rate bond loans	*10*	23,582	1,657
Secured bank loans	*11*	34,736	65,319
Advances received		54,723	68,492
Income tax payable		32	35
Provisions		219	231
Total current liabilities		**146,107**	**173,824**
Total liabilities		**296,385**	**326,751**
Total equity and liabilities		**765,462**	**786,519**

The notes included on pages 25 to 42 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Comprehensive Income

PLN (thousands, except per share data and number of shares)	***Note***	**For the 9 months ended 30 September 2013 (Reviewed) / (unaudited)**	**For the 3 months ended 30 September 2013 (Reviewed) / (unaudited)**	**For the 9 months ended 30 September 2012 (Reviewed) / (unaudited)**	**For the 3 months ended 30 September 2012 (Reviewed) / (unaudited)**
Revenue *		167,965	57,284	73,439	31,570
Cost of sales		(131,455)	(46,938)	(61,498)	(28,613)
Gross profit		**36,510**	**10,346**	**11,941**	**2,957**
Selling and marketing expenses		(5,135)	(2,019)	(4,442)	(1,780)
Administrative expenses		(11,951)	(3,890)	(10,667)	(3,482)
Other expenses		(1,939)	(468)	(932)	(269)
Other income *		480	127	930	238
Result from operating activities		**17,965**	**4,096**	**(3,170)**	**(2,336)**
Finance income		1,429	563	2,839	656
Finance expense		(2,663)	(602)	(898)	(452)
Net finance income/(expense)		**(1,234)**	**(39)**	**1,941**	**204**
Profit/(loss) before taxation		**16,731**	**4,057**	**(1,229)**	**(2,132)**
Income tax benefit	*12*	749	436	1,259	438
Profit/(loss) for the period		**17,480**	**4,493**	**30**	**(1,694)**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		**17,480**	**4,493**	**30**	**(1,694)**
Total comprehensive income attributable to:					
Equity holders of the parent		17,834	4,624	299	(1,610)
Non-controlling interests		(354)	(131)	(269)	(84)
Total comprehensive income for the period, net of tax		**17,480**	**4,493**	**30**	**(1,694)**
Weighted average number of ordinary shares (basic and diluted)		**272,360,000**	**272,360,000**	**272,360,000**	**272,360,000**
In Polish Zlotys (PLN) **Earnings/(loss) per share attributable to the equity holders of the parent (basic and diluted)**		**0.065**	**0.016**	**0.001**	**(0.006)**

* the comparative numbers have been adjusted by PLN 516 thousand in connection with the sales of a small land strip nearby one of the Company's completed projects. This adjustment is only a reclassification; the impact of the adjustment on results and equity is nil.

The notes included on pages 25 to 42 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Equity

In thousands of Polish Zlotys (PLN)	Attributable to the Equity holders of parent					
	Share capital	**Share premium**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2013	**20,762**	**282,873**	**152,223**	**455,858**	**3,910**	**459,768**
Dividend declared for FY 2012 (*)	**-**	**-**	**(8,171)**	**(8,171)**	**-**	**(8,171)**
Comprehensive income:						
Profit for the nine months ended 30 September 2013	-	-	17,834	17,834	(354)	17,480
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**17,834**	**17,834**	**(354)**	**17,480**
Balance at 30 September 2013 **(Reviewed/ unaudited)**	**20,762**	**282,873**	**161,886**	**465,521**	**3,556**	**469,077**

In thousands of Polish Zlotys (PLN)	Attributable to the Equity holders of parent					
	Share capital	**Share premium**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2012	**20,762**	**282,873**	**120,568**	**424,203**	**4,254**	**428,457**
Comprehensive income:						
Profit for the nine months ended 30 September 2012	-	-	299	299	(269)	30
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	299	299	(269)	30
Balance at 30 September 2012 **(Reviewed/ unaudited)**	**20,762**	**282,873**	**120,867**	**424,502**	**3,985**	**428,487**

(*) On 27 June 2013, the General Meeting of Shareholders approved the proposal by the Management Board to pay out a dividend for the financial year 2012 amounting to PLN 8,170,800 in total or PLN 0.03 per ordinary share. The dividend day was determined as 1 August 2013.The dividend was paid on 20 August 2013, through the National Depositary of Securities S.A. (Krajowy Depozyt Papierów Wartościowych S.A.) with its registered seat in Warsaw.

The notes included on pages 25 to 42 are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2013 (Reviewed) / (unaudited)	For the 9 months ended 30 September 2012 (Reviewed/ unaudited)
Cash flows from/(used in) operating activities		
Profit for the period	17,480	30
Adjustments to reconcile profit for the period to net cash used in operating activities		
Depreciation	493	567
Finance expense	2,663	898
Finance income	(1,429)	(2,839)
Profit on sale of property and equipment	(110)	(239)
Write-down of inventory	-	2,395
Income tax benefit	(749)	(1,259)
Subtotal	***18,348***	***(447)***
Decrease/(increase) in inventory	61,655	(72,144)
Decrease/(increase) in trade and other receivables and prepayments	(6,893)	(24,506)
Increase/(decrease) in trade and other payables and accrued expenses	(5,708)	16,368
Increase/(decrease) in provisions	(12)	(27)
Increase/(decrease) in advances received	(13,769)	55,303
Subtotal	***53,621***	***(25,453)***
Interest paid	(9,908)	(11,634)
Interest received	956	2,753
Income tax paid	(87)	(213)
Net cash from/(used in) operating activities	**44,582**	**(34,547)**
Cash flows from/(used in) investing activities		
Acquisition of property and equipment	(304)	(230)
Loans granted to related parties	(250)	(5,238)
Proceeds from loans granted to third parties	300	-
Short-term bank deposits - collateralized	2,018	(2,624)
Proceeds from sale of property and equipment	614	760
Net cash from/(used in) investing activities	**2,378**	**(7,332)**
Cash flows from/(used in) financing activities		
Proceeds from bank loans, net of bank charges	16,427	22,871
Repayment of bank loans	(72,266)	(26,656)
Proceeds from bond loans, net of issue costs	113,322	-
Repayment of bonds loans	(66,840)	-
Dividend	(8,171)	-
Loans received from third parties	566	5,239
Repayment loans from third parties	(2,153)	-
Net cash from/(used in) financing activities	**(19,115)**	**1,454**
Net change in cash and cash equivalents	**27,845**	**(40,425)**
Cash and cash equivalents at beginning of period	44,928	94,622
Cash and cash equivalents at end of period	**72,773**	**54,197**

The notes included on pages 25 to 42 are an integral part of these interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

Note 1 – General and principal activities

Ronson Europe N.V. (hereinafter "the Company"), a Dutch public company with its registered office located in Rotterdam, the Netherlands, was incorporated on 18 June 2007. The Company (together with its Polish subsidiaries, "the Group") is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects and single family or semi-detached housing projects to individual customers in Poland. Moreover, the Group leases real estate to third parties.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 30 September 2013, 32.1% of the outstanding shares are controlled by I.T.R. 2012 B.V., a further 32.1% of the outstanding shares are controlled by I.T.R. Dori B.V. (both cooperating in ITRD Partnership), whereas 15.3% of the outstanding shares are held by GE Real Estate CE Residential B.V. ('GE Real Estate') and the remaining 20.5% of the outstanding shares are held by other investors including Amplico Otwarty Fundusz Emerytalny and ING Otwarty Fundusz Emerytalny each holding between 5% and 10% of the outstanding shares. The number of shares held by the investors is equal to the number of votes, as there are no privileged shares issued by the Company.

The Interim Condensed Consolidated Financial Statements of the Group have been prepared for the nine and for the three months ended 30 September 2013 and contain comparative data for the nine and for the three months ended 30 September 2012 and as at 31 December 2012. The Interim Condensed Consolidated Financial Statements of the Company for the nine and for the three months ended 30 September 2013 with all comparative data have been reviewed by the Company's external auditors.

The information about the companies from which the financial data are included in these Interim Condensed Consolidated Financial Statements and the extent of ownership and control are presented in Note 7.

The Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2013 were authorized for issuance by the Management Board on 5 November 2013.

Note 2 – Basis of preparation of Interim Condensed Consolidated Financial Statements

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 of the International Financial Reporting Standards ("IFRS") as endorsed by the EU. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the full IFRSs and the IFRSs endorsed by the European Union, except for IFRS 10-12 impact, which effective date was moved to 1 January 2014. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012.

The Consolidated Financial Statements of the Group for the year ended 31 December 2012 are available upon request from the Company's registered office at Weena 210-212, 3012 NJ Rotterdam, the Netherlands or at the Company's website: www.ronson.pl

These Interim Condensed Consolidated Financial Statements have been prepared on the assumption that the Group is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

Notes to the Interim Condensed Consolidated Financial Statements

Note 3 – Summary of significant accounting policies

Except as described below, the accounting policies applied by the Company in these Interim Condensed Consolidated Financial Statements are the same as those applied by the Company in its consolidated financial statements for the year ended 31 December 2012.

The following standards and amendments became effective as of 1 January 2013:

- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards - Government Loans*
- Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities-Amendments to IFRS 7*
- Amendments to IAS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets*
- IFRS 13 *Fair Value Measurement*
- Amendments to IAS 19 *Employee Benefits*
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*
- Improvements to IFRSs (issued in May 2012):
  - IAS 1 – Clarification of the requirement for comparative information
  - IAS 16 – Classification of servicing equipment
  - IAS 32 – Tax effects of distributions to holders of equity instruments
  - IAS 34 – Interim financial reporting and segment information for total assets and liabilities

Adoption of the above new standards and amendments to standards did not have impact on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective. The Adoption of: IFRS 10 *Consolidated Financial Statements*, restated IAS 27 *Separate Financial Statements,* IFRS 11 *Joint Arrangements*, restated IAS 28 *Investments in Associates and Joint Ventures* and IFRS 12 *Disclosure of Interests in Other Entities* was delayed as allowed till 2014. Based on the preliminary analyses performed, IFRS 10, IFRS 12, restated IAS 27 and restated IAS 28 are not expected to have any impact on the currently held investments of the Group. The application of IFRS 11 will impact the financial position of the Group by eliminating proportionate consolidation of the joint venture in Ronson IS sp. z o.o. and in Ronson IS Sp. z o.o. Sp.k.. With the application of the new standard, these investments will be accounted for using the equity method of accounting.

Note 4 – The use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates.
In preparing these Interim Condensed Consolidated Financial Statements, the significant judgments made by the Management Board in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2012.

Note 5 – Functional and reporting currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Interim Condensed Consolidated Financial Statements are presented in thousands of Polish Zloty ("PLN"), which is the Group's functional and presentation currency.
Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in the statement of comprehensive income.

Notes to the Interim Condensed Consolidated Financial Statements

Note 6 – Seasonality

The Group's activities are not of a seasonal nature. Therefore, the results presented by the Group do not fluctuate significantly during the year due to the seasonality.

Note 7 – Composition of the Group

The details of the Polish companies whose financial statements have been included in these Consolidated Financial Statements, the year of incorporation and the percentage of ownership and voting rights directly held or indirectly by the Company as at 30 September 2013, are presented below and on the following page.

	Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
			30 September 2013	31 December 2012
a.	**held directly by the Company :**			
1.	Ronson Development Management Sp. z o.o.	1999	100.0%	100.0%
2.	Ronson Development 2000 Sp. z o.o.	2000	100.0%	100.0%
3.	Ronson Development Warsaw Sp. z o.o.	2000	100.0%	100.0%
4.	Ronson Development Investment Sp. z o.o.	2002	100.0%	100.0%
5.	Ronson Development Metropol Sp. z o.o.	2002	100.0%	100.0%
6.	Ronson Development Properties Sp. z o.o.	2002	100.0%	100.0%
7.	Ronson Development Apartments Sp. z o.o.	2003	100.0%	100.0%
8.	Ronson Development Enterprise Sp. z o.o.	2004	100.0%	100.0%
9.	Ronson Development Company Sp. z o.o.	2005	100.0%	100.0%
10.	Ronson Development Creations Sp. z o.o.	2005	100.0%	100.0%
11.	Ronson Development Buildings Sp. z o.o.	2005	100.0%	100.0%
12.	Ronson Development Structure Sp. z o.o.	2005	100.0%	100.0%
13.	Ronson Development Poznań Sp. z o.o.	2005	100.0%	100.0%
14.	E.E.E. Development Sp. z o.o.	2005	100.0%	100.0%
15.	Ronson Development Innovation Sp. z o.o.	2006	100.0%	100.0%
16.	Ronson Development Wrocław Sp. z o.o.	2006	100.0%	100.0%
17.	Ronson Development Capital Sp. z o.o.	2006	100.0%	100.0%
18.	Ronson Development Sp. z o.o.	2006	100.0%	100.0%
19.	Ronson Development Construction Sp. z o.o.	2006	100.0%	100.0%
20.	Ronson Development City Sp. z o.o.	2006	100.0%	100.0%
21.	Ronson Development Village Sp. z o.o. (1)	2007	100.0%	100.0%
22.	Ronson Development Conception Sp. z o.o.	2007	100.0%	100.0%
23.	Ronson Development Architecture Sp. z o.o.	2007	100.0%	100.0%
24.	Ronson Development Skyline Sp. z o.o.	2007	100.0%	100.0%
25.	Ronson Development Continental Sp. z o.o.	2007	100.0%	100.0%
26.	Ronson Development Universal Sp. z o.o. (1)	2007	100.0%	100.0%
27.	Ronson Development Retreat Sp. z o.o.	2007	100.0%	100.0%
28.	Ronson Development South Sp. z o.o.	2007	100.0%	100.0%
29.	Ronson Development West Sp. z o.o.	2007	100.0%	100.0%
30.	Ronson Development East Sp. z o.o.	2007	100.0%	100.0%
31.	Ronson Development North Sp. z o.o.	2007	100.0%	100.0%
32.	Ronson Development Providence Sp. z o.o.	2007	100.0%	100.0%
33.	Ronson Development Finco Sp. z o.o.	2009	100.0%	100.0%
34.	Ronson Development Partner 2 sp. z o.o.	2010	100.0%	100.0%
35.	Ronson Development Skyline 2010 Sp. z o.o.	2010	100.0%	100.0%
36.	Ronson Development Partner 3 Sp. z o.o.	2012	100.0%	100.0%
b.	**held indirectly by the Company:**			
37.	AGRT Sp. z o.o.	2007	100.0%	100.0%
38.	Ronson Development Partner 2 Sp. z o.o.- Panoramika Sp.k.	2007	100.0%	100.0%
39.	Ronson Development Sp z o.o. - Estate Sp.k.	2007	100.0%	100.0%
40.	Ronson Development Sp. z o.o. - Home Sp.k.	2007	100.0%	100.0%
41.	Ronson Development Sp z o.o - Horizon Sp.k.	2007	100.0%	100.0%
42.	Ronson Development Partner 3 Sp. z o.o- Sakura Sp.k.	2007	100.0%	100.0%
43.	Ronson Development Sp z o.o -Town Sp.k.	2007	100.0%	100.0%

(1) The Company has the power to govern the financial and operating policies of this entity and to obtain benefits from its activities, whereas Kancelaria Radcy Prawnego Jarosław Zubrzycki holds the legal title to the shares of this entity.

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group (cont'd)

Entity name	Year of incorporation	Share of ownership & voting rights at the end of 30 September 2013	Share of ownership & voting rights at the end of 31 December 2012
b. held indirectly by the Company (cont'd):			
44. Ronson Development Destiny Sp. z o.o.	2007	100.0%	100.0%
45. Ronson Development Millenium Sp. z o.o.	2007	100.0%	100.0%
46. Ronson Development Sp. z o.o. - EEE 2011 Sp.k.	2009	100.0%	100.0%
47. Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100.0%	100.0%
48. Ronson Development Sp. z o.o. - Idea Sp.k.	2009	100.0%	100.0%
49. Ronson Development Sp. z o.o. - Destiny 2011 Sp.k.	2009	100.0%	100.0%
50. Ronson Development Partner 2 Sp. z o.o. - Enterprise 2011 Sp.k.	2009	100.0%	100.0%
51. Ronson Development Partner 2 Sp. z o.o. - Retreat 2011 Sp.k.	2009	100.0%	100.0%
52. Ronson Development Sp. z o.o. - Wrocław 2011 Sp.k.	2009	100.0%	100.0%
53. Ronson Development Sp. z o.o. - 2011 Sp.k.	2009	100.0%	100.0%
54. Ronson Development Sp. z o.o. - Gemini 2 Sp.k.	2009	100.0%	100.0%
55. Ronson Development Sp. z o.o. - Verdis Sp.k.	2009	100.0%	100.0%
56. Ronson Espresso Sp. z o.o.	2006	68.4%	68.4%
57. Ronson Development Apartments 2010 Sp. z o.o.	2010	100.0%	100.0%
58. Ronson Development 2010 Sp. z o.o.	2010	100.0%	100.0%
59. Ronson Development Retreat 2010 Sp. z o.o.	2010	100.0%	100.0%
60. Ronson Development Enterprise 2010 Sp. z o.o.	2010	100.0%	100.0%
61. Ronson Development Wrocław 2010 Sp. z o.o.	2010	100.0%	100.0%
62. E.E.E. Development 2010 Sp. z o.o.	2010	100.0%	100.0%
63. Ronson Development Nautica 2010 Sp. z o.o.	2010	100.0%	100.0%
64. Ronson Development Gemini 2010 Sp. z o.o.	2010	100.0%	100.0%
65. Ronson IS Sp. z o.o. (1)	2010	50.0%	50.0%
66. Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100.0%	100.0%
67. Ronson Development Sp. z o.o. - Impressio Sp.k.	2011	100.0%	100.0%
68. Ronson Development Sp. z o.o. - Continental 2011 Sp.k.	2011	100.0%	100.0%
69. Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100.0%	100.0%
70. Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.	2011	100.0%	100.0%
71. Ronson Development Sp. z o.o. - Architecture 2011 Sp.k.	2011	100.0%	100.0%
72. Ronson IS Sp. z o.o. Sp.k. (1)	2012	50.0%	50.0%
73. Ronson Development Sp. z o.o. - City 1 Sp.k.	2012	100.0%	100.0%
74. Ronson Development Sp. z o.o. - City 2 Sp.k.	2012	100.0%	100.0%
75. Ronson Development Sp. z o.o. - City 3 Sp.k.	2012	100.0%	100.0%

(1) The Group accounts for the investments in Ronson IS Sp. z o.o. and in Ronson IS Sp. z o.o. Sp.k. as an investment in a jointly controlled entity in accordance with IAS 31, i.e. the proportionate consolidation method is applied.

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 – Segment reporting

The Group's operating segments are defined as separate entities developing particular residential projects, which for reporting purposes were aggregated. The aggregation for reporting purpose is based on geographical locations (Warsaw, Poznań, Wrocław and Szczecin) and type of activity (development of apartments, development of houses). Moreover, for one particular entity the reporting was based on type of income: rental income from investment property.

According to the Management Board's assessment, the operating segments identified have similar economic characteristics. Aggregation based on the type of development within the geographical location has been applied since primarily the location and the type of development determine the average margin that can be realized on each project and the project's risk factors. Considering the fact that the production process for apartments is different from that for houses and considering the fact that the characteristics of customers buying apartments slightly differ from those of customers interested in buying houses, aggregation by type of development within the geographical location has been used for segment reporting and disclosure purposes.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated indirectly based on reasonable criteria. Unallocated items mainly comprise head office expenses and income tax assets and liabilities, unallocated cash and cash equivalents and floating rate bond loans.
Data presented in the table below are aggregated by type of development within the geographical location:

In thousands of Polish Zlotys (PLN)

	As at 30 September 2013 (Reviewed)/(unaudited)										
	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Segment assets	391,241	41,205	8,279	127,626	-	75,508	2,572	60,747	7,664	-	714,842
Unallocated assets	-	-	-	-	-	-	-	-	-	50,620	50,620
Total assets	**391,241**	**41,205**	**8,279**	**127,626**	**-**	**75,508**	**2,572**	**60,747**	**7,664**	**50,620**	**765,462**
Segment liabilities	109,507	9,660	-	26,111	-	826	-	2,178	-	-	148,282
Unallocated liabilities	-	-	-	-	-	-	-	-	-	148,103	148,103
Total liabilities	**109,507**	**9,660**	**-**	**26,111**	**-**	**826**	**-**	**2,178**	**-**	**148,103**	**296,385**

In thousands of Polish Zlotys (PLN)

	As at 31 December 2012 (Audited)										
	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Segment assets	420,313	48,260	8,279	102,388	-	82,118	2,520	70,380	7,659	-	741,917
Unallocated assets	-	-	-	-	-	-	-	-	-	44,602	44,602
Total assets	**420,313**	**48,260**	**8,279**	**102,388**	**-**	**82,118**	**2,520**	**70,380**	**7,659**	**44,602**	**786,519**
Segment liabilities	181,446	11,451	-	17,514	-	821	1	10,716	-	-	221,949
Unallocated liabilities	-	-	-	-	-	-	-	-	-	104,802	104,802
Total liabilities	**181,446**	**11,451**	**-**	**17,514**	**-**	**821**	**1**	**10,716**	**-**	**104,802**	**326,751**

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN) — **For the nine months ended 30 September 2013 (Reviewed)/(unaudited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	137,628	8,125	462	3,599	-	7,608	-	10,543	-	-	167,965
Segment result	31,590	(637)	212	(895)	-	(424)	(3)	257	(3)	-	30,097
Unallocated result	-	-	-	-	-	-	-	-	-	(12,132)	(12,132)
Result from operating activities	**31,590**	**(637)**	**212**	**(895)**	**-**	**(424)**	**(3)**	**257**	**(3)**	**(12,132)**	**17,965**
Net finance income/(expense)	(378)	(15)	-	47	-	33	-	13	-	(934)	(1,234)
Profit/(loss) before taxation	**31,212**	**(652)**	**212**	**(848)**	**-**	**(391)**	**(3)**	**270**	**(3)**	**(13,066)**	**16,731**
Income tax benefit											749
Profit for the period											**17,480**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**304**	**304**

In thousands of Polish Zlotys (PLN) — **For the nine months ended 30 September 2012 (Reviewed)/(unaudited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue *	51,589	4,336	472	4,622	-	12,420	-	-	-	-	73,439
Segment result	9,555	(2,850)	168	195	-	916	(3)	(158)	(2)	-	7,821
Unallocated result	-	-	-	-	-	-	-	-	-	(10,991)	(10,991)
Result from operating activities	**9,555**	**(2,850)**	**168**	**195**	**-**	**916**	**(3)**	**(158)**	**(2)**	**(10,991)**	**(3,170)**
Net finance income/(expense)	299	1	-	39	-	25	-	(2)	-	1,579	1,941
Profit/(loss) before taxation	**9,854**	**(2,849)**	**168**	**234**	**-**	**941**	**(3)**	**(160)**	**(2)**	**(9,412)**	**(1,229)**
Income tax benefit											1,259
Profit for the period											**30**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**230**	**230**

* the comparative numbers have been adjusted by PLN 516 thousand in connection with the sales of a small land strip nearby one of the Company's completed projects. This adjustment is only a reclassification; the impact of the adjustment on results and equity is nil.

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN)

For the three months ended 30 September 2013 (Reviewed)/(unaudited)

	Warsaw			**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Revenue	48,408	1,905	211	954	-	2,694	-	3,112	-	-	57,284
Segment result	8,751	(197)	122	(391)	-	(13)	(1)	68	(1)	-	8,338
Unallocated result	-	-	-	-	-	-	-	-	-	(4,242)	(4,242)
Result from operating activities	**8,751**	**(197)**	**122**	**(391)**	**-**	**(13)**	**(1)**	**68**	**(1)**	**(4,242)**	**4,096**
Net finance income/(expense)	(12)	(5)	-	32	-	10	-	1	-	(65)	(39)
Loss before taxation	**8,739**	**(202)**	**122**	**(359)**	**-**	**(3)**	**(1)**	**69**	**(1)**	**(4,307)**	**4,057**
Income tax expense											436
Profit for the period											**4,493**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**44**	**44**

In thousands of Polish Zlotys (PLN)

For the three months ended 30 September 2012 (Reviewed)/(unaudited)

	Warsaw			**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Revenue *	22,348	2,357	140	3,726	-	2,999	-	-	-	-	31,570
Segment result	4,414	(2,595)	-	150	-	4	(1)	(41)	(1)	-	1,930
Unallocated result	-	-	-	-	-	-	-	-	-	(4,266)	(4,266)
Result from operating activities	**4,414**	**(2,595)**	**-**	**150**	**-**	**4**	**(1)**	**(41)**	**(1)**	**(4,266)**	**(2,336)**
Net finance income/(expense)	18	(7)	-	5	-	4	-	(2)	-	186	204
Loss before taxation	**4,432**	**(2,602)**	**-**	**155**	**-**	**8**	**(1)**	**(43)**	**(1)**	**(4,080)**	**(2,132)**
Income tax benefit											438
Profit for the period											**(1,694)**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9**	**9**

* the comparative numbers have been adjusted by PLN 516 thousand in connection with the sales of a small land strip nearby one of the Company's completed projects. This adjustment is only a reclassification; the impact of the adjustment on results and equity is nil.

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory

Movements in Inventory during the nine months ended 30 September 2013 were as follows:

In thousands of Polish Zlotys (PLN)	Opening balance 01 January 2013	Transferred to finished goods	Additions	Closing balance 30 September 2013
Land and related expense	369,211	(17,527)	2,635	354,319
Construction costs	64,598	(48,500)	59,959	76,057
Planning and permits	20,300	(2,019)	4,315	22,596
Borrowing costs [1]	69,839	(4,475)	10,862	76,226
Other	3,144	(1,069)	1,594	3,669
Work in progress	**527,092**	**(73,590)**	**79,365**	**532,867**

In thousands of Polish Zlotys (PLN)	Opening balance 01 January 2013	Transferred from work in progress	Recognized in the statement of comprehensive income	Closing balance 30 September 2013
Finished goods	**142,557**	**73,590**	**(131,002)**	**85,145**

In thousands of Polish Zlotys (PLN)	Opening balance 01 January 2013	Revaluation write down recognized in statement of comprehensive income		Closing balance 30 September 2013
		Increase	Utilization	
Write-down	**(1,569)**	**-**	**844**	**(725)**

Total inventories at the lower of cost or net realizable value	**668,080**	**617,287**

(1) Borrowing costs are capitalized to the value of inventory with 8.01% average effective capitalization interest rate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory (cont'd)

Movements in Inventory during the nine months ended 30 September 2012 were as follows:

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2012**	**Transferred to property and equipment**	**Transferred to finished units**	**Additions**	**Closing balance 30 September 2012**
Land and related expense	399,143	(55)	(25,434)	19,731	393,385
Construction costs	104,839	(122)	(64,459)	104,275	144,533
Planning and permits	21,872	(5)	(2,815)	4,119	23,171
Borrowing costs [(1)]	61,438	(13)	(4,466)	13,934	70,893
Other	3,627	(2)	(1,564)	2,196	4,257
Work in progress	**590,919**	**(197)**	**(98,738)**	**144,255**	**636,239**

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2012**	**Transferred from work in progress**	**Recognized in the statement of comprehensive income**	**Closing balance 30 September 2012**
Finished goods	**40,497**	**98,738**	**(59,729)**	**79,506**

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2012**	**Revaluation write down recognized in statement of comprehensive income**		**Closing balance 30 September 2012**
		Increase	**Utilization**	
Write-down [(2)]	**(99)**	**(2,395)**	**1,552**	**(942)**
Total inventories at the lower of cost or net realizable value	**631,317**			**714,803**

(1) Borrowing costs are capitalized to the value of inventory with 9.15% average effective capitalization interest rate.

(2) During the nine months ended 30 September 2012, as a result of Net Realizable Value (NRV) analyses and reviews, a write-down adjustment for the Constans project was made in the amount of PLN 2,395 thousand.

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory (cont'd)

Movements in Inventory during the year ended 31 December 2012 were as follows:

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2012**	**Transferred to property and equipment**	**Transferred to finished goods**	**Additions**	**Closing balance 31 December 2012**
Land and related expense	399,143	(84)	(51,210)	21,362	369,211
Construction costs	104,839	(246)	(175,180)	135,185	64,598
Planning and permits	21,872	(10)	(7,454)	5,892	20,300
Borrowing costs (1)	61,438	(22)	(9,914)	18,337	69,839
Other	3,627	(4)	(4,360)	3,881	3,144
Work in progress	**590,919**	**(366)**	**(248,118)**	**184,657**	**527,092**

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2012**		**Transferred from work in progress**	**Recognized in the statement of comprehensive income**	**Closing balance 31 December 2012**
Finished goods	**40,497**	-	**248,118**	**(146,058)**	**142,557**

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2012**		**Revaluation write down recognized in statement of comprehensive income**		**Closing balance 31 December 2012**
			Increase	**Utilization**	
Write-down (2)	**(99)**	-	**(4,957)**	**3,487**	**(1,569)**
Total inventories at the lower of cost or net realizable value	**631,317**				**668,080**

(1) Borrowing costs are capitalized to the value of inventory with 9.2% average effective capitalization interest rate.

(2) During the year ended 31 December 2012, as a result of Net Realizable Value (NRV) analyses and reviews, a write-down adjustment for the Constans project was made in the amount of PLN 4,957 thousand.

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loans

The table below presents the movement in Floating rate bond loans during the nine months ended 30 September 2013, during the year ended 31 December 2012 and during the nine months ended 30 September 2012:

In thousands of Polish Zlotys (PLN)	**For the 9 months ended 30 September 2013 (Reviewed/ unaudited)**	**For the year ended 31 December 2012 (Audited)**	**For the 9 months ended 30 September 2012 (Reviewed/ unaudited)**
Opening balance	**88,413**	**87,847**	**87,847**
Repayment of bond loans (series A and B)	(66,840)	-	-
Proceeds from bond loans (series C, D and E)	116,300	-	-
Issue cost	(2,978)	-	-
Issue cost amortization	905	576	431
Accrued interest	6,244	8,262	6,204
Interest repayment	(4,905)	(8,272)	(4,112)
Total closing balance	**137,139**	**88,413**	**90,370**
Closing balance includes:			
Current liabilities	23,582	1,657	3,759
Non-current liabilities	113,557	86,756	86,611
Total closing balance	**137,139**	**88,413**	**90,370**

As at 30 September 2013, 31 December 2012 and as at 30 September 2012 all covenants on floating rate bonds are met.

Series A and B:

On 14 June 2013, the Company purchased 4,634 series A bonds with nominal value of PLN 10 thousand each and 2,050 series B bonds with nominal value PLN 10 thousand each, thus redeeming an aggregate amount of PLN 66,840 thousand on the floating rate bonds that were issued in April 2011.
The maturity dates and the conditions of the remaining floating rate bonds loans have been presented in the Annual Consolidated Financial Statements for the year ended 31 December 2012.

Series C and D:

On 14 June 2013, the Company issued 83,500 series C bonds and 23,550 series D bonds, together with an aggregate nominal value of PLN 107,050 thousand. The nominal value of one bond amounts to PLN 1 thousand and is equal to its issue price. The series C bonds shall be redeemed on 14 June 2017, whereas the series D bonds shall be redeemed on 14 June 2016 at nominal value. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus a margin. Interest is payable semi-annually in June and December until redemption date.
The terms and conditions of the issuance of the bonds include provisions regarding early redemption at a bondholder's request to be made prior to 14 June 2017 (series C bonds) or 14 June 2016 (series D bonds), respectively, in case of the occurrence of certain events covering a number of obligations and restrictions applicable to the Company, including the obligation to maintain its financial ratios at certain levels, restrictions on investments in land having an unregulated status and restrictions on related party transactions.
The series D bonds are not secured, whereas the series C bonds are secured by joint mortgage up to PLN 100,200 thousand established by the Company's Polish subsidiaries. Moreover the ratio between the value pledged properties and the total nominal value of the Bonds issued shall not decrease below 90%.

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loans (cont'd)

Series E:

On 15 July 2013, the Company issued 9,250 series E bonds with a total nominal value of PLN 9,250 thousand. The nominal value of one bond amounts to PLN 1 thousand and is equal to its issue price. The series E bonds shall be redeemed on 15 July 2016. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus a margin. Interest is payable semi-annually in January and July until redemption date.

The terms and conditions of the issuance of the bonds include provisions regarding early redemption at a bondholder's request to be made prior to 15 July 2016, in case of the occurrence of certain events covering a number of obligations and restrictions applicable to the Company, including the obligation to maintain its financial ratios at certain levels, restrictions on investments in land having an unregulated status and restrictions on related party transactions.

Financial ratio covenant for series C, D and E:

Based on the bonds conditions, in each reporting period the Company shall test the ratio between Net debt to Equity (hereinafter "Ratio" or "Net Indebtedness Ratio"). The Ratio shall not exceed 60% however if during the Reporting Period the Company paid dividend or performed any buy-out of its treasury shares then the Ratio shall not exceed 50%.

Net debt - shall mean the total consolidated balance sheet value of loans and borrowings less the consolidated value of cash and cash equivalents and short-term bank deposits - collateralized.
Equity - shall mean the consolidated balance sheet value of the equity attributable to equity holders of the parent, less the value of the intangible assets (excluding any financial assets and receivables), including specifically (i) the intangible and legal assets, goodwill and (ii) the assets constituting deferred income tax decreased by the value of the provisions created on account of the deferred income tax, however, assuming that the balance of those two values is positive. If the balance of assets and provisions on account of deferred income tax is negative, the adjustment referred to in item (ii) above shall be zero.
Reporting period - starting from the second quarter of 2013 – means the quarterly reporting period with respect to which the Group Net Indebtedness Ratio will be tested, while a "Reporting period" shall mean a single reporting period, i.e. each calendar quarter.

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

As at	**30 September 2013**
In thousands of Polish Zlotys (PLN)	
Net debt	126,627
Equity	464,436
Net Indebtedness Ratio	**27.3%**

Notes to the Interim Condensed Consolidated Financial Statements

Note 11 – Secured bank loans

The following non-current and current Secured bank loans were issued and repaid during the nine months ended 30 September 2013, during the year ended 31 December 2012 and during the nine months ended 30 September 2012:

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2013 (Reviewed/ unaudited)	For the year ended 31 December 2012 (Audited)	For the 9 months ended 30 September 2012 (Reviewed/ unaudited)
Opening balance	**105,212**	**117,711**	**117,711**
New bank loan drawdown	16,568	36,750	24,141
Bank loans repayments	(72,266)	(48,442)	(26,656)
Bank charges	(141)	(1,426)	(1,270)
Bank charges amortization	795	778	339
Accrued interest/(interest repayment) on bank loans, net	(96)	(159)	(41)
Total closing balance	**50,072**	**105,212**	**114,224**
Closing balance includes:			
Current liabilities	34,736	65,319	84,769
Non-current liabilities	15,336	39,893	29,455
Total closing balance	**50,072**	**105,212**	**114,224**

The maturity dates of the loans have been presented in the annual consolidated financial statements for the year ended 31 December 2012. The majority of loans maturing in 2013 shall be extended until 2014 and 2015, while management plans to repay part of the loans. For more details please see Note 17 Events during the period (Bank Loans) and Note 18 Subsequent events (Bank Loans).

As at 30 September 2013 and 2012 and as at 31 December 2012 all covenants on secured bank loans are met.

Note 12 – Income tax

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2013 (Reviewed/ unaudited)	For the 3 months ended 30 September 2013 (Reviewed/ unaudited)	For the 9 months ended 30 September 2012 (Reviewed/ unaudited)	For the 3 months ended 30 September 2012 (Unreviewed/ unaudited)
Current tax expense/(benefit)	**69**	**29**	**32**	**33**
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	(6,215)	(5,584)	923	775
Expense/(benefit) of tax losses recognized	5,397	5,119	(2,214)	(1,246)
Total deferred tax expense/(benefit)	**(818)**	**(465)**	**(1,291)**	**(471)**
Total income tax expense/(benefit)	**(749)**	**(436)**	**(1,259)**	**(438)**

The tax benefit during the nine months ended 30 September 2013 and 30 September 2012 is explained by the recognition of tax assets. The recognition of the tax assets took place after an organizational restructuring of the Group, which allowed the Company to utilize certain tax losses that in prior periods were deemed not to be usable.

Notes to the Interim Condensed Consolidated Financial Statements

Note 13 – Investment commitments, Contracted proceeds not yet received and Contingencies

(i) Investment commitments:

The amounts in the table below present unpaid investment commitments of the Group in respect of construction services to be rendered by the general contractors:

In thousands of Polish Zlotys (PLN)	**As at 30 September 2013 (Reviewed/ unaudited)**	**As at 31 December 2012 (Audited)**
Chilli II	-	2,201
Chilli III	6,006	-
Espresso I	4,908	25,514
Espresso II	28,761	-
Młody Grunwald I	10,296	24,995
Naturalis III	-	2,972
Sakura II	-	4,206
Sakura III	31,695	-
Verdis II	4,024	13,889
Total	**85,960**	**73,777**

(ii) Contracted proceeds not yet received:

The table below presents amounts to be received from the customers having bought apartments from the Group and which are based on the value of the sale and purchase agreements signed with the clients until 30 September 2013 after deduction of payments received at the reporting date (such payments being presented in the Interim Consolidated Statement of Financial Position as Advances received):

In thousands of Polish Zlotys (PLN)	**As at 30 September 2013 (Reviewed/ Unaudited)**	**As at 31 December 2012 (Audited)**
Chilli I & II	3,286	1,430
Constans	4,085	1,831
Espresso I	23,295	16,950
Espresso II	2,069	-
Gemini II	1,787	8,663
Impressio I	824	1,458
Młody Grunwald I	9,248	5,868
Naturalis I, II & III	3,405	3,257
Panoramika I	942	1,864
Sakura I & II	6,269	12,002
Sakura III	1,989	-
Verdis I	2,798	6,215
Verdis II	10,505	5,428
Verdis III	1,702	-
Total	**72,204**	**64,966**

(iii) Investment commitments - land purchase:

In June 2012, the Group entered into preliminary purchase agreements with private individuals for plots of land with an area of 118,400 m^2 located in Warsaw, district Mokotów at Jaśminowa Street. Conclusion of the final purchase agreements and transferring of the ownership of the properties is expected to be finalized during the first half of 2014 the final payment will amount to PLN 62 million.

Notes to the Interim Condensed Consolidated Financial Statements

Note 13 – Investment commitments, Contracted proceeds not yet received and Contingencies (cont'd)

(iv) Contingencies:
None.

Note 14 – Financial risk management

(i) Financial risk factors
Through its activities the Group is exposed to a variety of financial risks: market risk (including real estate market risk and fair value interest rate risk), credit risk and liquidity risk. The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2012 (Note 36). There have been no changes in the risk management department since year end or in any risk management policies.

(ii) Liquidity risk
Compared to 31 December 2012, there was no material change in contractual undiscounted cash outflows for financial liabilities, except for the assumption of new loans and redemption of existing loans during the nine months period ended 30 September 2013 as described in Notes 10 and 11.

(iii) Market (price) risk
The Group's exposure to marketable and non-marketable securities price risk did not exist because the Group had not invested in securities during the nine months ended 30 September 2013.

(iv) Fair value estimation
During the nine months ended 30 September 2013, there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets, investment property and financial liabilities.
The Investment property is valued at fair value determined by the Management. Additionally there was external valuation made during the 9 month period ended 30 September 2013, which was not lower than the carrying amount.

(v) Interest rate risk
All the loans and borrowings of the Group are bearing variable interest rate, which creates an exposure to a risk of changes in cash flows due to changes in interest rates.

Note 15 – Related party transactions

There were no transactions and balances with related parties during nine months ended 30 September 2013 other than those already disclosed in the 2012 annual accounts.

Note 16 – Impairment losses and provisions

During the nine months ended 30 September 2013 and 30 September 2012, no material impairment losses were incurred.

The following net movements in the Group's main provisions took place during the nine months ended 30 September 2013 and during the nine months ended 30 September 2012:

- *Provision for deferred tax liabilities:* during the nine months ended 30 September 2013 a decrease of PLN 3,643 thousand (during the nine months ended 30 September 2012 a decrease of PLN 459 thousand).

Notes to the Interim Condensed Consolidated Financial Statements

Note 17 – Events during the period

Land purchase

During the nine months ended 30 September 2013, the Group did not purchase any land.

Bank loans

In June 2013, the Company entered into annexes to loan facilities with Bank BZWBK with an aggregate value of PLN 39.7 million. The annexes provided that the respective final repayment dates specified in the relevant loan agreements were postponed from 1 July 2013 until 2 September 2013. In September the Company entered into further annexes postponing respective repayment dates until the end of November 2013. However, the Company is involved in discussions with Bank BZWBK with respect to conditions of the financing of a residential project in Warsaw to be developed by one of the Company's subsidiaries (project "Tamka"), as well as with respect to the final conditions and maturity of the loans that were just extended. The management expects that the conditions of future financing of the Company's subsidiaries will be agreed with Bank BZWBK jointly with the conditions of the construction facility related to the mentioned project and that the relevant loan agreements will be executed with Bank BZWBK by the end of November 2013. In the meantime, in July 2013, the Company decided about repayment of part of the loans in the amount of PLN 11.4 million and as of end of September the total balance of the loans granted by BZWBK S.A. amounted to PLN 28.3 million.

In August 2013, the Company entered into an annex to the loan facility with Bank Millennium with an aggregate value of PLN 8.8 million. Based on the signed annex, a part of the loan equal to PLN 2.4 million has been repaid and the repayment date of the remaining loan balance (PLN 6.4 million) has been extended until July 2014.

In August 2013, the Company executed loan agreements with Alior Bank S.A. related to the housing development project at Magazynowa Street in Warsaw. Under these loan agreements Alior Bank S.A. is to provide financing to cover the costs of construction and to partially refinance costs of land acquisition up to the total amount of PLN 57.5 million. Under the loan agreements the final repayment date of the loan facilities is established for 31 May 2016.

Bonds

On 14 June 2013, the Company issued 83,500 series C bonds and 23,550 series D bonds, together with an aggregate nominal value of PLN 107,050 thousand, and purchased 4,634 series A bonds with nominal value of PLN 10 thousand each, and 2,050 series B bonds together with an aggregate amount of PLN 66,840 thousand. Reference is made to Note 10.

On 15 July 2013, the Company issued 9,250 series E bonds with a total nominal value of PLN 9,250 thousand. The nominal value of one bond amounts to PLN 1 thousand and is equal to its issue price. The series E bonds shall be redeemed on 15 July 2016. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus a margin. Interest is payable semi-annually in January and July until redemption date.

The terms and conditions of the issuance of the bonds include provisions regarding early redemption at a bondholder's request to be made prior to 15 July 2016, in case of the occurrence of certain events covering a number of obligations and restrictions applicable to the Company, including the obligation to maintain its financial ratios at certain levels, restrictions on investments in land having an unregulated status and restrictions on related party transactions.

Notes to the Interim Condensed Consolidated Financial Statements

Note 17 – Events during the period (cont'd)

Commencements of new projects

In June 2013, the Company commenced the sales of units of the Sakura III project, with the construction work commenced in September 2013. The Sakura III project will comprise 145 units with an aggregate floor space of 7,300 m^2.

In June 2013, the Company commenced the sales of units of the Verdis III project, with the construction expected to be commenced in fourth quarter of 2013. The Verdis III project will comprise 146 units with an aggregate floor space of 7,700 m^2.

In June 2013, the Company commenced the sales of units of the Espresso II project, with the construction work commenced in September 2013. The Espresso II project will comprise 152 units with an aggregate floor space of 7,600 m^2.

In September 2013, the Company commenced the construction and the sales of units of the Chilli III project. The Chilli III project will comprise 38 units with an aggregate floor space of 2,200 m^2.

In September 2013, the Company commenced the sales of units of the Impressio II project, with the construction expected to be commenced in fourth quarter of 2013. The Impressio II project will comprise 142 units with an aggregate floor space of 8,400 m^2.

Completions of projects

In May 2013, the Group completed the construction of the Sakura II project comprising 136 units with a total area of 8,300 m^2.

In July 2013, the Group completed the construction of the Chilli II project comprising 20 units with a total area of 1,600 m^2.

In August 2013, the Group completed the construction of the Naturalis III project comprising 60 units with a total area of 3,400 m^2.

Dividend

On 27 June 2013, the General Meeting of Shareholders approved the distribution of a dividend for the financial year 2012 amounting to PLN 8,170,800 in total or PLN 0.03 per ordinary share. The dividend day was determined as 1 August 2013, and the dividend was paid on 20 August 2013.

Notes to the Interim Condensed Consolidated Financial Statements

Note 18 – Subsequent events

Land purchase

Since 30 September 2013, the Group did not purchase any land.

Bank loans

Since 30 September 2013, the Group did not enter into any new bank loan agreement.

Commencements of new projects

In October 2013, the Company commenced the construction of the Impressio II project.

In October 2013, the Company commenced the construction of the Verdis III project.

Completions of projects

Since 30 September 2013, the Group did not complete any project.

Bond loans

Since 30 September 2013, the Group did not issue any bond loan series.

On 18 October 2013, the Company repurchased all outstanding 1,566 series B bonds, utilizing its right of earlier repurchase.

The Management Board

Shraga Weisman Chief Executive Officer	**Tomasz Łapiński** Chief Financial Officer	**Andrzej Gutowski** Sales and Marketing Director
Israel Greidinger	**Ronen Ashkenazi**	**Pierre Decla**

Rotterdam, 5 November 2013

Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Statements

EY
Building a better working world

Review report

To: the board of directors, the supervisory board and shareholders of Ronson Europe N.V.

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Ronson Europe N.V., Rotterdam (the "Company") as at 30 September 2013, which comprise the interim consolidated statement of financial position as at 30 September 2013 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope
We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, 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 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.

Opinion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amsterdam, 5 November 2013

Ernst & Young Accountants LLP

signed by J.H. de Prie