

**Ronson Europe N.V.**

**Quarterly Consolidated Financial Report**

**For the nine months ended**

**30 September 2007**

**Quarterly Report for the nine months ended 30 September 2007**

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**Director's report**

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**DIRECTORS' REPORT**

**General**

**Introduction**

Ronson Europe N.V. ("the Company"), a Netherlands limited liability company with its statutory seat in Rotterdam, the Netherlands, was incorporated on 18 June 2007, to hold investments in the Ronson Group companies active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers. Certain of the Polish companies also lease real estate to third parties. All of the Polish Companies conduct their activities solely in Poland.

The Ronson Group was originally set up in 2000 by a group of investors to develop residential properties primarily in Poland. At the time, Israel Theatres Ltd. and U. Dori Engineering Works Corp Ltd, formed a Dutch holding company called ITR Dori BV ("ITR Dori"), to participate for 50% in the Ronson Group. Each of Israel Theatres Ltd. and U. Dori Engineering Works Corp Ltd. held 50% of the shares in ITR Dori. Within the Ronson Group, for each project a separate company with domicile in Poland has been established. Each of these special purpose vehicles, in which ITR Dori directly owned 50% of the shares, held all the assets and liabilities of the relevant project. The remaining 50% ownership in those vehicles were held by non related parties, accordingly ITR Dori had no control of the Ronson entities.

On 19 January 2006, ITR Dori acquired the remaining 50% of the equity in each of the Ronson companies from the other shareholders, after which ITR Dori became sole shareholder of each Polish company of the Ronson Group.

In November 2006, General Electric Company Inc. through its wholly owned subsidiary, Gator Investments Sp. z o.o., invested in the Ronson Group in cash for 20.9% of the shares in a number of the Polish companies, specifically in those companies that were directly related to the development of residential projects.

Following the incorporation of the Company, the sole shareholder and founder of the Company, ITR Dori assigned and contributed to the Company, on 29 June 2007, its shares and rights to shares in 36 Polish companies as well as a liability under a loan agreement between ITR Dori and Ronson Development Residential Sp. z o.o., one of the Polish entities in which the shares were transferred to the Company. The principal amount under the loan agreement of which the liability was contributed plus accrued interest as at 29 June 2007, amounted to PLN 13,932 thousand.

On 27 September 2007, reorganization was arranged with in General Electric Group, originally Gator Investments Sp. z o.o. held 20.9% directly in Ronson polish SPVs, after the reorganization GE Real Estate CE Residential B.V. ("GE Real Estate") is holding the 20.9% in Ronson polish SPVs.

On 27 September 2007, GE Real Estate contributed its shares in all Ronson Polish SPVs to the Company, in exchange for 11,890 new shares with a par value of EUR 1 per share that provided GE Real Estate 20.9% of the Company total shares.

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Accordingly as of 30 September 2007, ITR Dori held 79.1% of the equity in the Company and GE Real Estate the remaining 20.9%.

On the 29 September 2007, the general meeting of the shareholders of the Company resolved to split the 56,890 shares with a par value of EUR 1 per share into 2,844,500 shares with a par value of EUR 0.02 per share

On 10 October 2007, the general meeting of the shareholders of the Company resolved to issue 197,155,500 shares with a par value of 0.02 EUR. The share capital was paid out of available share premium reserve.

On 24 October 2007, the Company completed an initial public offering of its shares on the Warsaw Stock Exchange, having sold 26.6 million new shares at an offering price of PLN 5.75 per share.

On 24 October 2007, ITR Dori sold 19.3 million existing shares at an offering price of PLN 5.75 per share.

The consolidated financial statements of the Ronson Group for the nine months ended 30 September 2007 include the accounts of the Company and its subsidiaries taking into account minority interests in the individual entities of the Group until 27 September 2007. The financial statements of subsidiaries have been included from 1 January 2007 reflecting the fact that control by the Group and its owners effectively existed throughout the nine months ended 30 September 2007. All inter-company accounts and transactions are eliminated when preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the subsidiary. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The combined financial statements of the Ronson Group as of and for the twelve months ended 31 December 2006 and the nine months ended 30 September 2006 have been prepared by aggregating the individual income statements of the entities in the Group taking into account minority interests in the individual entities of the Group. The financial statements of Ronson Group have been included from 1 January 2006 reflecting the fact that control by the Group and its owners effectively existed starting from 1 January 2006.

All balances and transactions between the entities in the Group as at 31 December 2006 and as at 30 September 2006 and for the periods then ended have been eliminated. As discussed above ITR Dori completed the acquisition of 100% of the Ronson Group on 19 January 2006. The combined balance sheet of the Ronson Group as at 31 December 2006 and 30 September 2006 represents an aggregation of the individual balance sheets of entities in the Group taking into account minority interest in the individual entities of the Group.

**Director's report****Highlights during the nine months ended 30 September 2007****Results breakdown to projects**

The revenues of the Group amounted to PLN 40.8 million. Cost of sales amounted to PLN 23.7 million and the gross profit amounted to PLN 17.0 million.

The following table sets forth a breakdown of the Company's revenue, cost of sales and gross profit by project.

	<b>Revenue</b>		<b>Cost of sales</b>		<b>Gross profit</b>	
	<b>PLN (thousands)</b>	<b>%</b>	<b>PLN (thousands)</b>	<b>%</b>	<b>PLN (thousands)</b>	<b>%</b>
Meridian	25,476	62%	13,281	56%	12,195	72%
Pegaz II	11,545	28%	8,303	35%	3,242	19%
Słoneczny Skwer	3,058	8%	1,988	8%	1,070	6%
Other	690	2%	185	1%	505	3%
<b>Total</b>	<b>40,769</b>	<b>100%</b>	<b>23,756</b>	<b>100%</b>	<b>17,012</b>	<b>100%</b>

***Meridian***

The project is being developed on real property with an area of 5,196m<sup>2</sup> located in the Wola district of Warsaw. The Meridian housing estate comprises three seven and nine-storey buildings with a total of 206 apartments (and even commercial units) with an aggregate area of 15,000m<sup>2</sup>. The size of the apartments varies from 47 to 183m<sup>2</sup>.

During the nine months ended 30 September 2007 the Group recognized revenue from the sale of 53 apartments (including parking places). The Group recognized revenue 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 residential unit.

***Pegaz II***

The Pegaz II apartment building was completed in January 2007. The project was developed on the real property with an area of 2,116m<sup>2</sup> located in the Mokotów district of Warsaw. The Pegaz II apartment building is a thirteen-storey building with a total of 80 apartments (no commercial units) with an aggregate area of 4,786m<sup>2</sup>. The size of the apartments varies from 37 to 101m<sup>2</sup>.

During the nine months ended 30 September 2007 the Group recognized revenue from the sale of 33 apartments (including parking places). The Group recognized revenue 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 residential unit. With the exception of parking spaces which are to be sold, the entire revenue from the sale of the 80 units were recognized.

**Director's report****Land Purchase and Advance for land****A. Land purchase**

The table below presents information on the seven plots of land purchased by the Group during the nine months ended 30 September 2007:

<u>Project name</u>	<u>Company</u>	<u>Location</u>	<u>Date of the final Notarial Deed</u>	<u>Total amount PLN (thousand)</u>
Tulce	R.D. Apartments Sp. z o.o.	Poznań	30/09/2007	6,706
Vivaldi	R.D. Universal Sp. z o.o.	Szczecin	02/08/2007	6,930
Imaginarium II	R.D. Properties Sp. z o.o.	Warsaw (Bielany)	09/07/2007	17,000
Renaissance	R.D. Retreat Sp. z o.o.	Warsaw (Siekierki)	08/08/2007	14,758
Chopin	R.D. Continental Sp. z o.o.	Szczecin	06/09/2007	20,240
Kłobucka	R.D. Landscape Sp. k.	Warsaw (Mokotów)	26/09/2007	43,473
Goya	R.D. Conception Sp. z o.o.	Wrocław	20/09/2007	23,164
<b>Total</b>				<b>132,271</b>

**B. Advances for land**

The Group had entered into five preliminary purchase agreements in connection with the acquisition of land for the following projects:

***Picasso***

On 7 March 2007, R.D. Architecture Sp. z o.o. concluded a preliminary purchase agreement in connection with the transfer of ownership right to a plot of land with an area of 8,121m<sup>2</sup> in Wrocław.

***Newton***

On 7 March 2007, R.D. Skyline Sp. z o.o. concluded a preliminary purchase agreement in connection with the transfer of ownership rights to a plot of land with an area of 10,908m<sup>2</sup> in Poznań. The final sale agreement is expected to be executed on or before 31 December 2007 and is subject to the satisfaction or waiver of various conditions precedent including, without limitation, the confirmation that the plots are not subject to any third party rights, the receipt of the required planning decision and the completion of an environmental audit.

***Aurora***

On 25 June 2007, R.D. West Sp. z o.o. concluded a preliminary purchase agreement in connection with the transfer of ownership rights to four plots of land with an aggregate area of 31,933m<sup>2</sup> and right of perpetual usufruct to a plot of land with an area of 6,419m<sup>2</sup> in Poznań. The final sale agreement is expected to be executed on or before 30 June 2008 (provided, however, that it may be extended for an additional period of three months if certain conditions are not satisfied) and is subject to the satisfaction or waiver of various conditions precedent including, without limitation, the confirmation that the plots are not subject to any third party rights, the receipt of the required planning decision and the completion of an environmental audit.

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### ***Eclipse***

On 14 June 2007, R.D. Capital Sp. z o.o. concluded a preliminary purchase agreement in connection with the transfer of RPU to a plot of land with an area of 15,449m<sup>2</sup> in Poznań. On 18 September 2007, R.D. Capital concluded a conditional sale agreement which provides for the sale of the plot subject to the satisfaction or waiver of various conditions precedent including, without limitation, the entry of the seller of the real property as RPU owner to the land and mortgage register, the confirmation that the plots are not subject to any third party rights and the receipt of the required planning decision. The final sale agreement is expected to be executed on or before 31 March 2008.

### ***Matisse II***

On 17 July 2007, R.D. South Sp. z o.o. concluded a preliminary purchase agreement in connection with the transfer of ownership right to a plot of land with an area of 6,965m<sup>2</sup> in Wrocław. The conditional sale agreement will provide for the sale of the plot subject to the exercise or waiver of the pre-emptive right of the Agricultural Agency to the real estate.

## **Financial information**

The Condensed Unaudited Consolidated Financial Statements for the nine months ended 30 September 2007 have been prepared by management under International Financial Reporting Standards as adopted by the European Union ("IFRS"), using the same accounting principles in the 2006 combined financial statements included in the prospectus dated 10 October 2007 .

**Director's report****Overview of results**

The Company's net income for the nine months ended 30 September 2007 was PLN 6,240,000 and can be summarized as follows:

	<b>For the nine months ended 30 September</b>	
	<b>2007</b>	<b>2006</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>PLN</b>	
	<b>(thousands, except per share data)</b>	
Revenue	40,769	40,675
Cost of sales	(23,756)	(21,070)
<b>Gross profit</b>	<b>17,013</b>	<b>19,605</b>
Change in fair value of investment property	-	6,954
Administrative expenses	(6,911)	(5,438)
<b>Operating profit</b>	<b>10,102</b>	<b>21,121</b>
Finance income	773	1,389
Finance expense	(872)	(1,239)
Net finance income/(expense)	(99)	150
<b>Net income before taxation</b>	<b>10,003</b>	<b>21,271</b>
Income taxes	(2,390)	(4,376)
<b>Net income before minority interests</b>	<b>7,613</b>	<b>16,895</b>
Minority interests	1,373	-
<b>Net Owners' net investment income</b>	<b>6,240</b>	<b>16,895</b>
Net earnings per share of ( EUR 0.02) each <sup>(1)</sup>	<b>2.8</b>	<b>7.5</b>

<sup>(1)</sup> Under the assumption that the shares existing from 1 January 2006.

**Revenue**

Total revenue increased by 0.2% from PLN 40.7 million during the nine months ended 30 September 2006 to PLN 40.8 million during the nine months ended 30 September 2007.



**Director's report****Cost of sales**

Cost of sales increased by 12.7% from PLN 21.0 million during the nine months ended 30 September 2006 to PLN 23.8 million during the nine months ended 30 September 2007..

**Gross profit**

Gross profit decreased by 13.2% from PLN 19.6 million during the nine months ended 30 September 2006 to PLN 17.0 million during the nine months ended 30 September 2007. The decrease is associated with a single project i.e. Pegaz II in which the gross margin is below the Group's average gross margin.

**Change in fair value of investment property**

Change in fair value of investment property decreased from PLN 6.9 million for the nine months ended 30 September 2006 to nil for the nine months ended 30 September 2007. On 27 September, 2007 Landscape Sp. k. purchased a plot of land from Brighton Tec Sp. z o.o. to be developed as a real estate project rather than the commercial project originally contemplated.

**Administrative expenses**

Administrative expenses increased by 27.1% from PLN 5.4 million for the nine months ended 30 September 2006 to PLN 6.9 million for the nine months ended 30 September 2007.

**Operating profit**

As a result of the factors described above, operating result decreased by PLN 11.0 million from a profit of PLN 21.1 million for the nine months ended 30 September 2006 to a profit of PLN 10.1 million for the nine months ended 30 September 2007.

**Net finance income**

Finance income (expenses) are accrued and capitalized to the value of inventory to the extent they are directly attributable to the construction of residential units. Finance income (expenses) which are not capitalized are recognized in profit and loss.

The table below shows the finance income (expense) before the capitalization to the value of inventory and the total finance income (expense) which is capitalized to the inventory.

	<b>For the nine months ended 30 September 2007</b>		
	<b>PLN (thousands)</b>		
	<b><u>Before</u></b>		<b><u>After</u></b>
	<b><u>capitalization</u></b>	<b><u>capitalization</u></b>	<b><u>capitalization</u></b>
Finance income	1,014	241	773
Finance expense	(6,032)	(5,160)	(872)
<b>Net finance (expense)</b>	<b><u>(5,018)</u></b>	<b><u>(4,919)</u></b>	<b><u>(99)</u></b>

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	<b>For the nine months ended 30 September 2006</b>		
	<b>PLN (thousands)</b>		
	<b><u>Before</u></b>		<b><u>After</u></b>
	<b><u>capitalization</u></b>	<b><u>capitalization</u></b>	<b><u>capitalization</u></b>
Finance income	2,399	1,010	1,389
Finance expense	(5,264)	(4,025)	(1,239)
<b>Net finance income/(expense)</b>	<b><u>(2,865)</u></b>	<b><u>(3,015)</u></b>	<b><u>150</u></b>

**Minority interest**

Minority interests for the period starting 1 January 2007 and ended 27 September 2007 (PLN 1.4 million) was comprised of the share of minority shareholders in profit from subsidiaries that are not 100% owned by the Company.

On 27 September 2007, GE Real Estate (the minority shareholder) assigned and contributed its shares and rights in 34 Polish companies in exchange for 11,890 new shares with a par value of EUR 1 per share that provided GE Real Estate 20.9% of the Company total shares. Since this date there is no minority interest in the company's subsidiaries.

**Net Owners' net investment income**

As a result of the factors described above, the Company realized a net income of PLN 6.2 million during the nine months ended 30 September 2007 compared to a net income of PLN 16.9 million during the nine months ended 30 September 2006.

**Overview of selected details from the consolidated balance sheet**

The following table presents selected details from the consolidated balance sheet in which material changes had occurred.

<b>Balance sheet account</b>	<b>30 September 2007</b>	<b>31 December 2006</b>
	<b>(Unaudited)</b>	
	<b>PLN (thousands)</b>	
Goodwill	293,416	-
Investment property	-	44,300
Loan granted to related party	-	13,533
Inventories of residential units	368,086	182,920
Trade and other receivables	96,246	21,695
Loans and borrowings	281,276	104,142
Deferred income	102,641	51,154

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***Goodwill***

The balance of the goodwill derives from the contribution in kind made by GE Real Estate consisting of the shares held by GE Real Estate in some Ronson Polish subsidiaries. The value attributed to the contribution has been determined as the fair market value of the contribution, and amounts to PLN 313,500,000. The goodwill consists of the difference between this fair market value, and the book value in the amount of PLN 20,084,000 (reflected previously as minority interest).

***Investment property***

The balance of investment property is nil on 30 September 2007 as compared to PLN 44.3 million on 31 December 2006. The decrease was a result of 27 September, 2007 transaction in which Landscape Sp. k. purchased land from Brighton Tec Sp. z o.o. to be developed as a residential rather than commercial real estate project.

***Loan granted to related party***

The balance of loan granted to related party is nil on 30 September 2007 as compared to PLN 13.5 million on 31 December 2006. Following the incorporation of the Company, the sole shareholder and founder of the Company, ITR Dori assigned and contributed to the Company, on 29 June 2007, its shares and rights to shares in 36 Polish companies as well as a liability under a loan agreement between ITR Dori and Ronson Development Residential Sp.z.o.o., one of the Polish entities in which the shares were transferred to the Company.

***Inventories of residential units***

The balance of inventories of residential units is PLN 368.0 million as of September 2007 as compared to PLN 182.2 million as of 31 December 2006. The increase was primarily a result of the Group's investment associated with the purchase of seven new plots of land in the following projects; Klobucka, Chopin, Vivaldi, Renaissance, Tulce, Goya and Imaginarium II in the total amount of PLN 132.2 million.

***Trade and other receivables***

The balance of trade and other receivables is PLN 96.2 million as of 30 September 2007 as compared to PLN 21.7 million as of 31 December 2006. The increase was primarily a result of advance payments made by the Group for the acquisition of lands for the following five new projects: Matisse II, Aurora, Newton, Picasso and Eclipse in the total amount of PLN 73.4 million.

***Loans and borrowings***

The balance of loans and borrowings is PLN 281.3 million as of 30 September 2007 as compared to PLN 104.1 million on 31 December 2006. The increase was primarily a result of the new bank loans taken by the Group for the purpose of financing new projects.

***Deferred income***

The balance of deferred income is PLN 102.7 million as of 30 September 2007 as compared to PLN 51.2 million on 31 December 2006. The increase was a result of received advances payment from clients regarding sales of residential units.

**Director's report****Overview of cash flows results**

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

The following table sets forth the Group cash flows:

	<b>nine months ended 30 September</b>	
	<b>2007</b>	<b>2006</b>
	<b>(unaudited) - PLN (thousands)</b>	
Cash flows used in operating activities	<u>(191,539)</u>	<u>(34,929)</u>
Cash flows used in investing activities	<u>(406)</u>	<u>(183)</u>
Cash flow from financing activities	<u>191,390</u>	<u>70,784</u>

Cash flows used in the Group operating activities totaled minus PLN 191.5 million for the nine months ended 30 September 2007 as compared to minus PLN 34.9 million used in the nine months ended 30 September 2006.

Cash flows used in the Group operating activities increased principally due to:

- an increase in inventories of residential units from minus PLN 58.5 million for the nine months ended 30 September 2006 to minus PLN 185.9 million for the nine months ended 30 September 2007.
- an increase in provisions and deferred income from PLN 20.1 million for the nine months ended 30 September 2006 to PLN 51.7 million for the nine months ended 30 September 2007.
- an increase in receivables and prepayments that increased from minus PLN 4.9 million for the nine months ended 30 September 2006 to minus PLN 74.9 million for the nine months ended 30 September 2007.

Cash flows used in the Group's investing activities totaled minus PLN 183 thousands and minus PLN 406 thousands during the nine months periods ended 30 September 2006 and 30 September 2007.

Cash flows provided by the Group's financing activities totaled PLN 70.8 million for the nine months ended 30 September 2006, as compared to cash flow provided by the Group's financing activities of PLN 191.4 million in the nine months ended 30 September 2007. The increase was primarily the consequence of an increase in net amount of loans received from banks of PLN 117.1 million and increase in net amount of loans received from shareholders of PLN 3.9 million.

**Director's report****Selected financial data**

PLN/EUR	Exchange rate of Euro versus the Polish Zloty			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Quarter end exchange rate
2007 (9 months)	3.832	3.744	3.939	3.777
2006 (9 months)	3.897	3.732	4.136	4.081

Source: National Bank of Poland ("NBP")

Selected financial data	EUR		PLN	
	( thousands, except per share data)			
	For the nine months ended 30 September			
	2007	2006	2007	2006
Revenues	10,641	10,438	40,769	40,675
Gross profit	4,440	5,031	17,013	19,605
Income before taxation	2,611	5,458	10,003	21,271
Net Owners' net investment income	1,629	4,335	6,240	16,895
Cash flows used in operating activities	(49,992)	(8,963)	(191,539)	(34,929)
Cash flows used in investment activities	(106)	(47)	(406)	(183)
Cash flows provided by financing activities	49,953	18,164	191,390	70,784
Increase (decrease) in cash and cash equivalents	(147)	8,741	(555)	35,672
Inventories of residential units	97,442	60,704	368,086	247,731
Total assets	212,192	86,262	801,555	352,034
Deferred income	27,172	22,779	102,641	92,961
Long term liabilities	60,261	28,122	227,636	114,767
Short term liabilities	48,159	30,990	181,919	126,472
Shareholders' equity	103,772	22,556	392,000	92,050
Share capital	57	-	217	-
Net earnings per share <sup>(1)</sup>	0.7	1.9	2.8	7.5

<sup>(1)</sup> Under the assumption that the shares exist from 1 January 2006

**Director's report****Current Projects that schedule to be completed in the remainder of 2007 and 2008**

The table below presents information on the four projects that the Company was developing as of 30 September 2007. The Company has obtained construction permits and has commenced construction of all such projects.

<b>Project name</b>	<b>Location</b>	<b>Area of plot (m<sup>2</sup>)</b>	<b>Total units</b>	<b>Total area of units (m<sup>2</sup>)</b>	<b>Number of residential units sold as at 30 September 2007</b>	<b>Number of residential units delivered as at 30 September 2007</b>
Galileo	Poznań	8,598	226	16,100	26	-
Meridian	Warsaw	5,196	206	15,000	174	53
Mistral	Warsaw	5,366	54	4,300	48	-
Imaginarium	Warsaw	10,343	58	4,000	48	-
<b>Total</b>		<b>29,503</b>	<b>544</b>	<b>39,400</b>	<b>296</b>	<b>53</b>

**Galileo***Stage of development*

Construction of the Galileo project commenced in February 2007 and the project is expected to be completed in the fourth quarter of 2008.

*Description of project*

The Galileo project is being developed on real property with an area of 8,598m<sup>2</sup> located in the City Center district of Poznań. The Galileo housing project will comprise five apartment six-storey buildings with a total of 226 apartments with an aggregate area of 16,100m<sup>2</sup>. The size of the apartments varies from 52 to 112m<sup>2</sup>.

**Meridian***Stage of development*

Construction of the Meridian project commenced in November 2005 and the project was completed in October 2007.

*Description of project*

The project is being developed on real property with an area of 5,196m<sup>2</sup> located in the Wola district of Warsaw. The Meridian housing estate comprises three seven and nine-storey buildings with a total of 206 apartments (and seven commercial units) with an aggregate area of 15,000m<sup>2</sup>. The size of the apartments varies from 47 to 183m<sup>2</sup>.

**Mistral***Stage of development*

Construction of the Mistral project commenced in December 2006 and the project is expected to be completed in March 2008.

*Description of project*

The project is being developed on real property with an area of 5,366m<sup>2</sup> located in the Ursynów district of Warsaw. The Mistral housing estate comprises four two-storey detached houses of 10 to 17 apartments each, with a total of 54 apartments (no commercial units) with an aggregate area of 4,300m<sup>2</sup>. The size of the apartments varies from 51 to 113m<sup>2</sup>.

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### *Imaginarium*

#### *Stage of development*

Construction of the Imaginarium project commenced in December 2006 and the project is expected to be completed in December 2007.

#### *Description of project*

The project is being developed on real property with an area of 10,343m<sup>2</sup> located in the Bielany district of Warsaw. The two apartment buildings are two-storey buildings with a total of 58 apartments (no commercial units) with an aggregate area of 4,000m<sup>2</sup>. The size of the apartments varies from 30 to 110m<sup>2</sup>.

## Additional information to the report

### *Major shareholders*

To the best of the Company's knowledge, as of the date of publication (14 November 2007) of this short report for the nine months ended 30 September 2007, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	<u>As of 14 November 2007</u>		<u>Increase</u>	<u>As of 30 September 2007</u>	
	<u>Number</u>	<u>of shares/ % of shares</u>	<u>Number</u>	<u>Number of shares/ % of shares</u>	<u>of shares</u>
<b>I.T.R Dori B.V.</b>	63.9%	144,866,667	142,616,667	79.1%	2,250,000
<b>GE Real Estate CE Residential B.V</b>	18.4%	41,800,000	41,205,500	20.9%	594,500

The table below presents the change in the stake of the major shareholders under the assumption that the green shoe option of 6 million shares will be fully executed:

	<u>As of 14 November 2007</u>		<u>Increase</u>	<u>As of 30 September 2007</u>	
	<u>Number</u>	<u>of shares/ % of shares</u>	<u>Number</u>	<u>Number of shares/ % of shares</u>	<u>of shares</u>
<b>I.T.R Dori B.V.</b>	61.3%	138,866,667	136,616,667	79.1%	2,250,000
<b>GE Real Estate CE Residential B.V</b>	18.4%	41,800,000	41,205,500	20.9%	594,500

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### *Changes in ownership of shares and rights to shares by Management Board members in the nine months ended 30 September 2007 and until the date of publication of the report*

Changes in ownership of shares and rights to shares by the Management Board members are specified below:

#### *Shares*

The members of the Management Board did not own or receive any shares in the Company during the period 31 December 2006 until 14 November 2007.

#### *Rights to shares / Options*

The following members of the Management Board received rights to shares in the Company during the period 31 December 2006 until 14 November 2007.

- Mr. Dror Kerem received the right to obtain 300,000 shares in the capital of the Company with a nominal value of EUR 0.02 each, for nominal value, on the date falling six months from the date the Company's shares are admitted to listing on the Warsaw Stock Exchange (the "Admission");
- Mr. Dror Kerem received the right to subscribe for 240,000 shares in the capital of the Company with a nominal value of EUR 0.02 each, per year annually on the anniversary date of the Admission for five successive years, being in total 1,200,000 shares, for an issue price per share equal to 5.75 PLN, provided, however, that if the consulting agreement between Mr. Kerem and the Company is terminated (for any reason), Mr. Kerem's entitlement to the vesting of the options on the anniversary date of the year of such termination shall be relative to the proportion of the year (to the anniversary date) he was employed by the Company and, thereafter, any remaining options granted in accordance with the above are automatically cancelled; and
- Mr. Ariel Bouskila received a right a right to subscribe for 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 5.75 PLN, 1/3rd per year on the anniversary date of the date of Admission for three successive years.

### *Changes in ownership of shares and rights to shares by Supervisory Board members in the nine months ended 30 September 2007 and until the date of publication of the report*

The members of the Supervisory Board did not own any shares and/or rights to shares in the Company during the period 31 December 2006 until 14 November 2007.

## The Management Board

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Dror Kerem  
President of the Management Board  
General Director

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Ariel Bouskila  
Management Board Member  
Financial Director

**Rotterdam, 14 November 2007**



## Condensed Consolidated Financial Statements for the nine months ended 30 September 2007

## CONDENSED CONSOLIDATED BALANCE SHEET

	30 September 2007 (Unaudited)	30 June 2007 (Unaudited)	31 December 2006 <sup>(1)</sup>	30 September 2006 <sup>(1)</sup> (Unaudited)
	PLN (thousands)			
<b>Assets</b>				
Property and equipment	747	722	315	292
Intangible assets	97	74	169	78
Goodwill	293,416	-	-	-
Investment property	-	44,300	44,300	29,500
Long-term finance lease receivable	628	667	729	767
Loan granted to related party	-	-	13,533	-
Deferred tax assets	1,471	3,657	2,750	1,261
<b>Total non-current assets</b>	<b>296,359</b>	<b>49,420</b>	<b>61,796</b>	<b>31,898</b>
<b>CURRENT ASSETS</b>				
Inventories of residential units	368,086	247,731	182,920	131,382
Trade and other receivables	96,246	40,126	21,695	13,078
Cash and cash equivalents	38,565	14,757	39,120	47,429
<b>Total current assets</b>	<b>502,897</b>	<b>302,614</b>	<b>243,735</b>	<b>191,889</b>
<b>TOTAL ASSETS</b>	<b>799,256</b>	<b>352,034</b>	<b>305,531</b>	<b>223,787</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>	<b>389,701</b>	<b>92,050</b>	<b>106,036</b>	<b>22,301</b>
Minority interests	-	18,745	18,711	-
<b>LONG-TERM LIABILITIES</b>				
Loans and borrowings	225,391	106,665	94,057	139,848
Deferred tax liability	2,245	8,102	8,763	8,252
<b>Total long-term liabilities</b>	<b>227,636</b>	<b>114,767</b>	<b>102,820</b>	<b>148,100</b>
<b>CURRENT LIABILITIES</b>				
Loans and borrowings	55,885	10,085	10,085	998
Trade and other payable	22,349	22,003	13,392	10,737
Tax payable	543	922	2,832	199
Provisions	501	501	501	501
Deferred income	102,641	92,961	51,154	40,951
<b>Total current liabilities</b>	<b>181,919</b>	<b>126,472</b>	<b>77,964</b>	<b>53,386</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>799,256</b>	<b>352,034</b>	<b>305,531</b>	<b>223,787</b>

<sup>(1)</sup> For the presentation of the combined comparative figures – see note 1.

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007****CONDENSED CONSOLIDATED INCOME STATEMENT**

	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)	For the 9 months ended 30 September 2006 <sup>(1)</sup> (Unaudited)	For the 3 months ended 30 September 2006 <sup>(1)</sup> (Unaudited)
PLN (thousands) (thousands, except per share data and number of shares)				
Revenue	40,769	28,102	40,675	18,964
Cost of sales	<u>(23,756)</u>	<u>(14,939)</u>	<u>(21,070)</u>	<u>(9,214)</u>
<b>Gross profit</b>	<b>17,013</b>	<b>13,163</b>	19,605	9,750
Change in fair value of investment property	-	-	6,954	-
Administrative expenses	<u>(6,911)</u>	<u>(2,620)</u>	<u>(5,438)</u>	<u>(1,636)</u>
<b>Operating profit</b>	<b>10,102</b>	<b>10,543</b>	21,121	8,114
Finance income	773	45	1,389	599
Finance expense	<u>(872)</u>	<u>(142)</u>	<u>(1,239)</u>	<u>(351)</u>
Net finance income (expense)	<u>(99)</u>	<u>(97)</u>	150	248
<b>Net income before taxation</b>	<b>10,003</b>	<b>10,446</b>	21,271	8,362
Income taxes	<u>(2,390)</u>	<u>(2,641)</u>	<u>(4,376)</u>	<u>(1,853)</u>
<b>Net income before minority interests</b>	<b><u>7,613</u></b>	<b><u>7,805</u></b>	<u>16,895</u>	<u>6,509</u>
<b>Attributable to:</b>				
Owners' net investment	7,613	7,805	16,895	6,509
Minority interests	<u>(1,373)</u>	<u>(1,339)</u>	-	-
<b>Net income after minority interests</b>	<b><u>6,240</u></b>	<b><u>6,466</u></b>	<u>16,895</u>	<u>6,509</u>
Weighted average number of equivalent shares <sup>(2)</sup>	<u>2,256,557</u>	<u>2,269,386</u>	<u>2,250,000</u>	<u>2,250,000</u>
<b>Net earnings per share of ( EUR 0.02)each</b>	<b><u>2.8</u></b>	<b><u>2.8</u></b>	<b><u>7.5</u></b>	<b><u>2.9</u></b>

<sup>(1)</sup> For the presentation of the combined comparative figures – see note 1.

<sup>(2)</sup> Under the assumption that the shares exist from 1 January 2006.

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007****CONDENSED CONSOLIDATED STATEMENT OF CHANGES  
IN (INVESTED) EQUITY****For the nine months ended 30 September 2007:**

<i>In thousands of PLN</i>	<u>Owners' net investment / Equity attributable to equity holders of the parent</u>	<u>Minority interests</u>	<u>Net profit</u>	<u>Share capital</u>	<u>Share premium reserve</u>	<u>Total equity (invested)</u>
Balance of combined equity invested in the subsidiaries of Ronson Group at 1 January 2006	4,806		-	-	-	4,806
Proceeds from sale of equity in Ronson Group entities and other capital contributions <sup>(1)</sup>	69,333	18,690	-	-	-	88,023
Net profit for the year 2006	31,897	21	-	-	-	31,918
<b>Balance of combined equity invested in the subsidiaries of Ronson Group at 31 December 2006</b>	<b>106,036</b>	<b>18,711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,747</b>
Net loss for the period ended 29 June 2007	(226)	34	-	-	-	(192)
<b>Balance of combined equity invested in the subsidiaries of the Ronson Group at 29 June 2007</b>	<b>105,810</b>	<b>18,745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,555</b>
Transition as at 29 June 2007 of owners' net investment	(105,810)	-	-	-	-	(105,810)
Issue of shares upon establishment of the Company <sup>(2)</sup>	-	-	-	172	-	172
Net contribution in kind of assets and liabilities <sup>(3)</sup>	-	-	-	-	91,878	91,878
<b>Balance at 30 June 2007</b>	<b>-</b>	<b>18,745</b>	<b>-</b>	<b>172</b>	<b>91,878</b>	<b>110,795</b>
Net profit for the three months ended 30 September 2007		1,339	6,466	-	-	7,805
Issue of shares upon establishment of the Company <sup>(2)</sup>	-	-	-	45	-	45
Net transfer of assets and liabilities <sup>(4)</sup>	-	(20,084)	-	-	291,140	271,056
<b>Balance at 30 September 2007</b>	<b>-</b>	<b>-</b>	<b>6,466</b>	<b>217</b>	<b>383,018</b>	<b>389,701</b>

<sup>(1)</sup> In November 2006, the Group and its shareholders entered into a participation agreement with a third party whereby the third party became a direct shareholder in 20 of the Group's Polish entities. In connection with the participation agreement, the 20 Polish entities concerned issued new share capital against a cash payment by the third party.

<sup>(2)</sup> The share capital of Ronson Europe N.V. is PLN 217 thousand. The number of authorized shares of the Company is 225,000 with a par value of EUR 1 per share. The number of issued and paid-up shares as at the date of the Company's incorporation was 56,890. On October 2007, the General Meeting of the Shareholders of the Company resolved to split the authorized 225,000 shares of the Company with a par value of EUR 1 per share into 11,250,00 shares with a par value of EUR 0.02 per share. After this transaction the number of issued and paid-up shares as at the date of the Company's incorporation became 2,844,500 shares with a par value of EUR 0.02 per share.

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007**

- <sup>(3)</sup> Following the incorporation of the Company, the sole shareholder and founder of the Company, ITR Dori assigned and contributed to the Company, on 29 June 2007, its shares and rights to shares in 36 Polish companies amounted to PLN 105,810 thousand as well as a liability under a loan agreement between ITR Dori and Ronson Development Residential Sp.z.o.o., one of the Polish entities in which the shares were transferred to the Company. The principal amount under the loan agreement of which the liability was contributed plus accrued interest as at 29 June 2007, amounted to PLN 13,932 thousand. The net contribution amounted to PLN 91,878 thousand as reflected in the table above.
- <sup>(4)</sup> During the third quarter of 2007, and as part of the completion of combining Ronson Group activities under Ronson Europe, GE Real Estate, a minority shareholder made a contribution in kind of its shares held in certain Ronson Polish subsidiaries. In addition, RD Landscape Sp.k., a newly formed Polish subsidiary of Ronson Europe, purchased land held by Brighton Tec Sp. z o.o. The value attributed to GE Real Estate contribution has been determined using the fair market value of the contribution, and amounts to PLN 313,500,000. The net transfer of asset and liabilities consist of the net affect of (i) PLN 293,416,000 representing the difference between the fair market value of PLN 313,500,000 and the book value of the contribution in the amount of PLN 20,084,000 (reflected previously as minority interest) and (ii) a decrease due to transfer of asset from Brighton Tec to RD Landscape as a result of the purchase of land described above in the amount of PLN 22,360,000.

**For the nine months ended 30 September 2006:**

<i>In thousands of PLN</i>	<u>Owners' net investment</u>	<u>Minority interests</u>	<u>Total equity (invested)</u>
Balance of equity in Ronson Group at 1 January 2006	4,806	-	4,806
Proceeds from sale of equity in Ronson Group entities and other capital contributions at Ronson Group entities	600	-	600
Net profit for the six months ended 30 June 2006	16,895	-	16,895
<b>Balance at 30 September 2006</b>	<b><u>22,301</u></b>	<b><u>-</u></b>	<b><u>22,301</u></b>

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>For the 9 months ended 30 September 2007 (Unaudited)</b>	<b>For the 3 months ended 30 September 2007 (Unaudited)</b>	<b>For the 9 months ended 30 September 2006 <sup>(1)</sup> (Unaudited)</b>	<b>For the 3 months ended 30 September 2006 <sup>(1)</sup> (Unaudited)</b>
	PLN (thousands)			
Cash flows used in operating activities	(191,539)	(156,145)	(34,929)	(20,020)
Cash flows used in investing activities	(406)	(265)	(183)	(72)
Cash flows from financing activities	191,390	180,218	70,784	28,244
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>(555)</b>	<b>23,808</b>	<b>35,672</b>	<b>8,152</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>39,120</b>	<b>14,757</b>	<b>11,757</b>	<b>39,277</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>38,565</b>	<b>38,565</b>	<b>47,429</b>	<b>47,429</b>

<sup>(1)</sup> For the presentation of the combined comparative figures – see note 1

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007**

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 – General and principal activities**

- (a) The accompanying Condensed Consolidated Financial Statements present the financial position per 30 September 2007, results of operations, changes in shareholders' equity, and cash flows for the three and nine months ended 30 September 2007 of Ronson Europe N.V. ("the Company") and its subsidiaries (together referred to as "the Group") and the Group's interest in associates. The 30 September 2007 Condensed Consolidated Financial Statements were authorised for issue by the management board members on 14 November 2007.
- (b) Ronson Europe N.V. ("the Company"), a Netherlands limited liability company with its statutory seat in Rotterdam, the Netherlands, was incorporated on 18 June 2007, to hold investments in the Ronson Group companies active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers. Certain of the Polish companies also lease real estate to third parties. All of the Polish Companies conduct their activities solely in Poland.

The Ronson Group was originally set up in 2000 by a group of investors to develop residential properties primarily in Poland. At the time, Israel Theatres Ltd. and U. Dori Engineering Works Corp Ltd, formed a Dutch holding company called ITR Dori BV ("ITR Dori"), to participate for 50% in the Ronson Group. Each of Israel Theatres Ltd. and U. Dori Engineering Works Corp Ltd. held 50% of the shares in ITR Dori. Within the Ronson Group, for each project a separate company with domicile in Poland has been established. Each of these special purpose vehicles, in which ITR Dori directly owned 50% of the shares, held all the assets and liabilities of the relevant project. The remaining 50% ownership in those vehicles were held by non related parties, accordingly ITR Dori had no control of the Ronson entities.

On 19 January 2006, ITR Dori acquired the remaining 50% of the equity in each of the Ronson companies from the other shareholders, after which ITR Dori became sole shareholder of each Polish company of the Ronson Group.

In November 2006, General Electric Company Inc. through its wholly owned subsidiary, Gator Investments Sp. z o.o., invested in the Ronson Group in cash for 20.9% of the shares in a number of the Polish companies, specifically in those companies that were directly related to the development of residential projects.

Following the incorporation of the Company, the sole shareholder and founder of the Company, ITR Dori assigned and contributed to the Company, on 29 June 2007, its shares and rights to shares in 36 Polish companies as well as a liability under a loan agreement between ITR Dori and Ronson Development Residential Sp. z.o.o., one of the Polish entities in which the shares were transferred to the Company. The principal amount under the loan agreement of which the liability was contributed plus accrued interest as at 29 June 2007, amounted to PLN 13,932 thousand.

On 27 September 2007, reorganization was arranged with in General Electric Group, originally Gator Investments Sp. z o.o. held 20.9% directly in Ronson polish SPVs, after the reorganization GE Real Estate CE Residential B.V. ("GE Real Estate") is holding the 20.9% in Ronson polish SPVs.

On 27 September 2007, GE Real Estate contributed its shares in all Ronson Polish SPVs to the Company, in exchange for 11,890 new shares with a par value of EUR 1 per share that provided GE Real Estate 20.9% of the Company total shares.

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007**

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Accordingly as of 30 September 2007, ITR Dori held 79.1% of the equity in the Company and GE Real Estate the remaining 20.9%.

On the 29 September 2007, the general meeting of the shareholders of the Company resolved to split the 56,890 shares with a par value of EUR 1 per share into 2,844,500 shares with a par value of EUR 0.02 per share.

On October 2007, the general meeting of the shareholders of the Company resolved to issue 197,155,500 shares with a par value of 0.02 EUR. The share capital was paid out of available share premium reserve.

On 24 October 2007, the Company completed an initial public offering of its shares on the Warsaw Stock Exchange, having sold 26.6 million new shares at an offering price of PLN 5.75 per share.

On 24 October 2007, ITR Dori sold 19.3 million existing shares at an offering price of PLN 5.75 per share.

The consolidated financial statements of the Ronson Group for the nine months ended 30 September 2007 include the accounts of the Company and its subsidiaries taking into account minority interests in the individual entities of the Group until 27 September 2007. The financial statements of subsidiaries have been included from 1 January 2007 reflecting the fact that control by the Group and its owners effectively existed throughout the nine months ended 30 September 2007. All inter-company accounts and transactions are eliminated when preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the subsidiary. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The combined financial statements of the Ronson Group as of and for the twelve months ended 31 December 2006 and the nine months ended 30 September 2006 have been prepared by aggregating the individual income statements of the entities in the Group taking into account minority interests in the individual entities of the Group. The financial statements of Ronson Group have been included from 1 January 2006 reflecting the fact that control by the Group and its owners effectively existed starting from 1 January 2006.

All balances and transactions between the entities in the Group as at 31 December 2006 and as at 30 September 2006 and for the periods then ended have been eliminated. As discussed above ITR Dori completed the acquisition of 100% of the Ronson Group on 19 January 2006. The combined balance sheet of the Ronson Group as at 31 December 2006 and 30 September 2006 represents an aggregation of the individual balance sheets of entities in the Group taking into account minority interest in the individual entities of the Group.

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007**

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**Note 2 – Summary of significant accounting policies****A. Basis of preparation**

The Condensed Consolidated Balance Sheets as of 30 September 2007, as of 30 June 2007 and as of 30 September 2006, the Condensed Consolidated Income Statement, the Condensed Consolidated Statements of changes in Shareholders' Equity, the Condensed Statement of recognized income and expenses and the Condensed Consolidated Statements of Cash Flows for the 6 months and for the 3 months ended 30 September 2007 and for the 6 months and for the 3 months ended 30 September 2006 have not been audited. The Consolidated Balance Sheet as of 31 December 2006, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the twelve months ended 31 December 2006 have been extracted from the combined audited financial statement of Ronson development Group.

The Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. In the preparation of these financial statements, the Company has followed the same accounting policies used in the Company's 2006 combined financial statements included in the prospective dated 10 October 2007. The Company's 2006 Annual Accounts have been prepared in accordance with IFRS adopted by the EU to be used for preparation of consolidated financial reporting. In addition, the Company has adopted the standards and interpretations with an effective date before 30 September 2007. The 30 September 2007 Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at 31 December 2006.

**B. 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 Zlotys ("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 income statement.

**C. Use of estimates and judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.



**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007**

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**D. Inventories of residential units**

Inventories consist of multi-family residential real estate projects to individual customers. Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred relating to the construction of a project. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Costs relating to the construction of a project are included in inventories of residential units as follows:

- costs incurred relating to projects or a phase of a project which are not available for sale (work in progress),
- costs incurred relating to units unsold associated with a project or a phase of a project that is available for sale (finished goods).

Project construction costs include:

- a) land or leasehold rights for land,
- b) construction costs paid to subcontractors for the construction of residential units,
- c) planning and design costs,
- d) perpetual usufruct fees and real estate taxes incurred during the period of construction,
- e) selling expenses to the extent they are reasonably expected to be recovered from the sale of the project or from incidental operations,
- f) borrowing costs to the extent they are directly attributable to the development of the project ,
- g) professional fees attributable to the development of the project,
- h) construction overheads and other directly related costs.

**E. Revenues and cost of sales of residential units****(i) Revenue from the sale of residential units**

Revenues from the sale of residential units are recognized upon transfer to the buyer of the significant risks and rewards of ownership of the residential unit (i.e. upon signing of the protocol of technical acceptance and transfer of the key to the residential unit), providing that a valid building occupancy permit has been obtained by the Group.

Advances received related to pre-sales of residential units, which represent deferred income, are deferred to the extent that they do not meet the criteria to be recognized as revenue.

**(ii) Cost of sales of residential units**

Cost of sales is recognized as a reduction of total costs capitalized to inventory based on the proportion of residential units sold.

Construction costs relating to unsold units are capitalized as inventory within current assets, either as work in progress or finished goods depending on the stage of completion. An expected loss, if any, on a sale, is recognized as an expense immediately. Inventory relating to units sold is expensed as cost of sales in the same period as the related sale.

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007****F. Principles of consolidation**

These Condensed unaudited Consolidated Financial Statements include the accounts of the Company, its subsidiaries. Subsidiaries are those enterprises which are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control effectively commences until the date that control effectively ceases. The Consolidated Financial Statements include the Company's proportionate share of the enterprises' assets, liabilities, revenues and expenses with items of similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

All inter-company accounts and transactions are eliminated when preparing the Consolidated Financial Statements.

A list of the companies whose financial statements are included in these Condensed Consolidated Financial Statements and the extent of ownership and control appear in Note 8.

**Note 3 – Changes in Consolidated Entities**

The table below present the new entities that established and the entities that exit from consolidation reports during the nine months ended 30 September 2007:

<b>Entity name</b>	<b>Consolidation %</b>
1 Ronson Development Village Sp. z o.o.	100%
2 Ronson Development Conception Sp. z o.o.	100%
3 Ronson Development Architecture Sp. z o.o.	100%
4 Ronson Development Skyline Sp. z o.o.	100%
5 Ronson Development Continental Sp. z o.o.	100%
6 Ronson Development Universal Sp. z o.o.	100%
7 Ronson Development Retreat Sp. z o.o.	100%
8 Ronson Development South Sp. z o.o.	100%
9 Ronson Development West Sp. z o.o.	100%
10 Ronson Development East Sp. z o.o.	100%
11 Ronson Development North Sp. z o.o.	100%
12 Ronson Development Providence Sp. z o.o.	100%
13 Ronson Development Destiny Sp. z o.o.	100%
14 Ronson Development Millenium Sp. z o.o.	100%
15 Ronson Development Community Sp.k.	100%
16 Ronson Development Estate Sp.k.	100%
17 Ronson Development Home Sp.k.	100%
18 Ronson Development Horizon Sp.k.	100%
19 Ronson Development Landscape Sp.k.	100%
20 Ronson Development Town Sp.k.	100%
<b>Entity name</b>	<b>Exit from consolidation %</b>
21 Brighton Tec Sp. z o.o. (*)	100%

(\*) additional information see condensed consolidated statement of changes in (invested) equity – note 4.

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007****Note 4 – Share capital**

The authorised share capital of the Company consists of 2,844,500 shares of EUR 0.02 par value each.

On 24 October 2007, the Company completed an initial public offering of its shares on the Warsaw Stock Exchange, having sold 26.6 million new shares at an offering price of PLN 5.75 per share.

**Note 5 – Commitments and contingent liabilities**

Contingent commitments relate primarily to contingent consideration for land acquisitions and amounted to PLN 62,178 thousand as at 30 September 2007, the payment of which is contingent upon closing the final agreements conveying ownership of the land and clearance of the mortgage register.

Contingent commitments relate primarily to contingent consideration for land acquisitions, which are considered probable of being paid by the following companies:

<u>Company</u>	<u>As at</u> <u>30 September 2007</u>	<u>As at</u> <u>31 December 2006</u>
Ronson Development South Sp. z o.o.	5,150	-
Ronson Development West Sp. z o.o.	49,600	-
Ronson Development Skyline Sp. z o.o.	7,428	-
Ronson Development Properties Sp. z o.o.	-	14,450
Ronson Development Habitat Sp. z o.o.	-	12,521
	<u>62,178</u>	<u>26,971</u>

In addition, commitments to the general contractor for construction services to be rendered in the future amount to PLN 47,900 thousand as at 30 September 2007.

The amounts in the table below present commitments to the general contractors for construction services to be rendered in the future:

<u>Company</u>	<u>As at 30</u> <u>September 2007</u>	<u>As at</u> <u>31 December 2006</u>
Ronson Development Company Sp. z o.o.	42,500	-
Ronson Development Creation Sp. z o.o.	2,500	-
Ronson Development Properties Sp. z o.o.	2,900	-
Ronson Development Investment Sp. z o.o.	-	15,307
	<u>47,900</u>	<u>15,307</u>

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007****Note 6 - Segment Reporting**

Segment information is presented in respect of the Group's geographical segments (primary segments) and business segments (secondary segments).

Inter-segment pricing is determined on an arm's-length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise loans and borrowings and related expenses, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

**Geographical segments**

The Group operates in four geographical segments:

- Warsaw
- Poznań
- Wrocław
- Szczecin

**Business segments**

The Group operates in two business segments within Poland:

- Development and sale of residential units ("Residential")
- Rental of office space ("Rental")

Data presented in the table below is based on the geographical location of the Group's companies and their assets.

	For the nine months ended 30 September 2007						Total
	PLN (thousands) unaudited						
	Warsaw	Poznań	Wrocław	Szczecin	Unallocated	Eliminations	
<b>Total external revenues</b>							
Residential	40,320	-	-	-	-	-	40,320
Rental	449	-	-	-	-	-	449
Inter-segment revenue	-	-	-	-	-	-	-
<b>Total segment revenue</b>	<b>40,769</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,769</b>
<b>Segment result</b>							
Residential	10,793	(726)	(234)	(38)	-	(213)	9,582
Rental	(530)	-	-	-	-	-	(530)
Unallocated Expenses	-	-	-	-	(195)	1,146	951
<b>Result from operating activities</b>	<b>10,263</b>	<b>(726)</b>	<b>(234)</b>	<b>(38)</b>	<b>(195)</b>	<b>933</b>	<b>10,003</b>
Income tax expense							(2,390)
<b>Income for the period</b>							<b>7,613</b>

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007**

	As at 30 September 2007						
	PLN (thousands) unaudited						
	Warsaw	Poznań	Wrocław	Szczecin	Unallocated	Eliminations	Total
<b>Segment assets</b>							
Residential	295,590	61,060	113,314	29,291		1,667	500,922
Rental	-	-	-	-	-	-	-
Unallocated assets	-	-	-	-	398,412	(100,078)	298,334
<b>Total assets</b>	<b>295,590</b>	<b>61,060</b>	<b>113,314</b>	<b>29,291</b>	<b>398,412</b>	<b>(98,411)</b>	<b>799,256</b>
<b>Segment liabilities</b>							
Residential	275,828	38,870	70,937	18,325		(2,653)	401,307
Rental	-	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	8,248	-	8,248
<b>Total liabilities</b>	<b>275,828</b>	<b>38,870</b>	<b>70,937</b>	<b>18,325</b>	<b>8,248</b>	<b>(2,653)</b>	<b>409,555</b>
<i>Capital expenditure</i>	-	-	-	-	141	-	141
<i>Depreciation and amortization</i>	180	-	-	-	161	-	341

	For the nine months ended 30 September 2006						
	PLN (thousands) unaudited						
	Warsaw	Poznań	Wrocław	Szczecin	Unallocated	Eliminations	Total
<b>Total external revenues</b>							
Residential	39,947	-	-	-	-	-	39,947
Rental	728	-	-	-	-	-	728
	-	-	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-	-	-
<b>Total segment revenue</b>	<b>40,675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,675</b>
<b>Segment result</b>							
Residential	15,233	110	(124)	-	-	497	15,716
Rental	6,719	-	-	-	-	-	6,719
Unallocated Expenses	-	-	-	-	(1,164)	-	(1,164)
<b>Result from operating activities</b>	<b>21,952</b>	<b>110</b>	<b>(124)</b>	<b>-</b>	<b>(1,164)</b>	<b>497</b>	<b>21,271</b>
Income tax expense							(4,376)
<b>Income for the period</b>							<b>16,895</b>

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007**

	As at 30 September 2006						Total
	PLN (thousands) unaudited						
	Warsaw	Poznań	Wrocław	Szczecin	Unallocated	Eliminations	
<b>Segment assets</b>							
Residential	155,179	20,492	3,643	-		407	179,721
Rental	30,305	-	-	-	-	-	30,305
Unallocated assets	-	-	-	-	13,761	-	13,761
<b>Total assets</b>	<b>185,484</b>	<b>20,492</b>	<b>3,643</b>	<b>-</b>	<b>13,761</b>	<b>407</b>	<b>223,787</b>
<b>Segment liabilities</b>							
Residential	160,116	17,255	1,616	-		18	179,005
Rental	20,630	-	-	-	-	-	20,630
Unallocated liabilities	-	-	-	-	1,851	-	1,851
<b>Total liabilities</b>	<b>180,746</b>	<b>17,255</b>	<b>1,616</b>	<b>-</b>	<b>1,851</b>	<b>18</b>	<b>201,486</b>
<i>Capital expenditure</i>	-	-	-	-	111	-	111
<i>Depreciation and amortization</i>	-	-	-	-	69	-	69

**Note 7 – Related party transactions**

On 26 July 2007, R.D. Landscape Sp. k., a newly formed Polish subsidiary of Ronson, entered into a preliminary purchase agreement to acquire the assets of Brighton Tec Sp. z o.o. from ITR Dori. The primary asset of Brighton Tec was a plot of land located in Mokotów, Warsaw. Brighton Tec has been seeking zoning approval for construction of a residential project on this site, rather than the commercial project originally contemplated. On 27 September 2007 the asset sale was consummated for EUR 11,500,000 in cash, which constituted the appraised fair value of the assets. Following such sale, all of the activity of the Ronson Group prior to the reorganization was transferred to the Company.

**Note 8 - Details of corporations in the Group**

On 29 June 2007, ITR Dori assigned and contributed its shares and rights to shares in 36 Polish companies in all the Polish Ronson SPVs (36 companies) to the Company, in exchange for the Company issuing to ITR Dori 79.1% of its shares.

On 27 September 2007, GE Real Estate assigned and contributed its shares and rights to shares in all the Polish Ronson SPVs (34 companies) to the Company, in exchange for the Company issuing to GE Real Estate 20.9% of its shares.

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007**

Detailed below are the Polish companies whose financial statements have been included in these consolidated financial statements, the year of incorporation and the percentage of ownership and voting rights directly held by ITR Dori and GE Real Estate at 30 September 2007.

Entity name	Year of incorporation	Share of ownership & voting rights (end of year)
<b>A. held directly by the company :</b>		
1 Ronson Development Management Sp. z o.o.	1999	100.0%
2 Ronson Development 2000 Sp. z o.o.	2000	100.0%
3 Ronson Development Warsaw Sp. z o.o.	2000	100.0%
4 Ronson Development Investments Sp. z o.o.	2002	100.0%
5 Ronson Development Metropol Sp. z o.o.	2002	100.0%
6 Ronson Development Residential Sp. z o.o.	2003	100.0%
7 Ronson Development Apartments Sp. z o.o.	2003	100.0%
8 Ronson Development Properties Sp. z o.o.	2002	100.0%
9 Ronson Development Enterprise Sp. z o.o.	2004	100.0%
10 Ronson Development Company Sp. z o.o.	2005	100.0%
11 Ronson Development Creations Sp. z o.o.	2005	100.0%
12 Ronson Development Buildings Sp. z o.o.	2005	100.0%
13 Ronson Development Structure Sp. z o.o.	2005	100.0%
14 Ronson Development Poznan Sp. z o.o.	2005	100.0%
15 Ronson Development Innovation Sp. z o.o. (*)	2006	100.0%
16 Ronson Development Wroclaw Sp. z o.o.	2006	100.0%
17 Ronson Development Capital Sp. z o.o.	2006	100.0%
18 EEE Development Sp. z o.o.	2006	100.0%
19 Ronson Development Habitat Sp. z o.o.	2006	100.0%
20 Ronson Development Sp. z o.o. <sup>1</sup>	2006	100.0%
21 Ronson Development Construction Sp. z o.o.	2006	100.0%
22 Ronson Development City Sp. z o.o. (no activities at 30 September 2007)	2006	100.0%
23 Ronson Development Village Sp. z o.o. (*)	2007	100.0%
24 Ronson Development Conception Sp. z o.o. (*)	2007	100.0%
25 Ronson Development Architecture Sp. z o.o. (*)	2007	100.0%
26 Ronson Development Skyline Sp. z o.o. (*)	2007	100.0%
27 Ronson Development Continental Sp. z o.o. (*)	2007	100.0%
28 Ronson Development Universal Sp. z o.o. (*)	2007	100.0%
29 Ronson Development Retreat Sp. z o.o. (*)	2007	100.0%
30 Ronson Development South Sp. z o.o. (*)	2007	100.0%
31 Ronson Development West Sp. z o.o. (*)	2007	100.0%
32 Ronson Development East Sp. z o.o. (no activities at 30 September 2007) (*)	2007	100.0%
33 Ronson Development North Sp. z o.o. (no activities at 30 September 2007) (*)	2007	100.0%
34 Ronson Development Providence Sp. z o.o. (no activities at 30 September 2007) (*)	2007	100.0%
35 Ronson Development Destiny Sp. z o.o. (no activities at 30 September 2007) (*)	2007	100.0%
36 Ronson Development Millenium Sp. z o.o. (no activities at 30 September 2007) (*)	2007	100.0%

<sup>1</sup> Changed its name in 2007. Formerly known as Ronson Development Venture Sp. z.o.o.

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007****B. held indirectly by the company :**

1	Ronson Development Community Sp.k. (no activities at 30 September 2007) (**)	2007	100.0%
2	Ronson Development Estate Sp.k. (no activities at 30 September 2007) (**)	2007	100.0%
3	Ronson Development Home Sp.k. (no activities at 30 September 2007) (**)	2007	100.0%
4	Ronson Development Horizon Sp.k. (no activities at 30 September 2007) (**)	2007	100.0%
5	Ronson Development Landscape Sp.k. (**)	2007	100.0%
6	Ronson Development Town Sp.k. (no activities at 30 September 2007) (**)	2007	100.0%

The projects managed by the Companies are in various stages of development ranging from being in the process of acquiring land for development to projects which are completed or near completion.

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

(\*\*) The companies above are held by Ronson Development Construction Sp. z o.o. a limited partner holding a 99% and Ronson Development Sp. z o.o. General partner holding a 1%.



**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007****Note 9 – Condensed standalone financial statements of Ronson Europe N.V.****Condensed standalone balance sheet as at**

	<b>30 September 2007 (Unaudited)</b>	<b>30 June 2007 (Unaudited)</b>
	<b>PLN (thousands)</b>	
<b>ASSETS</b>		
goodwill	293,416	-
Investments in subsidiaries	<u>96,812</u>	<u>91,878</u>
<b>Total non-current assets</b>	<u>390,228</u>	<u>91,878</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	1,804	-
Cash and cash equivalents	<u>18</u>	<u>172</u>
<b>Total current assets</b>	<u>1,822</u>	<u>172</u>
<b>TOTAL ASSETS</b>	<u><u>392,050</u></u>	<u><u>92,050</u></u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	217	172
Premium on share capital	383,018	91,878
Net profit for the period	<u>6,466</u>	<u>-</u>
<b>Total shareholders' equity</b>	<u>389,701</u>	<u>92,050</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<u>2,349</u>	<u>-</u>
<b>Total current liabilities</b>	<u>2,349</u>	<u>-</u>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<u><u>392,050</u></u>	<u><u>92,050</u></u>

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007****Condensed standalone income statement**

	<b>For the 9 months ended 30 September 2007 (Unaudited)</b>	<b>For the 3 months ended 30 September 2007 (Unaudited)</b>
	<b>PLN (thousands)</b>	
<b>Revenues</b>	-	-
General and administrative expenses	47	47
<b>Operating Loss</b>	<b>(47)</b>	<b>(47)</b>
Financial income	3	3
<b>Loss before Result from subsidiaries</b>	<b>(44)</b>	<b>(44)</b>
Result from subsidiaries after taxation	6,510	6,510
<b>Net income</b>	<b>6,466</b>	<b>6,466</b>
Weighted average number of equivalent shares	2,256,557	2,250,000
<b>Net earnings per share of (EUR 0.02) each</b>	<b>2.8</b>	<b>2.9</b>

**Condensed Consolidated Financial Statements for the nine months ended 30 September 2007****Condensed standalone statement of changes in shareholders' equity**

	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)
	PLN (thousands)	
<b>Balance as of the beginning of the period</b>	-	<b>92,050</b>
New shares issued	217	45
Share premium reserve	383,018	291,140
Net income for the period	<u>6,466</u>	<u>6,466</u>
<b>Balance at the end of the period</b>	<b><u>389,701</u></b>	<b><u>389,701</u></b>

**Condensed standalone cash flow statement**

	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)
	PLN (thousands)	
Cash flows used in operating activities	(199)	(199)
Cash flows used in investing activities	-	-
Cash flows from financing activities	<u>217</u>	<u>45</u>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>18</b>	<b>(154)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b><u>-</u></b>	<b><u>172</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>18</u></b>	<b><u>18</u></b>