Ronson Europe N.V.

Interim Financial Report

for the nine months ended

30 September 2009

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Directors' Report

General

Introduction

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

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 30 September 2009, 64.2% of the outstanding shares were held by I.T.R. Dori B.V. (hereinafter "ITR Dori"), whereas 18.4% of the outstanding shares were held by GE Real Estate CE Residential B.V. (hereinafter "GE Real Estate") with the remaining 17.4% of the outstanding shares being held by other investors. On 22 October 2009, the number of shares issued by the Company increased by 45,393,333, including 22,696,667 new shares issued as a result of the conversion of the same number of warrants convertible to shares issued on the same day (see page 15). As at 10 November 2009, 64.2% of the outstanding shares are held by ITR Dori, whereas 15.3% of the outstanding shares are held by GE Real Estate with the remaining 20.5% of the outstanding shares being held by other investors. For major shareholders of the Company reference is made to page 14. On 9 November 2009, the market price was PLN 1.68 per share giving the Company a market capitalization of PLN 457.6 million.

Company overview

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

The Company aims to maximize value for its shareholders by a selective geographical expansion in Poland as well as the creation of a portfolio of real estate development properties. Bearing in mind the current difficult and uncertain market conditions, the Company believes that its development strategy should allow it to adjust to these conditions through spreading risks, evaluating and potentially modifying the number of projects and their sizes as well as considering various geographical locations.

Until 30 September 2009, the Group has completed ten projects comprising 1,406 units with a total area of 97,100 m^2, having delivered to clients 1,211 units with a total area of 82,700 m^2. The remaining 195 units in these completed projects, with a total area of 14,400 m^2, are expected to be delivered during the remainder of 2009 and 2010 (see page 11).

As of the date of this Interim Financial Report, the Group is in the midst of developing four projects comprising a total of 366 units, with a total area of approximately 37,500 m^2, which are expected to be completed during the remainder of 2009 and 2010. In addition, the Group has a pipeline of 22 projects in different stages of preparation, with approximately 5,400 residential units with a total area of approximately 383,000 m^2 for future development in Warsaw, Poznań, Wrocław and Szczecin.

Company overview (cont'd)

Despite challenging market conditions, the Company's sales results have been gradually improving since the fourth quarter of 2008, which was the most difficult period for the Company as well as for the entire market. During the nine months ended 30 September 2009, the Company sold 197 units, management believes was a good result given the market conditions. As the number of units offered by the Company diminishes due to progressing sales, the Company intends to benefit from improving markets and plans to initiate seven new projects during 2010. However, in order to minimize the market risk, management is scaling down the new projects into relatively smaller stages. Moreover, the commencement plan assumes gradual openings spread during next few quarters and in the event of any market deterioration or difficulties with securing financing from the banks for the considered projects, management may delay some of those plans.

Market overview

Following a very strong performance in 2006 and 2007 in which the Polish residential market enjoyed unprecedented growth and increased prices, in the beginning of 2008, the market dynamics shifted towards slower growth and price moderation. As stated in the Company's Interim Financial Report for the six months ended 30 June 2009 issued on 28 August 2009, the Company's management predicted that due to the fact that many developers bandoned their projects, the perceived oversupply of residential units in the market would begin to catch up with the demand curve in about one year. Management continues to maintain this view and is already beginning to see a small increase in demand.

The Polish economy has proven to be relatively strong even in the recent turbulent times, which in combination with the general paucity of dwellings in Poland (in comparison to all other European countries) creates, what management believes, are good long term prospects for further development of the residential real estate market in spite of the recent downturn. In the opinion of management, the Company is well positioned to adapt to changing market conditions and is preparing new projects for development, which management believes will be distinguished in the market by their location, quality and attractive pricing. Positive sales results of the Company during the nine months ended on 30 of September 2009 seem to confirm that the Company has adapted to the changing market environment.

In addition, to further minimize market risk, the Company is now taking a very selective approach when initiating new projects. In the preparation phase of all projects, great emphasis is now put on splitting the projects into smaller parts.

Management is also cognizant of the tightened credit markets. Accordingly, when planning its newest projects, , the Company has prepared for increased costs of debt financing as well as for more demanding debt facility structures that are being imposed by the lending banks.

Business highlights during the nine months ended 30 September 2009

A. Projects completed

During the nine months ended 30 September 2009 the Group completed construction of two projects, Galileo and Imaginarium II, comprising 232 and 65 units with a total area of 16,700 m^2 and 4,700 m^2, respectively. For addition information see "Business highlights during the nine months ended 30 September 2009 – B. Results breakdown by project" (pages 2 to 3).

B. Results breakdown by project

Revenue is recognized upon transferring of significant risks and rewards of the ownership of the residential unit to the client, i.e. upon signing of the protocol of technical acceptance and the transfer of the key to the residential unit, after a valid building occupancy permit has been obtained by the Group. Total revenue of the Group recognized during the nine months ended 30 September 2009 amounted to PLN 77.9 million, whereas cost of sales amounted to PLN 50.3 million, which resulted in a gross profit amounting to PLN 27.6 million and a gross margin of 35.4%.

The following table specifies revenue, cost of sales and gross profit during the nine months ended 30 September 2009 on a project by project basis:

	Information on the delivered units		Revenue		Cost of sales		Gross profit	Gross margin
Project	**Number of units**	**Area of units (m2)**	**PLN (thousands)**	**%**	**PLN (thousands)**	**%**	**PLN (thousands)**	**%**
Galileo	88	6,008	50,059	64.2%	31,560	62.7%	18,499	37.0%
Imaginarium II	23	1,731	20,382	26.1%	13,553	26.9%	6,829	33.5%
Meridian	8	596	5,351	6.9%	3,455	6.9%	1,896	35.4%
Imaginarium I	2	141	1,541	2.0%	1,095	2.2%	446	28.9%
Other	N.A	N.A	618	0.8%	682	1.3%	(64)	-10.4%
Total / Average	**121**	**8,476**	**77,951**	**100.0%**	**50,345**	**100.0%**	**27,606**	**35.4%**

Galileo

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

Imaginarium II

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

Business highlights during the nine months ended 30 September 2009 (cont'd)

B. Results breakdown by project (cont'd)

Meridian

The construction of the Meridian housing estate was completed in October 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.

Imaginarium I

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

Other

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

C. Units sold during the period

The table below presents information on the total units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients) during the nine months ended 30 September 2009:

Project name	Location	Units sold until 31 December 2008	Units sold during the nine months ended 30 September 2009	Units for sale as at 30 September 2009	Total
Meridian (*)	Warsaw	198	7	1	206
Imaginarium I (*)	Warsaw	57	(2)	3	58
Galileo (*)	Poznań	67	61	104	232
Imaginarium II (*)	Warsaw	36	18	11	65
Constans (**)	Warsaw	4	(2)	34	36
Gardenia (**)	Warsaw	-	-	22	22
Gemini I (**)	Warsaw	8	60	91	159
Nautica (**)	Warsaw	27	55	67	149
Total		**397**	**197**	**333**	**927**

(*) For information on the completed projects see "Business highlights during the nine months ended 30 September 2009 – B. Results breakdown by project" (pages 2 to 3).

(**) For information on the current projects under construction see "Outlook for the remainder of 2009 and for 2010" (pages 11 to 12).

Financial information

The Interim Condensed Consolidated Financial Statements as included in this Interim Financial Report on pages 18 through 38 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in particular in accordance with IAS 34 and IFRSs endorsed by the European Union. At the date of authorisation of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the IFRSs applied by the Group and the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2008.

For additional information see Note 3 of the Interim Condensed Consolidated Financial Statements.

Overview of results

The Company's net profit for the nine months ended 30 September 2009 was PLN 12,311 thousand and can be summarized as follows:

	For the nine months ended 30 September	
	2009	**2008**
	PLN (thousands, except per share data)	
Revenue	77,951	63,774
Cost of sales	(50,345)	(34,314)
Gross profit	**27,606**	**29,460**
Selling and marketing expenses	(2,217)	(691)
Administrative expenses	(9,964)	(11,096)
Other expenses	(742)	(477)
Other income	1,446	904
Result from operating activities	**16,129**	**18,100**
Finance income	384	1,595
Finance expense	(1,428)	(768)
Net finance income/(expense)	**(1,044)**	**827**
Profit before taxation	**15,085**	**18,927**
Income taxes expense	(2,774)	(4,376)
Net profit for the period	**12,311**	**14,551**
Net earnings per share (basic and diluted)	**0.054**	**0.064**

Overview of results (cont'd)

Revenue

Total revenue increased by PLN 14.1 million (22.2%) from PLN 63.8 million during the nine months ended 30 September 2008 to PLN 77.9 million during the nine months ended 30 September 2009, which increase is primarily explained by an increase in apartments delivered to the customers in terms of area size (in m^2), offset in part by a decrease in average selling price per m^2.

Cost of sales

Cost of sales increased by PLN 16.0 million (46.7%) from PLN 34.3 million during the nine months ended 30 September 2008 to PLN 50.3 million during the nine months ended 30 September 2009, which is primarily explained by an increase in number of apartments delivered to the customers and in terms of area size (in m^2) and the fact that the Company was able to realize higher gross margins in previous years due to the unusually high demand and insufficient supply of apartments in the market.

Selling and marketing expenses

Selling and marketing expenses increased by PLN 1.5 million (220.8%) from PLN 0.7 million for the nine months ended 30 September 2008 to PLN 2.2 million for the nine months ended 30 September 2009, which is primarily explained by the increase in the number of projects the Group was developing and the number of apartments that were offered for sale, which resulted in the Company's significant increase in advertising and promotional costs for newspaper , magazine and Internet advertisements, as well as outdoor posters and billboards.

Administrative expenses

Administrative expenses decreased by PLN 1.1 million (10.2%) from PLN 11.1 million for the nine months ended 30 September 2008 to PLN 10.0 million for the nine months ended 30 September 2009. The decrease is primarily the net effect of:

- a decrease in the share-based payment expense (non-cash) that accrued from the long-term incentive plan of shares and share options for management and key employees, from PLN 2.3 million during the nine months ended 30 September 2008 to PLN 54 thousand during the nine months ended 30 September 2009;
- an increase in personnel expenses from PLN 5.2 million during nine months ended 30 September 2008 to PLN 6.5 million during the nine months ended 30 September 2009, which is primarily due to the temporary effect of the relatively high management remuneration expenses in 2009. During the nine months ended 30 September 2009, personnel expenses not only included the remuneration for the current Management Board members but also a remuneration fee paid to the former CEO of the Company in conformity with the termination agreement between the Company and him.

The Company has been focused on saving administrative costs and expenses. The initiatives introduced by the Company in 2009 include, among others, a reduction in the number of employees (from 47 as at 31 December 2008 to 40 as at 30 September 2009) and a decrease in the estimated annual costs of the Company's external auditors.

Overview of results (cont'd)

Operating profit

As a result of the factors described above, the Company's operating result decreased by PLN 2.0 million from an operating profit of PLN 18.1 million for the nine months ended 30 September 2008 to an operating profit of PLN 16.1 million for the nine months ended 30 September 2009.

Net finance income/(expense)

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

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

	For the nine months ended 30 September 2009		
	PLN (thousands)		
	Total amount	Amount capitalized	Recognized as profit or loss
Finance income	384	-	384
Finance expense	(14,719)	13,291	(1,428)
Net finance (expense)/income	**(14,335)**	**13,291**	**(1,044)**

	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 (expense)/income	**(13,086)**	**13,913**	**827**

Net finance expenses before capitalization increased by PLN 1.2 million (9.5%) from PLN 13.1 million during the nine months ended 30 September 2008 to PLN 14.3 million during the nine months ended 30 September 2009, which is a result of a decrease in the total amount of short-term deposits invested by the Company in bank accounts.

Total finance expense during nine months ended 30 September 2009 decreased to PLN 14.7 million from PLN 15.1 million in the corresponding period in 2008. Increasing banking margins were offset by lower reference rates (WIBOR) in 2009.

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

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

	As at 30 September 2009	As at 31 December 2008
	PLN (thousands)	
Inventories	641,052	577,010
Trade and other receivables	18,056	31,409
Loans and borrowings	287,049	282,752

Inventories

The balance of inventories is PLN 641.1 million as of 30 September 2009 as compared to PLN 577.0 million as of 31 December 2008. The increase is primarily a result of the Group's investments associated with the direct construction costs for a total amount of PLN 91.9 million and a net finance expense capitalized for a total amount of PLN 13.3 million. The increase is mitigated by cost of sales recognized for a total amount of PLN 50.3 million.

Trade and other receivables

The balance of trade and other receivables is PLN 18.1 million as of 30 September 2009 as compared to PLN 31.4 million as of 31 December 2008. The decrease is primarily a result of a decrease in value added tax (VAT) receivables by PLN 13.4 million from PLN 16.7 million as at 31 December 2008 to PLN 3.3 million as at 30 September 2009.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 287.0 million as of 30 September 2009 compared to PLN 282.8 million as of 31 December 2008. The increase is primarily the effect of new bank loans taken by the Group for the purpose of financing construction costs of new projects for a total amount of PLN 17.8 million. The increase is mitigated by a repayment of bank loans for a total amount of PLN 15.9 million. Of the mentioned PLN 287.0 million, an amount of PLN 215.6 million comprises facilities with maturity dates not later than 30 September 2010.

The maturity structure of the loans and borrowings reflect the Company's activities in the past 2 to 3 years to partially refinance some of its land acquisitions with short-term and medium-term banking facilities. In addition, part of the recent construction work costs were also financed through bank borrowings. The Company intends to repay part of the short-term loans and borrowings. The Company has already used a portion of the proceeds of the new shares issued on 22 October 2009 (see also page 15) for the restructuring and repayment of its current bank loans. See Note 18 the Financial Statements below.

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

Loans and borrowings (cont'd)

The loans and borrowings may be split into three categories: 1) loans from shareholders, 2) banking loans related to residential projects which are completed or under construction and 3) the banking loans granted for financing of land purchases.

The loans from shareholders (related parties) as of end of September 2009 amounted to PLN 59.1 million and the maturity date is October 2011.

The bank loans supporting completed projects or projects under construction are tailored to the pace of construction works and of sales. Loans in this category amounted as of end of September 2009 to PLN 74.2 million and were granted by Bank PKO BP to support Galileo and Gemini projects as well as by Bank BZWBK to support Imaginarium and Constans projects. Total book value of the assets underlying Galileo, Gemini, Constans and Imaginarium projects as of end of September 2009 amounted to PLN 192 million.

The bank loans granted to finance the land purchases amounted as of end of September 2009 to PLN 153.8 million in total. Despite the fact that the maturity of all loans used to finance the land parcels is short-term, i.e. these loans are all maturing before the end of September 2010, as long as the banks are enjoying at least a 50% loan to value ratio and the Company is servicing loans accordingly to the loan agreements, the Company's management believes that the Company will be able to extend all the short term loans in this category. The total book value of the land parcels which can be used as collateral to the loans granted to finance the investment in land amounted to PLN 379.2 million as of end of September 2009. This amount is excluding the value of the land in certain projects, both completed and under construction, amounting to PLN 20.1 million, for which the total project investment including the land part is used as collateral.

Selected financial data

PLN/EUR	Exchange rate of Euro versus the Polish Zloty: Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2009 (9 months)	**4.380**	**3.917**	**4.900**	**4.223**
2008 (9 months)	3.429	3.203	3.658	3.408

Source: National Bank of Poland ("NBP")

Selected financial data	EUR*		PLN	
	(thousands, except per share data and number of shares)			
	For the nine months ended 30 September or as at 30 September			
	2009	2008	2009	2008
Revenues	**17,798**	18,596	**77,951**	63,774
Gross profit	**6,303**	8,590	**27,606**	29,460
Profit before taxation	**3,444**	5,519	**15,085**	18,927
Profit for the period	**2,811**	4,243	**12,311**	14,551
Cash flows used in operating activities	**(3,275)**	(9,554)	**(14,345)**	(32,765)
Cash flows from/(used in) investment activities	**(375)**	206	**(1,642)**	705
Cash flows from financing activities	**422**	8,649	**1,847**	29,660
Decrease in cash and cash equivalents	**(3,229)**	(700)	**(14,140)**	(2,400)
Inventories	**151,815**	158,267	**641,052**	539,422
Total assets	**164,864**	189,138	**696,153**	644,638
Advances received	**15,902**	13,725	**67,146**	46,778
Long term liabilities	**18,096**	29,560	**76,413**	100,751
Short term liabilities (including advances received)	**75,283**	74,825	**317,892**	255,025
Shareholders' equity	**71,484**	84,753	**301,848**	288,862
Share capital	**4,539**	4,539	**16,953**	16,953
Average number of equivalent shares (basic)	**226,966,667**	226,774,358	**226,966,667**	226,774,358
Average number of equivalent shares (diluted)	**227,606,000**	228,463,333	**227,606,000**	228,463,333
Net earnings per share (basic and diluted)	**0.012**	0.019	**0.054**	0.064

**Information is presented in EUR solely for presentation purposes. Due to the devaluation of the Polish Zloty against the Euro over the past year, the balance sheet data do not accurately reflect the actual comparative financial position of the Company. The reader should consider changes in the PLN / EUR exchange rate in 2009 comparing to 2008,when reviewing this data.*

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

(i) Statement of financial position data were translated using the period end exchange rate published by the National Bank of Poland for the last day of the period.

(ii) Statement of comprehensive income and cash flows data were translated using the arithmetical average of average exchange rates published by the National Bank of Poland for the last day of every month within the reporting year / period.

Outlook for remainder of 2009 and for 2010

A. Completed projects

The table below presents information on the total residential units in the four completed projects that the Company expects to sell and deliver during the remainder of 2009 and 2010:

			Number of residential units sold (*)			Number of residential units delivered (*)			Number of residential units expected to be delivered (*) until 31 December 2010
Project name	**Location**	**Total units**	**Until 31 December 2008**	**During the nine months ended 30 September 2009**	**Total**	**Until 31 December 2008**	**During the nine months ended 30 September 2009**	**Total**	
Galileo (**)	Poznań	232	67	61	128	-	88	88	144
Imaginarium II (**)	Warsaw	65	36	18	54	-	23	23	42
Meridian (**)	Warsaw	206	198	7	205	196	8	204	2
Imaginarium I (**)	Warsaw	58	57	(2)	55	49	2	51	7
Total		**561**	**358**	**84**	**442**	**245**	**121**	**366**	**195**

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

(**) For information on the completed projects see "Business highlights during the nine months ended 30 September 2009 – B. Results breakdown by project" (pages 2 to 3).

B. Projects currently under construction

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

Project name	**Location**	**Area of plot (m^2)**	**Total area of units (m^2)**	**Total units**	**Units sold until 30 September 2009**	**Expected completion of construction**
Constans	Warsaw	36,377	10,000	36	2	2009/2010
Gardenia	Warsaw	7,129	3,700	22	-	2010
Gemini I	Warsaw	3,929	13,200	159	68	2010
Nautica	Warsaw	10,749	10,600	149	82	2010
Total		**58,184**	**37,500**	**366**	**152**	

Constans

Description of project

The Constans 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 units) with an aggregate floor space of 10,000 m^2. The project is divided into three phases. The first phase comprises 8 semi-detached units, the second phase comprises 6 semi-detached units and the third phase comprises 4 semi-detached units.

Outlook for remainder of 2009 and for 2010 (cont'd)

B. Projects currently under construction (cont'd)

Constans

Stage of development

Construction of the Constans project commenced in February 2008 and expected to be completed in the first quarter of 2010, with some units expected to be completed in the fourth quarter of 2009.

Gardenia

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 3,700 m^2. The project is divided into two phases.

Stage of development

Construction of the Gardenia project commenced in August 2008 and expected to be completed in the first quarter of 2010.

Gemini I

Description of project

The Gemini I project is being developed on a land strip of 3,929 m^2 located in the Ursynów district in Warsaw (KEN street) situated next to the subway station Imielin. The project will comprise one multifamily building of 11 levels with a total of 151 apartments and 8 commercial units with an aggregate floor space of 13,200 m^2.

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.

Nautica

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). The project will comprise 4 five-storey, multi-family residential buildings with a total of 148 apartments and 1 commercial unit and an aggregate floor space of 10,600 m^2.

Stage of development

Construction of the Nautica project commenced in November 2008 and is expected to be completed in the second quarter of 2010.

Outlook for remainder of 2009 and for 2010 (cont'd)

C. Projects for which construction work is planned to commence during 2010

As the number of apartments on offer diminishes due to progressing sales, the Company intends to benefit from improving market conditions and plans to initiate seven new projects during 2010. However, in order to minimize the market risk, the management of the Company is scaling down new projects into relatively smaller stages. Moreover, the commencement plan assumes gradual openings spread during the next few quarters and in the event of any market deterioration or difficulties with securing financing by the banks for the considered projects, management may delay some of those plans.

Imaginarium III

The Imaginarium III project will be developed on a land strip of 5,700 m^2 located in the Bielany district in Warsaw (Gwiazdzista Street) and is situated next to the Imaginarium I and Imaginarium II projects. The project is a continuation of the Imaginarium I and Imaginarium II concept in terms of quality and design. The Imaginarium III housing estate comprises 2 multifamily buildings with total 45 apartments with an aggregate usable floor space of 3,800 m^2. The Company is considering opening this project during 2010.

Mozart

The Mozart project will be developed on a land strip of 30,300 m^2 located in Szczecin at Duńska Street. The project will comprise 499 apartments with an aggregate floor space of 33,600 m^2 and will be divided into 4 or more phases. The Company is considering opening the first phase of this project during 2010. The first stage is to comprise 41 apartments.

Goya

The Goya project will be developed on a land strip of 14,500 m^2 located in the Grabiszyn district in Wrocław. The project will comprise 190 apartments with an aggregate floor space of 12,900 m^2 and will be divided into 2 phases. The Company is considering opening the first phase of this project during 2010. The first stage is to comprise 70 apartments.

Orion

The Orion project will be developed on a land strip of 16,300 m2 located in the Wola district in Warsaw (Sowinskiego Street). The project will comprise 369 units with an aggregate floor space of 26,200 m2 and will be divided into 3 or more phases. The Company is considering opening the first phase of this project during 2010. The first stage is to comprise 81 units.

Osiedle Wiślane

The Osiedle Wiślane project will be developed on a land strip of 31,800 m^2 located in Łomianki near Warsaw. The project will comprise 604 units with an aggregate floor space of 26,200 m^2 and will be divided into 8 phases. The Company is considering opening the first phase of this project during 2010. The first stage is to comprise 57 units.

Outlook for remainder of 2009 and for 2010 (cont'd)

C. Projects for which construction work is planned to commence during 2010 (cont'd)

Gemini II

The Gemini II project will be developed on a land strip of 4,700 m^2 located in the Ursynów district in Warsaw (KEN street) situated next to the subway station Imielin .The project will comprise 133 units with an aggregate floor space of 10,600 m^2. The Company is considering opening this project during 2010.

Kłobucka

The Kłobucka project will be developed on a land strip of 21,000 m^2 located in the Mokotow district in Warsaw (Kłobucka street). The project will comprise 479 units with an aggregate floor space of 30,900 m^2 and will be divided into 4 phases. The Company is considering opening the first phase of this project during 2010. The first stage is to comprise 114 units.

D. Main risks and uncertainties during the remainder of 2009 and 2010

The economic situation in Europe, and in Poland and the uncertainties in the housing market make it very difficult to predict final results for 2009 and estimates for 2010. The development of the Polish economy, the banking industry and the consumers' interest in new housing projects are considered to be the most significant uncertainties for the remainder of the financial year.

Additional information to the report

Major shareholders

To the best of the Management Board knowledge, as of the date of publication of this short report for the nine months ended 30 September 2009 (10 November 2009), the following shareholders are entitled to exercise over 5% of the voting rights at the General Shareholders Meeting of the Company:

Shares

	As of 10 November 2009 Number of shares / % of shares	**Increase in number of shares**	**As of 30 September 2009 Number of shares / % of shares**	**Increase in number of shares**	**As of 31 December 2008 Number of shares / % of shares**
Shares issued	*272,360,000*	*45,393,333 (see page 15)*	*226,966,667*	*-*	*226,966,667*
Major shareholders:					
I.T.R. Dori B.V.	174,898,374 64.2%	29,151,598	145,746,776 64.2%	-	145,746,776 64.2%
GE Real Estate CE Residential B.V.	41,800,000 15.3%		41,800,000 18.4%		41,800,000 18.4%

Additional information to the report (cont'd)

Major shareholders (cont'd)

The above information does not include details of the allocation of shares and warrants issued by the Company on 22 of October 2009, apart from the information regarding participation of ITR Dori BV, which increased by 29,151,598 shares as a result of the acquisition of 6,454,931 new shares and 22,696,667 warrants convertible to shares. Following conversion of acquired warrants, ITR Dori B.V. holds 174,898,374 shares in the Company.

Changes in ownership of shares and rights to shares by Management Board members in the nine months ended 30 September 2009 and until the date of publication of the report

Other than were already disclosed in 2008 annual accounts, the members of the Management Board did not individually own any shares and/or rights to shares in the Company during the period from 1 January 2009 until 10 November 2009.

Changes in ownership of shares and rights to shares by Supervisory Board members in the nine months ended 30 September 2009 and until the date of publication of the report

The members of the Supervisory Board did not individually own any shares and/or rights to shares in the Company during the period from 1 January 2009 until 10 November 2009.

Issuing of new shares/warrants

On the 22 October 2009, the Company issued of 22,696,666 new ordinary bearer shares in the capital of the Company ("New Shares I") at the issue price of PLN 1.60 per share, and 22,696,667 warrants free of charge (the "Warrants") which entitle their holders to subscribe for 22,696,667 new ordinary bearer shares in the capital of the Company ("New Shares II") at an exercise price of PLN 1.60 per share. New Shares I were offered in a form of a private placement to selected investors who on 22 October 2009 subscribed for and paid for New Shares I. The Warrants were offered free of charge in a form of a private placement to selected investors who on 22 October 2009 subscribed for the Warrants, exercised their rights to subscribe for New Shares II and paid for New Shares II. The aggregate issue price for New Shares I and New Shares II is PLN 72,629 thousand and has been paid by the selected investors.
The objective of the issue of the new shares was to obtain new funds to further develop the Company's strategy, specifically to secure funding for planned new projects. The proceeds of the share issue could also be partly used for the Company's restructuring and repayment of current bank loans, aimed at releasing collaterals from the assets dedicated for project development.
The Company has committed itself to seek admission of New Shares I and New Shares II to trading on the regulated market of the Warsaw Stock Exchange and will enter into a relevant agreement for the registration of New Shares I and New Shares II with the National Depository for Securities (KDPW).

Additional information to the report (cont'd)

Other

As of 30 September 2009, the Company has issued guarantees for bank loans granted to subsidiaries amounting to a total of PLN 45,563 thousand.

As of 30 September 2009, the Group had no litigations for claims or liabilities that in total would exceed 10% of the Group's equity.

The following net movements in the Group's main provisions took place during the nine months ended 30 September 2009:

- an increase in the provision for deferred tax liabilities of PLN 1,658 thousand (an increase of PLN 23 thousand during the three months ended 30 September 2009).
- a decrease in the provision for tax liabilities for tax control of PLN 100 thousand (nil during the three months ended 30 September 2009).

Aurora

Ronson Development West Sp. z o.o. (hereinafter "R.D. West") concluded in June 2007 a preliminary sale and purchase agreement regarding four plots of land in Poznań (agreed total value amounting to PLN 62 million). The seller has not fulfilled conditions required to conclude the transaction and thus the agreement expired. R.D. West was in legal dispute with the seller with respect to the return of the advance payment amounting to PLN 12.4 million. The claim of R.D. West is well secured and in addition to submission of the seller to the enforcement proceeding under par. 777 of Polish Civil Proceeding Code, it also includes a mortgage on the land (which was subject of the said transaction) up to PLN 24.8 million. In May 2009, the parties reached a compromise agreement whereby the initial advance payment will be returned to the Company. The Company has decided to enter into this compromise agreement even despite the fact that management was confident about the Company's ultimate success in any court proceeding. However, management decided that the potential court proceeding would nonetheless be long and complicated, and management is of the opinion that, in any event, the Company will recover the entire advance payment by enforcing the mortgage and taking control over the land. Although the repayment can be reduced to a final settlement of only PLN 9.0 million if repaid by end of April 2010 (plus statutory interest accrued since 1 August 2009 on the unpaid amount), management of the Company strongly believes that the only real potential settlement of this agreement will be based on enforcing the mortgage and taking control of the land.

Based on the above mentioned compromise agreement and in accordance with Management Board's judgement, it is realistic to expect a full recovery of the advance payment. Therefore, the claim of PLN 12.4 million has remained being recorded under "Trade and other receivables and prepayments" in the Interim Consolidated Statement of Financial Position per 30 September 2009.

Additional information to the report (cont'd)

Responsibility statement

The Management Board confirms that, to the best of its knowledge, these Condensed Consolidated Interim Financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in particular in accordance with IAS 34 and IFRSs endorsed by the European Union. At the date of authorisation of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the IFRSs applied by the Group and the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). The Interim Condensed Consolidated Financial Statements give a true and fair view of the state of affairs of the Group at 30 September 2009 and of the net result for the period then ended.

The Directors' report in this Interim Financial Report gives a true and fair view of the situation on the balance sheet date and of developments during the nine months period together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

The Management Board

Shraga Weisman Chief Executive Officer	**Tomasz Łapiński** Chief Financial Officer	**Andrzej Gutowski** Sales and Marketing Director
Amos Weltsch	**David Katz**	**Karol Pilniewicz**

Rotterdam, 10 November 2009

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of Polish Zlotys (PLN)	*Note*	As at 30 September 2009 (Unaudited / Unreviewed)	As at 31 December 2008
Assets			
Property and equipment		1,566	1,017
Long-term finance lease receivable		653	692
Deferred tax assets		3,087	2,149
Total non-current assets		**5,306**	**3,858**
Inventories	*9*	641,052	577,010
Trade and other receivables and prepayments		18,056	31,409
Income tax receivable		123	378
Cash and cash equivalents		25,183	39,323
Short-term bank deposits - collateralized		6,433	5,043
Total current assets		**690,847**	**653,163**
Total assets		**696,153**	**657,021**
Equity			
Shareholders' equity			
Share capital		16,953	16,953
Share premium		215,105	215,105
Retained earnings		69,790	57,425
Total shareholders' equity		**301,848**	**289,483**
Liabilities			
Secured bank loans	*10*	12,290	86,548
Loans from related parties	*11*	59,138	57,619
Deferred tax liabilities		4,985	3,327
Total non-current liabilities		**76,413**	**147,494**
Secured bank loans	*10*	215,621	138,585
Provisions		3,044	3,144
Advances received		67,146	54,334
Trade and other payables and accrued expenses		31,730	23,832
Income tax payable		351	149
Total current liabilities		**317,892**	**220,044**
Total liabilities		**394,305**	**367,538**
Total equity and liabilities		**696,153**	**657,021**

The notes included on pages 22 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PLN (thousands, except per share data and number of shares)	***Note***	**For the 9 months ended 30 September 2009 (Unaudited / Unreviewed)**	**For the 3 months ended 30 September 2009 (Unaudited / Unreviewed)**	**For the 9 months ended 30 September 2008 (Unaudited / Unreviewed)**	**For the 3 months ended 30 September 2008 (Unaudited / Unreviewed)**
Revenue		77,951	35,881	63,774	40,846
Cost of sales		(50,345)	(23,636)	(34,314)	(22,219)
Gross profit		**27,606**	**12,245**	**29,460**	**18,627**
Selling and marketing expenses		(2,217)	(950)	(691)	(215)
Administrative expenses		(9,964)	(3,194)	(11,096)	(3,807)
Other expenses		(742)	(535)	(477)	(113)
Other income		1,446	424	904	357
Result from operating activities		**16,129**	**7,990**	**18,100**	**14,849**
Finance income		384	28	1,595	617
Finance expense		(1,428)	(654)	(768)	(190)
Net finance income/(expense)		**(1,044)**	**(626)**	**827**	**427**
Profit before taxation		**15,085**	**7,364**	**18,927**	**15,276**
Income tax expense	*12*	(2,774)	(1,168)	(4,376)	(3,212)
Profit for the period		**12,311**	**6,196**	**14,551**	**12,064**
Other comprehensive income		-	-	-	-
Total comprehensive income		**12,311**	**6,196**	**14,551**	**12,064**
Weighted average number of equivalent shares (basic)		**226,966,667**	**226,966,667**	**226,774,358**	**226,966,667**
Weighted average number of equivalent shares (diluted)		**227,606,000**	**227,606,000**	**228,463,333**	**227,656,667**
Net earnings per share (basic)		**0.054**	**0.027**	**0.064**	**0.053**
Net earnings per share (diluted)		**0.054**	**0.027**	**0.064**	**0.053**

The notes included on pages 22 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2009	**16,953**	**215,105**	**57,425**	**289,483**
Net profit for the nine months ended 30 September 2009	-	-	12,311	12,311
Other comprehensive income	-	-	-	-
Total comprehensive income	16,953	215,105	69,736	301,794
Share-based payments (note 13)	-	-	54	54
Balance at 30 September 2009 (Unaudited /Unreviewed)	**16,953**	**215,105**	**69,790**	**301,848**

In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2008	**16,933**	**215,105**	**39,935**	**271,973**
Net profit for the nine months ended 30 September 2008	-	-	14,551	14,551
Other comprehensive income	-	-	-	-
Total comprehensive income	16,933	215,105	54,486	286,524
Issue of new shares *)	20	-	-	20
Share-based payments (note 13)	-	-	2,318	2,318
Balance at 30 September 2008 (Unaudited/Unreviewed)	**16,953**	**215,105**	**56,804**	**288,862**

*) 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 , the former President of the Management Board and the former Chief Executive Officer of the Company. The shares were issued to Mr. Dror 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.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of Polish Zlotys (PLN)	**For the 9 months ended 30 September 2009 (Unaudited Unreviewed)**	**For the 9 months ended 30 September 2008 (Unaudited Unreviewed)**
Cash flows from/(used in) operating activities		
Profit for the period	12,311	14,551
Adjustments to reconcile profit for the period to net cash used in operating activities		
Depreciation	378	387
Finance expense	14,719	15,135
Finance income	(384)	(2,049)
Losses on sale of property and equipment	7	7
Share-based payment expense	54	2,318
Income tax expense	2,774	4,376
Subtotal	29,859	34,725
Decrease/(increase) in finished goods	50,310	33,656
Decrease/(increase) in work in progress	(115,034)	(98,460)
Decrease/(increase) in trade and other receivables and prepayments	13,392	15,759
Increase/(decrease) in trade and other payables and accrued expense	7,898	10,831
Increase/(decrease) in provisions	(100)	-
Increase/(decrease) in advances received	12,812	(8,129)
Subtotal	(863)	(11,618)
Interest paid	(12,269)	(12,428)
Interest received	384	1,726
Income tax paid	(1,597)	(10,445)
Net cash from/(used in) operating activities	**(14,345)**	**(32,765)**
Cash flows from/(used in) investing activities		
Acquisition of property and equipment	(289)	(425)
Short-term bank deposit - collateralized	(1,390)	1,097
Proceeds from sales of property and equipment	37	33
Net cash from/(used in) investing activities	**(1,642)**	**705**
Cash flows from/(used in) financing activities		
Proceeds from new shares issued	-	20
Proceeds from bank loans, net of bank charges	17,764	49,336
Repayment of bank loans	(15,917)	(12,080)
Repayment of related-party loans	-	(7,616)
Net cash from/(used in) financing activities	**1,847**	**29,660**
Net change in cash and cash equivalents	**(14,140)**	**(2,400)**
Cash and cash equivalents at beginning of period	39,323	71,829
Cash and cash equivalents at end of period	**25,183**	**69,429**

The notes included on pages 22 to 38 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 – General and principal activities

Ronson Europe N.V. (hereinafter "the Company"), a Dutch public company with its registered office located in Rotterdam, the Netherlands, was incorporated on 18 June 2007. The Company through its subsidiaries is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects and single family or semi-detached housing projects to individual customers in Poland.
The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 30 September 2009, 64.2% of the outstanding shares were held by I.T.R. Dori B.V. ("ITR Dori"), whereas 18.4% of the outstanding shares were 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 other investors. On 22 October 2009, the number of shares issued by the Company increased by 45,393,33, including 22,696,667 new shares issued as a result of the conversion of the same number of warrants convertible to shares issued on the same day (see Note 18). As at 10 November 2009, 64.2% of the outstanding shares are held by ITR Dori, whereas 15.3% of the outstanding shares are held by GE Real Estate with the remaining 20.5% of the outstanding shares being held by other investors.

The Interim Condensed Consolidated Financial Statements of the Group have been prepared for the nine months and the three months ended 30 September 2009 and contain comparative data for the nine months and the three months ended 30 September 2008 and as at 31 December 2008. The Interim Condensed Consolidated Financial Statements of the Company for the nine months and the three months ended 30 September 2009 comprise the Company and its subsidiaries (together hereinafter "the Group"), and have not been subject to review or audit by an independent auditor.

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

The Interim Condensed Consolidated Financial Statements for the nine months ended 30 September 2009 were authorised for issuance by the Management Board on 10 November 2009.

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

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in particular in accordance with IAS 34 and IFRSs endorsed by the European Union. At the date of authorisation of these Interim Condensed Consolidated Interim Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the IFRSs applied by the Group and the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2008.

The Consolidated Financial Statements of the Group for the year ended 31 December 2008 are available upon request from the Company's registered office at Weena 210-212, 3012 NJ Rotterdam, the Netherlands or at the Company's website: www.ronson.pl

These Interim Condensed Consolidated Financial Statements have been prepared based on the assumption that the Group companies will continue as going concern in the foreseeable future. As at the date of authorisation of these Interim Condensed Consolidated Financial Statements, the Company's Management Board is not aware of any facts or circumstances that would indicate a threat to the continued activity of the Group. A separate comment shall be made regarding the maturity structure of the Company's loan facilities, which in majority, are classified as short-term debt. The structure of the debt financing reflects the Company's past transactions involving leveraged land acquisitions and the current practice by the banking sector assuming extension of the maturity of land backed loans for the period of up to 12-18 months only. The Management of the Company is confident about the value of the land which is used as the collateral for the loan facilities as well as about a continued cooperation by the banks and the Company's ability to service its loan obligations in an orderly fashion. Until now, the Company has not breached any loan covenant and has been able to extend all expiring loan facilities.

Note 3 – Summary of significant accounting policies

Except as described below, the accounting policies applied by the Company in these Interim Condensed Consolidated Financial Statements are with the same as those applied by the Company in its consolidated financial statements for the year ended 31 December 2008.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

IAS 1 (revised), *Presentation of Financial Statements* – the Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present one statement: a (consolidated) statement of comprehensive income. These Interim Condensed Consolidated Financial Statements have been prepared under the revised disclosure requirements.

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

IAS 23 (revised), *'Borrowing costs'*. The revised Standard requires the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. Revised IAS 23 does not result in a change in accounting policy of the Group.

Amendments to IAS 32, *'Financial Instruments Presentation'* and ***IAS 1 Presentation of Financial Statements*** *'Puttable Financial Instruments and Obligations Arising on Liquidation'*. requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The implementation of these amendments did not have any impact on the financial position or performance of the Group, as the Group had not issued such instruments.

IFRS 2 (revised), *'Share-based Payment'*. – The amendment clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. The implementation of this amendment did not have an impact on the financial position or performance of the Group.

IFRS 8, *'Operating segments'*. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is identified and presented on the same basis as that used for internal reporting purposes. This has not resulted in a change in the number of reportable segments as presented in these Interim Condensed Consolidated Financial Statements. Since the Group's activities exhibit substantially identical characteristics taking into account the type of development – i.e. apartments and houses, but are concentrated in a limited number of cities, the operating segments are defined as separate subsidiaries developing particular projects, which for reporting purposes should be aggregated. The aggregation for reporting purposes is based on the geographical locations and the type of development (apartments and houses). According to the Management's assessment, the operating segments identified have similar economic characteristics.

IFRIC 13, *'Customer loyalty programmes'*. This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. The implementation of this interpretation did not have impact on the financial position or performance of the Group, as the Group does not maintain a loyalty programme.

IFRIC 12 *'Service Concession Arrangements'*, this interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has no impact on the Group;

Amendments to IFRS 7 *'Financial Instruments: Disclosures'*. The amended standard requires additional disclosures on re-measurement to fair value and on liquidity risk. The fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the opening and closing balances for Level 3 fair value measurements is now required, as well as disclosure for significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The amendments to IFRS 7 do not constitute a change in accounting policy for the Group;

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

Interpretation IFRIC 15, *'Agreements for the Construction of Real Estate'*. The interpretation was issued on 3 July 2008 and is effective for annual period beginning on or after 1 January 2009. It provides the guidance on revenue recognition and recognition of related expense by the entities that undertake the construction of real estate directly or through subcontractors. The Group does not expect the interpretation to have any impact on its financial statements. IFRIC 15 do not constitute a change in accounting policy for the Group as the Group already applies the provision of IAS 18 related to sales of goods;

IFRIC 16, *'Hedges of a net investment in a foreign operation'*. The interpretation provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. IFRIC 16 will not have impact on the consolidated financial statements because the Group does not hedge any net investment in a foreign operation.

IFRIC 17, *'Distributions of Non-cash Assets to Owners'* **-** effective for financial years beginning on or after 1 July 2009, not endorsed by the EU till the day of approval of these financial statements

IFRIC 18, *'Transfers of Assets from Customers'* **-** effective on or after 1 July 2009, not endorsed by the EU as of the date of approval of these financial statements.

Adoption of the annual improvements to IFRS did not have impact on the financial position or performance of the Group.

Note 4 – The use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates.

In preparing these Interim Condensed Consolidated Financial Statements, the significant judgements made by the Management Board in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2008.

In addition, in May 2009, the Company reached a compromise agreement in respect of a claim made by the Company (for addition information see Note 17), the final outcome of which depends on the cooperation by the other party. Based on Management Board's judgement, the expected amount to be received in respect of this claim (PLN 12.4 million) has remained being recorded under "Trade and other receivables and prepayments" in the Interim Consolidated Statement of Financial Position per 30 September 2009 (as recorded per 31 December 2008).

Note 5 – Functional and reporting currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in thousands of Polish Zloty ("PLN"), which is the Group's functional and presentation currency.

Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in the statement of comprehensive income.

Note 6 – Seasonality

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

Note 7 – Composition of the Group

The Polish companies whose financial data have been included in these Interim Condensed Consolidated Financial Statements, the year of their incorporation and the percentage of ownership and voting rights directly held by the Company as at 30 September 2009 in each entity are presented on the following page.

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.

Note 7 – Details of corporations in the Group (cont'd)

	Entity name	Year of incorporation	Share of ownership & voting rights (end of period)
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. (1)	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. (General partner, see (2))	2006	100.0%
21.	Ronson Development Construction Sp. z o.o. (Limited partner, see (2))	2006	100.0%
22.	Ronson Development City Sp. z o.o. (no activities at 30 September 2009)	2006	100.0%
23.	Ronson Development Village Sp. z o.o. (1)	2007	100.0%
24.	Ronson Development Conception Sp. z o.o. (1)	2007	100.0%
25.	Ronson Development Architecture Sp. z o.o.	2007	100.0%
26.	Ronson Development Skyline Sp. z o.o. (1)	2007	100.0%
27.	Ronson Development Continental Sp. z o.o. (1)	2007	100.0%
28.	Ronson Development Universal Sp. z o.o. (1)	2007	100.0%
29.	Ronson Development Retreat Sp. z o.o.	2007	100.0%
30.	Ronson Development South Sp. z o.o. (1)	2007	100.0%
31.	Ronson Development West Sp. z o.o. (1)	2007	100.0%
32.	Ronson Development East Sp. z o.o. (no activities at 30 September 2009) (1)	2007	100.0%
33.	Ronson Development North Sp. z o.o. (1)	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 2009) (1)	2007	100.0%
36.	Ronson Development Millenium Sp. z o.o. (no activities at 30 September 2009) (1)	2007	100.0%
37.	Ronson Development Finco Sp. z o.o. (3)	2009	100.0%
B.	**Held indirectly by the Company :**		
1.	Ronson Development Community Sp.k. (2)	2007	100.0%
2.	Ronson Development Estate Sp.k. (no activities at 30 September 2009) (2)	2007	100.0%
3.	Ronson Development Home Sp.k. (2)	2007	100.0%
4.	Ronson Development Horizon Sp.k. (no activities at 30 September 2009) (2)	2007	100.0%
5.	Ronson Development Landscape Sp.k. (2)	2007	100.0%
6.	Ronson Development Town Sp.k. (no activities at 30 September 2009) (2)	2007	100.0%
7.	AGRT Sp. z o.o.	2007	100.0%

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

(2) The companies above are held by Ronson Development Construction Sp. z o.o., a Limited Partner, holding a 99% interest, and Ronson Development Sp. z o.o., a General Partner, holding a 1% interest.

(3) Ronson Development Finco Sp. z o.o. 100% owned by the Company was incorporated in Poland. This company commenced its operations in March 2009 with the purpose of streamlining financial operations within the Group.

Note 8 - Segment reporting

The Group's operating segments are defined as separate entities developing particular residential projects, which for the reporting purposes should be aggregated. The aggregation for reporting purpose is based on geographical locations (Warsaw, Poznań, Wrocław and Szczecin) and type of development (apartments and houses).

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

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

Data presented in the table below are aggregated by type of development within the geographical location:

In thousands of Polish Zlotys (PLN)	**As at 30 September 2009 (Unaudited / Unreviewed)**									
	Warsaw		**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Segment assets	305,612	103,589	136,811	8,371	69,077	2,396	52,091	7,320	-	685,267
Unallocated assets	-	-	-	-	-	-	-		10,886	10,886
Total assets	**305,612**	**103,589**	**136,811**	**8,371**	**69,077**	**2,396**	**52,091**	**7,320**	**10,886**	**696,153**
Segment liabilities	217,454	52,323	77,844	45	18,809	-	16,794	5	-	383,274
Unallocated liabilities	-	-	-	-	-	-	-	-	11,031	11,031
Total liabilities	**217,454**	**52,323**	**77,844**	**45**	**18,809**	**-**	**16,794**	**5**	**11,031**	**394,305**

In thousands of Polish Zlotys (PLN)	**As at 31 December 2008**									
	Warsaw		**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Segment assets	266,167	83,623	160,093	8,464	69,190	2,405	50,747	7,579	-	648,268
Unallocated assets	-	-	-	-	-	-	-		8,753	8,753
Total assets	**266,167**	**83,623**	**160,093**	**8,464**	**69,190**	**2,405**	**50,747**	**7,579**	**8,753**	**657,021**
Segment liabilities	162,428	44,816	114,744	43	18,579	-	16,772	-	-	357,382
Unallocated liabilities	-	-	-	-	-	-	-	-	10,156	10,156
Total liabilities	**162,428**	**44,816**	**114,744**	**43**	**18,579**	**-**	**16,772**	**-**	**10,156**	**367,538**

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN) — **For the nine months ended 30 September 2009 (Unaudited /Unreviewed)**

	Warsaw		**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Total external revenues	27,892	-	50,059	-	-	-	-	-	-	77,951
Segment result	8,118	(468)	18,182	(9)	192	(2)	(18)	(7)	-	25,988
Unallocated result	-	-	-	-	-	-	-	-	(9,859)	(9,859)
Result from operating activities	**8,118**	**(468)**	**18,182**	**(9)**	**192**	**(2)**	**(18)**	**(7)**	**(9,859)**	**16,129**
Net finance expense	40	9	(1,095)	2	8	(1)	(4)	-	(3)	(1,044)
Profit before taxation	**8,158**	**(459)**	**17,087**	**(7)**	**200**	**(3)**	**(22)**	**(7)**	**(9,862)**	**15,085**
Income tax expense										(2,774)
Profit for the period										**12,311**

In thousands of Polish Zlotys (PLN) — **For the nine months ended 30 September 2008 (Unaudited /Unreviewed)**

	Warsaw		**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Total external revenues	63,774	-	-	-	-	-	-	-	-	63,774
Segment result	28,282	(70)	4	(23)	148	(8)	(10)	(11)	-	28,312
Unallocated result	-	-	-	-	-	-	-	-	(10,212)	(10,212)
Result from operating activities	**28,282**	**(70)**	**4**	**(23)**	**148**	**(8)**	**(10)**	**(11)**	**(10,212)**	**18,100**
Net finance income	288	11	45	16	53	(1)	25	-	390	827
Profit before taxation	**28,570**	**(59)**	**49**	**(7)**	**201**	**(9)**	**15**	**(11)**	**(9,822)**	**18,927**
Income tax expense										(4,376)
Profit for the period										**14,551**

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN) — **For the three months ended 30 September 2009 (Unaudited /Unreviewed)**

	Warsaw		Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Total external revenues	21,278	-	14,603	-	-	-	-	-	-	35,881
Segment result	6,659	(324)	4,761	(5)	43	-	(10)	(5)	-	11,119
Unallocated result	-	-	-	-	-	-	-	-	(3,129)	(3,129)
Result from operating activities	**6,659**	**(324)**	**4,761**	**(5)**	**43**	**-**	**(10)**	**(5)**	**(3,129)**	**7,990**
Net finance expense	(66)	4	(580)	(1)	(1)	-	4	-	14	(626)
Profit before taxation	**6,593**	**(320)**	**4,181**	**(6)**	**42**	**-**	**(6)**	**(5)**	**(3,115)**	**7,364**
Income tax expense										(1,168)
Profit for the period										**6,196**

In thousands of Polish Zlotys (PLN) — **For the three months ended 30 September 2008 (Unaudited /Unreviewed)**

	Warsaw		Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Total external revenues	40,846	-	-	-	-	-	-	-	-	40,846
Segment result	18,198	9	(24)	(6)	71	(5)	(7)	(6)	-	18,230
Unallocated result	-	-	-	-	-	-	-	-	(3,381)	(3,381)
Result from operating activities	**18,198**	**9**	**(24)**	**(6)**	**71**	**(5)**	**(7)**	**(6)**	**(3,381)**	**14,849**
Net finance income	296	2	46	2	36	(1)	27	-	19	427
Profit before taxation	**18,494**	**11**	**22**	**(4)**	**107**	**(6)**	**20**	**(6)**	**(3,362)**	**15,276**
Income tax expense										(3,212)
Profit for the period										**12,064**

Note 9 – Inventories

Movements in Inventories during the nine months ended 30 September 2009 and during the year ended 31 December 2008 were as follows:

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2009	Transferred to finished units	Additions	Closing Balance 30 September 2009
		(Unaudited / Unreviewed)	(Unaudited / Unreviewed)	(Unaudited / Unreviewed)
Land and related expenses	408,098	(23,837)	2,807	387,068
Construction costs	107,595	(83,596)	91,930	115,929
Planning and permits	13,627	(2,035)	6,185	17,777
Borrowing costs	29,243	(6,272)	13,291	36,262
Other	7,579	(2,830)	139	4,888
Work in progress	**566,142**	**(118,570)**	**114,352**	**561,924**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2009	Transferred from work in progress	Recognized in the statement of comprehensive income	Closing balance 30 September 2009
		(Unaudited / Unreviewed)	(Unaudited / Unreviewed)	(Unaudited / Unreviewed)
Finished goods	**10,868**	**118,570**	**(50,310)**	**79,128**
Inventories, valued at lower of - cost and net realisable value	**577,010**			**641,052**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2008	Transferred to finished units	Additions	Closing balance 31 December 2008
Land and related expenses	367,635	(4,639)	45,102	408,098
Construction costs	40,018	(15,415)	82,992	107,595
Planning and permits	4,789	(701)	9,539	13,627
Borrowing costs	11,351	(1,781)	19,673	29,243
Other	4,804	(1,096)	3,871	7,579
Work in progress	**428,597**	**(23,632)**	**161,177**	**566,142**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2008	Transferred from work in progress	Recognized in the statement of comprehensive income	Closing balance 31 December 2008
Finished goods	**29,177**	**23,632**	**(41,941)**	**10,868**
Inventories, valued at lower of - cost and net realisable value	**457,774**			**577,010**

Note 10 – Secured bank loans

The following non-current and current Secured bank loans were issued and repaid during the nine months ended 30 September 2009 and during the year ended 31 December 2008:

In thousands of Polish Zloty (PLN)	**For the nine months ended 30 September 2009**	**For the year ended 31 December 2008**
Opening balance	**225,133**	**187,575**
New bank loan drawdown	19,375	55,166
Bank loans repayments	(15,917)	(18,280)
Bank charges	(1,612)	(1,059)
Bank charges amortization	1,296	1,168
Accrued interest on bank loans, net	(364)	563
Total closing balance	**227,911**	**225,133**
Closing balance includes:		
Current liabilities	215,621	138,585
Non-current liabilities	12,290	86,548
Total closing balance	**227,911**	**225,133**

Note 11 – Loans from related parties

The following Loans from related parties were issued and repaid during the nine months ended 30 September 2009 and during the year ended 31 December 2008:

In thousands of Polish Zloty (PLN)	**For the nine months ended 30 September 2009**	**For the year ended 31 December 2008**
Opening balance	**57,619**	**63,269**
Shareholders loans redeemed	-	(7,617)
Accrued interest on shareholders loans, net	1,519	1,967
Total Closing balance	**59,138**	**57,619**

Note 12 – Income tax expense

In thousands of Polish Zlotys (PLN)	**For the 9 months ended 30 September 2009 (Unaudited / Unreviewed)**	**For the 3 months ended 30 September 2009 (Unaudited / Unreviewed)**	**For the 9 months ended 30 September 2008 (Unaudited / Unreviewed)**	**For the 3 months ended 30 September 2008 (Unaudited / Unreviewed)**
Current tax expense	**2,054**	**1,622**	**10,779**	**2,284**
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	2,430	(429)	(3,772)	2,054
Benefit of tax losses recognized	(1,710)	(25)	(2,631)	(1,126)
Total deferred tax expense/(benefit)	**720**	**(454)**	**(6,403)**	**928**
Total income tax expense	**2,774**	**1,168**	**4,376**	**3,212**

Note 13 – Share-based payments

During the fourth quarter of 2007, a 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 is 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) and can only be settled in shares. 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 of 1,900,000 options with an exercise price of PLN 5.75 per share were granted to selected employees of the Company. Of the above total, 700,000 options will vest over a three year period having an option term of five years, whereas the remaining 1,200,000 options will vest over five years having an option term of seven years. The latter options were granted to Mr. Dror Kerem, the former President of the Management Board and the former Chief Executive Officer of the Company.

Until 30 September 2009, the selected employees that joined the option programme (granted in 2007) had not exercised any of their options. Following the resignation of key management employees during 2008 and during 2009, a total of 1,260,667 options were cancelled. The details regarding the number of the options outstanding as of 30 September 2009 are provided below:

Note 13 – Share-based payments (cont'd)

	Number of options			
Vesting dates	**Granted**	**Exercised**	**Cancelled**	**Outstanding**
5 November 2008	473,333	-	(50,000)	423,333
5 November 2009	473,333	-	(317,333)	156,000
5 November 2010	473,334	-	(413,334)	60,000
5 November 2011	240,000	-	(240,000)	-
5 November 2012	240,000	-	(240,000)	-
Total	**1,900,000**	**-**	**(1,260,667)**	**639,333**

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 inputs into the model were a weighted average share price of PLN 5.75 at the grant date, the exercise price mentioned above, volatility of 50%, dividend yield of 0%, an option life of five years and seven years, an annual risk free rate of 6% and estimation that 70% from the employed will implement the options.

The cost impact of the share-based payment on the financial statements of the Company was an expense of PLN 54 thousand for nine months ended 30 September 2009 (nine months ended 30 September 2008: PLN 1,124 thousand) recognized in the statement of comprehensive income 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. This right was granted by the Supervisory Board and measured at fair market value at the time of the grant. The cost impact of the rights granted to Mr. Dror Kerem was nil for the nine months ended 30 September 2009 (nine months ended 30 September 2008: PLN 1,194 thousand which has been recognized in the statement of comprehensive income with a corresponding increase in equity).

Note 14 – Investment commitments, Contracted proceeds not yet received and Contingencies

(i) Investment commitments:

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

In thousands of Polish Zlotys (PLN) **Subsidiary**	**Project**	**As at 30 September 2009**	**As at 31 December 2008**
Ronson Development Buildings Sp. z o.o.	Gemini I	19,326	56,720
Ronson Development Structure Sp. z o.o.	Nautica	16,546	44,806
Ronson Development Metropol Sp. z o.o.	Constans	4,908	16,138
Ronson Development Home Sp.k.	Gardenia	673	5,499
Ronson Development Properties Sp. z o.o.	Imaginarium II	-	8,050
Ronson Development Company Sp. z o.o.	Galileo	-	601
Total		**41,453**	**131,814**

Note 14 – Investment commitments, Contracted proceeds not yet received and Contingencies

(ii) Contracted proceeds not yet received:

The table below presents amounts to be received from the customers having bought apartments from the Group and which are based on the value of the sale and purchase agreements signed with the clients until 30 September 2009 amounting to PLN 153.2 million after deduction of payments received at balance sheet date amounting to PLM 67.2 million (such payments being presented in the Interim Consolidated Statement of Financial Position as Advances received):

In thousands of Polish Zlotys (PLN) **Subsidiary**	**Project**	**As at 30 September 2009**	**As at 31 December 2008**
Ronson Development Structure Sp. z o.o.	Nautica	35,412	17,360
Ronson Development Buildings Sp. z o.o.	Gemini I	27,498	9,497
Ronson Development Company Sp. z o.o.	Galileo	12,216	12,114
Ronson Development Properties Sp. z o.o.	Imaginarium II	7,117	23,995
Ronson Development Investment Sp. z o.o.	Meridian	3,026	2,232
Ronson Development Properties Sp. z o.o.	Imaginarium I	408	515
Ronson Development Metropol Sp. z o.o.	Constans	336	2,389
Total		**86,013**	**68,102**

(iii) Contingencies:

None.

Note 15 – Related party transactions

There were no material transactions and balances with related parties during the nine months ended 30 September 2009 other than were already disclosed in 2008 annual accounts. During the year ended 31 December 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 13).

Note 16 – Impairment losses and provisions

During the nine months ended 30 September 2009, no material impairment losses were charged.

The following net movements in the Group's main provisions took place during the nine months ended 30 September 2009:

- an increase in the provision for deferred tax liabilities of PLN 1,658 thousand (an increase of PLN 23 thousand during the three months ended 30 September 2009).
- a decrease in the provision for tax liabilities for tax control of PLN 100 thousand (nil during the three months ended 30 September 2009).

Note 17 – Events during the period

Project completion

In March 2009, the Company completed the construction of the Galileo project and received an occupancy permit. The construction of the Galileo project commenced in February 2007.

In August 2009, the Company completed the construction of the Imaginarium II project and received an occupancy permit. The construction of the Imaginarium II project commenced in July 2008.

Bank loans

In May 2009, the credit committees of the banks, Pekao S.A. and of PKO BP S.A., approved loan facilities for the purpose of financing the Nautica project in Ursynów (up to an amount of PLN 59.6 million) and the Gemini I project in Warsaw (up to an amount of PLN 54.7 million), respectively. In addition, the credit committee of Pekao S.A. also approved the extension of an existing loan facility which was used for the financing of the investment in land (PLN 45.6 million).

In June 2009, the Company entered into a loan facility agreement with PKO BP regarding the financing of the Gemini I project and regarding the extension of the land financing facility for this project. In August 2009, the Company met all conditions precedent to a first drawing of the loan related to the Gemini I project, following which PKO BP S.A. has made available the first tranche for financing this project.

In June 2009, the Company signed binding term-sheets with Pekao S.A. with respect to the financing of the construction costs for the Nautica project and the extension of the existing land investment loans. In September 2009, the Company decided to seek the termination of the loan facility dedicated for Nautica project (due to very good sales in Nautica project loan facility was no longer needed). Also, the Company requested to reopen discussions on the conditions of extension of the land purchase loans. The Company and bank Pekao S.A. entered on 14 of September 2009 into an annex extending the loan agreement with respect to the land investment loans until end of October 2009 in order to renegotiate its conditions following a request by the Company.

In September 2009, the Company and Bank PKO BP entered into annexes to the loan facilities related to land purchases in projects Orion and Magellan for an aggregate amount of PLN 28.8 million. Both loans were technically extended for 3 and 2 months respectively, as the credit committee of PKO BP had not yet analysed the conditions of these loans. In the meantime, the Company is involved in discussions with PKO BP with respect to the conditions of the loan facility for the construction of project Orion, which is expected to be granted jointly with the extensions of the land loan facilities.

In September 2009 the Company and Bank BZWBK entered into an annex to the loan facility agreement (PLN 14.4 million) related to project Imaginarium extending the repayment date of this facility until the end of 2009.

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

Aurora

In May 2009, the Company entered into a settlement agreement with the seller of a land plot in Poznań (project Aurora), which concluded the dispute between parties that started in September 2008. The seller has confirmed that the original agreement related to acquisition of land has expired and has committed to pay back the advance payment on certain conditions. The Company has decided to enter into this compromise agreement even despite the fact that management was confident about the Company's ultimate success in any court proceeding. However, management decided that the potential court proceeding would nonetheless be long and complicated, and management is of the opinion that, in any event, the Company will recover the entire advance payment by enforcing the mortgage and taking control over the land. Although the repayment can be reduced to a final settlement of only PLN 9.0 million if repaid by end of April 2010 (plus statutory interest accrued since 1 August 2009 on the unpaid amount), management of the Company strongly believes that the only real potential settlement of this agreement will be based on enforcing the mortgage and taking control of the land.

Other

As of end of March 2009, the former President of the Management Board and former CEO of the Company, Mr. Dror Kerem, left the Company.

In June 2009 the Company agreed with the general contractor responsible for Gemini I project to alter certain conditions in the existing building agreement, resulting in a decrease in the total value of the contract from PLN 65 million to PLN 57 million, whereby also the agreed-upon completion date has been accelerated.

Note 18 – Subsequent events

Issuing of new shares/warrants

On the 22 October 2009 the Company issued of 22,696,666 new ordinary bearer shares in the capital of the Company ("New Shares I") at the issue price of PLN 1.60 per share, and 22,696,667 warrants free of charge (the "Warrants") which entitle their holders to subscribe for 22,696,667 new ordinary bearer shares in the capital of the Company ("New Shares II") at an exercise price of PLN 1.60 per share. New Shares I were offered in a form of a private placement to selected investors who on 22 October 2009 subscribed for and paid for New Shares I. The Warrants were offered free of charge in a form of a private placement to selected investors who on 22 October 2009 subscribed for the Warrants, exercised their rights to subscribe for New Shares II and paid for New Shares II. The aggregate issue price for New Shares I and New Shares II is PLN 72,629 thousand and has been paid by the selected investors.

The Company has committed itself to seek admission of New Shares I and New Shares II to trading on the regulated market of the Warsaw Stock Exchange and will enter into a relevant agreement for the registration of New Shares I and New Shares II with the National Depository for Securities (KDPW).

Note 18 – Subsequent events (cont'd)

Bank loans

Following the successful issue of new shares, the Company decided to partially redeem the Pekao S.A. loan that was used for financing of the land investment. On 2 November 2009, an amount of PLN 25.5 million out of a total facility amounting to PLN 45.6 million was redeemed. The Company is involved in discussions with Pekao S.A. with respect to the conditions of further extension of remainder portion of the loan facility amounting to PLN 20.0 million. On 9 of November 2009, the Company and Bank Pekao S.A. entered into another annex to the loan facility agreement extending repayment of remainder portion of the loan facility by the time of conclusion of the new facility agreement (but not longer than until end of November 2009).

The Management Board

Shraga Weisman Chief Executive Officer	**Tomasz Łapiński** Chief Financial Officer	**Andrzej Gutowski** Sales and Marketing Director
Amos Weltsch	**David Katz**	**Karol Pilniewicz**

Rotterdam. 10 November 2009