Ronson Europe N.V.

Consolidated Quarterly Report

for the nine months ended

30 September 2008

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Directors' Report

General

Introduction

Ronson Europe N.V. ("the Company"), is a Netherlands limited liability company with its statutory seat in Rotterdam, the Netherlands, and was incorporated on 18 June 2007. For a historical background and restructuring of the Company in 2007, reference is made to the Notes to the Condensed Consolidated Financial Statements (Note 1 (b) on pages 23 and 24).

The Company (together with its Polish subsidiaries, "the Group") is active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. The Group also leases real estate to third parties, however this is an insignificant activity.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 30 September 2008, 64.2% of the outstanding shares are held by I.T.R. Dori B.V. ("ITR Dori"), 18.4% of the outstanding shares are held by GE Real Estate CE Residential B.V. ("GE Real Estate") and the remaining 17.4% of the outstanding shares are held by the public. On 10 November 2008, the market price was PLN 0.93 per share giving the Company a market capitalization of PLN 210.8 million.

Company overview

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

Up to and including the third quarter of 2008, the Group has completed eight projects, having delivered 1,076 units with a total area of 73,102 m^2. The remaining 33 units in these completed projects, with a total area of 2,625 m^2, are expected to be delivered during the remainder of 2008 (see page 11).

As of the date of this quarterly report, the Group is developing six further projects comprising a total of 657 residential units, with a total area of approximately 58,325 m^2, of which 355 units, with a total area of approximately 34,575 m^2, are expected to be completed by the end of 2009. The remaining 302 units will be completed before the end of 2010. In addition, the Group has a pipeline of 21 projects in different stages of preparation with approximately 5,155 residential units for future development in Warsaw, Poznań, Wrocław and Szczecin.

Market overview

Following a very strong 2006 and 2007 in which the Polish residential market enjoyed unprecedented growth and increased prices, since the beginning of 2008, the market dynamics have shifted towards slower growth and price moderation. The Company's management anticipates that the resultant oversupply of residential units in the market should catch up with the demand curve in about two years.

Furthermore, in the opinion of the management, the Company is well positioned to cope with changing market conditions and is preparing new projects for development, which will be distinguished in the market by their location, quality and attractive pricing. Management believes that the Company's profitable and efficient business model, together with a healthy financial position and a secured inventory comprising attractive plots of land.

Market overview (cont'd)

secured at attractive prices should allow the Company to continue and develop its operations even in more challenging markets.

The Company's management is also monitoring the consequences of the recent tightening of the international credit markets, which may affect both customers when applying for mortgage loans to finance the purchase of houses and apartments and the financial sector in its attitude towards real estate companies and residential developers. In order to minimize the market risk, the Company is taking a very selective approach when initiating projects. Moreover, in the preparation phase of all projects, great emphasis is now put on splitting the projects into smaller parts.

As far as the relations with financial institutions are concerned, the Company is prepared for the foreseeable future for increasing costs of debt financing as well as for more demanding debt facility structures that may be proposed by the lending banks.

Business highlights during the nine months ended 30 September 2008

Results breakdown by project

Revenue 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 during the nine months ended 30 September 2008 amounted to PLN 63.8 million, whereas cost of sales amounted to PLN 34.3 million, which resulted in a gross profit amounting to PLN 29.5 million and a gross margin of 46.2%.

The following table specifies revenue, cost of sales and gross profit on a project by project basis:

	Revenue		**Cost of sales**		**Gross profit**	**Gross margin**
Project	**PLN (thousands)**	**%**	**PLN (thousands)**	**%**	**PLN (thousands)**	**%**
Meridian	23,479	36.9%	12,273	35.7%	11,206	47.7%
Mistral	8,000	12.5%	4,974	14.5%	3,026	37.8%
Imaginarium I	31,784	49.8%	16,875	49.2%	14,909	46.9%
Other	511	0.8%	192	0.6%	319	62.4%
Total / Average	**63,774**	**100.0%**	**34,314**	**100.0%**	**29,460**	**46.2%**

Meridian

The construction of the Meridian housing estate was completed in the third quarter of 2007. This project was developed on a land strip of 5,196 m^2 located in the Wola district of Warsaw. The Meridian housing estate comprises 3 seven- and nine-storey buildings with a total of 206 apartments (and 7 commercial units) with an aggregate floor space of 15,000 m^2. The size of the apartments varies from 47 m^2 to 183 m^2.

During the nine months ended 30 September 2008, the Group recognized revenue from the sale of 33 apartments (also including parking places and storages) and 1 commercial unit.

Business highlights during the nine months ended 30 September 2008 (cont'd)

Mistral

The construction of the Mistral housing estate was completed in the fourth quarter of 2007. This project was developed on a land strip of 5,366 m^2 located in the Ursynów district of Warsaw. The Mistral housing estate comprises 4 two-storey detached houses of 10 to 17 apartments each, with a total of 54 apartments (no commercial units) with an aggregate floor space of 4,400 m^2. The size of the apartments varies from 51 m^2 to 113 m^2.

During the nine months ended 30 September 2008, the Group recognized revenue from the sale of 11 apartments (also including parking places and storages).

Imaginarium I

The construction of the Imaginarium housing estate was completed in the first quarter of 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 housing estate comprises two-storey buildings with a total of 58 apartments (no commercial units) with an aggregate floor space of 4,000 m^2. The size of the apartments varies from 30 m^2 to 110 m^2.

During the nine months ended 30 September 2008, the Group recognized revenue from the sale of 44 apartments (also including parking places and storages). All revenues in this period were recognized in the third quarter of 2008 as the necessary occupancy permit was obtained in August 2008.

Other

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

Land Purchases

The table below sets out the details of the three strips of land purchased by the Group during the nine months ended 30 September 2008:

Subsidiary	**Project name**	**Location**	**Land strip m^2**	**Date of the final Notarial Deed**	**Acquisition price PLN (thousands)**
Ronson Development Skyline Sp. z o.o.	Newton	Poznań	10,908	18/01/2008	8,181
Ronson Development Home Sp. z o.o.	Gardenia	Warsaw, Jozefoslaw	7,129	31/03/2008	4,300
Ronson Development North Sp. z o.o.	Osiedle Wislane	Warsaw, Lomianki	31,785	16/09/2008	21,000
Total			**49,822**		**33,481**

Land Purchases (cont'd)

Newton

On 18 January 2008, Ronson Development Skyline Sp. z o.o. signed the final notarial deed for the purchase of a plot of land with an area of 10,908 m^2 located in Poznań. The Group is planning to build a housing project that will comprise 25 semi-detached units (50 apartments in total) with an aggregate floor space of 5,600 m^2.

Gardenia

On 31 March 2008, Ronson Development Home Sp.k. signed the final notarial deed for the purchase of a plot of land with an area of 7,129 m^2 located in Warsaw's suburbs, in Jozefoslaw. The construction of the Gardenia project commenced in August 2008 (for more information see "Outlook for remainder of 2008 and for 2009" on page 13).

Osiedle Wislane

On 16 September 2008, Ronson Development North Sp. z o.o. signed the final notarial deed for the purchase of a plot of land with an area of 31,785 m^2 located in Warsaw's suburbs, in Lomianki. The Group is planning to build multifamily buildings that will comprise 500 apartments with an aggregate floor space of 30,000 m^2.

Aurora

On 25 June 2007, Ronson Development West Sp. z o.o, ("R.D. West") concluded a preliminary sale and purchase agreement in connection with the transfer of ownership rights to four plots of land with an aggregate size of 31,933 m2 and right of perpetual usufruct to a plot of land with a size of 6,419 m2 in Poznań. The final sale and purchase agreement was expected to be executed on or before 30 June 2008 and was subject to the satisfaction or waiver of various conditions. The seller has not fulfilled the conditions and given that the seller has also refused to return the advance payment amounting to PLN 12.4 million, R.D. West has decided to enforce its collateral rights (submission of the seller to the enforcement proceeding under par 777 of Polish Civil Proceeding Code and mortgage on the land up to PLN 24.8 million, while the value of the land was agreed at PLN 62 million). To that end, R.D. West has applied to the local relevant court to affect the enforcement clause, which is a necessary first step in the debt collecting process. A decision by court is expected to be received shortly.

Financial information

The Condensed unaudited Consolidated Financial Statements for the nine months ended 30 September 2008 have been prepared by management under International Financial Reporting Standards as adopted by the European Union ("IFRS"), applying the same accounting principles as applied in the 2007 Annual Accounts.

Directors' report

Overview of results

The Company's net income for the nine months ended 30 September 2008 was PLN 14,551 thousand and can be summarized as follows:

	For the nine months ended 30 September	
	2008	**2007**
	PLN (thousands, except per share data)	
Revenue	63,774	40,769
Cost of sales	(34,314)	(23,756)
Gross profit	**29,460**	**17,013**
Selling and marketing expenses	(691)	(389)
Administrative expenses	(11,096)	(6,679)
Other income, net	427	157
Result from operating activities	**18,100**	**10,102**
Finance income	1,595	773
Finance expense	(768)	(872)
Net finance income/(expense)	**827**	**(99)**
Profit before taxation	**18,927**	**10,003**
Income tax expense	(4,376)	(2,390)
Profit before minority interests	**14,551**	**7,613**
Minority interests	-	1,373
Profit attributable to equity holders of the parent company	**14,551**	**6,240**
Net earnings per share of EUR 0.02 each (basic and diluted) *	**0.064**	**0.039**

** The calculation of the net earnings per share in 2007 is done on a pro forma basis and takes into consideration the number of shares issued from the date the Group achieved common control of all of its subsidiaries (1 January 2006) until 30 September 2007. For these pro forma data, the issuance of the incorporation shares and of the shares paid out of share premium reserve (see note 1 (b) on page 23 and 24) is assumed to have taken place as per the date of gaining control of the contributed equity by ITR Dori (1 January 2006).*

Overview of results (cont'd)

Revenue

Total revenue increased by 56.4% from PLN 40.8 million during the nine months ended 30 September 2007 to PLN 63.8 million during the nine months ended 30 September 2008, which is primarily explained by higher selling prices per m^2 for residential units sold and an increase in units sold and delivered (measured by total area).

Cost of sales

Cost of sales increased by 44.4% from PLN 23.8 million during the nine months ended 30 September 2007 to PLN 34.3 million during the nine months ended 30 September 2008, which is primarily explained by an increase in units sold and delivered (measured by total area).

Gross profit

Gross profit increased by 73.2% from PLN 17.0 million during the nine months ended 30 September 2007 to PLN 29.5 million during the nine months ended 30 September 2008. The relatively high increase is primarily explained by the higher selling prices for residential units sold whereas the cost of sales increased to a lesser extent.

Administrative expenses

Administrative expenses increased by 66.1% from PLN 6.7 million for the nine months ended 30 September 2007 to PLN 11.1 million for the nine months ended 30 September 2008. The increase is primarily a result of accruing for the long-term incentive plan of shares and share options for management and key employees at an amount of PLN 2.3 million.

Operating profit

As a result of the factors described above, the Company's operating result increased by PLN 8.0 million from an operating profit of PLN 10.1 million for the nine months ended 30 September 2007 to an operating profit of PLN 18.1 million for the nine months ended 30 September 2008.

Net finance income

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

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

Overview of results (cont'd)

	For the nine months ended 30 September 2008 PLN (thousands)		
	Total amount	**Amount capitalized**	**Recognized as profit or loss**
Finance income	2,049	(454)	1,595
Finance expense	(15,135)	14,367	(768)
Net finance income/(expense)	**(13,086)**	**13,913**	**827**

	For the nine months ended 30 September 2007 PLN (thousands)		
	Total amount	**Amount capitalized**	**Recognized as profit or loss**
Finance income	1,014	(241)	773
Finance expense	(6,032)	5,160	(872)
Net finance income/(expense)	**(5,018)**	**4,919**	**(99)**

Net finance expenses increased by 160.8% from PLN 5.0 million for the nine months ended 30 September 2007 to PLN 13.1 million for the nine months ended 30 September 2008. The increase is primarily a result of increasing balance of the loans and borrowings as well as increasing interest rates.

Minority interest

Minority interests for the period from 1 January 2007 to 30 September 2007 comprised the share of minority shareholders (20.9%) in the results of subsidiaries that were 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 with the ownership of 20.9% of the Company's total shares. Since that date there is no minority interest remaining in the Company's subsidiaries. For an historical background and restructuring of the Company reference is made to the Notes to the Condensed Consolidated Financial Statements (Note 1 (b) on pages 23 and 24).

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.

	As at 30 September 2008	As at 31 December 2007
	PLN (thousands)	
Inventories of residential units	539,422	457,774
Trade and other receivables	32,220	66,176
Loans and borrowings	282,868	250,844

Inventories of residential units

The balance of inventories of residential units is PLN 539.4 million as of 30 September 2008 as compared to PLN 457.8 million as of 31 December 2007. The increase is primarily a result of the Group's investments associated with the purchase of new plots of land for a total amount of PLN 33.5 million, direct construction costs for a total amount of PLN 60.1 million and a net finance expense capitalized for a total amount of PLN 13.9 million. The increase is mitigated by cost of sales recognized for a total amount of PLN 34.3 million.

Trade and other receivables

The balance of trade and other receivables is PLN 32.2 million as of 30 September 2008 as compared to PLN 66.2 million as of 31 December 2007. The decrease is primarily a result of a decrease in advance payments made by the Group for land acquisition from PLN 16.7 million as at 31 December 2007 to nil as at 30 September 2008, as well as a result of a decrease in value added tax (VAT) receivables from PLN 29.9 million as at 31 December 2007 to PLN 16.1 million as at 30 September 2008.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 282.9 million as of 30 September 2008 compared to PLN 250.8 million on 31 December 2007. The increase is primarily the net effect of new net bank loans taken by the Group for the purpose of financing new projects for a total amount of PLN 37.2 million, on the one hand, and a redemption of shareholders' loans for a total amount of PLN 7.7 million, on the other hand.

Of the mentioned PLN 282.9 million, an amount of PLN 186.0 million comprises facilities with maturity dates not later than 30 September 2009. The maturity structure of the loans and borrowings reflects Company's activities in the past 2-3 years to partially refinance some of its land acquisitions with short-term and medium-term banking facilities moreover part of the recent construction works costs was also financed by bank debt.
The Company intends to repay part of the short-term loans and borrowings and also to extend some of the existing facilities.

Overview of cash flows results

The Group funds its day-to-day operations principally from cash flows provided by its operating activities, shareholder 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	
	2008	2007
	PLN (thousands)	
Cash flows used in operating activities	(31,668)	(191,539)
Cash flows used in investing activities	(392)	(155)
Cash flows from financing activities	29,660	191,390

Cash flows used in operating activities totaled PLN 31.7 million for the nine months ended 30 September 2008 as compared to cash flows used in operating activities totaled PLN 191.5 million from the nine months ended 30 September 2007. The decrease is principally due to:

- a decrease in cash flow used in inventories of residential units and Advance for inventories of residential units from PLN 253.4 million during the nine months ended 30 September 2007 to PLN 64.4 million during the nine months ended 30 September 2008;
- a increase in cash flow from value added tax (VAT) receivables from PLN 2.6 million during the nine months ended 30 September 2007 to PLN 13.9 million during the nine months ended 30 September 2008;
- an increase in income tax paid from PLN 1.8 million during the nine months ended 30 September 2007 to PLN 10.4 million during the nine months ended 30 September 2008.

Cash flows from financing activities totaled PLN 29.7 million during the nine months ended 30 September 2008, as compared to PLN 191.4 million in the nine months ended 30 September 2007. The decrease is principally due to:

- a decrease in new bank loans taken by the Group for the purpose of financing new projects from PLN 148.9 million during the nine months ended 30 September 2007 to PLN 37.2 million during the nine months ended 30 September 2008;
- shareholders' loans taken by the Group for the purpose of financing new projects which were assumed for an amount of PLN 42.2 million during the nine months ended 30 September 2007 compared to a net redemption amounting to PLN 7.7 million during the nine months ended 30 September 2008.

Selected financial data

PLN/EUR	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
	Exchange rate of Euro versus the Polish Zloty			
2008 (9 months)	**3.429**	**3.203**	**3.658**	**3.408**
2007 (9 months)	3.832	3.744	3.939	3.777

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			
	2008	**2007**	**2008**	**2007**
Revenues	**18,596**	10,641	**63,774**	40,769
Gross profit	**8,590**	4,440	**29,460**	17,013
Profit/(loss) before taxation	**5,519**	2,611	**18,927**	10,003
Profit attributable to equity holders of the parent company	**4,243**	1,629	**14,551**	6,240
Cash flows used in operating activities	**(9,234)**	(49,992)	**(31,668)**	(191,539)
Cash flows used in investment activities	**(114)**	(40)	**(392)**	(155)
Cash flows from financing activities	**8,649**	49,953	**29,660**	191,390
Decrease in cash and cash equivalents	**(700)**	(145)	**(2,400)**	(555)
Inventories of residential units	**158,267**	97,442	**539,422**	368,086
Total assets	**189,138**	133,909	**644,638**	505,840
Deferred income	**13,725**	27,172	**46,778**	102,641
Long term liabilities	**29,560**	60,261	**100,751**	227,636
Short term liabilities	**74,825**	48,159	**255,025**	181,919
Shareholders' equity	**84,753**	25,489	**288,862**	96,285
Share capital	**4,539**	57	**16,953**	217
Weighted average number of equivalent shares (basic) *	**226,774,358**	158,661,029	**226,774,358**	158,661,029
Weighted average number of equivalent shares (diluted) *	**228,463,333**	158,661,029	**228,463,333**	158,661,029
Net earnings per share (basic and diluted) *	**0.019**	0.010	**0.064**	0.039

** Refer to footnote on page 20*

Selected financial data were translated from PLN into EUR in the following way:

(i) Balance sheet data were translated using the average exchange rate published by the National Bank of Poland for the last day of the year / period.

(ii) Income statement 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 remainder of 2008 and for 2009

A. Completed projects

The table below presents information on the total residential units in the three completed projects that the Company expects to sell and deliver during the remainder of 2008:

			Number of residential units sold (*)			Number of residential units delivered (*)			
Project name	**Location**	**Total units**	**Until 31 December 2007**	**During the nine months ended 30 September 2008**	**Total**	**Until 31 December 2007**	**During the nine months ended 30 September 2008**	**Total**	**Number of residential units expected to be delivered (*) until 31 December 2008**
Meridian	Warsaw	206	181	16	197	157	33	190	16
Mistral	Warsaw	54	51	3	54	40	11	51	3
Imaginarium I	Warsaw	58	50	7	57	-	44	44	14
Total		**318**	**282**	**26**	**308**	**197**	**88**	**285**	**33**

(*) 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 transferring the key for the apartment to the client, which is the moment of revenue recognition by the Company as stated below:

Revenue 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.

Meridian

The Meridian project was completed in the third quarter of 2007. The Meridian housing estate comprises 3 seven- and nine-storey buildings with a total of 206 apartments and 7 commercial units. Until 30 September 2008, the Company recognized revenue from the sale of 190 apartments (also including parking places and storages) and 7 commercial units. The Company expects to deliver the remaining 16 apartments of which 7 units have already been sold, (also including parking places and storages) prior to 31 December 2008.

Mistral

The Mistral project was completed in the fourth quarter of 2007. The Mistral housing estate comprises 4 two-storey detached houses of 10 to 17 apartments each, with a total of 54 apartments. Until 30 September 2008, the Company recognized revenue from the sale of 51 apartments (also including parking places and storages). The Company expects to deliver the remaining 3 apartments all of which have already been sold, (also including parking places and storages) prior to 31 December 2008.

Imaginarium I

The Imaginarium project was completed in the first quarter of 2008. The Imaginarium housing estate comprises two-storey buildings with a total of 58 apartments. Until 30 September 2008, the Company recognized revenue from the sale of 44 apartments (also including parking places and storages). Although all construction works have been completed in the first quarter of 2008, the Company awaited the occupancy permit which was obtained in August 2008 and triggered delivery of units. The Company expects to deliver the remaining 14 apartments of which 13 units have already been sold, (also including parking places and storages) prior to 31 December 2008.

Outlook for remainder of 2008 and for 2009 (cont'd)

B. Current projects under construction

The table below presents information on six projects for which completion is scheduled in the remainder of 2008, in 2009 and in 2010. The Company has obtained construction permits for all six projects and has commenced construction.

Project name	Location	Expected completion of construction	Area of plot (m2)	Total units	Total area of units (m2)	Number of residential units sold as at 30 September 2008
Galileo	Poznań	2008	8,598	232	16,100	63
Konstancin	Warsaw	2009	36,377	36	10,100	4
Gardenia	Warsaw	2009	7,129	22	3,683	** -
Imaginarium II	Warsaw	2009	12,743	* 65	4,692	32
Gemini I	Warsaw	2010	3,933	152	13,250	** -
Nautica	Warsaw	2010	10,749	150	10,500	** -
Total			**79,529**	**657**	**58,325**	**99**

* *In the first phase of the project, 65 apartments were offered to the clients and are currently under construction. The management is still working on preparation of the next phase comprising 60 apartments.*

** *Sales of apartments in Gardenia project commenced in September 2008, while Gemini I began sales in October 2008 and Nautica will be offered to Ronson's customers in November 2008.*

Galileo

Stage of development

Construction of the Galileo project commenced in February 2007 and is expected to be completed in the fourth quarter of 2008. The Company expects to recognize revenues and costs from this project in 2009.

Description of project

The Galileo housing project is being developed on a land strip of 8,598 m^2 located in the city center district of Poznań and will comprise 5 six-storey apartment buildings with a total of 226 apartments and 6 commercial units with an aggregate floor space of 16,100 m^2. The size of the apartments varies from 52 m^2 to 112 m^2.

Konstancin

Stage of development

Construction of the Konstancin project commenced in February 2008 and is expected to be completed in the third quarter of 2009, whereby some units are expected to be completed still in course of first half of 2009.

Description of project

The Konstancin housing project is being developed on a land strip of 36,377 m^2 located in Konstancin near Warsaw and will comprise 18 semi-detached units (total 36 apartments) with an aggregate floor space of 10,100 m^2.

Outlook for remainder of 2008 and for 2009 (cont'd)

B. Current projects under construction (cont'd)

Gardenia

Stage of development

Construction of the Gardenia project commenced in August 2008 and is expected to be completed in the third quarter of 2009.

Description of project

The Gardenia project is being 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, will comprise 22 units with an aggregate floor space of 3,683 m^2. The size of each unit varies from 160 to 175 m^2.

Imaginarium II

Stage of development

The Imaginarium II project is divided into two phases. The construction of the first phase commenced in July 2008 and is expected to be completed by the end of the second quarter of 2009. The Management has not yet decided about the timing of commencing the second phase of the project.

Description of project

The Imaginarium II project is being developed on part of a land strip of 12,743 m^2 located in the Bielany district in Warsaw (Gwiazdzista Street) and is situated next to the Imaginarium I project. The project is a continuation of the Imaginarium I concept in terms of quality and design. The project is divided into two phases comprising a total of 125 apartments. The first phase of the project is divided into 3 multifamily buildings with an aggregate usable floor space of 4,692 m^2 comprising 65 apartments with sizes varying from 40 to 115 m^2.

Gemini I

Stage of development

Construction of the Gemini I project commenced in October 2008 and is expected to be completed in the third quarter of 2010.

Description of project

The project is being developed on a land strip of 3,933 m^2 located in the Ursynów district in Warsaw (KEN street) very well situated next to the subway station Imielin. The project will comprise one multifamily building of 11 levels with a total of 152 units with an aggregate floor space of 13,250 m^2. The ground floor will be reserved for commercial units.

Outlook for remainder of 2008 and for 2009 (cont'd)

B. Current projects under construction (cont'd)

Nautica

Stage of development

Construction of the Nautica project commenced in November 2008.The project is divided into two phases. The first phase is expected to be completed in the first quarter of 2010 and the second phase (assuming that the Company does not withdraw from the construction of this phase) is expected to be completed in the second quarter of 2010.

Description of project

The Nautica project is being developed on a land strip of 10,749 m^2 located in the Ursynów district in Warsaw (Stryjenskich Street). Management believes that the proximity of the forest in Kabaty and other recreational areas as well as the connections to the Warsaw subway and the availability of other public facilities are attractive features of this project. The project will comprise 4 five-storey, multi-family residential buildings with a total of 150 units with an aggregate floor space of 10,500 m^2.

C. Other projects

Plejada

Plejada is a project situated in Tulce in the suburbs of Poznań. The project will comprise about 146 single family houses and will be developed on a land strip of 39,604 m^2. A building permit has been obtained for 51 of the 146 houses. The Company is now considering launching this project. Assuming the Company determines to move ahead, the first phase of the project, comprising 18 units, may be commenced soon.

Copernicus

The Copernicus project is situated in Poznan at Koscielna Street and will be developed on the strip of land of 9,700 m^2. It is assumed that the project, with an aggregate of usable floor space estimated at c.a. 15,600m^2 and comprising c.a. 285 units, will be divided into two stages of similar size. The first stage will be, to a large extent, dedicated for commercial space (office and retail). This project is in an advanced stage of preparation.

Mozart

Mozart is a project is situated in Szczecin at Duńska Street and will be developed on the strip of land of 30,200 m2. It is assumed that the project, with an aggregate of usable floor space estimated at c.a. 33,500m2 and comprising c.a. 500 units, will be divided into 5 to 6 stages. The project is in advanced stage of preparation.

Additional information to the report

Major shareholders

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 2008 (11 November 2008), 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 11 November 2008 Number of shares / % of shares	Increase Number of shares	As of 30 September 2008 Number of shares / % of shares	Increase Number of shares	As of 31 December 2007 Number of shares / % of shares
I.T.R. Dori B.V.	145,746,776	-	145,746,776	1,324,772	144,422,004
	64.2%		64.2%		63.7%
GE Real Estate CE Residential B.V.	41,800,000	-	41,800,000	-	41,800,000
	18.4%		18.4%		18.4%

Changes in ownership of shares and rights to shares by Management Board members in the nine months ended 30 September 2008 and until the date of publication of the report

Shares

On 24 June 2008, the Company issued 300,000 new shares with a nominal value of EUR 0.02 each, to Mr. Dror Kerem, the former president of the Management Board and the former 'Chief Executive Officer' of the Company. These shares were issued at nominal value in accordance with the right to these shares as granted to Mr. Kerem in 2007. Subsequently, the shares were assigned by Mr. Dror Kerem to Elgindat Holdings Limited, a limited liability company of which Mr. Dror Kerem is a managing director and co-owner. No further shares were issued to Mr. Kerem until the date of publication of this report. Other members of the Management Board did not individually own or receive shares in the Company during the period from 31 December 2007 until 11 November 2008.

Rights to Shares

The members of the Management Board did not individually receive rights to shares or options on shares in the Company during the period from 31 December 2007 until 11 November 2008. Rights to shares that were granted to individual members of the Management Board before 31 December 2007 but which have not been exercised as of the date of publication of this report are as follows:

- Mr. Dror Kerem: a 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 each anniversary date of 5 November 2007 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. As Mr. Kerem stepped down as President of the Management Board and 'Chief Executive Officer' as of 10 October 2008 and will further resign from all his other functions within the Group as of 31 March 2009, 336,000 from the above-mentioned rights will vest as of 31 March 2009. The right to subscribe to the remaining 864,000 shares will be cancelled.

- 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; and
- Mr. Ariel Bouskila: 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. As Mr. Bouskila stepped down as Management Board member as of 23 June 2008 and resigned from all his functions within the Group as the end of July 2008, the above-mentioned rights have been cancelled.

Changes in ownership of shares and rights to shares by Supervisory Board members in the nine months ended 30 September 2008 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 31 December 2007 until 11 November 2008.

Changes in the Management Board in the nine months ended 30 September 2008 and until the date of publication of the report

The Annual General Meeting of Shareholders that took place on 23 June 2008 adopted a resolution:

- Appointing Mr. Tomasz Łapiński as managing director A and member of the Management Board for a term of four years and granting him the title 'Chief Financial Officer'. His appointment came into force as of the day of the adoption of the resolution.

  Between 2000 and 2008, Mr. Łapiński worked in the investment banking division of UniCredit Group in Warsaw (formerly of HVB and of Bank Austria Creditanstalt) – in UniCredit CA IB Poland (formerly CA IB Financial Advisers). His experience in investment banking includes mainly M&A transactions as well as other corporate finance related assignments. He was also responsible for equity capital market (ECM) transactions, including the initial public offering of Ronson Europe N.V. Before joining CA IB Financial Advisers, from 1998 to 2000, Mr. Łapiński worked for the consulting company Central Europe Trust. Mr. Łapiński graduated from Warsaw School of Economics (Finance and Banking Faculty).

  Mr. Łapiński replaced Mr. Ariel Bouskila, who stepped down as managing director A and 'Chief Financial Officer' effective on the day of the adoption of the resolution. By the end of July 2008, Mr. Ariel Bouskila ended all his functions within the Group without any additional significant costs for the Group.

The General Meeting of Shareholders that took place on 10 October 2008 adopted resolutions as follows:

- Appointing Mr. Shraga Weisman as managing director A and President of the Management Board effective the day of the meeting, for a term of four years and granting him the title 'Chief Executive Officer'. His appointment came into force as of the day of the adoption of the resolution.

  Mr. Weisman served as 'Chief Executive Officer' of Ashdar Building Company Ltd. from 1997 until May 2008. Ashdar Building Company Ltd., listed on the Tel-Aviv Stock Exchange since May 2007, is one of the largest real estate development companies in Israel focusing on residential and commercial projects, hotels and protected accommodation projects. From 1990 to 1997, he was 'Chief Executive Officer' of Natanya Tourism Development Company, which developed residential and infrastructure development projects in Israel. Mr. Weisman holds a BA title from Tel-Aviv University, an MSC title from Technion, the Israeli Institute of Technology, and is a certified real estate appraiser in Israel.

Mr. Weisman replaced Mr. Dror Kerem who stepped down as President of the Management Board and 'Chief Executive Officer' of the Company as of the day of the General Meeting of the shareholders. On 3 September 2008, the Company, its subsidiary Ronson Development Management Sp. o.o. ("Ronson Management"), Mr. Kerem and Elgindat Holdings Ltd., which is a company owned by Mr. Kerem ("Elgindat") concluded termination agreements whereby parties mutually agreed to terminate the consulting agreement entered into between the Company and Elgindat on 1 January 2008 and the employment agreement entered into between Mr. Kerem and Ronson Management on 1 January 2008. The termination of both agreements will be effective as of 31 March 2009. Mr. Kerem has agreed to continue to render agreed-upon services to the Company during the termination period and to cooperate with the new 'Chief Executive Officer' of the Company to ensure a smooth transition. Mr. Kerem shall be entitled to receive his remuneration as specified in the original employment and consulting agreements.

- Appointing Mr. Karol Pilniewicz as managing director B and member of the Management Board effective the day of the meeting, for a term of four years. His appointment came into force as of the day of the adoption of the resolution.

  Mr. Pilniewicz is employed by GE Real Estate Central and Eastern Europe. Before joining GE Real Estate, in 2003-2008 Mr. Pilniewicz was employed by Aareal Bank A.G. In 2002-2003 Mr. Pilniewicz worked in ING Real Estate Investment Management Poland. Mr. Pilniewicz is graduated from Academy of Economics in Katowice.

  Mr. Pilniewicz replaced Mr. Karim Habra who resigned from his position as Management Board member (Director B) on the 3 September 2008. The resignation by Mr. Karim Habra is connected with his resignation as managing director of GE Real Estate Central and Eastern Europe, which company is an affiliate of GE Real Estate CE Residential B.V., one of the principal shareholders of the Company.

- Appointing Mr. Andrzej Gutowski as managing director A and member of the Management Board and granting him the title 'Sales and Marketing Director' effective the day of the meeting, for a term of four years. The resolution came into force on the day of its adoption.

  Mr. Gutowski has been employed by Ronson Development Management Sp. z o.o. for five years as the 'Sales and Marketing Manager'. Mr. Gutowski is also a member of the management boards of many subsidiaries of the Company. Before joining Ronson Development Group, Mr. Gutowski worked in 1994-2003 for Emmerson Sp. z o.o. (leading real estate agency and advisory company in the Polish market) as Director of Primary Markets and member of the management board.

  From 1988 until 1993, Mr. Gutowski studied at Warsaw School of Economics (Foreign Trade). Mr. Gutowski does not perform any activities other than for the Company.

Directors' report

Changes in the Supervisory Board in the nine months ended 30 September 2008 and until the date of publication of the report

The Annual General Meeting of Shareholders held on 23 June 2008 adopted a resolution appointing Mr. Reuven Sharoni as a member of the Board of Supervisory Directors. His appointment came into force as of the day of the adoption of the resolution.

Mr. Sharoni's recent positions include Deputy Manager and head of Non Life Arieh Insurance Company Ltd. from 1980 to 1984. In the years 1984 to 2000, he acted as Deputy General Managing Director and from 2000 until 2002 as the General Managing Director of Arieh Insurance Company Ltd. Since 2003, Mr. Sharoni has been an active chairman of Shirbit Insurance Company Ltd. and since 2006 also a Chairman of Millenium Pension Savings Ltd. The activity of both of these companies is related to the financial sector and is not competitive to Ronson Europe N.V.

Mr. Sharoni graduated from Hebrew University Jerusalem – Middle East Studies, International Affairs. He also accomplished MBA studies at Sehiller University in Paris.

Other

As of 30 September 2008, the Company has issued guarantees for bank loans granted to subsidiaries amounting to a total of PLN 45,738 thousand.

As of 30 September 2008, the Group had no litigations for claims or liabilities that in total would exceed 10% of the Group's equity.

The only net movement in the Group's main provisions which took place during the nine months ended 30 September 2008 was a decrease in the provision for deferred tax liabilities of PLN 5,839 thousand (the net movement during the third quarter of 2008 was an increase of PLN 760 thousand).

The Management Board

Shraga Weisman	Tomasz Łapiński
President of the Management Board	Management Board Member
Chief Executive Officer	Chief Financial Officer

Rotterdam, 11 November 2008

CONDENSED CONSOLIDATED BALANCE SHEET

In thousands of Polish Zlotys (PLN)	As at 30 September 2008 (Unaudited)	As at 30 June 2008 (Unaudited)	As at 31 December 2007 (Audited [1])	As at 30 September 2007 Restated [2] (Unaudited)
Assets				
Property, equipment and intangible assets	1,095	1,217	807	844
Long-term finance lease receivable	559	504	590	628
Deferred tax assets	1,913	2,080	1,348	1,471
Total non-current assets	**3,567**	**3,801**	**2,745**	**2,943**
Inventories of residential units	539,422	501,088	457,774	368,086
Trade and other receivables	32,220	44,310	66,176	96,246
Cash and cash equivalents	69,429	64,698	71,829	38,565
Total current assets	**641,071**	**610,096**	**595,779**	**502,897**
Total assets	**644,638**	**613,897**	**598,524**	**505,840**
Equity				
Shareholders' equity	**288,862**	**276,563**	**271,973**	**96,285**
Liabilities				
Loans and borrowings	96,841	165,836	145,669	225,391
Deferred tax liabilities	3,910	3,150	9,749	2,245
Total non-current liabilities	**100,751**	**168,986**	**155,418**	**227,636**
Loans and borrowings	186,027	90,210	105,175	55,885
Trade and other payables	21,294	10,968	* 10,233	* 22,795
Income tax payable	425	1,949	* 317	* 97
Provisions	501	501	501	501
Deferred income	46,778	64,720	54,907	102,641
Total current liabilities	**255,025**	**168,348**	**171,133**	**181,919**
Total equity and liabilities	**644,638**	**613,897**	**598,524**	**505,840**

[1] *Extracted from the 2007 Annual Accounts.*
[2] *For the restatement of Intangible assets (Goodwill) and Shareholders' equity as per 30 September 2007 reference is made to note 3.*

* *Reclassified for comparison purposes.*

CONDENSED CONSOLIDATED INCOME STATEMENT

PLN (thousands, except per share data and number of shares)	**For the 9 months ended 30 September 2008 (Unaudited)**	**For the 3 months ended 30 September 2008 (Unaudited)**	**For the 9 months ended 30 September 2007 (Unaudited)**	**For the 3 months ended 30 September 2007 (Unaudited)**
Revenue	63,774	40,846	40,769	28,102
Cost of sales	(34,314)	(22,219)	(23,756)	(14,939)
Gross profit	**29,460**	**18,627**	**17,013**	**13,163**
Selling and marketing expenses	(691)	(215)	* (389)	* (105)
Administrative expenses	(11,096)	(3,807)	* (6,679)	* (2,542)
Other income, net	427	244	* 157	* 27
Result from operating activities	**18,100**	**14,849**	**10,102**	**10,543**
Finance income	1,595	617	773	45
Finance expense	(768)	(190)	(872)	(142)
Net finance income/(expense)	**827**	**427**	**(99)**	**(97)**
Profit before taxation	**18,927**	**15,276**	**10,003**	**10,446**
Income tax expense	(4,376)	(3,212)	(2,390)	(2,641)
Profit for the period	**14,551**	**12,064**	**7,613**	**7,805**
Attributable to:				
the equity holders of the parent company	14,551	12,064	6,240	6,466
minority interests	-	-	1,373	1,339
Profit for the period	**14,551**	**12,064**	**7,613**	**7,805**
Weighted average number of equivalent shares (basic)	**226,774,358**	**226,966,666**	**** 158,661,029**	**** 159,578,022**
Weighted average number of equivalent shares (diluted)	**228,463,333**	**227,656,666**	**** 158,661,029**	**** 159,578,022**
Net earnings per share of EUR 0.02 each (basic and diluted)	**0.064**	**0.053**	**** 0.039**	**** 0.041**

** Reclassified for comparison purposes.*

*** The calculation of the weighted average number of shares and net earnings per share in 2007 is done on a pro forma basis and takes into consideration the number of shares issued from the date the Group achieved common control of all of its subsidiaries (1 January 2006) until 30 September 2007. For these pro forma data, the issuance of the incorporation shares and of the shares paid out of share premium reserve (see note 1 (b) on page 23 and 24) is assumed to have taken place as per the date of gaining control of the contributed equity by ITR Dori (1 January 2006).*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2008 (Unaudited)	For the 3 months ended 30 September 2008 (Unaudited)	For the 9 months ended 30 September 2007 Restated (*) (Unaudited)	For the 3 months ended 30 September 2007 Restated (*) (Unaudited)
Balance at the beginning of the period	**271,973**	**276,563**	**124,747**	**110,795**
Profit/(loss) for the period	14,551	12,064	7,613	7,805
Net contribution in kind of assets and liabilities and issue of shares upon establishment of the Company (1)	-	-	(13,760)	-
Net contribution in kind of assets and issue of new shares (2)	-	-	45	45
Exclusion of a subsidiary from consolidation (3)	-	-	(22,360)	(22,360)
Share-based payments (see note 7)	2,318	235	-	-
Issue of ordinary shares (4)	20	-	-	-
Balance at the end of the period	**288,862**	**288,862**	**96,285**	**96,285**

(*) *For the restatement of the Shareholders' equity as per 30 September 2007 reference is made to note 3.*

(1) On 29 June 2007, the Company issued 45,000 shares (establishment shares) with a par value of EUR 1 per share (PLN 172 thousand) to ITR Dori, that were subsequently split on 29 September 2007 into 2,250,000 shares with a par value of EUR 0.02 per share.
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, which 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 effect of the contribution is a decrease of PLN 13,760 thousand as presented above.

(2) On 27 September 2007, the Company issued 11,890 shares with a par value of EUR 1 per share (PLN 45 thousand) to GE Real Estate, the minority shareholder that split these shares on 29 September 2007 into 594,500 shares with a par value of EUR 0.02 per share.
As part of the process of combining the Ronson Group activities under Ronson Europe, GE Real Estate made a contribution in kind of its shares held in certain Polish Ronson subsidiaries, which amounted to PLN 20,084 thousand. The net effect of the contribution is an increase of PLN 45 thousand as presented above.

(3) Excluding Brighton Tec from the consolidation:
Initially, Brighton Tec owned the land at Klobucka Street in district Mokotów in Warsaw. On 26 September 2007, the land was sold to Landscape, a wholly-owned subsidiary of the Company. Subsequently, the Group ceased to consolidate Brighton Tec (for more information see note 1(c)).

(4) On 24 June 2008, the Company issued 300,000 new ordinary shares with a nominal value of EUR 0.02 each to Mr. Dror Kerem, former member of the Company's Management Board. The shares were issued to Mr. Kerem at nominal value for a total amount of EUR 6 thousand (PLN 20 thousand) in accordance with the rights to shares in the Company granted to Mr. Kerem in 2007.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of Polish Zlotys (PLN)	**For the 9 months ended 30 September 2008 (Unaudited)**	**For the 3 months ended 30 September 2008 (Unaudited)**	**For the 9 months ended 30 September 2007 (Unaudited)**	**For the 3 months ended 30 September 2007 (Unaudited)**
Cash flows used in operating activities	(31,668)	(21,424)	(191,539)	(156,145)
Cash flows used in investing activities	(392)	(303)	(155)	(14)
Cash flows from financing activities	29,660	26,458	191,390	180,218
Net cash effect due to exclusion of a subsidiary from consolidation	-	-	**(251)**	**(251)**
(Decrease)/increase in cash and cash equivalents	**(2,400)**	**4,731**	**(555)**	**23,808**
Cash and cash equivalents at the beginning of the period	**71,829**	**64,698**	**39,120**	**14,757**
Cash and cash equivalents at the end of the period	**69,429**	**69,429**	**38,565**	**38,565**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – General and principal activities

(a) The accompanying Condensed Consolidated Financial Statements present the financial position As at 30 September 2008, results of operations, changes in shareholders' equity, and cash flows for the nine months ended 30 September 2008 of Ronson Europe N.V. ("the Company") and its subsidiaries (together referred to as “the Group”). The 30 September 2008 Condensed Consolidated Financial Statements were authorized for issuance by the management board members on 11 November 2008.

(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. The Company (and together with its Polish subsidiaries, “the Group”) is active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Poland. The Group also leases real estate to third parties; however it is a very insignificant activity.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 30 September 2008, 64.2% of the outstanding shares are held by I.T.R. Dori B.V. (“ITR Dori”), 18.4% of the outstanding shares are held by GE Real Estate CE Residential B.V. (“GE Real Estate”) and the remaining 17.4% of the outstanding shares are held by the public.

The Ronson Group was originally set up in 2000 by a group of investors to develop residential properties in Poland. At the time, Israel Theatres Ltd. and U. Dori Engineering Works Corp Ltd., formed a Dutch holding company called ITR Dori to subscribe for 50% of the Ronson Group. Both 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 domiciled in Poland was established. Each of these companies, 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 companies was held by non-related parties and, accordingly, ITR Dori had no control over the Ronson entities.

On 19 January 2006, ITR Dori acquired the remaining 50% of the equity in each of the Polish companies from the other shareholders, after which ITR Dori became the sole shareholder of each Polish company within 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 companies 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 26 September 2007, the 20.9% minority interest in the Polish companies was transferred from Gator Investments Sp. z o.o. to GE Real Estate, a Dutch holding company. Both of these companies are wholly owned by General Electric Company Inc.

Note 1 – General and principal activities (cont'd)

On 27 September 2007, GE Real Estate contributed its shares in the Polish companies to the Company, in exchange for 11,890 new shares with a par value of EUR 1 per share. Following this contribution, as of 27 September 2007, ITR Dori held 79.1% of the equity in the Company and GE Real Estate the remaining 20.9%.

On 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 Shareholders of the Company resolved to issue 197,155,500 shares with a par value of 0.02 EUR to the existing shareholders in proportion to their individual shareholding. The share capital was paid up through a charge to the available share premium reserve.

On 24 October 2007, the Company completed a successful 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, whereas ITR Dori sold 13.7 million existing shares at an offering price of PLN 5.75 per share. Following the initial public offering, the Company had a total market capitalisation of over PLN 1,303 million. The Company's shares trade under the symbol "RON".

The net proceeds from the shares issued during the initial public offering on 24 October 2007 are used for (i) the realization of the Company's development plans throughout Poland, including the building of a portfolio of real estate properties through the purchase of real estate for future projects and (ii) the repayment of a portion of existing bank debt and shareholder loans.

(c) The condensed consolidated financial statements of the Ronson Group for the nine months and three 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.

(d) Brighton Tec Sp. z o.o. ("Brighton"), a Polish company and a wholly-owned subsidiary of ITR Dori, which owned the Group's investment property, was included in the Company's Consolidated Interim Financial Statements until 30 June 2007. On 26 September 2007, the transfer of the legal ownership of the investment property from Brighton to Ronson Development Landscape Sp.k., a limited partnership and part of the Group, was completed. After the sale of assets, Brighton does not perform any operating activities and, accordingly, is no longer consolidated in the Consolidated Financial Statements. Once the acquisition of this property was completed, the use of this property has changed – Ronson Development Landscape Sp.k. initiated activities aimed at preparing the acquired property for development in a real-estate project.

Note 2 – Summary of significant accounting policies

A. Basis of preparation

The Condensed Consolidated Balance Sheets as of 30 September 2008, as of 30 June 2008 and as of 30 September 2007, the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Changes in Shareholders' Equity and the Condensed Consolidated Statements of Cash Flows for the nine months and for the three months ended 30 September 2008 and for the nine months and for the three months ended 30 September 2007 have not been audited. The Condensed Consolidated Balance Sheet as of 31 December 2007 has been extracted from the 2007 Annual Accounts.

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 2007 Annual Accounts, which financial statements have been prepared in accordance with IFRS adopted by the EU to be used for preparation of consolidated financial reporting. The 30 September 2008 Condensed Consolidated Financial Statements should be read in conjunction with the Company's audited Condensed Consolidated Financial Statements as at 31 December 2007. In addition, the Company has adopted the standards and interpretations with an effective date before 30 September 2008.

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 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 income statement.

C. Use of estimates and judgments

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.

Note 2 – Summary of significant accounting policies (cont'd)

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. Any expected loss on a sale, if any, 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.

Note 2 – Summary of significant accounting policies (cont'd)

F. Principles of consolidation

These Condensed unaudited Consolidated Financial Statements include the accounts of the Company and 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. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A list of the companies whose financial statements are included in these Condensed Consolidated Financial Statements and the extent of ownership and control appears in Note 10.

Note 3 – Restatement of shareholders' equity as per 30 September 2007

As part of the completion of combining Ronson Group activities under Ronson Europe in 2007, GE Real Estate made a contribution in kind of its shares held in certain Ronson Polish subsidiaries.

As at 30 September 2007, the Company calculated the value of the contribution based on the fair value of the Company as at 30 September 2007.

After additional analysis, the Company concluded that the value of the contribution should be calculated based upon the carrying value.

The following line items in the balance sheet as at 30 September 2007 have been restated as follows (bearing in mind that this restatement has no impact on the income statement):

As at 30 September 2007 *In thousands of PLN*	**Before Restatement**	**Restatement**	**After Restatement**
Goodwill	293,416	(293,416)	-
Shareholders' equity	389,701	(293,416)	96,285

Note 4 – Changes in Consolidated Entities

A. Changes in consolidated and associated entities during the nine months ended 30 September 2008

None.

B. Changes in consolidated entities during the year ended 31 December 2007

The table below presents the companies that were established during the year ended 31 December 2007:

	Entity name	Consolidation %
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 Millennium 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%

Brighton Tec Sp. z o.o. ("Brighton"), a Polish company and a wholly-owned subsidiary of ITR Dori, which owned the Group’s investment property, was included in the Company’s Consolidated Interim Financial Statements until 30 June 2007. On 26 September 2007, the transfer of the legal ownership of the investment property from Brighton to Ronson Development Landscape Sp.k., a limited partnership and part of the Group, was completed. After the sale of assets, Brighton does not perform any operating activities and, accordingly, is no longer consolidated in the Consolidated Financial Statements. Once the acquisition of this property was completed, the use of this property has changed – Ronson Development Landscape Sp.k. initiated activities aimed at preparing the acquired property for development in a real-estate project.

Note 5 – Share capital

The authorized share capital of the Company consists of 800,000,000 shares of EUR 0.02 par value each. The number of issued and outstanding ordinary shares as at 30 September 2008 amounted to 226,966,666 (as at 31 December 2007: 226,666,666 shares).
On 24 June 2008, the Company issued 300,000 new ordinary shares with a nominal value of EUR 0.02 each (PLN 20 thousand), to Mr. Dror Kerem, former member of the Management Board of the Company. The shares were issued to Mr. Kerem at nominal value for a total amount of EUR 6 thousand (PLN 20 thousand) in accordance with the rights to shares in the Company granted to Mr. Dror Kerem in 2007.

For the incorporation details and further historical background of the Company, reference is made to note 1 (b) on pages 23 and 24.

Note 6 – Commitments and contingent liabilities

Commitments and commitments liabilities to the general contractor for construction services to be rendered in the future amounted to PLN 112,055 thousand as at 30 September 2008 and relate to the following projects:

In thousands of Polish Zlotys (PLN) **Subsidiary**	**Project**	**As at 30 September 2008**
Ronson Development Company Sp. z o.o.	Galileo	5,402
Ronson Development Metropol Sp. z o.o.	Konstancin	21,830
Ronson Development Home Sp.k.	Gardenia	7,528
Ronson Development Properties Sp. z o.o.	Imaginarium II	11,848
Ronson Development Buildings Sp. z o.o.	Gemini I	65,447
Total		**112,055**

Note 7 - 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.

Note 7 - Segment reporting (cont'd)

Geographical segments

The Group operates in four geographical segments:

- Warsaw
- Poznań
- Wrocław
- Szczecin

The most developed geographical segment is the Warsaw market, in which the Group has completed several residential projects. In the other geographical segments (cities), the Group has not completed (and has not recognized any profits from) any project.

Business segments

Until 30 June 2007 the Group operated in two business segments within Poland:

- Development and sale of residential units ("Residential")
- Rental of office space ("Rental") – the operations in this segment were discontinued in 2007 (see Note 1 (d))

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

In thousands of Polish Zlotys (PLN)	For the nine months ended 30 September 2008						
	Warsaw	**Poznań**	**Wrocław**	**Szczecin**	**Unallocated**	**Eliminations**	**Total**
Total external revenues							
Residential	63,774	-	-	-	-	-	63,774
Rental	-	-	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-	-	-
Total segment revenue	**63,774**	**-**	**-**	**-**	**-**	**-**	**63,774**
Segment result							
Residential	24,094	(2,017)	32	(362)	-	-	21,747
Rental	-	-	-	-	-	-	-
Unallocated expense	-	-	-	-	(3,647)	-	(3,647)
Result from operating activities	**24,094**	**(2,017)**	**32**	**(362)**	**(3,647)**	**-**	**18,100**
Net finance income							827
Income tax expense							(4,376)
Profit for the period							**14,551**

Note 7 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN)	As at 30 September 2008						
	Warsaw	**Poznań**	**Wrocław**	**Szczecin**	**Unallocated**	**Eliminations**	**Total**
Segment assets							
Residential	327,911	161,624	73,319	61,626	-	-	624,480
Rental	-	-	-	-	-	-	-
Unallocated assets	-	-	-	-	20,158	-	20,158
Total assets	**327,911**	**161,624**	**73,319**	**61,626**	**20,158**	**-**	**644,638**
Segment liabilities							
Residential	199,369	110,811	18,401	16,714	-	-	345,295
Rental	-	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	10,481	-	10,481
Total liabilities	**199,369**	**110,811**	**18,401**	**16,714**	**10,481**	**-**	**355,776**
Capital expenditure	-	-	-	-	425	-	**425**
Depreciation and amortization	180	-	-	-	208	-	**388**

In thousands of Polish Zlotys (PLN)	For the nine months ended 30 September 2007						
	Warsaw	**Poznań**	**Wrocław**	**Szczecin**	**Unallocated**	**Eliminations**	**Total**
Total external revenues							
Residential	40,320	-	-	-	-	-	40,320
Rental	449	-	-	-	-	-	449
Inter-segment revenue	-	-	-	-	-	-	-
Total segment revenue	**40,769**	**-**	**-**	**-**	**-**	**-**	**40,769**
Segment result							
Residential	10,793	(726)	(234)	(38)	-	-	9,795
Rental	(530)	-	-	-	-	-	(530)
Unallocated expenses	-	-	-	-	837	-	837
Result from operating activities	**10,263**	**(726)**	**(234)**	**(38)**	**837**	**-**	**10,102**
Net finance expense							(99)
Income tax benefit							(2,390)
Profit for the period							**7,613**

Note 7 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN)	As at 30 September 2007						
	Warsaw	**Poznań**	**Wrocław**	**Szczecin**	**Unallocated**	**Eliminations**	**Total**
Segment assets							
Residential	295,590	61,060	113,314	29,291	-	-	499,255
Rental	-	-	-	-	-	-	-
Unallocated assets	-	-	-	-	6,585	-	6,585
Total assets	**295,590**	**61,060**	**113,314**	**29,291**	**6,585**	**-**	**505,840**
Segment liabilities							
Residential	275,828	38,870	70,937	18,325	-	-	403,960
Rental	-	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	5,595	-	5,595
Total liabilities	**275,828**	**38,870**	**70,937**	**18,325**	**5,595**	**-**	**409,555**
Capital expenditure	-	-	-	-	141	-	**141**
Depreciation and amortization	180	-	-	-	161	-	**341**

Note 8 – Share-based payments

During the fourth quarter of 2007, a new long-term incentive plan (the "Plan") was implemented. The persons eligible for participation in the Plan are the employees of the Group, including the members of the Management Board. Under the Plan, share options are granted to members of the Management Board and selected employees. The exercise price of the granted options determined by the Supervisory Board on the date of granting the share options and shall not be less than the fair market value at the time of the grant of the options. Options are conditional on the employee being employed or Board members being in office at the time the Options are exercisable (vesting period). Options granted shall vest over three and five years, one third and one fifth in each year after one year from the date of grant, respectively.
On 5 November 2007, a total number of 1,900,000 options with an exercise price of PLN 5.75 each were granted: 700,000 options that vest in three years having an option term of five years were granted to selected employees and 1,200,000 options that vest in five years having an option term of seven years were granted to Mr. Dror Kerem, the former President of the Management Board and the former 'Chief Executive Officer of the Company. The vesting dates of the options are as follows:

	Number of options		
Vesting dates	**vest over three years**	**vest over five years**	**Total**
5 November 2008	233,333	240,000	473,333
5 November 2009	233,333	240,000	473,333
5 November 2010	233,334	240,000	473,334
5 November 2011	-	240,000	240,000
5 November 2012	-	240,000	240,000
Total	**700,000**	**1,200,000**	**1,900,000**

Note 8 – Share-based payments (cont'd)

After stepping down of few Management Board members of the Group, 1,114,000 options from the above-mentioned options were cancelled. The vesting dates of the remaining 786,000 options are as follows:

	Number of options		
Vesting dates	**vest over three years**	**vest over five years**	**Total**
5 November 2008	183,333	240,000	423,333
5 November 2009	133,333	96,000	229,333
5 November 2010	133,334	-	133,334
5 November 2011	-	-	-
5 November 2012	-	-	-
Total	**450,000**	**336,000**	**786,000**

The weighted average fair value of options granted in 2007 using the Black-Scholes valuation model was approximately PLN 2.75 per option. The significant data input into the model were the weighted average share price of PLN 5.75 at the grant date, the exercise price mentioned above, a volatility of 50%, a dividend yield of 0%, an option life of five years and seven years, an annual risk free rate of 6% and the estimation that 70% from the employees will exercise the options that have not yet vested.
The costs impact of the share-based payment on the financial statements of the Company was an expense of PLN 1,124 thousand for the nine months ended 30 September 2008 recognized in the income statement with a corresponding increase in equity.

In addition, Mr. Dror Kerem, the former President of the Management Board and the former 'Chief Executive Officer' of the Company, 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, which right was exercised on 24 June 2008 (See Condensed Consolidated Statement of Changes in Shareholders' Equity), this right was granted by the Supervisory Board and measured at fair market value at the time of the grant.
The costs impact of the right granted to Mr. Dror Kerem on the financial statements of the Company was an expense of PLN 1,194 thousand for the nine months ended 30 September 2008 recognized in the income statement with a corresponding increase in equity.

Note 9 – Related party transactions

During the nine months ended 30 September 2008, the Group repaid loans and accrued interests from related parties amounting to PLN 8,901 thousand. Furthermore, the Company issued 300,000 new shares at nominal value to Mr. Dror Kerem (see note 8 above).

Note 10 – Details of corporations in the Group

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 the Company at 30 September 2008.

	Entity name	Year of incorporation	Share of ownership & voting rights (end of year)
A.	**Held directly by the Company :**		
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 Properties Sp. z o.o.	2002	100.0%
7.	Ronson Development Apartments Sp. z o.o.	2003	100.0%
8.	Ronson Development Residential Sp. z o.o.	2003	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 Poznań 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. (1) (General partner, see “B” below)	2006	100.0%
21.	Ronson Development Construction Sp. z o.o. (Limited partner, see “B” below)	2006	100.0%
22.	Ronson Development City Sp. z o.o. (no activities at 30 September 2008)	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 2008) (*)	2007	100.0%
33.	Ronson Development North Sp. z o.o. (*)	2007	100.0%
34.	Ronson Development Providence Sp. z o.o.	2007	100.0%
35.	Ronson Development Destiny Sp. z o.o. (no activities at 30 September 2008) (*)	2007	100.0%
36.	Ronson Development Millenium Sp. z o.o. (no activities at 30 September 2008) (*)	2007	100.0%

(1) Changed its name in 2007. Formerly known as Ronson Development Venture Sp. z o.o.

Note 10 – Details of corporations in the Group (cont'd)

B.	**Held indirectly by the Company :**		
1.	Ronson Development Community Sp.k. (**)	2007	100.0%
2.	Ronson Development Estate Sp.k. (no activities at 30 September 2008) (**)	2007	100.0%
3.	Ronson Development Home Sp.k. (**)	2007	100.0%
4.	Ronson Development Horizon Sp.k. (no activities at 30 September 2008) (**)	2007	100.0%
5.	Ronson Development Landscape Sp.k. (**)	2007	100.0%
6.	Ronson Development Town Sp.k. (no activities at 30 September 2008) (**)	2007	100.0%

The projects managed by the above companies are in various stages of development ranging from projects being in the process of acquiring land for development to projects which are completed or nearly completed.

(*) 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., a general partner holding a 1%.

Note 11 – Impairment losses and provisions

During the nine months ended 30 September 2008, no impairment losses were charged.

The only net movement in the Group's main provisions which took place during the nine months ended 30 September 2008 was a decrease in the provision for deferred tax liabilities of PLN 5,839 thousand (the net movement during the third quarter of 2008 was an increase of PLN 760 thousand).

Note 12 – Condensed unconsolidated financial statements of Ronson Europe N.V.

Condensed unconsolidated balance sheet

In thousands of Polish Zlotys (PLN)	**As at 30 September 2008 (Unaudited)**	**As at 30 June 2008 (Unaudited)**	**As at 31 December 2007 (Audited [1])**	**As at 30 September 2007 (Unaudited)**
Assets				
Investment in subsidiaries	235,965	218,428	187,490	110,744
Loan granted to subsidiaries	55,484	69,538	55,900	-
Total non-current assets	**291,449**	**287,966**	**243,390**	**110,744**
Trade and other receivables	612	583	463	1,804
Receivable from subsidiaries	29	18	4	-
Cash and cash equivalents	12,659	3,269	44,809	18
Total current assets	**13,300**	**3,870**	**45,276**	**1,822**
Total assets	**304,749**	**291,836**	**288,666**	**112,566**
Shareholders' equity				
Share capital	16,953	16,953	16,933	217
Share premium	215,105	215,105	215,105	89,602
Retained earnings	56,804	44,505	39,935	6,466
Total shareholders' equity	**288,862**	**276,563**	**271,973**	**96,285**
Liabilities				
Non-current liabilities				
Loans from subsidiaries	14,981	14,770	14,353	13,932
Total non-current liabilities	**14,981**	**14,770**	**14,353**	**13,932**
Current liabilities				
Trade and other payables	906	503	1,457	2,349
Creditors from subsidiaries	-	-	883	-
Total current liabilities	**906**	**503**	**2,340**	**2,349**
Total Shareholders' equity and liabilities	**304,749**	**291,836**	**288,666**	**112,566**

[1] *Extracted from the 2007 Annual Accounts.*

Note 12 – Condensed unconsolidated financial statements of Ronson Europe N.V. (cont'd)

Condensed unconsolidated income statement

In thousands of Polish Zlotys (PLN)	**For the 9 months ended 30 September 2008 (Unaudited)**	**For the 3 months ended 30 September 2008 (Unaudited)**	**For the 9 months ended 30 September 2007 (Unaudited)**	**For the 3 months ended 30 September 2007 (Unaudited)**
Revenue	31	10	-	-
General and administrative expenses	(4,094)	(1,182)	(47)	(47)
Operating loss	**(4,063)**	**(1,172)**	**(47)**	**(47)**
Finance income	2,940	1,022	3	3
Finance expense	(651)	(223)	-	-
Net finance income	**2,289**	**799**	**3**	**3**
Loss before taxation	**(1,774)**	**(373)**	**(44)**	**(44)**
Income tax	-	-	-	-
Loss before result from subsidiaries	**(1,774)**	**(373)**	**(44)**	**(44)**
Result from subsidiaries after taxation	**16,325**	**12,437**	**6,510**	**6,510**
Net income	**14,551**	**12,064**	**6,466**	**6,466**

Note 12 – Condensed unconsolidated financial statements of Ronson Europe N.V. (cont'd)

Condensed unconsolidated statement of changes in shareholders' equity

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2008 (Unaudited)	For the 3 months ended 30 September 2008 (Unaudited)	For the 9 months ended 30 September 2007 Restated (*) (Unaudited)	For the 3 months ended 30 September 2007 Restated (*) (Unaudited)
Balance at the beginning of the period	**271,973**	**276,563**	**-**	**92,050**
Net contribution in kind of assets and liabilities and issue of shares upon establishment of the Company (1)	-	-	92,050	-
Net contribution in kind of assets and issue of new shares (2)	-	-	20,129	20,129
Exclusion of a subsidiary (3)	-	-	(22,360)	(22,360)
Profit for the period	14,551	12,064	6,466	6,466
Share-based payments (see note 7)	2,318	235	-	-
Issue of ordinary shares (4)	20	-	-	-
Balance at the end of the period	**288,862**	**288,862**	**96,285**	**96,285**

(*) *For the restatement of the Shareholders' equity as per 30 September 2007 reference is made to note 3.*

(1) On 29 June 2007, the Company issued 45,000 shares (establishment shares) with a par value of EUR 1 per share (PLN 172 thousand) to ITR Dori, that were subsequently split on 29 September 2007 into 2,250,000 shares with a par value of EUR 0.02 per share.
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, which 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 effect of the contribution is a decrease of PLN 92,050 thousand as presented above.

(2) On 27 September 2007, the Company issued 11,890 shares with a par value of EUR 1 per share (PLN 45 thousand) to GE Real Estate, the minority shareholder that split these shares on 29 September 2007 into 594,500 shares with a par value of EUR 0.02 per share.
As part of the process of combining the Ronson Group activities under Ronson Europe, GE Real Estate made a contribution in kind of its shares held in certain Polish Ronson subsidiaries, which amounted to PLN 20,084 thousand. The net effect of the contribution is an increase of PLN 20,129 thousand as presented above.

(3) Excluding Brighton Tec from the consolidation:
Initially, Brighton Tec owned the land at Klobucka Street in district Mokotów in Warsaw. On 26 September 2007 the land was sold to Landscape, a wholly-owned subsidiary of the Company. Subsequently, the Group ceased to consolidate Brighton Tec (for more information see note 1(c)).

(4) On 24 June 2008, the Company issued 300,000 new ordinary shares with a nominal value of EUR 0.02 each to Mr. Dror Kerem, former member of the Company's Management Board. The shares were issued to Mr. Kerem at nominal value for a total amount of EUR 6 thousand (PLN 20 thousand) in accordance with the rights to shares in the Company granted to Mr. Kerem in 2007.

Note 12 – Condensed unconsolidated financial statements of Ronson Europe N.V. (cont'd)

Condensed unconsolidated cash flow statement

In thousands of Polish Zlotys (PLN)	For the 9 months ended 30 September 2008 (Unaudited)	For the 3 months ended 30 September 2008 (Unaudited)	For the 9 months ended 30 September 2007 (Unaudited)	For the 3 months ended 30 September 2007 (Unaudited)
Cash flows used in operating activities	(2,820)	(510)	(199)	(199)
Cash flows (used in)/provided by investing activities	(29,350)	9,900	-	-
Cash flows from financing activities	20	-	217	45
(Decrease)/increase in cash and cash equivalents	**(32,150)**	**9,390**	**18**	**(154)**
Cash and cash equivalents at the beginning of the period	**44,809**	**3,269**	**-**	**172**
Cash and cash equivalents at the end of the period	**12,659**	**12,659**	**18**	**18**

Additional information to the condensed unconsolidated financial statements of Ronson Europe N.V.

The accounting principles and measurement basis of these Condensed Unconsolidated Financial Statements are consistent with those applied with respect to the 2007 Annual Accounts and have remained unchanged. In the preparation of these financial statements, the Company has followed the same accounting policies as used for the Condensed Consolidated Financial Statements as referred to in note 2A. The Company's 2007 Annual Accounts have been prepared in accordance with IFRS adopted by the EU to be used for preparation of consolidated financial reporting. The 30 September 2008 Condensed Unconsolidated Financial Statements should be read in conjunction with the audited 2007 Annual Accounts. In addition, the Company has adopted the IAS standards and interpretations with an effective date before 30 September 2008.

As significant events for the Group also apply to the Company on an unconsolidated basis, reference is made to the Directors' Report where the highlights during the nine months ended 30 September 2008 are described.