Ronson Europe N.V.

Interim Financial Report
for the nine months
ended
30 September 2011

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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 2011, 64.2% of the outstanding shares are held by I.T.R. Dori B.V. (hereinafter "ITR Dori"), whereas 15.3% of the outstanding shares are held by GE Real Estate CE Residential B.V. (hereinafter "GE Real Estate") with the remaining 20.5% of the outstanding shares being held, to the best of the Company's knowledge, by other investors, including Amplico Otwarty Fundusz Emerytalny and ING Otwarty Fundusz Emerytalny whereby each party is holding an interest of between 5% and 10% of the outstanding shares. For major shareholders of the Company reference is made to page 18. On 8 November 2011, the market price was PLN 1.05 per share giving the Company a market capitalization of PLN 286 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 the 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 debt crisis, which continues to play out in much of Europe, and with increasing volatility in recent months, 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.

Through 30 September 2011, the Group has completed the construction of fourteen projects comprising 1,779 units with a total area of 134,500 m^2. As at 30 September 2011, only 28 units in these projects with a total area of 6,495 m^2 were still available for purchase.

As of the date of this Interim Financial Report, the Group is in the midst of developing eight projects comprising a total of 916 units, with a total area of 61,400 m^2. In these projects, 45 units, with a total area of 3,800 m^2, were completed in November and are expected to be delivered to customers during the fourth quarter of 2011. Moreover, the Company plans to commence three new stages of projects that are currently under construction in the fourth quarter of 2011 (of which one has been already commenced in October).

In addition, the Group has a pipeline of 21 projects in different stages of preparation, representing approximately 5,100 residential units with a total area of approximately 362,000 m^2 for future development in Warsaw, Poznań, Wrocław and Szczecin.

Company overview (cont'd)

Despite challenging market conditions, the Company's sales results have been consistently improving since the fourth quarter of 2008, which was the most difficult period for the Company as well as for the entire market. During 2009, net sales amounted to 263 units with the total value PLN 142.3 million and during 2010, net sales amounted to 270 units with the total value PLN 173.3 million, while during the nine months ended 30 September 2011, net sales amounted to 300 units with the total value PLN 168.5 million, which management believe compares favorably to the same nine month period in 2010, when the Company recorded net sales of 214 units, with a total value of PLN 140.3 million. During the last quarter of this year, the Company plans to initiate another three stages of currently run projects. In order to minimize market risk, management continues to break down these new projects into relatively smaller stages.

In April 2011 the Company issued bonds with an aggregate nominal value and issue price of PLN 87.5 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 April 2014, with full payment due on the maturity date. The bonds will allow the Company to benefit from market opportunities as they arise and will offer the Company the flexibility to purchase new land parcels, thereby supporting the Company's further development and increasing the scale of its operations. The proceeds from the bonds will also provide the Company with the additional capital required to commence construction of new projects and to adhere to current requirements of the Polish banking sector.

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 three years. Management believes the Company is well positioned to adapt to changing market conditions and is preparing new projects for development, which will be distinguished in the market by their location, quality and attractive pricing. The Company's positive sales results during 2010 and through the first nine months of 2011 seem to confirm that the Company continues to adapt positively to the changing market environment.

In 2010, construction of over 158,000 new apartments was commenced, which is only 10% lower than in the peak year of 2008. The trend observed in 2010 has continued in the first nine months of 2011 in all major Polish cities, where the Company offers residential projects. This trend confirms that many developers have been able to prepare projects and arrange for relevant financing to meet customer demand. This has resulted in increased competition among real estate developers, which has, in turn, led to increased customer demands and expectations relating to quality, advanced stage of construction and 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. The Company's management is aware of these shifting trends and increasing demands by the Company's customers and has implemented internal processes aimed at improving customer service and responding positively to the customer requirements.

In addition, to further minimize market risk, the Company continues to take 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 continuing tightened credit markets. Accordingly, when planning its newest projects, the Company has prepared for increased costs of debt financing as well as for more demanding debt facility structures that are being imposed by the lending banks.

Business highlights during the nine months ended 30 September 2011

A. Projects completed

In June and in August 2011, the Group completed the construction of the last phase of the Constans and Nautica II projects comprising 4 semi-detached units (in total 8 units) with an aggregate floor space of 2,176 m^2 and one semi-detached unit and one house (in total 3 units) with an aggregate floor space of 622 m^2, respectively. For additional information see section 'B. Results breakdown by project' 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 2011 amounted to PLN 61.3 million, whereas cost of sales amounted to PLN 50.2 million, which resulted in a gross profit amounting to PLN 11.1 million and a gross margin of 18.1%. The decrease in gross margin, comparing to previous periods, is primarily explained by the increase in units delivered to customers in two projects, Constans and Gardenia, both having a significant lower gross margin when compared to the average gross profit margin realized by the Group.

The following table specifies revenue, cost of sales, gross profit and gross margin during the nine months ended 30 September 2011 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)**	**%**
Nautica I	10	741	6,787	11.0%	5,226	10.4%	1,561	23.0%
Nautica II	2	421	3,761	6.1%	2,170	4.3%	1,591	42.3%
Gemini I	5	397	4,447	7.3%	3,350	6.7%	1,097	24.7%
Galileo	30	2,458	15,165	24.8%	10,185	20.3%	4,980	32.8%
Imaginarium II	1	111	1,474	2.4%	1,137	2.3%	337	22.9%
Constans	10	2,825	16,040	26.2%	15,107	30.1%	933	5.8%
Gardenia	18	2,974	12,304	20.1%	12,208	24.3%	96	0.8%
Imaginarium I	1	59	639	1.0%	462	0.9%	177	27.7%
Other	N.A	N.A	645	1.1%	342	0.7%	303	47.0%
Total / Average	**77**	**9,986**	**61,262**	**100.0%**	**50,187**	**100.0%**	**11,075**	**18.1%**

(*) 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.

Nautica I

The construction of the Nautica I project was completed in June 2010. The Nautica I project was developed on a land strip of 9,698 m^2 located in the Ursynów district in Warsaw (Stryjeńskich Street). The project comprises 4 five-storey, multi-family residential buildings with a total of 148 apartments and 1 commercial unit and an aggregate floor space of 10,648 m^2.

Nautica II

The construction of the Nautica II project was completed in August 2011. The Nautica II project was developed on a land strip of 1,051 m^2 located in the Ursynów district in Warsaw (Stryjeńskich Street). The project comprise one semi-detached unit and one house (in total 3 units) with an aggregate floor space of 622 m^2.

Business highlights during the nine months ended 30 September 2011 (cont'd)

B. Results breakdown by project (cont'd)

Gemini I

The construction of the Gemini I project was completed in June 2010. The Gemini I project was developed on a land strip of 3,929 m^2 located in the Ursynów district in Warsaw (KEN Street) situated next to the subway station Imielin. The project comprises one multifamily building of 11 levels with a total of 149 apartments and 15 commercial units with an aggregate floor space of 13,126 m^2.

Galileo

The construction of the Galileo project was completed in March 2009. The Galileo project was developed on a land strip of 8,598 m^2 located in the city center district of Poznań. The Galileo housing project comprises 5 six-storey, multi-family residential buildings with a total of 226 apartments and 6 commercial units with an aggregate floor space of 16,700 m^2.

Imaginarium II

The construction of the Imaginarium II housing estate was completed in August 2009. This project was developed on part of a land strip of 7,042 m^2 located in the Bielany district in Warsaw. The Imaginarium II housing estate comprises 3 four-storey, multi-family buildings with total 65 apartments with an aggregate usable floor space of 4,700 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.

Gardenia

The Gardenia project was completed in December 2010. The project was developed on a land strip of 7,129 m^2 located in Józefosław near Warsaw. The Gardenia project, a single family housing (houses in a row) project, comprise 22 units with an aggregate floor space of 3,683 m^2.

Imaginarium I

The construction of the Imaginarium I housing estate was completed in August 2008. This project was developed on part of a land strip of 10,343 m^2 located in the Bielany district in Warsaw. The Imaginarium I housing estate comprises 2 four-storey buildings with a total of 58 apartments with an aggregate floor space of 3,983 m^2.

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 2011 (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 after deduction of preliminary sales agreements that were canceled), during the nine months ended 30 September 2011:

Project name	Location	Units sold until 31 December 2010	Units sold during the 9 months ended 30 September 2011	Units for sale as at 30 September 2011	Total
Nautica I (*)	Warsaw	147	2	-	149
Gemini I (*)	Warsaw	154	-	2	156
Galileo (*)	Poznań	212	16	3	231
Imaginarium II (*)	Warsaw	64	1	-	65
Constans (*)	Warsaw	8	4	22	34
Gardenia (*)	Warsaw	16	5	1	22
Nautica II (*)	Warsaw	1	2	-	3
Imaginarium III (**)	Warsaw	31	13	1	45
Gemini II (**)	Warsaw	-	131	51	182
Naturalis I (**)	Warsaw	10	4	38	52
Naturalis II (**)	Warsaw	-	10	50	60
Sakura I (**)	Warsaw	13	36	71	120
Verdis I (**)	Warsaw	8	38	93	139
Impressio I (**)	Wrocław	1	15	54	70
Panoramika I (**)	Szczecin	-	7	75	82
Chilli I (**)	Poznań	-	3	27	30
Espresso I (***)	Warsaw	-	13	199	212
Total		**665**	**300**	**687**	**1,652**

(*) For information on the completed projects see "Business highlights during the nine months ended 30 September 2011 – B. Results breakdown by project" (pages 3 and 4).

(**) For information on current projects under construction, see "Outlook for the remainder of 2011 and for 2012 – B. Current projects under construction" (pages 13 - 15).

(***) For addition information, see "Outlook for the remainder of 2011 and for 2012 – D. Projects for which the sales processes commenced and the construction work is planned to commence in the near future" (page 16).

D. Commencements of new projects

During the nine months ended 30 September 2011, the Group commenced the construction of two new projects/stages: Gemini II, and Chilli I, comprising 182 units (including 167 apartments and 15 commercial units) and 30 units with a total area of 13,700 m^2 and 2,100 m^2, respectively. For additional information see section "Outlook for the remainder of 2011 and for 2012 – B. Current projects under construction" (pages 13-15).

E. Land purchase

In January 2011, the Group acquired a parcel of land with an area of 7,602 m^2 located in Warsaw, Wola District, at Jana Kazimierza Street ("Land 2"). Land 2 is located nearby a plot of land with an area of 8,953 m^2 which the Group had purchased during 2010 ("Land 1"). In combination, Land 1 and Land 2 shall allow the Group to build multifamily buildings that will comprise 688 units with an aggregate floor space of 35,900 m^2.

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 International Financial Reporting Standards ("IFRS"), in particular in accordance with IAS 34 and IFRSs endorsed by the European Union. At the date of authorisation 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 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 2010. For additional information see Note 3 of the Interim Condensed Consolidated Financial Statements.

Overview of results

The Company's net profit attributable to the owners of the parent company for the nine months ended 30 September 2011 was PLN 915 thousand in comparison to PLN 25,346 thousand, which is primarily explained by significant decrease in the number of units delivered by the Company to the clients due to the fact that the Company has not completed construction of any major project during this period. Results can be summarized as follows:

	For the nine months ended 30 September	
	2011	**2010**
	PLN (thousands, except earnings per share data)	
Revenue	61,262	172,947
Cost of sales	(50,187)	(127,269)
Gross profit	**11,075**	**45,678**
Selling and marketing expenses	(3,650)	(5,216)
Administrative expenses	(10,561)	(11,576)
Other expenses	(1,367)	(3,965)
Other income	952	577
Result from operating activities	**(3,551)**	**25,498**
Finance income	3,863	1,509
Finance expense	(444)	(228)
Net finance income	**3,419**	**1,281**
(Loss)/profit before taxation	**(132)**	**26,779**
Income tax benefit/(expense)	1,015	(1,433)
Net profit for the period before non-controlling interests	**883**	**25,346**
Non-controlling interests	32	-
Net profit for the period attributable to the owners of the parent company	**915**	**25,346**
Net earnings per share attributable to the owners of the parent company (basic and diluted)	**0.003**	**0.093**

Overview of results (cont'd)

Revenue

Total revenue decreased by PLN 111.6 million (64.6%) from PLN 172.9 million during the nine months ended 30 September 2010 to PLN 61.3 million during the nine months ended 30 September 2011, which is primarily explained by the anticipated decrease in (i) the number of units delivered by the Company and (ii) the average selling price per m^2 due to the increase in the number of houses delivered by the Company. Out of 77 units delivered by the Company during nine months period ended 30 September 2011, there were 30 single family houses and 47 apartments in multifamily projects, while in the same period in 2010, the Company delivered 1 single family house and 284 apartments in multifamily projects. In general, single family houses are offered and sold with lower price per m^2 than apartments.

Cost of sales

Cost of sales decreased by PLN 77.1 million (60.6%) from PLN 127.3 million during the nine months ended 30 September 2010 to PLN 50.2 million during the nine months ended 30 September 2011, which is primarily explained by a decrease in the number of units delivered by the Company as well as by a decrease in average cost of sales per m^2 due to the increase in delivering single family houses which in general have a lower cost per m^2 when compared to apartments.

Gross margin

The gross margin during the nine months ended 30 September 2011 is 18.1% which compares to a gross margin during the nine months ended 30 September 2010 of 26.4%. The decrease in gross margin is primarily explained by the increase in units delivered to customers in two projects, Constans and Gardenia. Both projects include single family houses, having a significantly lower gross margin when compared to the average gross profit margin realized by the Group on all of its projects taken as a whole.

Selling and marketing expenses

Selling and marketing expenses decreased by PLN 1.6 million (30.0%) from PLN 5.2 million for the nine months ended 30 September 2010 to PLN 3.6 million for the nine months ended 30 September 2011, which is primarily explained by the decrease in the number of new projects/stages that were commenced.

Administrative expenses

Administrative expenses decreased by PLN 1.0 million (8.8%) from PLN 11.6 million for the nine months ended 30 September 2010 to PLN 10.6 million for the nine months ended 30 September 2011, which is primarily explained by a decrease in the formulaic Management Board bonuses calculated as a proportion of the profit before tax. This decrease was partially offset by increasing personnel expenses, which reflects the growing scale of the Company's operations.

Other expenses

Other expenses decreased by PLN 2.6 million (65.5%) from PLN 4.0 million for the nine months ended 30 September 2010 to PLN 1.4 million for the nine months ended 30 September 2011 which is primarily explained by a one-time event during the nine months ended 30 September 2010 related to the write-down expense in connection with the aborted Aurora project amounting to PLN 2.5 million.

Other income

Other income increased by PLN 0.4 million from PLN 0.6 million for the nine months ended 30 September 2010 to PLN 1.0 million for the nine months ended 30 September 2011.

Overview of results (cont'd)

Net finance income/(expense)

Finance expense, mainly comprising borrowing costs, is accrued and capitalized as part of the cost price of inventory to the extent this is attributable to the expenditure in the construction of residential units. Finance income and unallocated finance expense not capitalized are recognized in the statement of comprehensive income.

The table below shows the finance income and expense before capitalization into inventories, total finance expenses capitalized into inventories and the finance income and expense recognized as profit or loss:

	For the nine months ended 30 September 2011 PLN (thousands)		
	Total amount	**Amount capitalized**	**Recognized as profit or loss**
Finance income	3,863	-	3,863
Finance expense	(12,632)	12,188	(444)
Net finance (expense)/income	**(8,769)**	**12,188**	**3,419**

	For the nine months ended 30 September 2010 PLN (thousands)		
	Total amount	**Amount capitalized**	**Recognized as profit or loss**
Finance income	1,565	(56)	1,509
Finance expense	(11,584)	11,356	(228)
Net finance (expense)/income	**(10,019)**	**11,300**	**1,281**

Net finance expenses before capitalization decreased by PLN 1.2 million (12.5%) from PLN 10.0 million during the nine months ended 30 September 2010 to PLN 8.8 million during the nine months ended 30 September 2011, which is a result of a decrease in finance expense due to a decrease in bank loans, as well as an increase in finance income due to an increase in short-term deposits kept by the Company on bank accounts, offset in part by an increase in finance expense due to the bond issuance during April 2011.

The amount of finance expense capitalized during nine months ended 30 September 2011 includes borrowing costs related to bonds issues in April 2011, of which PLN 3.8 million has been capitalized during the nine month period ended 30 September 2011 (notably, PLN 1.7 million during 3 month period ended 30 June 2011 and PLN 2.1 million during 3 months period ended 30 September 2011). For additional information see note 22 of the Interim Condensed Consolidated Financial Statement.

Income tax benefit/(expense)

During the nine months ended 30 September 2011 the Group realized a tax benefit of PLN 1.0 million in comparison to a tax expense of PLN 1.4 million for the nine months ended 30 September 2010. This movement is explained by the recognition of tax assets created following 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 minority shareholders in losses from subsidiaries that are not 100% owned by the Company and amounted to PLN 32 thousand (positive) for the nine months ended 30 September 2011. There were no minority shareholders during the nine months ended 30 September 2010.

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 occurred.

	As at 30 September 2011	As at 31 December 2010
	PLN (thousands)	
Inventory	606,592	543,529
Advances received	91,895	44,347
Loans and borrowings	213,161	182,475

Inventory

The balance of inventory is PLN 606.6 million as of 30 September 2011 as compared to PLN 543.5 million as of 31 December 2010. Inventory increased primarily as a result of the Group's investments associated with direct construction costs for a total amount of PLN 74.7 million, an increase in land and related expense, for a total amount of PLN 20.2 million, and a net finance expense capitalized for a total amount of PLN 12.2 million. The increase is offset by cost of sales recognized for a total amount of PLN 49.7 million.

Advances received

The balance of advances received is PLN 91.9 million as of 30 September 2011 as compared to PLN 44.3 million as of 31 December 2010. The increase is a result of advances received from clients regarding sales of residential units for a total amount PLN 108.9 million, which increase is partially offset by revenues recognized from the sale of residential units for a total amount of PLN 61.3 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 213.2 million as of 30 September 2011 compared to PLN 182.5 million as of 31 December 2010. The increase is primarily due to the issuance of floating rate bonds in April 2011 with an aggregate nominal value and issue price of PLN 87.5 million. The increase is partially offset by repayments of bank loans taken by the Group for the purpose of acquisition of land parcels for a total amount of PLN 6.3 million and repayment of loans received from related parties amounting to PLN 52.9 million. Of the mentioned PLN 213.2 million, an amount of PLN 71.9 million comprises facilities with maturity dates not later than 30 September 2012.

On 18 April 2011, the Company issued bonds with an aggregate value of PLN 87.5 million comprising 5,134 series A bonds (with an aggregate nominal value of PLN 51.3 million) and 3,616 series B bonds (with an aggregate nominal value of PLN 36.2 million). The nominal value of one bond amounts to PLN 10 thousand and is equal to its issue price. The bonds shall be redeemed on 18 April 2014 at nominal value, whereby the Company has the right to early redeem any number of the series B bonds which early redemption is to be effected either on 18 April 2013 or 18 October 2013. The bonds have a variable interest determined based on the WIBOR rate for six-month deposits increased by a margin which is different for the series A bonds and the series B bonds. The interest is payable semi-annually.

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

Loans and borrowings (cont'd)

The maturity structure of the loans and borrowings reflects the Company's activities in the past 3 to 4 years to partially refinance some of its land acquisitions with short-term and medium-term banking facilities. In addition, for the majority of projects where construction work has already commenced, the Company also entered into 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.

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 2011 amounted to PLN 89.6 million comprising a loan principal amount of PLN 87.5 million plus accrued interest of PLN 3.6 million minus one-time costs directly attributed to the bond issuance which are amortized based on the effective interest method (PLN 1.5 million). The bonds are not secured and mature in April 2014.

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 2011, loans in this category amounted to PLN 35.0 million.

The bank loans granted to finance the land purchases as at 30 September 2011 amounted to PLN 83.0 million in total.

Loans from third parties are related to joint-venture projects and as at 30 September 2011 amounted to PLN 5.6 million.

Overview of cash flows results

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

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

	For the nine months ended 30 September	
	2011	2010
	PLN (thousands)	
Cash flows from operating activities	13,894	90,542
Cash flows used in investing activities	(33,335)	(1,345)
Cash flow from/(used in) financing activities	24,198	(65,943)

The net cash flow from operating activities amounted to PLN 13.9 million for the nine months ended 30 September 2011, which compares to a net cash flow from operating activities amounting to PLN 90.5 million during the nine months ended 30 September 2010. The decrease is principally due to a net cash outflow used for inventory amounting to PLN 37.6 million during the nine months ended 30 September 2011 as compared to a net cash inflow from inventory amounting to PLN 88.8 million during the nine months ended 30 September 2010; the main reason for increasing cash outflow used in inventory was increasing the number of projects under construction as well as a decrease in cost of sales recognized.

This effect was offset in part by an increase in the net cash flow from advances received from clients regarding sales of residential units from cash flow inflow PLN 162 million during the nine months ended 30 September 2010, which were offset by revenue recognized for a total amount of PLN 172.9 million, to advances received in the amount of PLN 108.9 million during the nine months ended 30 September 2011, which were offset by revenue recognized for a total amount of PLN 61.3 million;

Cash flows used in investing activities totaled PLN 33.3 million during the nine months ended 30 September 2011, as compared to cash flows used in investing activities totaling PLN 1.3 million in the nine months ended 30 September 2010. The increase is primarily due to:

- the investment in securities in an open end investment fund amounting to PLN 20.8 million during the nine months ended 30 September 2011 compared to nil during the nine months ended 30 September 2010;
- granting loans to a joint venture entity amounting to PLN 5.6 million during the nine months ended 30 September 2011 compared to nil during the nine months ended 30 September 2010.

Cash flows from financing activities totaled PLN 24.2 million during the nine months ended 30 September 2011, as compared to cash flows used in financing activities totaling PLN 65.9 million in the nine months ended 30 September 2010. The increase is primarily due to:

- the proceeds from the issuance of bonds (net of costs) amounting to PLN 85.8 million during the nine months ended 30 September 2011 compared to nil during the nine months ended 30 September 2010;
- a repayment of secured bank loans amounting to PLN 6.3 million during the nine months ended 30 September 2011 compared to a repayment of secured bank loans amounting to PLN 69.0 million during the nine months ended 30 September 2010.

The increase is partly offset by a repayment of related parties loans amounting to PLN 52.9 million during the nine months ended 30 September 2011 compared to nil during the nine months ended 30 September 2010.

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
2011 (9 months)	**4.021**	**3.840**	**4.490**	**4.411**
2010 (9 months)	4.012	3.836	4.177	3.987

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			
	2011	**2010**	**2011**	**2010**
Revenues	**15,236**	43,107	**61,262**	172,947
Gross profit	**2,754**	11,385	**11,075**	45,678
(Loss)/profit before taxation	**(33)**	6,675	**(132)**	26,779
Net profit for the period attributable to the owners of the parent company	**228**	6,318	**915**	25,346
Cash flows from operating activities	**3,455**	22,568	**13,894**	90,542
Cash flows used in investment activities	**(8,290)**	(335)	**(33,335)**	(1,345)
Cash flows from/(used in) financing activities	**6,018**	(16,436)	**24,198**	(65,943)
Increase in cash and cash equivalents	**1,183**	5,796	**4,757**	23,254
Inventory	**137,518**	140,722	**606,592**	561,060
Total assets	**173,815**	170,762	**766,699**	680,828
Advances received	**20,833**	17,403	**91,895**	69,385
Long term liabilities	**33,210**	22,421	**146,488**	89,394
Short term liabilities (including advances received)	**44,803**	46,108	**197,628**	183,831
Equity attributable to owners of the parent company	**94,829**	102,233	**418,292**	407,603
Share capital	**5,054**	5,054	**20,762**	20,762
Average number of equivalent shares (basic)	**272,360,000**	272,360,000	**272,360,000**	272,360,000
Average number of equivalent shares (diluted)	**272,999,333**	272,999,333	**272,999,333**	272,999,333
Net earnings per share (basic and diluted)	**0.001**	0.023	**0.003**	0.093

**Information is presented in EUR solely for presentation purposes. Due to the significant fluctuation of the Polish Zloty against the Euro over the past years, the Statement of Financial Position presented in EUR data does 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 2010 to 30 September 2011, 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 for the last day of every month within the reporting year / period.

Outlook for the remainder of 2011 and for 2012

A. Completed projects

The table below presents information on the total residential units in the seven completed projects that the Company expects to sell and deliver during the remainder of 2011 and 2012:

			Number of residential units sold (*)			Number of residential units delivered (*)			
Project name	**Location**	**Total units**	**Until 31 December 2010**	**During the 9 months ended 30 September 2011**	**Total**	**Until 31 December 2010**	**During the 9 months ended 30 September 2011**	**Total**	**Number of residential units expected to be delivered (*)**
Galileo (**)	Poznań	231	212	16	228	195	30	225	6
Constans (**)	Warsaw	34	8	4	12	2	10	12	22
Gardenia (**)	Warsaw	22	16	5	21	3	18	21	1
Nautica I (**)	Warsaw	149	147	2	149	137	10	147	2
Nautica II (**)	Warsaw	3	1	2	3	-	2	2	1
Imaginarium II (**)	Warsaw	65	64	1	65	62	1	63	2
Gemini I (**)	Warsaw	156	154	-	154	149	5	154	2
Total		**660**	**602**	**30**	**632**	**548**	**76**	**624**	**36**

(*) *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 2011 – B. Results breakdown by project" (pages 3 to 4).*

B. Current projects under construction

The table below presents information on projects for which completion is scheduled in the remainder of 2011 and 2012. The Company has obtained construction permits for all nine projects and has commenced construction.

Project name	**Location**	**Total area of units (m^2)**	**Total units**	**Units sold until 30 September 2011**	**Expected completion of construction**
Imaginarium III	Warsaw	3,800	45	44	2011
Naturalis I	Warsaw	2,900	52	14	2012
Naturalis II	Warsaw	3,400	60	10	2012
Sakura I	Warsaw	8,100	120	49	2012
Verdis I	Warsaw	9,400	139	46	2012
Impressio I	Wrocław	4,400	70	16	2012
Panoramika I	Szczecin	5,200	82	7	2012
Gemini II	Warsaw	13,900	182	131	2012
Chilli I	Poznań	2,100	30	3	2012
Total		**53,200**	**780**	**320**	

Outlook for the remainder of 2011 and for 2012 (cont'd)

B. Current projects under construction (cont'd)

Imaginarium III

Description of project

The Imaginarium III project is being developed on a land strip of 7,600 m^2 located in the Bielany district in Warsaw (Gwiaździsta Street) and is situated next to the Imaginarium I and Imaginarium II projects. The project is a continuation of the Imaginarium I and Imaginarium II concept in terms of quality and design. The Imaginarium III housing estate comprises 2 four-storey, multi-family buildings with total 45 apartments with an aggregate usable floor space of 3,800 m^2.

Stage of development

The construction of the Imaginarium III project commenced in May 2010 and is expected to be completed in the fourth quarter of 2011.

Naturalis I and II

Description of project

The first and second phases of the Naturalis project are being developed on a part of a land strip of 31,800 m^2 located in Łomianki near Warsaw. The first and the second phases of this project will 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 1 four-storey, multi-family residential building with a total of 60 apartments and an aggregate floor space of 3,400 m^2, respectively. In total the Naturalis project shall comprise around 490 units with a total estimated flat usable area of 30,200 m^2.

Stage of development

The construction of the first and the second phases of the Naturalis project commenced in September 2010 and December 2010, respectively, while completion is expected in the third and the fourth quarter of 2012, respectively.

Sakura I

Description of project

The first 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). The first phase of this project will 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. In total, the Sakura project shall comprise around 450 units with a total estimated flat usable area of 30,500 m^2.

Stage of development

The construction of the first phase of the Sakura project commenced in September 2010 and is expected to be completed in the second quarter of 2012.

Verdis I

Description of project

The first phase of Verdis project is being developed on a part of a land strip of 16,300 m^2 located in the Wola district in Warsaw (Sowińskiego Street). The first phase of this project will comprise 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. In total, the Verdis project shall comprise around 380 units with a total estimated flat usable area of 26,100 m^2.

Stage of development

The construction of the project commenced in November 2010 and is expected to be completed in the third quarter of 2012.

Outlook for the remainder of 2011 and for 2012 (cont'd)

B. Current projects under construction (cont'd)

Impressio I

Description of project

The first 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. The first phase of this project will comprise 3 four-storey, multi-family residential buildings with a total of 70 apartments and an aggregate floor space of 4,400 m^2. In total, the Impressio project shall comprise around 190 units with a total estimated flat usable area of 12,800 m^2.

Stage of development

The construction of the project commenced in October 2010 and is expected to be completed in the second quarter of 2012.

Panoramika I (previously named Mozart)

Description of project

The first phase of the Panoramika project is being developed on a part of a land strip of 30,300 m^2 located in Szczecin at Duńska Street. The first phase of this project will comprise 2 four and five-storey, multi-family residential buildings with a total of 82 apartments and an aggregate floor space of 5,200 m^2. In total, the Panoramika project shall comprise around 499 units with a total estimated flat usable area of 36,600 m^2.

Stage of development

The construction of the project commenced in November 2010 and is expected to be completed in the second quarter of 2012.

Gemini II

Description of project

The second phase of the Gemini project is being developed on a part of a land strip of 4,703 m^2 located in the Ursynów district in Warsaw (KEN Avenue) situated next to the subway station Imielin, that it is continuation of Gemini I that was completed in 2010. The Gemini II project will comprise 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.

Stage of development

The construction of the project commenced in March 2011 and is expected to be completed in the fourth quarter of 2012.

Chilli I (previously named Plejada)

Description of project

The first 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. The first phase of this project will comprise 30 units with an aggregate floor space of 2,100 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 project commenced in June 2011 and is expected to be completed in the third quarter of 2012.

Outlook for the remainder of 2011 and for 2012 (cont'd)

C. Projects for which construction work is planned to commence during the remainder of 2011

As the Company is aware of 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 2011, the Company plans to commence development on another three stages of currently run projects, which management believes are well suited to 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.

New stages of existing projects

Sakura II

The Sakura II project is a continuation of Sakura I which is currently under construction. The project will comprise 136 units with an aggregate floor space of 8,200 m^2. The Company commenced development of this project in October 2011.

Verdis II

The Verdis II project is a continuation of Verdis I which is currently under construction. The project will comprise 63 units with an aggregate floor space of 6,378 m^2. The Company plans commencing development of this project during the fourth quarter of 2011.

Naturalis III

The Naturalis III project is a continuation of Naturalis I and Naturalis II which are currently under construction. The project will comprise 60 units with an aggregate floor space of 3,400 m^2. The Company plans commencing development of this project during the fourth quarter of 2011.

D. Projects for which the sales process commenced and the construction work is planned to commence in the near future

Espresso (previously named Jana Kazimierza)

The Espresso project will be developed on a part of a land strip of 16,192 m^2 located in Warszawa at Jana Kazimierza Street. The project will comprise 688 units with an aggregate floor space of 35,900 m^2 and will be divided into 4 stages. In August 2011, the Company has started the sales process of the first stage comprising 212 units with an aggregate floor space of 9,500 m^2. The construction work is planned to commence during the first quarter of 2012.

Outlook for the remainder of 2011 and for 2012 (cont'd)

E. 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 13). 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**
Nautica I (*)	Warsaw	1,302	Completed
Gemini I (*)	Warsaw	130	Completed
Galileo (*)	Poznań	1,897	Completed
Imaginarium II (*)	Warsaw	1,467	Completed
Nautica II (*)	Warsaw	1,620	Completed
Imaginarium III (**)	Warsaw	38,842	2011
Naturalis I (**)	Warsaw	3,346	2012
Naturalis II (**)	Warsaw	2,748	2012
Sakura I (**)	Warsaw	23,470	2012
Verdis I (**)	Warsaw	19,798	2012
Impressio I (**)	Wrocław	7,763	2012
Gemini II (**)	Warsaw	80,918	2012
Panoramika I (**)	Szczecin	2,066	2012
Chilli I (**)	Poznań	1,083	2012
Espresso I (***)	Warsaw	3,501	2013
Total		**189,951**	

(*) *For information on the completed projects see "Business highlights during the nine months ended 30 September 2011 – B. Results breakdown by project" (pages 3 and 4).*

(**) *For information on current projects under construction, see under "B. Current projects under construction" (pages 13-15).*

(***) *For addition information see under, "D. Projects for which the sales process commenced and the construction work is planned to commence in the near future" (page 16).*

F. Main risks and uncertainties during the remainder of 2011

The economic situation in Europe, and in Poland, and the ongoing uncertainties in the housing market make it very difficult to project estimates for the result for 2011. The state of the Polish economy, the banking sector and the consumers' interest in new housing projects, as well as increasing competition on the market are considered to be the most significant uncertainties for the remainder of the financial year. There is no significant change in respect of the main risks and uncertainties to what was disclosed on annual consolidated financial statements of the Group for the year ended 31 December 2010.

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 2011 (8 November 2011), 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 8 November 2011 Number of shares / % of shares	Increase in number of shares	As of 30 September 2011 Number of shares / % of shares	Increase in number of shares	As of 31 December 2010 Number of shares / % of shares
Shares issued	***272,360,000***	-	***272,360,000***	-	***272,360,000***
Major shareholders:					
I.T.R. Dori B.V.	174,898,374	-	174,898,374	-	174,898,374
	64.2%		64.2%		64.2%
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%.

Changes in ownership of shares and rights to shares by Management Board members in the nine months ended 30 September 2011 and until the date of publication of this report

Shares

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

- Until 17 April 2011 Mr David Katz indirectly held 5.5% of the shares and voting rights in a 50% shareholder of I.T.R Dori B.V. and, as a result, indirectly held a 1.8% interest in the Company. His indirect ownership in the Company did not change during the period from 1 January 2011 until 17 April 2011. His indirect ownership ended as a result of the sale of Mr Katz's shares in the company through which he held the indirect ownership in I.T.R. Dori B.V. and the Company.

- Mr Ronen Ashkenazi, since the day of his appointment as member of the Board of Managing Directors and until the day of publishing this report, indirectly held 18.5% of the shares and voting rights in a 50% shareholder of I.T.R Dori B.V. and, as a result, thus indirectly held a 5.9% interest in the Company.

- Mr Israel Greidinger, as at the date of his appointment as member of the Board of Managing Directors, indirectly held 37.7% of the shares and 40.2% of the voting rights in Israel Theatres LTD, a 50% shareholder of I.T.R Dori B.V. and, as a result, indirectly held 12.1% of the shares and 12.9% of the voting rights in the Company. As at 30 September 2011 and until the day of publishing this report, he indirectly held 38.0% of the shares and 40.5% of the voting rights in Israel Theatres LTD, a 50% shareholder of I.T.R Dori B.V. and, as a result, thus indirectly held 12.2% of the shares and 13.0% of the voting rights in the Company.

Additional information to the report (cont'd)

Changes in ownership of shares and rights to shares by Management Board members in the nine months ended 30 September 2011 and until the date of publication of this report (cont'd)

Shares options

The members of the Management Board did not individually receive rights to shares or options on shares in the Company during the period from 1 January 2011 until 8 November 2011. Rights to shares that were granted to individual members of the Management Board before 1 January 2011 but which have not been exercised are as follows:

- Mr Andrzej Gutowski: a right to subscribe to a total number of 150,000 shares in the capital of the Company with a nominal value of EUR 0.02 each, for an issue price per share equal to PLN 5.75, one third per year on the anniversary date of the date of 5 November 2007 for three successive years.

Changes in ownership of shares and rights to shares by Supervisory Board members in the nine months ended 30 September 2011 and until the date of publication of the report

The members of the Supervisory Board did not individually own any shares and/or rights to shares in the Company during the period from 1 January 2011 until 8 November 2011, with the exception of Mr Uri Dori who until 17 April 2011 indirectly held 31.4% of the shares and voting rights in a 50% shareholder of I.T.R Dori B.V. and, as a result, indirectly held a 10.1% interest in the Company. Mr Dori's indirect ownership in the Company did not change during the period from 1 January 2011 until 17 April 2011. His indirect ownership was ended as a result of the sale of Mr. Dori's shares in the company through which he held the indirect ownership in I.T.R. Dori B.V. and the Company.

Changes in the Management Board in the nine months ended 30 September 2011 and until the date of publication of the report

The Annual General Meeting of Shareholders held on 30 June 2011 adopted the following resolutions:

- Appointing Mr Israel Greidinger as member of the Board of Managing Directors and managing director B for a term of four years. His appointment came into force as of the day of the adoption of the resolution. Mr Greidinger replaced Mr Amos Weltsch, who stepped down as managing director B effective on the day of the adoption of the resolution.

- Appointing Mr Ronen Ashkenazi as member of the Board of Managing Directors and managing director B for a term of four years. His appointment came into force as of the day of the adoption of the resolution. Mr Ashkenazi replaced Mr David Katz, who stepped down as managing director B effective on the day of the adoption of the resolution.

Changes in the Supervisory Board in the nine months ended 30 September 2011 and until the date of publication of the report

The Annual General Meeting of Shareholders held on 30 June 2011 adopted the following resolutions:

- Appointing Mr Arie Mientkavich as member of the Board of Supervisory Directors, for a term of four years. His appointment came into force as of the day of the adoption of the resolution. Mr Mientkavich replaced Mr Uri Dori, who stepped down as member of the Board of Supervisory Directors effective on the day of the adoption of the resolution.

- Appointing Mr Przemyslaw Kowalczyk as member of the Board of Supervisory Directors, for a term of four years. His appointment came into force as of the day of the adoption of the resolution.

Additional information to the report (cont'd)

Other

As of 30 September 2011, the Company has issued guarantees for bank loans granted to subsidiaries amounting to a total of PLN 33,111 thousand.

As of 30 September 2011, 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 2011:

- a decrease in the provision for deferred tax liabilities of PLN 423 thousand (an increase of PLN 782 thousand during the nine months ended 30 September 2010)
- a decrease in the provision for expected costs of development of certain plots of land owned by the Group according to the conditions imposed by local authorities of PLN 1,000 thousand (nil during the nine month ended 30 September 2010).

Responsibility statement

The Management Board of the Company hereby declares that, to the best of its knowledge, these Interim Condensed Consolidated Financial Statements which have been prepared in accordance with IAS 34 "Interim Financial reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the entities included in the consolidation taken as a whole.

The Directors' report in this Interim Financial Report gives a true and fair view of the important events of the nine months period ended 30 September 2011 and their impact on the Interim Condensed Consolidated Financial Statements, as well as the principal risks and uncertainties for the three months 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**	**Karol Pilniewicz**

Rotterdam, 8 November 2011

Interim Consolidated Statement of Comprehensive Income

In thousands of Polish Zlotys (PLN) except per share data and number of shares	*Note*	**For the 9 months ended 30 September 2011 (Unaudited / unreviewed)**	**For the 3 months ended 30 September 2011 (Unaudited / unreviewed)**	**For the 9 months ended 30 September 2010 (Unaudited / unreviewed)**	**For the 3 months ended 30 September 2010 (Unaudited / unreviewed)**
Revenue		61,262	21,328	172,947	123,402
Cost of sales		(50,187)	(17,701)	(127,269)	(91,965)
Gross profit		**11,075**	**3,627**	**45,678**	**31,437**
Selling and marketing expenses		(3,650)	(1,118)	(5,216)	(2,894)
Administrative expenses		(10,561)	(3,694)	(11,576)	(5,094)
Other expenses		(1,367)	(572)	(3,965)	(716)
Other income		952	430	577	140
Result from operating activities		**(3,551)**	**(1,327)**	**25,498**	**22,873**
Finance income		3,863	1,476	1,509	704
Finance expense		(444)	(69)	(228)	(50)
Net finance income		**3,419**	**1,407**	**1,281**	**654**
(Loss)/profit before taxation		**(132)**	**80**	**26,779**	**23,527**
Income tax benefit/(expense)	*15*	1,015	240	(1,433)	(775)
Profit for the period		**883**	**320**	**25,346**	**22,752**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		**883**	**320**	**25,346**	**22,752**
Total comprehensive income attributable to:					
Owners of the parent company		915	352	25,346	22,752
Non-controlling interests		(32)	(32)	-	-
		883	**320**	**25,346**	**22,752**
Weighted average number of equivalent shares (basic)		**272,360,000**	**272,360,000**	**272,360,000**	**272,360,000**
Weighted average number of equivalent shares (diluted)		**272,999,333**	**272,999,333**	**272,999,333**	**272,999,333**
Net earnings per share attributable to the owners of the parent company (basic)		**0.003**	**0.001**	**0.093**	**0.084**
Net earnings per share attributable to the owners of the parent company (diluted)		**0.003**	**0.001**	**0.093**	**0.083**

The notes included on pages 27 to 42 are an integral part of these interim condensed consolidated financial statements

Interim Consolidated Statement of Financial Position

As at *In thousands of Polish Zlotys (PLN)*	***Note***	**30 September 2011 (Unaudited/ unreviewed)**	**31 December 2010 (Audited)**
Assets			
Non-current assets			
Property and equipment		8,707	8,371
Investment property		9,249	8,740
Loans granted to third parties		899	544
Deferred tax assets		4,148	3,444
Total non-current assets		**23,003**	**21,099**
Current assets			
Inventory	*11*	606,592	543,529
Trade and other receivables and prepayments		10,361	13,280
Income tax receivable		79	649
Other current financial assets	*10*	21,114	-
Short-term bank deposits – collateralized		5,905	1,585
Cash and cash equivalents		99,645	94,888
Total current assets		**743,696**	**653,931**
Total assets		**766,699**	**675,030**

The notes included on pages 27 to 42 are an integral part of these interim condensed consolidated financial statements

Interim Consolidated Statement of Financial Position

As at *In thousands of Polish Zlotys (PLN)*	*Note*	**30 September 2011 (Unaudited/ unreviewed)**	**31 December 2010 (Audited)**
Equity			
Shareholders' equity			
Share capital		20,762	20,762
Share premium		282,873	282,873
Retained earnings		114,657	113,742
Equity attributable to owners of the parent company		**418,292**	**417,377**
Non-controlling interests	*9*	4,291	-
Total equity		**422,583**	**417,377**
Liabilities			
Non-current liabilities			
Floating rate bond loans	*12*	86,036	-
Secured bank loans	*13*	49,607	49,213
Loans from third parties		5,602	4,032
Other payables		335	-
Deferred tax liability		4,908	5,331
Total non-current liabilities		**146,488**	**58,576**
Current liabilities			
Trade and other payables and accrued expenses		28,687	18,953
Floating rate bond loans	*12*	3,575	-
Secured bank loans	*13*	68,341	74,701
Loans from related parties	*14*	-	53,218
Loans from third parties		-	1,311
Advances received		91,895	44,347
Income tax payable		18	43
Provisions	*20*	5,112	6,504
Total current liabilities		**197,628**	**199,077**
Total liabilities		**344,116**	**257,653**
Total equity and liabilities		**766,699**	**675,030**

The notes included on pages 27 to 42 are an integral part of these interim condensed consolidated financial statements

Interim Consolidated Statement of Changes in Equity

In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	**20,762**	**282,873**	**113,742**	**417,377**	**-**	**417,377**
Non-controlling interest arising on a acquisition of subsidiary (see Note 9)	-	-	-	-	4,323	4,323
Comprehensive income:						
Profit/(loss) for the nine months ended 30 September 2011	-	-	915	915	(32)	883
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	915	915	(32)	883
Share-based payments (Note 16)	-	-	-	-	-	-
Balance at 30 September 2011 (Unaudited/unreviewed)	**20,762**	**282,873**	**114,657**	**418,292**	**4,291**	**422,583**

In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2010	**20,762**	**282,873**	**78,583**	**382,218**	**-**	**382,218**
Comprehensive income:						
Profit for the nine months ended 30 September 2010	-	-	25,346	25,346	-	25,346
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	25,346	25,346	-	25,346
Share-based payments (Note 16)	-	-	39	39	-	39
Balance at 30 September 2010 (Unaudited/unreviewed)	**20,762**	**282,873**	**103,968**	**407,603**	**-**	**407,603**

The notes included on pages 27 to 42 are an integral part of these interim condensed consolidated financial statements.

Interim Consolidated Statement of Cash Flows

In thousands of Polish Zlotys (PLN)	**For the nine months ended 30 September 2011 (Unaudited / unreviewed)**	**For the nine months ended 30 September 2010 (Unaudited / unreviewed)**
Cash flows from operating activities		
Profit for the period	883	25,346
Adjustments to reconcile profit for the period to net cash used in operating activities:		
Depreciation	433	345
Finance expense	444	228
Finance income	(3,863)	(1,509)
Profit on sale of property and equipment	(11)	(9)
Write-down of inventory	-	1,866
Share-based payment expense	-	39
Income tax expense/(benefit)	(1,015)	1,433
Subtotal	***(3,129)***	***27,739***
Decrease/(increase) in inventory	(37,599)	88,824
Decrease/(increase) in trade and other receivables and prepayments	3,346	5,176
Increase/(decrease) in trade and other payables and accrued expense	9,755	(10,775)
Increase/(decrease) in provisions	(1,392)	17
Increase/(decrease) in advances received	47,548	(3,982)
Subtotal	***18,529***	***106,999***
Interest paid	(8,456)	(15,568)
Interest received	3,306	1,565
Income tax received/(paid)	515	(2,454)
Net cash from operating activities	**13,894**	**90,542**
Cash flows used in investing activities		
Acquisition of property and equipment	(769)	(1,005)
Acquisition of / additions to investment property	(509)	(2,500)
Other current financial assets	(20,772)	-
Acquisition of subsidiary, net of cash acquired (Note 9)	(1,341)	-
Short-term bank deposit – collateralized	(4,320)	2,151
Loans granted to third parties	(5,635)	-
Proceeds from sales of property and equipment	11	9
Net cash used in investing activities	**(33,335)**	**(1,345)**

Interim Consolidated Statement of Cash Flows

In thousands of Polish Zlotys (PLN)	**For the nine months ended 30 September 2011 (Unaudited / unreviewed)**	**For the nine months ended 30 September 2010 (Unaudited / unreviewed))**
Cash flows from/(used in) financing activities		
Proceeds from bank loans	539	3,088
Bank charges	(563)	-
Proceeds from bond loans, net of issue costs	85,775	-
Repayment of loans received from third parties	(2,317)	-
Repayment of loans received from related parties	(52,948)	-
Repayment of bank loans	(6,288)	(69,031)
Net cash from/(used in) financing activities	**24,198**	**(65,943)**
Net change in cash and cash equivalents	**4,757**	**23,254**
Cash and cash equivalents at beginning of period	94,888	58,044
Cash and cash equivalents at end of period	**99,645**	**81,298**

The notes included on pages 27 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, 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 projects 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 2011, 64.2% of the outstanding shares are held by I.T.R. Dori B.V. ('ITR Dori'), 15.3% of the outstanding shares are held by GE Real Estate CE Residential B.V. ('GE Real Estate') whereas the remaining 20.5% of the outstanding shares are held, to the best knowledge of the Company, by other investors including Amplico Otwarty Fundusz Emerytalny and ING Otwarty Fundusz Emerytalny each holding between 5% and 10% of the outstanding shares.

The Interim Condensed Consolidated Financial Statements of the Group have been prepared for the nine months and the three months ended 30 September 2011 and contain comparative data for the nine months and the three months ended 30 September 2010 and as at 31 December 2010. The Interim Condensed Consolidated Financial Statements of the Company for the nine months and the three months ended 30 September 2011 comprise the Company and its subsidiaries, and have not been subject to review or audit by an independent auditor.

A list of 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 the Company's Consolidated Financial Statements for the year ended 31 December 2010. Entities newly included in or excluded from consolidation during the nine months ended 30 September 2011 are disclosed in Note 7.

The Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2011 were authorised for issuance by the Management Board on 8 November 2011.

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

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in particular in accordance with IAS 34 and IFRSs endorsed by the European Union. At the date of authorisation of these Interim Condensed Consolidated Interim 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 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 2010.

The Consolidated Financial Statements of the Group for the year ended 31 December 2010 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 with the same as those applied by the Company in its consolidated financial statements for the year ended 31 December 2010.

Exceptional items are disclosed and described separately in these Interim Condensed Consolidated Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the Group during the nine months ended 30 September 2011. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

- Amendments to IAS 32 Financial instruments: presentation: Classification of Rights Issues – effective for financial years beginning on or after 1 February 2010,
- IAS 24 Related Party Disclosures (revised in November 2009) – effective for financial years beginning on or after 1 January 2011,
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayments of a Minimum Funding Requirements – effective for financial years beginning on or after 1 January 2011,
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – effective for financial years beginning on or after 1 July 2010,
- Improvements to IFRSs (issued in May 2010) – some improvements are effective for annual periods beginning on or after 1 July 2010, the rest is effective for annual periods beginning on or after 1 January 2011.
- Amendments to IFRS 1 First–time Adoption of International Financial Reporting Standards: Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters, effective for annual periods beginning on or after 1 July 2010.

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

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2011 and have not been adopted early:

- The first phase of IFRS 9 Financial Instruments: Classification and Measurement – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements. In subsequent phases, the IASB will address hedge accounting and impairment. The application of the first phase of IFRS 9 will have impact on classification and measurement of the financial assets of the Group. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.
- Amendment to IFRS 7 Financial Instruments – Disclosures: Transfer of Financial Assets – effective for financial years beginning on or after 1 July 2011 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 12 Income Tax: Deferred Tax Recovery of Underlying Assets – effective for financial years beginning on or after 1 January 2012 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IFRS 1 First–time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First–time Adopters – effective for financial years beginning on or after 1 July 2011 – not endorsed by EU till the date of approval of these financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

Note 3 – Summary of significant accounting policies (cont'd)

- IFRS 10 Consolidated Financial Statements – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 11 Joint Arrangements – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 12 Disclosure of Interests in Other Entities – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 13 Fair Value Measurement - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 19 Employee Benefits - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income - effective for financial years beginning on or after 1 July 2012 – not endorsed by EU till the date of approval of these financial statements,
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements

Management is currently assessing the impact of the above standards and interpretations on the Group's operations.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 judgements 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 2010 that were presented in Note 2(d) of the consolidated financial statements for the year ended 31 December 2010.

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 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 seasonality.

Note 7 – Composition of the Group

The Polish companies whose financial data have been included in these Interim Condensed Consolidated Financial Statements are the same as were included and disclosed in the Group's annual consolidated financial statements as at 31 December 2010.
On 6 June 2011, the Group acquired an additional 10.6% of the equity of Landex Sp. z.o.o. thereby increasing its ownership to 68.4% and gaining control over this entity. For additional information see Note 9.

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 the 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 and 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, other financial assets 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 2011 (Unaudited / unreviewed)**										
	Warsaw			**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Segment assets	334,893	63,224	9,195	92,307	-	87,133	3,219	61,512	7,384	-	658,867
Unallocated assets	-	-	-	-	-	-	-	-	-	107,832	107,832
Total assets	**334,893**	**63,224**	**9,195**	**92,307**	**-**	**87,133**	**3,219**	**61,512**	**7,384**	**107,832**	**766,699**
Segment liabilities	178,554	17,968	-	29,812	-	5,210	-	16,244	-	-	247,788
Unallocated liabilities	-	-	-	-	-	-	-	-	-	96,328	96,328
Total liabilities	**178,554**	**17,968**	**-**	**29,812**	**-**	**5,210**	**-**	**16,244**	**-**	**96,328**	**344,116**

In thousands of Polish Zlotys (PLN)	**As at 31 December 2010**										
	Warsaw			**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Segment assets	278,574	88,339	8,740	108,577	-	72,657	2,392	53,457	7,280	-	620,016
Unallocated assets	-	-	-	-	-	-	-	-	-	55,014	55,014
Total assets	**278,574**	**88,339**	**8,740**	**108,577**	**-**	**72,657**	**2,392**	**53,457**	**7,280**	**55,014**	**675,030**
Segment liabilities	141,507	38,688	-	39,503	-	8,700	1	16,972	1	-	245,372
Unallocated liabilities	-	-	-	-	-	-	-	-	-	12,281	12,281
Total liabilities	**141,507**	**38,688**	**-**	**39,503**	**-**	**8,700**	**1**	**16,972**	**1**	**12,281**	**257,653**

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 2011 (Unaudited / unreviewed)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	17,281	28,344	472	15,165	-	-	-	-	-	-	61,262
Segment result	2,730	68	354	4,962	-	(106)	1	(144)	1	-	7,866
Unallocated result	-	-	-	-	-	-	-	-	-	(11,417)	(11,417)
Result from operating activities	**2,730**	**68**	**354**	**4,962**	**-**	**(106)**	**1**	**(144)**	**1**	**(11,417)**	**(3,551)**
Net finance income/(expense)	(50)	42	-	136	-	(8)	-	13	-	3,286	3,419
Profit/(loss) before taxation	**2,680**	**110**	**354**	**5,098**	**-**	**(114)**	**1**	**(131)**	**1**	**(8,131)**	**(132)**
Income tax benefit											1,015
Profit for the period											**883**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**769**	**769**

In thousands of Polish Zlotys (PLN) — **For the nine months ended 30 September 2010 (Unaudited / unreviewed)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	140,864	2,072	289	29,722	-	-	-	-	-	-	172,947
Segment result	34,393	(3,081)	-	5,928	(122)	(344)	(2)	(8)	(2)	-	36,762
Unallocated result	-	-	-	-	-	-	-	-	-	(11,264)	(11,264)
Result from operating activities	**34,393**	**(3,081)**	**-**	**5,928**	**(122)**	**(344)**	**(2)**	**(8)**	**(2)**	**(11,264)**	**25,498**
Net finance income/(expense)	297	113	-	55	(8)	(2)	-	(3)	-	829	1,281
Profit/(loss) before taxation	**34,690**	**(2,968)**	**-**	**5,983**	**(130)**	**(346)**	**(2)**	**(11)**	**(2)**	**(10,435)**	**26,779**
Income tax expense											(1,433)
Profit for the period											**25,346**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,005**	**1,005**

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 2011 (Unaudited / unreviewed)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	4,700	12,500	172	3,956	-	-	-	-	-	-	21,328
Segment result	1,494	410	172	1,086	-	58	4	51	4	-	3,279
Unallocated result	-	-	-	-	-	-	-	-	-	(4,606)	(4,606)
Result from operating activities	**1,494**	**410**	**172**	**1,086**	**-**	**58**	**4**	**51**	**4**	**(4,606)**	**(1,327)**
Net finance income/(expense)	(260)	(54)	-	9	-	-	-	4	-	1,708	1,407
Profit/(loss) before taxation	**1,234**	**356**	**172**	**1,095**	**-**	**58**	**4**	**55**	**4**	**(2,898)**	**80**
Income tax benefit											240
Profit for the period											**320**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**454**	**454**

In thousands of Polish Zlotys (PLN) — **For the three months ended 30 September 2010 (Unaudited / unreviewed)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	117,231	2,072	86	4,013	-	-	-	-	-	-	123,402
Segment result	28,959	(869)	-	83	(101)	(366)	(1)	(2)	(1)	-	27,702
Unallocated result	-	-	-	-	-	-	-	-	-	(4,829)	(4,829)
Result from operating activities	**28,959**	**(869)**	**-**	**83**	**(101)**	**(366)**	**(1)**	**(2)**	**(1)**	**(4,829)**	**22,873**
Net finance income	287	17	-	66	(7)	(2)	-	(1)	-	294	654
Profit/(loss) before taxation	**29,246**	**(852)**	**-**	**149**	**(108)**	**(368)**	**(1)**	**(3)**	**(1)**	**(4,535)**	**23,527**
Income tax expense											(775)
Profit for the period											**22,752**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**825**	**825**

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Acquisition of subsidiaries / Non-controlling interests

On 23 December 2010, the Group had acquired 57.8% of the equity of Landex Sp. z.o.o. ('Landex') whereby a contractual arrangement existed according to which joint control over the economic activities of the entity was established. As a result, the Group recognized its interest in the joint venture using the proportionate consolidation method.

On 6 June 2011, the Group acquired an additional 10.6% of the equity of Landex for PLN 1,450 thousand in cash, thereby increasing its ownership to 68.4% and gaining control over this entity. Simultaneously the Group has acquired loan receivable amounted to PLN 1,816 thousand. Purchase price for the loan receivable was equal to its book value. The transaction was accounted for as an asset deal and not as a business combination. Therefore the requirements of IFRS 3 Business Combination were not applicable.

The net identifiable assets of Landex as at the date of acquisition and the net amount transferred as part of the transaction were as follows:

In thousands of Polish Zlotys (PLN)	**As at transaction date (6 June 2011)**
Cash and cash equivalents	259
Inventory	30,759
Other current assets	1,015
Non-current assets	193
Current liabilities	(745)
Non-current liabilities	(18,500)
Total net identifiable assets (100%)	**12,981**
Less: interest already acquired in prior year (57.8%)	(7,208)
Non-controlling interest (31.6%)	(4,323)
Portion of net identifiable assets acquired (10.6%)	**1,450**
Less: cash and cash equivalents in interest acquired (42.2%)	(109)
Purchase of shares in newly consolidated entity, net of cash acquired	**1,341**

The acquisition of additional (10,6%) shares in Landex as well as the acquisition of loan receivable were concluded on an arms' length terms whereby the prices are reflecting the fair value of these transactions.

Movements in non-controlling interests during the nine months ended 30 September 2011 are as follows:

In thousands of Polish Zlotys (PLN)	**For the nine months ended 30 September 2011**
	(Unaudited/unreviewed)
Opening balance	-
Non-controlling interest Landex at transaction date (6 June 2011)	4,323
Comprehensive income (loss) attributable to non-controlling interests	(32)
Closing balance	**4,291**

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Other current financial assets

Other current financial assets comprise fund shares in an open end investment fund Idea Premium SFIO, which is managed by Idea Towarzystwo Funduszy Inwestycyjnych S.A.

Shares in this investment fund can be disposed of by offering the fund shares to the investment fund at net asset value. The investment fund's net asset value (per share) is published on a daily basis. The financial asset is carried at fair value which is based on the published net assets value.

Idea Premium SFIO is a monetary fund investing in Polish Treasury Bonds as well as in the short and medium term commercial papers and is dedicated for short-term low risk investments.

As at 30 September 2011, the Group held 93,553 fund shares with the market value of PLN 225.69 per share.

Note 11 – Inventory

Movements in Inventory during the nine months ended 30 September 2011 were as follows:

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2011**	**Share in work in progress of acquired subsidiary**	**Transferred to finished units**	**Additions**	**Closing balance 30 September 2011**
Land and related expense	380,257	12,711	(1,871)	7,538	398,635
Construction costs	23,069	85	(11,535)	74,695	86,314
Planning and permits	17,845	230	(460)	3,813	21,428
Borrowing costs (1)	47,419	211	(544)	12,188	59,274
Other	2,216	38	(148)	1,235	3,341
Work in progress	**470,806**	**13,275**	**(14,558)**	**99,469**	**568,992**

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2011**	**Transferred from work in progress**	**Recognized in the statement of comprehensive income**	**Closing balance 30 September 2011**
Finished goods	**74,610**	**14,558**	**(51,466)**	**37,702**

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2011**	**Revaluation write down recognized in statement of comprehensive income**		**Closing balance 30 September 2011**
		Increase	**Release**	
Write-down	**(1,887)**	**-**	**1,785**	**(102)**
Total inventories at the lower of cost or net realizable value	**543,529**			**606,592**

(1) Borrowing costs are capitalized to the value of inventory with 8.11% average effective capitalization interest rate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 11 – Inventory (cont'd)

Movements in Inventory during the year ended 31 December 2010 were as follows:

In thousands of Polish Zlotys (PLN)	Opening balance 01 January 2010	Transferred to property and equipment	Share in work in progress of a joint venture	Transferred to finished goods	Additions	Closing balance 31 December 2010
Land and related expense	389,730	(554)	12,402	(29,403)	8,082	380,257
Construction costs	138,448	(4,877)	-	(151,708)	41,206	23,069
Planning and permits	18,984	(120)	117	(4,959)	3,823	17,845
Borrowing costs (1)	40,997	(198)	289	(8,038)	14,369	47,419
Other	4,331	(54)	174	(2,191)	(44)	2,216
Work in progress	**592,490**	**(5,803)**	**12,982**	**(196,299)**	**67,436**	**470,806**

In thousands of Polish Zlotys (PLN)	Opening balance 01 January 2010	Transferred from work in progress	Recognized in the statement of comprehensive income	Closing balance 31 December 2010
Finished goods	**53,763**	**196,299**	**(175,452)**	**74,610**

In thousands of Polish Zlotys (PLN)	Opening balance 01 January 2010	Revaluation write down recognized in statement of comprehensive income		Closing balance 31 December 2010
		Increase	Release	
Write-down	**-**	**(2,188)**	**301**	**(1,887)**
Total inventories at the lower of cost or net realizable value	**646,253**			**543,529**

(1) Borrowing costs are capitalized to the value of inventory with 6.9% average effective capitalization interest rate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Floating rate bond loans

On 18 April 2011, the Company issued 5,134 series A bonds with an aggregate nominal value of PLN 51,340 thousand and 3,616 series B bonds with an aggregate nominal value of PLN 36,160 thousand. The nominal value of one bond amounts to PLN 10 thousand and is equal to its issue price. The bonds shall be redeemed on 18 April 2014 at nominal value, whereby the Company has the right to early redeem any number of the series B bonds which early redemption is to be effected either on 18 April 2013 or 18 October 2013.

The bonds have a variable interest determined based on the WIBOR rate for six-month deposits increased by a margin of 4.25% for series A bonds and 4.95% for series B bonds, respectively. Interest is payable semi-annually in April and October 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 18 April 2014, 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 bonds are not secured.

As at 30 September 2011 the floating rate bonds loan comprise a loan principal amount of PLN 87,500 thousand plus accrued interest of PLN 3,575 thousand minus costs directly attributed to the bond issuance (which are amortized based on the effective interest method) amounting to PLN 1,464 thousand.

Note 13 – Secured bank loans

The following non-current and current Secured bank loans were issued and repaid during the nine months ended 30 September 2011 and during the year ended 31 December 2010:

In thousands of Polish Zloty (PLN)	**For the nine months ended 30 September 2011**	**For the year ended 31 December 2010**
	(Unaudited/unreviewed)	
Opening balance	**123,914**	**188,678**
New bank loan drawdown	539	3,186
Bank loans repayments	(6,288)	(69,031)
Bank charges	(563)	(244)
Bank charges amortization	363	1,338
Accrued interest/(interest repayment), net	(17)	(13)
Total closing balance	**117,948**	**123,914**
Closing balance includes:		
Current liabilities	68,341	74,701
Non-current liabilities	49,607	49,213
Total closing balance	**117,948**	**123,914**

The maturity dates of the loans have been presented in the annual consolidated financial statements for the year ended 31 December 2010. All loans originally maturing in 2011 have been extended until 2012, including loans granted by BZWBK S.A. totalling PLN 55.4 million (after repayment of PLN 2.0 million), which have been extended until July 2012, and the loan granted by Bank Millennium S.A. amounting to PLN 12.9 million (after repayment of PLN 4.3 million) which has been extended until January 2012.

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Loans from related parties

The following Loans from related parties were issued and repaid during the nine months ended 30 September 2011 and during the year ended 31 December 2010:

In thousands of Polish Zloty (PLN)	For the nine months ended 30 September 2011 (Unaudited/unreviewed)	For the year ended 31 December 2010
Opening balance	**53,218**	**60,329**
Repayment of loans from related parties	(52,948)	-
Accrued interest	1,321	3,177
Interest repayment	(1,591)	(10,288)
Total closing balance	**-**	**53,218**
Closing balance includes:		
Current liabilities	-	53,218
Non-current liabilities	-	-
Total closing balance	**-**	**53,218**

Note 15 – Income tax benefit/expense

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2011 (Unaudited / unreviewed)	For the 3 months ended 30 September 2011 (Unaudited / unreviewed)	For the 9 months ended 30 September 2010 (Unaudited / unreviewed)	For the 3 months ended 30 September 2010 (Unaudited / unreviewed)
Current tax expense	**30**	**(27)**	**541**	**(232)**
Deferred tax (benefit)/expense				
Origination and reversal of temporary differences	2,559	1,189	(1,363)	1,657
Net effect of tax losses recognized	(3,604)	(1,402)	2,255	(650)
Total deferred tax (benefit)/expense	**(1,045)**	**(213)**	**892**	**1,007**
Total income tax (benefit)/expense	**(1,015)**	**(240)**	**1,433**	**775**

Note 16 – Share-based payments

The cost impact of the share-based payment on the financial statements of the Company was an expense of nil for the nine months ended 30 September 2011 (nine months ended 30 September 2010: PLN 39 thousand which was recognized in the statement of comprehensive income with a corresponding increase in equity).

Notes to the Interim Condensed Consolidated Financial Statements

Note 17 – 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:

For the period ended *In thousands of Polish Zlotys (PLN)*	**As at 30 September 2011**	**As at 31 December 2010**
Gemini II	37,988	-
Verdis	23,646	35,177
Sakura	12,572	25,286
Panoramika I	11,069	15,946
Impressio I	4,164	14,939
Naturalis I	7,981	8,107
Naturalis II	4,128	11,149
Chilli I	5,776	-
Imaginarium III	700	8,224
Constans	184	702
Nautica II	44	1,359
Total	**108,252**	**120,889**

(ii) Contracted proceeds not yet received:

The table below presents amounts to be received from the customers having bought units from the Group and which are based on the value of the sale and purchase agreements signed with the clients until 30 September 2011 after deduction of payments received at the reporting date (such payments being presented in the Interim Condensed Consolidated Statement of Financial Position as Advances received):

For the period ended *In thousands of Polish Zlotys (PLN)*	**As at 30 September 2011**	**As at 31 December 2010**
Gemini II	49,545	-
Verdis I	13,772	3,139
Sakura I	9,264	5,435
Impressio I	5,812	632
Imaginarium III	4,569	13,417
Espresso I	3,291	-
Naturalis I	2,050	2,124
Naturalis II	1,781	-
Galileo	1,758	6,697
Panoramika I	1,732	-
Nautica II	1,528	-
Nautica I	1,240	703
Chilli I	1,014	-
Imaginarium II	840	124
Gemini I	24	415
Constans	-	2,711
Gardenia	-	2,996
Total	**98,220**	**38,393**

(iii) Contingencies:

None.

Notes to the Interim Condensed Consolidated Financial Statements

Note 18 – Financial risk management

(i) Financial risk factors

The Group's activities expose it 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 2010. There have been no changes in the risk management department since year end or in any risk management policies.

(ii) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities, except for the assumption of new loans, including the floating rate bond loan issued during the nine months period ended 30 September as described in Notes 12, 13 and 14.

(iii) Market (price) risk

As at 31 December 2010, the Group's exposure to marketable and non-marketable securities price risk did not exist because the Group had not invested in securities as at the end of 2010. As at 30 September 2011, however, the Group has invested in marketable non-quoted securities in an open end investment fund (see Note 10).

(iv) Fair value estimation

The investment in the marketable securities is measured at fair value based on net asset value published daily and is classified as Level 1.

During the nine months ended 30 September 2011 there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets and financial liabilities.

(v) Interest rate risk

During the nine months ended 30 September 2011 the Group issued bonds that are bearing variable interest rate, therefore the expose to a risk of change in cash flows due to changes in interest rates increased.

Note 19 – Related party transactions

There were no material transactions and balances with related parties during the nine months ended 30 September 2011 other than were already disclosed in 2010 annual accounts and in Note 14 of these Interim Condensed Consolidated Financial Statements. During the nine months ended 30 September 2011, the Group repaid 100% of the loans received from related parties including accrued interest amounting to PLN 54.5 million (during the year ended 31 December 2010, the Group paid accrued interest on related party loans amounting to PLN 10.3 million).

Notes to the Interim Condensed Consolidated Financial Statements

Note 20 – Impairment losses and provisions

During the nine months ended 30 September 2011 and 30 September 2010, 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 2011 and during the three months ended 30 September 2011:

- Provision for deferred tax liabilities: during the nine months ended 30 September 2011 a decrease of PLN 423 thousand (during the nine months ended 30 September 2010 an increase of PLN 782 thousand) and during the three months ended 30 September 2011 a increase of PLN 451 thousand (during the three months ended 30 September 2010 an increase of PLN 2,675 thousand).
- Provision for expected costs of development of certain plots of land owned by the Group according to the conditions imposed by local authorities: during the nine months ended 30 September 2011 a decrease of PLN 1,000 thousand (during the nine months ended 30 September 2010 nil) and during the three months ended 30 September 2011 nil (during the three months ended 30 September 2010 nil).

Note 21 – Events during the period

Land purchase

In January 2011, the joint venture company Landex Sp. z o.o. has executed preliminary sale purchase agreement by finalizing acquisition of the land with an area of 7,602 m^2 located in Warsaw, Wola District, at Jana Kazimierza Street.

Bonds

On 18 April 2011, the Company issued 5,134 series A bonds with an aggregate nominal value of PLN 51,340 thousand and 3,616 series B bonds with an aggregate nominal value of PLN 36,160 thousand. Reference is made to Note 12.

Bank loans

In January 2011, the Company entered into annex to loan facilities with Millennium Bank for financing land acquisitions for a total amount of PLN 17.1. Based on the signed annexes, the Company repaid 25% of the loan (PLN 4.3 million). The repayment dates of the remaining amount (PLN 12.9 million) have been extended to 31 January 2012.

In March 2011, the Company entered into annexes to loan facilities with BZWBK S.A. for financing land acquisitions for a total amount of PLN 55.4 million. Based on the signed annexes, the repayment dates of these loans have been extended from 31 March 2011 to 1 July 2012.

Related parties loans

In March 2011, the Company repaid 50% of the loans received from related parties amounting to PLN 26.5 million. The repayment related to principal amount only. In August 2011, the remainder of the loans received from related parties including accrued interest amounting to PLN 28.0 million was repaid.

Commencements of new projects

In March 2011, the Company commenced the construction of the Gemini II project (the sales process commenced earlier) comprising 182 units with an aggregate floor space of 13,700 m^2.

In June 2011, the Company commenced the construction of the Chilli I project comprising 30 units with an aggregate floor space of 2,100 m^2.

In August 2011, the Company commenced the sales process in the Espresso I project (the construction has not yet started) comprising 212 units with an aggregate floor space of 9,500 m^2.

Completions of projects

In July 2011, the Company completed the construction of the Nautica II project comprising 3 units with a total area of 622 m^2.

Notes to the Interim Condensed Consolidated Financial Statements

Note 22 – Restatement of the results for the six months ended 30 June 2011

Borrowing costs in respect of the bonds issued in April 2011 are included in the finance expense capitalized as part of the cost price of inventory during the nine months period ended 30 September 2011. As at 30 June 2011, these costs were not capitalized. The capitalization of the borrowing costs of the bonds as of the date of issuance (18 April 2011) resulted in a restatement of the consolidated total comprehensive income for the six months ended 30 June 2011, the impact of which amounted to a gain of PLN 1,374 thousand which is the net effect of negative finance expenses amounting to PLN 1,697 thousand and additional income tax expenses amounting to PLN 323 thousand.

Note 23 – Subsequent events

Completions of projects

In November 2011, the Company completed the construction of the Imaginarium III project comprising 45 units with a total area of 3,800 m^2.

Commencements of new projects

In October 2011, the Company commenced the construction of the Sakura II project (the sales process will commence in the January 2012) comprising 136 units with an aggregate floor space of 8,200 m^2.

The Management Board

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

Rotterdam, 8 November 2011