Ronson Europe N.V.

Interim Financial Report
for the three months
ended
31 March 2013

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Directors' Report

General

Introduction

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

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 31 March 2013, 32.1% of the outstanding shares are controlled by I.T.R. 2012 B.V., a further 32.1% of the outstanding shares are controlled by I.T.R. Dori B.V. (both cooperating through the ITRD Partnership), 15.3% of the outstanding shares are held by GE Real Estate CE Residential B.V. ('GE Real Estate') and the remaining 20.5% of the outstanding shares are held by other investors including Amplico Otwarty Fundusz Emerytalny and ING Otwarty Fundusz Emerytalny each holding between 5% and 10% of the outstanding shares. For major shareholders of the Company reference is made to page 18. On 7 May 2013, the market price was PLN 0.93 per share giving the Company a market capitalization of PLN253.3 million.

Company overview

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

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

As at 31 March 2013, the Group has 561 units available for sale in ten locations, of which six projects, comprising a total of 652 units, with a total area of 36,200 m^2, are under construction. The construction of 294 units, with a total area of 18,200 m^2, is expected to be completed during the remainder of 2013.

In addition, the Group has a pipeline of 22 projects in different stages of preparation, representing approximately 5,600 residential units with a total area of approximately 362,300 m^2 for future development in Warsaw, Poznań, Wrocław and Szczecin. The Group is considering commencement of five new stages of projects that are currently under construction comprising 583 units with a total area of 31,400 m^2, and three new projects comprising 422 units with a total area of 25,200 m^2, during the remainder of 2013.

During the three months ended 31 March 2013, the Company realized sales of 132 units with the total value PLN 50.6 million which compares favorably to sales of 97 units with a total value of PLN 41.4 million during the three months ended 31 March 2012. These results would appear to reflect an improving market position of the Company in comparison to its competitors, who reported decreasing sale results in this period.

Market overview

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

In 2012, the construction of 142,000 new apartments was commenced in Poland, a decrease of 12% compared to 2011. The trend observed in 2010 and in 2011, when increasing activities of developers resulted in an increased offer of apartments available for sale on the market, changed in 2012, as many developers faced difficulties in finding customers for their products. Simultaneously, competition among real estate developers significantly increased, which has, in turn, led to increased customer demands and expectations relating to quality, a more advanced stage of construction and higher expectations for lower priced apartments. Moreover, an increasing number of customers have indicated interest in more "economical-sized" apartments, i.e. the same number of rooms in a smaller area. Such trend resulted also from changing regulations, which limited the amount of mortgage offered to customers by the banking sector in Poland (so called "Recommendation T" implemented by the Polish Financial Supervision Authority imposing, among others, new criteria of evaluating customers) as well as from the governmental program supporting families buying their first apartment (by subsidizing costs of the mortgage loans). The purchasing power of the customers using the mortgage loans also diminished in 2012, as customers were offered fewer mortgage loans. It is estimated that the total amount of new mortgage loans granted in 2012 was 8% lower than during 2011 and will continue to decline in 2013, which may be the source of additional pricing pressure on the residential market.

Another unique factor affecting the Polish residential market is related to the governmental plans supporting and subsidizing young couples purchasing their first apartments. The most recent program called "Rodzina na Swoim" ("Family on its own") expired at the end of 2012, whereas the next program prepared by the government is expected to go into effect no earlier than 2014. Taking into consideration all those circumstances, various real estate advisors estimated that the sale of the total number of dwellings in major Polish metropolitan areas would fall by 15% to 20% during entire 2013, while in Warsaw the market was projected to shrink by 10% to 15% from last year. It now seems that those estimates may have been too pessimistic. The first quarter results reported for 6 major Polish metropolitan areas indicate total sales of 7.4 thousand units during the first quarter of 2013, which was only 1% weaker than during the same period in 2012 and 11% lower than during the fourth quarter of 2012. It was anticipated also, that any limitation on demand during 2013 would relate mainly to the less expensive apartments, as potential purchasers should postpone their decisions until new government support measures would go into effect. First quarter 2013 results would appear to confirm this particular projection, as the average selling price (per sqm of apartment) in Warsaw started going up, which would appear to support the assumption that the sale of lower priced, economical apartments were in fact negatively impacted by the expiration of the governmental program. In the meantime, the residential real estate market's (and Ronson) focus on mid-class apartments (offering apartments not qualifying for any government subsidy programs) seems to have been well placed as this sector has shown growth and a general increase in sale.

Despite the difficult situation in the Polish and European economies, continued low interest rates have positively impacted the residential market, as on one hand mortgage loans became more affordable to the potential clients and on the other hand more and more new clients may be considering purchase of apartments for cash, considering such an investment as the attractive alternative vis-à-vis the interest obtained in the banking deposits.

Simultaneously, arranging the financing of construction sites has become more challenging for developers due to implementation of a new law that entered into force in Poland in April 2012, which requires construction processes to be financed from debt as well as equity or, alternatively, to be secured by additional bank guarantees increasing security of customers' deposits, if such deposits are being used for financing the construction. The Company's management is aware of these shifting trends as well as increasing demands by the Company's customers and has implemented internal processes aimed at improving customer service and responding positively to new customer requirements.
In addition, to further minimize market risk, the Company is taking a very selective approach when initiating new projects. In the preparation phase of all projects, great emphasis is put on splitting the projects into smaller parts. Management is also cognizant of the tightened credit markets. Accordingly, when planning its newest projects, the Company has prepared itself for more demanding debt facility structures that are being imposed by the lending banks especially anticipating the requirements under the new developers' law.

Business highlights during the three months ended 31 March 2013

A. Projects completed

During the three months ended 31 March 2013, the Group did not complete the construction of any project/stage.

B. Results breakdown by project

Revenue from the sale of residential units is recognized upon the transfer to the buyer of significant risks and rewards of the ownership of the residential unit, i.e. upon signing of the protocol of technical acceptance and the transfer of the key to the buyer of the residential unit. Total revenue of the Group recognized during the three months ended 31 March 2013 amounted to PLN 54.1 million, whereas cost of sales amounted to PLN 39.1 million, which resulted in a gross profit amounting to PLN 15.0 million with a gross margin of 27.7%.

The following table specifies revenue, cost of sales, gross profit and gross margin during the three months ended 31 March 2013 on a project by project basis:

	Information on the delivered units		Revenue (*)		Cost of sales (**)		Gross profit	Gross margin
Project name	**Number of units**	**Area of units (m^2)**	**PLN (thousand)**	**%**	**PLN (thousand)**	**%**	**PLN (thousand)**	**%**
Gemini II	35	2,577	21,544	39.7%	13,256	33.8%	8,288	38.5%
Verdis I	32	2,248	16,264	30.0%	10,982	28.1%	5,282	32.5%
Sakura I	6	465	3,231	6.0%	2,632	6.7%	599	18.5%
Impressio I	8	468	2,705	5.0%	2,649	6.8%	56	2.1%
Constans	2	577	2,034	3.8%	2,095	5.4%	(61)	-3.0%
Naturalis I	12	587	3,165	5.8%	2,742	7.0%	423	13.4%
Naturalis II	1	56	329	0.6%	293	0.7%	36	10.9%
Panoramika I	12	175	3,114	5.8%	2,919	7.5%	195	6.3%
Chilli I	6	396	1,657	3.1%	1,514	3.9%	143	8.6%
Other	N.A	N.A	104	0.2%	55	0.1%	49	47.1%
Total / Average	**114**	**7,549**	**54,147**	**100.0%**	**39,137**	**100.0%**	**15,010**	**27.7%**

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

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

Business highlights during the three months ended 31 March 2013 (cont'd)

B. Results breakdown by project (cont'd)

Gemini II

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

Verdis I

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

Sakura I

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

Impressio I

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

Constans

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

Naturalis I and II

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

Panoramika I

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

Chilli I

The construction of the Chilli I project was completed in July 2012.The Chilli I project was developed on a part of a land strip of 39,604 m^2 located in Tulce near Poznań. The Chilli I project comprises 30 units with an aggregate floor space of 2,100 m^2.

Other

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

Business highlights during the three months ended 31 March 2013 (cont'd)

C. Units sold during the year

The table below presents information on the total units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), during the three months ended 31 March 2013:

Project name	Location	Units sold until 31 December 2012	Units sold during the three months ended 31 March 2013	Units for sale as at 31 March 2013	Total
Constans (*)	Warsaw	21	4	9	34
Sakura I (*)	Warsaw	94	4	22	120
Impressio I (*)	Wrocław	48	12	10	70
Chilli I (*)	Poznań	19	5	6	30
Naturalis II (*)	Warsaw	27	1	32	60
Gemini II (*)	Warsaw	166	8	8	182
Naturalis I (*)	Warsaw	20	4	28	52
Verdis I (*)	Warsaw	105	6	28	139
Panoramika I (*)	Szczecin	33	14	43	90
Naturalis III (**)	Warsaw	14	-	46	60
Sakura II (**)	Warsaw	47	33	56	136
Chilli II (**)	Poznań	2	3	15	20
Espresso I (**)	Warsaw	96	24	90	210
Verdis II (**)	Warsaw	19	6	53	78
Młody Grunwald I (**)	Poznań	25	8	115	148
Total		**736**	**132**	**561**	**1,429**

(*) For information on the completed projects see "Business highlights during the three months ended 31 March 2013 – B. Results breakdown by project"(pages 3 and 4).

(**) For information on current projects under construction, see "Outlook for the remainder of 2013 – B. Current projects under construction" (pages 13-15).

D. Commencements of new projects

During the three months ended 31 March 2013, the Group did not commence the construction of any project/stage.

Financial information

The Interim Condensed Consolidated Financial Statements as included in this Interim Financial Report on pages 20 through 36 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union, in particular in accordance with IAS 34. 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 full IFRSs and the IFRSs endorsed by the European Union, except for IFRS 10-12 impact, which effective date was moved to 1 January 2014. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. For additional information see Note 3 of the Interim Condensed Consolidated Financial Statements.

Overview of results

The net profit attributable to the equity holders of the parent company for the three months ended 31 March 2013 was PLN 9,103 thousand and can be summarized as follows:

	For the three months ended 31 March	
	2013	**2012**
	PLN (thousands, except per share data)	
Revenue	54,147	7,266
Cost of sales	(39,137)	(5,400)
Gross profit	**15,010**	**1,866**
Selling and marketing expenses	(1,497)	(1,063)
Administrative expenses	(4,097)	(3,783)
Other expense	(627)	(435)
Other income	91	496
Result from operating activities	**8,880**	**(2,919)**
Finance income	449	1,085
Finance expense	(577)	(98)
Net finance income/(expense)	**(128)**	**987**
Profit/(loss) before taxation	**8,752**	**(1,932)**
Income tax benefit	261	750
Net profit/(loss) for the period before non-controlling interests	**9,013**	**(1,182)**
Non-controlling interests	90	98
Net profit/(loss) for the period attributable to the equity holders of the parent	**9,103**	**(1,084)**
Earnings per share attributable to the equity holders of the parent (basic and diluted)	**0.033**	**(0.004)**

Revenue

Total revenue increased by PLN 46.8 million (645.2%) from PLN 7.3 million during the three months ended 31 March 2012 to PLN 54.1 million during the three months ended 31 March 2013, which is primarily explained by an increase in apartments delivered to the customers in terms of area size (in m^2), as well as a slight increase in the average selling price per m^2.

Cost of sales

Cost of sales increased by PLN 33.7 million (624.8%) from PLN 5.4 million during the three months ended 31 March 2012 to PLN 39.1 million during the three months ended 31 March 2013, which is primarily explained by an increase in apartments delivered to the customers in terms of area size (in m^2). The increase is offset in part by a slight decrease in the average cost of sales per m^2.

Overview of results (cont'd)

Gross margin

The gross margin during the three months ended 31 March 2013 was 27.7% which compares to a gross margin during the three months ended 31 March 2012 of 25.7%. The increase in gross margin is primarily explained by a slight increase in the average selling price per m^2, as well as a slight decrease in the average cost of sales per m^2.

Selling and marketing expenses

Selling and marketing expenses increased by PLN 0.4 million (40.8%) from PLN 1.1 million for the three months ended 31 March 2012 to PLN 1.5 million for the three months ended 31 March 2013. The increase of expenses reflects the changing market dynamics, which demands that developers undertake a more proactive sales and marketing effort in a more competitive environment.

Administrative expenses

Administrative expenses increased by PLN 0.3 million (8.3%) from PLN 3.8 million for the three months ended 31 March 2012 to PLN 4.1 million for the three months ended 31 March 2013. The increase is primarily explained by an increase in the Management Board bonus by PLN 0.4 million which is calculated in proportion to the profit before tax.

Result from operating activities

As a result of the factors described above, the Company's operating result increased by PLN 11.8 million, from an operating loss of PLN 2.9 million for three months ended 31 March 2012 to an operating profit of PLN 8.9 million for three months ended 31 March 2013.

Overview of results (cont'd)

Net finance income/(expense)

Finance income/(expense) is accrued and capitalized as part of the cost price of inventory to the extent this is directly 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 three months ended 31 March 2013		
	PLN (thousands)		
	Total amount	Amount capitalized	Recognized as profit or loss
Finance income	506	(57)	449
Finance expense	(4,600)	4,023	(577)
Net finance income/(expense)	**(4,094)**	**3,966**	**(128)**

	For the three months ended 31 March 2012		
	PLN (thousands)		
	Total amount	Amount capitalized	Recognized as profit or loss
Finance income	1,115	(30)	1,085
Finance expense	(5,056)	4,958	(98)
Net finance income/(expense)	**(3,941)**	**4,928**	**987**

Net finance expenses before capitalization increased by PLN 0.2 million (3.9%) from PLN 3.9 million during the three months ended 31 March 2012 to PLN 4.1 million during the three months ended 31 March 2013, which was a result of an increase in the average net debt position during the period from PLN 119.9 million during the three months ended 31 March 2012 to PLN 158.9 million during the three months ended 31 March 2013, which offset in part by a decrease in the reference rates (WIBOR).

Income tax benefit

During the three months ended 31 March 2013 the Group realized a tax benefit of PLN 0.3 million, in comparison to a tax benefit of PLN 0.8 million for the three months ended 31 March 2012. The tax benefit during the three months ended 31 March 2013 and 31 March 2012 is explained by the recognition of tax assets. The recognition of the tax assets took place after an organizational restructuring of the Group, which allowed the Company to utilize certain tax losses that in prior periods were deemed not to be usable.

Non-controlling interests

Non-controlling interests comprise the share of minority shareholders in profit and losses from subsidiaries that are not 100% owned by the Company and amounted to PLN 90 thousand (positive) for the three months ended 31 March 2013, as compared to PLN 98 thousand (positive) for the three months ended 31 March 2012.

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

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

	As at 31 March 2013	As at 31 December 2012
	PLN (thousands)	
Inventory	650,946	668,080
Advances received	53,261	68,492
Loans and borrowings	200,179	207,557

Inventory

The balance of inventory is PLN 650.9 million as of 31 March 2013 compared to PLN 668.1 million as of 31 December 2012. The decrease in inventory is primarily explained by cost of sales recognized for a total amount of PLN 38.8 million. The decrease is offset in part by the Group's investments associated with direct construction costs for a total amount of PLN 16.0 million and a net finance expense capitalized for a total amount of PLN 4.0 million.

Advances received

The balance of advances received is PLN 53.3 million as of 31 March 2013 compared to PLN 68.5 million as of 31 December 2012. The decrease is a result of revenues recognized from the sale of residential units for a total amount of PLN 54.1 million and is offset in part by advances received from clients regarding sales of residential units for a total amount PLN 38.9 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 200.2 million as of 31 March 2013 compared to PLN 207.6 million as of 31 December 2012. The decrease in loans and borrowings is primarily explained by repayment of bank loans for the total amount PLN 14.6 million. The decrease is offset in part by the effect of proceeds from bank loans net of bank charges for a total amount of PLN 4.5 million. Of the mentioned PLN 200.2 million, an amount of PLN 59.2 million comprises facilities maturing no later than 31 March 2014.

The maturity structure of the loans and borrowings reflects the Company's activities in the past 4 to 5 years to partially refinance some of its land acquisitions with short-term and medium-term banking facilities. In addition, for the majority of projects where construction works have already commenced, the Company also entered into loan agreements regarding the financing of construction costs. The Company intends to repay its loans and borrowings, both received for land purchases as well as for construction works from the proceeds expected from customers buying apartments in the projects co-financed with the particular loans.

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

Loans and borrowings (cont'd)

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

Floating rate bond loans as at 31 March 2013 amounted to PLN 90.6 million comprising a loan principal amount of PLN 87.5 million plus accrued interest of PLN 3.7 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 0.6 million). The bonds are not secured and mature in April 2014.

The bank loans supporting completed projects or projects under construction are tailored to the pace of construction works and of sales. As at 31 March 2013, loans in this category amounted to PLN 44.9 million.

The bank loans granted to finance the land purchases as at 31 March 2013 amounted to PLN 50.5 million in total.

Loans from third parties as at 31 March 2013 amounted to PLN 14.2 million.

Overview of cash flow results

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

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

	For the three months ended 31 March	
	2013	**2012**
	PLN (thousands)	
Cash flow from/(used in) operating activities	3,493	(4,883)
Cash flow from/(used in) investing activities	40	719
Cash flow from/(used in) financing activities	(10,120)	1,389

Cash flow from/(used in) operating activities

The Company's net cash inflow from operating activities for the three months ended 31 March 2013 amounted to PLN 3.5 million which compares to a net cash outflow used in operating activities during the three months ended 31 March 2012 amounting to PLN 4.9 million. The increase is principally explained by:

- a net cash inflow from inventory amounting to PLN 21.1 million during the three months ended 31 March 2013 as compared to a net cash outflow used in inventory amounting to PLN 28.7 million during the three months ended 31 March 2012; the main reason for increasing cash inflow from inventory was increase in the cost of sales recognized , and
- an increase in profit for the period from profit amounting to PLN 9.0 million during the three months ended 31 March 2013 as compared to a net loss amounting to PLN 1.2 million during the three months ended 31 March 2012.

Overview of cash flow results (cont'd)

Cash flow from/(used in) operating activities (cont'd)

This effect was offset in part by:

- a net cash inflow from advances received from clients regarding sales of residential units from cash inflow PLN 41.4 million during the three months ended 31 March 2012, which were offset by revenue recognized for a total amount of PLN 7.3 million, to advances received in the amount of PLN 38.8 million during the three months ended 31 March 2013, which were offset by revenue recognized for a total amount of PLN 54.1 million.

Cash flow from/(used in) investing activities

The Company's net cash inflow from investing activities amounting to PLN 40 thousand during the three months ended 31 March 2013 compared to a net cash inflow from investing activities totaling PLN 719 thousand during the three months ended 31 March 2012. The decrease is primarily explained by:

- a net cash inflow from proceeds from sale of property and equipment amounting to PLN 750 thousand during the three months ended 31 March 2012 compared net cash inflow from proceeds from sale of property and equipment amounting to PLN 10 thousand during the three months ended 31 March 2013.

Cash flow from/(used in) financing activities

The Company's net cash outflow used in financing activities amounted to PLN 10.1 million during the three months ended 31 March 2013 compared to a net cash inflow totaling PLN 1.4 million in the three months ended 31 March 2012. The decrease is primarily due to:

- a repayment of secured bank loans amounting to PLN 14.6 million during the three months ended 31 March 2013 compared to a repayment of secured bank loans amounting to nil during the three months ended 31 March 2012.

The decrease is partly offset by

- the effects of the proceeds from bank loans net of bank charges amounting to PLN 4.5 million during the three months ended 31 March 2013 compared to PLN 1.4 million during the three months ended 31 March 2012.

Quarterly reporting by the Company

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

Selected financial data

PLN/EUR	Exchange rate of Euro versus the Polish Zloty			
	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
2013 (3 months)	**4.155**	**4.067**	**4.203**	**4.177**
2012 (3 months)	4.230	4.106	4.514	4.162

Source: National Bank of Poland ("NBP")

Selected financial data	EUR		PLN	
	(thousands, except per share data and number of shares)			
	For the three months ended 31 March or as at 31 March			
	2013	2012	2013	2012
Revenues	**13,032**	1,718	**54,147**	7,266
Gross profit	**3,613**	441	**15,010**	1,866
Profit/(loss) before taxation	**2,106**	(457)	**8,752**	(1,932)
Net profit/(loss) for the period attributable to the equity holders of the parent	**2,191**	(256)	**9,103**	(1,084)
Cash flows from/(used in) operating activities	**841**	(1,154)	**3,493**	(4,883)
Cash flows from/(used in) investment activities	**10**	170	**40**	719
Cash flows from/(used in) financing activities	**(2,436)**	328	**(10,120)**	1,389
Increase/(decrease) in cash and cash equivalents	**(1,585)**	(656)	**(6,587)**	(2,775)
Inventory	**155,841**	159,772	**650,946**	664,970
Total assets	**183,174**	191,818	**765,117**	798,346
Advances received	**12,751**	29,199	**53,261**	121,527
Long term liabilities	**36,720**	29,131	**153,379**	121,245
Short term liabilities (including advances received)	**34,225**	60,025	**142,957**	249,826
Equity attributable to the equity holders of the parent	**111,315**	101,662	**464,961**	423,119
Share capital	**5,054**	5,054	**20,762**	20,762
Average number of equivalent shares (basic)	**272,360,000**	272,360,000	**272,360,000**	272,360,000
Earnings per share (basic and diluted)	**0.0079**	(0.001)	**0.033**	(0.004)

* *Information is presented in EUR solely for presentation purposes. Due to changes in the Polish Zloty against the Euro exchange rate over the past period, the Statement of Financial Position data may not accurately reflect the actual comparative financial position of the Company. The reader should consider changes in the PLN / EUR exchange rate from 1 January 2012 to 31 March 2013, when reviewing this data.*
Selected financial data were translated from PLN into EUR in the following way:
(i) Statement of financial position data were translated using the period end exchange rate published by the National Bank of Poland for the last day of the period.
(ii) Statement of comprehensive income and cash flows data were translated using the arithmetical average of average exchange rates published by the National Bank of Poland.

Outlook for the remainder of 2013

A. Completed projects

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

Project name	Location	Number of residential units delivered (*) Until 31 December 2012	During the period ended 31 March 2013	Total units delivered	Number of residential units expected to be delivered (*) Sold until 31 March 2013	Not sold as at 31 March 2013	Total units expected to be delivered	Total project
Gemini II (**)	Warsaw	106	35	141	33	8	41	182
Verdis I (**)	Warsaw	67	32	99	12	28	40	139
Panoramika I (**)	Szczecin	23	12	35	12	43	55	90
Naturalis I (**)	Warsaw	7	12	19	5	28	33	52
Naturalis II (**)	Warsaw	26	1	27	1	32	33	60
Sakura I (**)	Warsaw	86	6	92	6	22	28	120
Impressio I (**)	Wrocław	43	8	51	9	10	19	70
Chilli I (**)	Poznań	14	6	20	4	6	10	30
Constans (**)	Warsaw	19	2	21	4	9	13	34
Total		**391**	**114**	**505**	**86**	**186**	**272**	**777**

(*) *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 three months ended 31 March 2013 – B. Results breakdown by project" (pages 3 to 4).*

B. Current projects under construction

The table below presents information on projects for which completion is scheduled in the remainder of 2013 and 2014. The Company has obtained construction permits for all projects/stages and has commenced construction.

Project name	Location	Total area of units (m^2)	Total units	Units sold until 31 March 2013	Expected completion of construction
Naturalis III	Warsaw	3,400	60	14	2013
Sakura II	Warsaw	8,300	136	80	2013
Chilli II	Poznań	1,600	20	5	2013
Verdis II	Warsaw	4,900	78	25	2013
Espresso I	Warsaw	9,500	210	120	2014
Młody Grunwald I	Poznań	8,500	148	33	2014
Total		**36,200**	**652**	**277**	

Outlook for the remainder of 2013 (cont'd)

B. Current projects under construction (cont'd)

Naturalis III

Description of project

The Naturalis III project is being developed on a part of a land strip of 31,800 m^2 located in Łomianki near Warsaw and is a continuation of Naturalis I and II, which were completed during 2012. The Naturalis III project will comprise 1 four-storey, multi-family residential building with a total of 60 apartments and an aggregate floor space of 3,400 m^2. In total, the Naturalis project shall comprise approximately 490 units with a total estimated flat usable area of 30,200 m^2.

Stage of development

The construction of the Naturalis III project commenced in December 2011, while completion is expected in the third quarter of 2013.

Sakura II

Description of project

The second phase of the Sakura project is being developed on a part of a land strip of 21,000 m^2 located in the Mokotów district in Warsaw (Kłobucka Street) and is a continuation of Sakura I, which was completed during 2012. The second phase of this project will comprise 1 seven and eleven-storey, multi-family residential building with a total of 136 apartments and an aggregate floor space of 8,300 m^2. In total, the Sakura project shall comprise around 514 units with a total estimated flat usable area of 30,800 m^2.

Stage of development

The construction of the Sakura II project commenced in October 2011, while completion is expected in the second quarter of 2013.

Verdis II

Description of project

The second phase of the Verdis project is being developed on a part of a land strip of 16,300 m^2 located in the Wola district in Warsaw (Sowińskiego Street) and is a continuation of Verdis I, which was completed during 2012. The second phase of this project will comprise 2 seven-storey, multi-family residential buildings with a total of 72 apartments and 6 commercial units and an aggregate floor space of 4,900 m^2. In total, the Verdis project shall comprise around 442 units with a total estimated flat usable area of 26,000 m^2.

Stage of development

The construction of the Verdis II project commenced in August 2012, while completion is expected in the fourth quarter of 2013.

Chilli II

Description of project

The second phase of the Chilli project is being developed on a part of a land strip of 39,604 m^2 located in Tulce near Poznań, and is a continuation of Chilli I, which was completed during 2012. The second phase of this project will comprise 20 units with an aggregate floor space of 1,600 m^2. In total, the Chilli project shall comprise around 274 units with a total estimated usable area of 17,800 m^2.

Stage of development

The construction of the Chilli II project commenced in May 2012, while completion is expected in the third quarter of 2013.

Outlook for the remainder of 2013 (cont'd)

B. Current projects under construction (cont'd)

Espresso I

Description of project

The first phase of the Espresso project is being developed on a part of a land strip of 16,192 m^2 located in Warszawa at Jana Kazimierza Street. The first phase of this project will comprise 1 seven, eight, nine and ten-storey, multi-family residential building with a total of 202 apartments and 8 commercial units and an aggregate floor space of 9,500 m^2. In total, the Espresso project shall comprise around 670 units with a total estimated usable area of 34,600 m^2.

Stage of development

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

Młody Grunwald I

Description of project

The first phase of the Młody Grunwald project is being developed on a part of a land strip of 15,449 m^2 located in Poznań at Jeleniogórska Street. The first phase of this project will comprise 3 six-storey, multi-family residential buildings with a total of 136 apartments and 12 commercial units and an aggregate floor space of 8,500 m^2. In total, the Młody Grunwald project shall comprise around 428 units with a total estimated usable area of 25,000 m^2.

Stage of development

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

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

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

a) New Projects

Magellan

The Magellan project will be developed on a land strip of 12,150 m^2 located in Warsaw at Magazynowa Street. The project will comprise 381 units with an aggregate floor space of 23,100 m^2 and will be divided into 2 or more phases. The first stage is to comprise 176 units with an aggregate floor space of 11,000 m^2. The Company is considering commencing construction of the first phase of this project during the remainder of 2013.

Tamka

The Tamka project will be developed on a land strip of 2,515 m^2 located in Warsaw city centre at Tamka Street. The project will comprise around 64 units with an aggregate floor space of 5,600 m^2. The Company is considering commencing construction of the project during the remainder of 2013.

Copernicus

The Copernicus project will be developed on a land strip of 5,605 m^2 located in Poznań at Kościelna Street. The project will comprise 320 units with an aggregate floor space of 15,400 m^2. The first stage is to comprise 182 units with an aggregate floor space of 8,600 m^2. The Company is considering commencing construction of the first phase of this project during the remainder of 2013.

Outlook for the remainder of 2013 (cont'd)

C. Projects for which construction work is planned to commence during the remainder of 2013 (cont'd)

b) New stages of running projects

Sakura III

The Sakura III project is a continuation of Sakura I and II projects. The project will comprise 145 units with an aggregate floor space of 7,400 m^2. The Company is considering commencing construction of this project during the remainder of 2013.

Verdis III

The Verdis III project is a continuation of Verdis I and II. The project will comprise 78 units with an aggregate floor space of 4,000 m^2. The Company is considering commencing construction of this project during the remainder of 2013.

Espresso II

The Espresso II project is continuation of Espresso I. The project will comprise 152 units with an aggregate floor space of 7,700 m^2. The Company is considering commencing construction of this project during the remainder of 2013.

Impressio II

The Impressio II project is continuation of Impressio I. The project will comprise 147 units with an aggregate floor space of 8,100 m^2. The Company is considering commencing construction of this project during the remainder of 2013.

Panoramika II

The Panoramika II project is continuation of Panoramika I. The project will comprise 61 units with an aggregate floor space of 4,200 m^2. The Company is considering commencing construction of this project during the remainder of 2013.

Outlook for the remainder of 2013 (cont'd)

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

The current volume and value of the preliminary sales agreements signed with the clients do not impact the Statement of Comprehensive Income account immediately but only after final settlement of the contracts with the customers (for more details see under "A – Completed projects" above on page 13). The table below presents the value of the preliminary sales agreements executed with the Company's clients in particular for units that have not been recognized in the Consolidated Statement of Comprehensive Income:

Project name	Location	Value of the preliminary sales agreements signed with clients in thousands of PLN	Completed / expected completion of construction
Gemini II (*)	Warsaw	19,701	Completed
Verdis I (*)	Warsaw	6,327	Completed
Sakura I (*)	Warsaw	3,289	Completed
Naturalis I (*)	Warsaw	1,467	Completed
Panoramika I (*)	Szczecin	3,533	Completed
Constans (*)	Warsaw	3,772	Completed
Impressio I (*)	Wrocław	4,267	Completed
Chilli I (*)	Poznań	1,341	Completed
Naturalis II (*)	Warsaw	339	Completed
Subtotal completed projects		***44,036***	
Sakura II (**)	Warsaw	30,303	2013
Verdis II (**)	Warsaw	9,587	2013
Naturalis III (**)	Warsaw	3,567	2013
Chilli II (**)	Warsaw	1,657	2013
Espresso I (**)	Warsaw	31,751	2014
Młody Grunwald I (**)	Poznań	8,776	2014
Subtotal projects under construction		***85,641***	
Total		**129,677**	

(*) For information on the completed projects see "Business highlights during the three months ended 31 March 2013 – B. Results breakdown by project" (pages 3 to 4).

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

E. Main risks and uncertainties during the remainder of 2013

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

Additional information to the report

To the best of the Company's knowledge, as of the date of publication of this short report for the three months ended 31 March 2013 (7 May 2013), the following shareholders are entitled to exercise over 5% of the voting rights at the General Meeting of Shareholders in the Company:

Shares

	As of 7 May 2013 Number of shares / % of shares	Change in number of shares	As of 31 March 2013 Number of shares / % of shares	Change in number of shares	As of 31 December 2012 Number of shares / % of shares
Shares issued	***272,360,000***	-	***272,360,000***	-	***272,360,000***
Major shareholders:					
I.T.R. 2012 B.V. (*)	87,449,187 32.1%	-	87,449,187 32.1%	-	87,449,187 32.1%
I.T.R. Dori B.V. (*)	87,449,187 32.1%	-	87,449,187 32.1%	-	87,449,187 32.1%
GE Real Estate CE Residential B.V.	41,800,000 15.3%	-	41,800,000 15.3%	-	41,800,000 15.3%
Amplico Otwarty Fundusz Emerytalny	N/A Between 5%-10%.	N/A	N/A Between 5%-10%.	N/A	N/A Between 5%-10%.
ING Otwarty Fundusz Emerytalny	N/A Between 5%-10%.	N/A	N/A Between 5%-10%.	N/A	N/A Between 5%-10%.

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

Changes in ownership of shares and rights to shares by Management Board members in the three months ended 31 March 2013 and until the date of publication of this report

Shares

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

- Mr Ronen Ashkenazi as at 31 March 2013 and as at the day of publishing this report, indirectly held a 5.9% interest in the Company.
- Mr Israel Greidinger, as at 31 March 2013 and as at the day of publishing this report, indirectly held 7.06% of the shares and 7.59% of the voting rights in the Company.

Changes in ownership of shares and rights to shares by Supervisory Board members in the three months ended 31 March 2013 and until the date of publication of the report

None

Additional information to the report (cont'd)

Other

As of 31 March 2013, the Company has issued guarantees for bank loans granted to subsidiaries amounting to a total of PLN 32,528 thousand.

As of 31 March 2013, the Group had no litigations for claims or liabilities that in total would exceed 10% of the Group's equity.

The following net movements in the Group's main provisions took place during the three months ended 31 March 2013:

- an increase in the provision for deferred tax liabilities of PLN 470 thousand (a decrease of PLN 818 thousand during the three months ended 31 March 2012).

Responsibility statement

The Management Board confirms that, to the best of its knowledge, these Interim Condensed Consolidated Financial Statements have been prepared in accordance with 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 31 March 2013 and of the net result for the period then ended.

The Directors' report in this Interim Financial Report gives a true and fair view of the situation on the balance sheet date and of developments during the three 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 three months management board report gives a true and fair view of the important events of the past three-month period and their impact on the interim financial statements, as well as the principal risks and uncertainties for the period to come, and the most important related party transactions.

The Management Board

____
Shraga Weisman
Chief Executive Officer

____
Tomasz Łapiński
Chief Financial Officer

____
Andrzej Gutowski
Sales and Marketing Director

____
Israel Greidinger

____
Ronen Ashkenazi

Rotterdam, 7 May 2013

Interim Condensed Consolidated Statement of Financial Position

As at *In thousands of Polish Zlotys (PLN)*	*Note*	**31 March 2013 (Reviewed/ Unaudited)**	**31 December 2012 (Audited)**
Assets			
Property and equipment		8,502	8,660
Investment property		8,279	8,279
Loans granted to third parties		1,072	1,043
Loans granted to related parties		7,863	7,704
Deferred tax assets		12,529	11,798
Total non-current assets		**38,245**	**37,484**
Inventory	*9*	650,946	668,080
Trade and other receivables and prepayments		32,248	30,661
Income tax receivable		2,423	2,422
Short-term bank deposits - collateralized		2,914	2,944
Cash and cash equivalents		38,341	44,928
Total current assets		**726,872**	**749,035**
Total assets		**765,117**	**786,519**
Equity			
Share capital		20,762	20,762
Share premium		282,873	282,873
Retained earnings		161,326	152,223
Equity attributable to equity holders of the parent		**464,961**	**455,858**
Non-controlling interests		3,820	3,910
Total equity		**468,781**	**459,768**
Liabilities			
Floating rate bond loans	*10*	86,897	86,756
Secured bank loans	*11*	39,887	39,893
Loans from third parties		14,203	13,932
Other payables		392	816
Deferred tax liability		12,000	11,530
Total non-current liabilities		**153,379**	**152,927**
Trade and other payables and accrued expenses		30,283	38,090
Floating rate bond loans	*10*	3,672	1,657
Secured bank loans	*11*	55,520	65,319
Advances received		53,261	68,492
Income tax payable		2	35
Provisions		219	231
Total current liabilities		**142,957**	**173,824**
Total liabilities		**296,336**	**326,751**
Total equity and liabilities		**765,117**	**786,519**

The notes included on pages 24 to 36 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Comprehensive Income

PLN (thousands, except per share data and number of shares)	*Note*	**For the 3 months ended 31 March 2013 (Reviewed/ Unaudited)**	**For the 3 months ended 31 March 2012 (Unreviewed/ Unaudited)**
Revenue		54,147	7,266
Cost of sales		(39,137)	(5,400)
Gross profit		**15,010**	**1,866**
Selling and marketing expenses		(1,497)	(1,063)
Administrative expenses		(4,097)	(3,783)
Other expenses		(627)	(435)
Other income		91	496
Result from operating activities		**8,880**	**(2,919)**
Finance income		449	1,085
Finance expense		(577)	(98)
Net finance income/(expense)		**(128)**	**987**
Profit/(loss) before taxation		**8,752**	**(1,932)**
Income tax benefit	*12*	261	750
Profit/(loss) for the period		**9,013**	**(1,182)**
Other comprehensive income		-	-
Total comprehensive income for the period, net of tax		**9,013**	**(1,182)**
Total comprehensive income attributable to:			
Equity holders of the parent		9,103	(1,084)
Non-controlling interests		(90)	(98)
Total comprehensive income for the period, net of tax		**9,013**	**(1,182)**
Weighted average number of ordinary shares (basic and diluted)		**272,360,000**	**272,360,000**
In Polish Zlotys (PLN)			
Earnings per share attributable to the equity holders of the parent (basic and diluted)		**0.033**	**(0.004)**

The notes included on pages 24 to 36 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to the Equity holders of parent					
In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	**20,762**	**282,873**	**152,223**	**455,858**	**3,910**	**459,768**
Comprehensive income:						
Profit for the three months ended 31 March 2013	-	-	9,103	9,103	(90)	9,013
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**9,103**	**9,103**	**(90)**	**9,013**
Balance at 31 March 2013 **(Reviewed/ Unaudited)**	**20,762**	**282,873**	**161,326**	**464,961**	**3,820**	**468,781**

	Attributable to the Equity holders of parent					
In thousands of Polish Zlotys (PLN)	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2012	**20,762**	**282,873**	**120,568**	**424,203**	**4,254**	**428,457**
Comprehensive income:						
Loss for the three months ended 31 March 2012	-	-	(1,084)	(1,084)	(98)	(1,182)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**(1,084)**	**(1,084)**	**(98)**	**(1,182)**
Balance at 31 March 2012 **(Unreviewed/ Unaudited)**	**20,762**	**282,873**	**119,484**	**423,119**	**4,156**	**427,275**

Interim Condensed Consolidated Statement of Cash Flows

In thousands of Polish Zlotys (PLN)	**For the 3 months ended 31 March 2013** **(Reviewed) / (unaudited)**	**For the 3 months ended 31 March 2012** **(Unreviewed/ Unaudited)**
Cash flows from/(used in) operating activities		
Profit for the period	9,013	(1,182)
Adjustments to reconcile profit for the period to net cash used in operating activities		
Depreciation	158	197
Finance expense	577	98
Finance income	(449)	(1,085)
Profit on sale of property and equipment	(10)	(229)
Income tax benefit	(261)	(750)
Subtotal	***9,028***	***(2,951)***
Decrease/(increase) in inventory	21,100	(28,725)
Decrease/(increase) in trade and other receivables and prepayments	(1,587)	(2,014)
Increase/(decrease) in trade and other payables and accrued expenses	(8,231)	(3,430)
Increase/(decrease) in provisions	(12)	(8)
Increase/(decrease) in advances received	(15,231)	34,136
Subtotal	***5,067***	***(2,992)***
Interest paid	(1,858)	(2,717)
Interest received	318	1,086
Income tax paid	(34)	(260)
Net cash from/(used in) operating activities	**3,493**	**(4,883)**
Cash flows from/(used in) investing activities		
Acquisition of property and equipment	-	(71)
Short-term bank deposits – collateralized	30	40
Proceeds from sale of property and equipment	10	750
Net cash from/(used in) investing activities	**40**	**719**
Cash flows from/(used in) financing activities		
Proceeds from bank loans	4,542	1,389
Bank charges	(77)	-
Repayment of bank loans	(14,585)	-
Net cash from/(used in) financing activities	**(10,120)**	**1,389**
Net change in cash and cash equivalents	**(6,587)**	**(2,775)**
Cash and cash equivalents at beginning of period	44,928	94,888
Cash and cash equivalents at end of period	**38,341**	**92,113**

The notes included on pages 24 to 36 are an integral part of these interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

Note 1 – General and principal activities

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

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 31 March 2013, 32.1% of the outstanding shares are controlled by I.T.R. 2012 B.V., a further 32.1% of the outstanding shares are controlled by I.T.R. Dori B.V. (both cooperating in ITRD Partnership), whereas 15.3% of the outstanding shares are held by GE Real Estate CE Residential B.V. ('GE Real Estate') and the remaining 20.5% of the outstanding shares are held by other investors including Amplico Otwarty Fundusz Emerytalny and ING Otwarty Fundusz Emerytalny each holding between 5% and 10% of the outstanding shares. The number of shares held by the investors is equal to the number of votes, as there are no privileged shares issued by the Company.

The Interim Condensed Consolidated Financial Statements of the Group have been prepared for the three months ended 31 March 2013 and contain comparative data for the three months ended 31 March 2012 and as at 31 December 2012. The Interim Condensed Consolidated Financial Statements of the Company for the three months ended 31 March 2013 have been reviewed by the Company's external auditors. The Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Statement of Changes in Equity and the Interim Consolidated Statement of Cash Flows and respective notes for the three months ended 31 March 2012 – these data were not subject to review or audit by an independent auditor.

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

The Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2013 were authorized for issuance by the Management Board on 7 May 2013.

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") as endorsed by the European Union, in particular in accordance with IAS 34. 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 full IFRSs and the IFRSs endorsed by the European Union, except for IFRS 10-12 impact, which effective date was moved to 1 January 2014. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

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

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

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

Notes to the Interim Condensed Consolidated Financial Statements

Note 3 – Summary of significant accounting policies

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

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

- IFRS 1 *First-time Adoption of International Financial Reporting Standards - Government Loans - Amendments to IFRS 1*
- IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities- Amendments to IFRS 7*
- IFRS 13 *Fair Value Measurement*
- IAS 19 *Employee Benefits* (Revised 2011)
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*
- Improvements to IFRSs - 2009-2011 Cycle:
  - IFRS 1 – Repeat application of IFRS 1
  - IFRS 1 – Borrowing Costs
  - IAS 1 – Clarification of the requirement for comparative information
  - IAS 16 – Classification of servicing equipment
  - IAS 32 – Tax effects of distributions to holders of equity instruments
  - IAS 34 – Interim financial reporting and segment information for total assets and liabilities

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

Note 4 – The use of estimates and judgments

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

Note 5 – Functional and reporting currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The 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.

Notes to the Interim Condensed Consolidated Financial Statements

Note 7 – Composition of the Group

The details of the Polish companies whose financial statements have been included in these Consolidated Financial Statements, the year of incorporation and the percentage of ownership and voting rights directly held or indirectly by the Company as at 31 March 2013, are presented below and on the following page.

	Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
			31 March 2013	31 December 2012
a.	**held directly by the Company :**			
1.	Ronson Development Management Sp. z o.o.	1999	100.0%	100.0%
2.	Ronson Development 2000 Sp. z o.o.	2000	100.0%	100.0%
3.	Ronson Development Warsaw Sp. z o.o.	2000	100.0%	100.0%
4.	Ronson Development Investment Sp. z o.o.	2002	100.0%	100.0%
5.	Ronson Development Metropol Sp. z o.o.	2002	100.0%	100.0%
6.	Ronson Development Properties Sp. z o.o.	2002	100.0%	100.0%
7.	Ronson Development Apartments Sp. z o.o.	2003	100.0%	100.0%
8.	Ronson Development Enterprise Sp. z o.o.	2004	100.0%	100.0%
9.	Ronson Development Company Sp. z o.o.	2005	100.0%	100.0%
10.	Ronson Development Creations Sp. z o.o.	2005	100.0%	100.0%
11.	Ronson Development Buildings Sp. z o.o.	2005	100.0%	100.0%
12.	Ronson Development Structure Sp. z o.o.	2005	100.0%	100.0%
13.	Ronson Development Poznań Sp. z o.o.	2005	100.0%	100.0%
14.	E.E.E. Development Sp. z o.o.	2005	100.0%	100.0%
15.	Ronson Development Innovation Sp. z o.o.	2006	100.0%	100.0%
16.	Ronson Development Wrocław Sp. z o.o.	2006	100.0%	100.0%
17.	Ronson Development Capital Sp. z o.o.	2006	100.0%	100.0%
18.	Ronson Development Sp. z o.o.	2006	100.0%	100.0%
19.	Ronson Development Construction Sp. z o.o.	2006	100.0%	100.0%
20.	Ronson Development City Sp. z o.o.	2006	100.0%	100.0%
21.	Ronson Development Village Sp. z o.o. (1)	2007	100.0%	100.0%
22.	Ronson Development Conception Sp. z o.o.	2007	100.0%	100.0%
23.	Ronson Development Architecture Sp. z o.o.	2007	100.0%	100.0%
24.	Ronson Development Skyline Sp. z o.o.	2007	100.0%	100.0%
25.	Ronson Development Continental Sp. z o.o.	2007	100.0%	100.0%
26.	Ronson Development Universal Sp. z o.o. (1)	2007	100.0%	100.0%
27.	Ronson Development Retreat Sp. z o.o.	2007	100.0%	100.0%
28.	Ronson Development South Sp. z o.o.	2007	100.0%	100.0%
29.	Ronson Development West Sp. z o.o. (1)	2007	100.0%	100.0%
30.	Ronson Development East Sp. z o.o.	2007	100.0%	100.0%
31.	Ronson Development North Sp. z o.o.	2007	100.0%	100.0%
32.	Ronson Development Providence Sp. z o.o.	2007	100.0%	100.0%
33.	Ronson Development Finco Sp. z o.o.	2009	100.0%	100.0%
34.	Ronson Development Partner 2 sp. z o.o.	2010	100.0%	100.0%
35.	Ronson Development Skyline 2010 Sp. z o.o.	2010	100.0%	100.0%
36.	Ronson Development Partner 3 Sp. z o.o.	2012	100.0%	100.0%
b.	**held indirectly by the Company:**			
37.	AGRT Sp. z o.o.	2007	100.0%	100.0%
38.	Ronson Development Partner 2 Sp. z o.o.- Panoramika Sp.k.	2007	100.0%	100.0%
39.	Ronson Development Sp z o.o. - Estate Sp.k.	2007	100.0%	100.0%
40.	Ronson Development Sp. z o.o. - Home Sp.k.	2007	100.0%	100.0%
41.	Ronson Development Sp z o.o - Horizon Sp.k.	2007	100.0%	100.0%
42.	Ronson Development Partner 3 Sp. z o.o- Sakura Sp.k.	2007	100.0%	100.0%
43.	Ronson Development Sp z o.o -Town Sp.k.	2007	100.0%	100.0%
44.	Ronson Development Destiny Sp. z o.o.	2007	100.0%	100.0%
45.	Ronson Development Millenium Sp. z o.o.	2007	100.0%	100.0%
46.	Ronson Development Sp. z o.o. - EEE 2011 Sp.k.	2009	100.0%	100.0%
47.	Ronson Development Sp. z o.o. - Apartments 2011 Sp.k.	2009	100.0%	100.0%

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

Notes to the Interim Condensed Consolidated Financial Statements

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

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

(1) The Group accounts the investments in Ronson IS sp. z o.o. and in Ronson IS Sp. z o.o. Sp.k. as an investment in a joint controlled entities in accordance with IAS 31 i.e. consolidated at proportion consolidated method.

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 – Segment reporting

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

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

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

In thousands of Polish Zlotys (PLN)

	As at 31 March 2013 (Reviewed)/(unaudited)										
	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Segment assets	399,950	46,734	8,279	108,297	-	82,706	2,550	66,367	7,592	-	722,475
Unallocated assets	-	-	-	-	-	-	-	-	-	42,642	42,642
Total assets	**399,950**	**46,734**	**8,279**	**108,297**	**-**	**82,706**	**2,550**	**66,367**	**7,592**	**42,642**	**765,117**
Segment liabilities	148,517	11,222	-	18,694	-	1,678	-	9,951	-	-	190,062
Unallocated liabilities	-	-	-	-	-	-	-	-	-	106,274	106,274
Total liabilities	**148,517**	**11,222**	**-**	**18,694**	**-**	**1,678**	**-**	**9,951**	**-**	**106,274**	**296,336**

In thousands of Polish Zlotys (PLN)

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

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN) — **For the three months ended 31 March 2013 (Reviewed)/(unaudited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	44,533	2,034	104	1,657	-	2,705	-	3,114	-	-	54,147
Segment result	13,542	(169)	(43)	(185)	-	(99)	(1)	119	(1)	-	13,163
Unallocated result	-	-	-	-	-	-	-	-	-	(4,283)	(4,283)
Result from operating activities	**13,542**	**(169)**	**(43)**	**(185)**	-	**(99)**	**(1)**	**119**	**(1)**	**(4,283)**	**8,880**
Net finance income/(expense)	(113)	(6)	-	8	-	17	-	13	-	(47)	(128)
Profit/(loss) before taxation	**13,429**	**(175)**	**(43)**	**(177)**	-	**(82)**	**(1)**	**132**	**(1)**	**(4,330)**	**8,752**
Income tax benefit											261
Profit for the period											**9,013**
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-

In thousands of Polish Zlotys (PLN) — **For the three months ended 31 March 2012 (Unreviewed)/(unaudited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	4,913	1,295	162	896	-	-	-	-	-	-	7,266
Segment result	1,243	(34)	75	325	-	45	5	28	6	-	1,693
Unallocated result	-	-	-	-	-	-	-	-	-	(4,612)	(4,612)
Result from operating activities	**1,243**	**(34)**	**75**	**325**	-	**45**	**5**	**28**	**6**	**(4,612)**	**(2,919)**
Net finance income/(expense)	72	(1)	-	(7)	-	11	-	(1)	-	913	987
Profit/(loss) before taxation	**1,315**	**(35)**	**75**	**318**	-	**56**	**5**	**27**	**6**	**(3,669)**	**(1,932)**
Income tax benefit											750
Loss for the period											**(1,182)**
Capital expenditure	-	-	-	-	-	-	-	-	-	**71**	**71**

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory

Movements in Inventory during the three months ended 31 March 2013 were as follows:

In thousands of Polish Zlotys (PLN)	Opening balance 01 January 2013	Transferred to finished units	Additions	Closing balance 31 March 2013
Land and related expense	369,211	-	647	369,858
Construction costs	64,598	-	15,970	80,568
Planning and permits	20,300	-	619	20,919
Borrowing costs [(1)]	69,839	-	3,966	73,805
Other	3,144	-	273	3,417
Work in progress	**527,092**	**-**	**21,475**	**548,567**

In thousands of Polish Zlotys (PLN)	Opening balance 01 January 2013	Transferred from work in progress	Recognized in the statement of comprehensive income	Closing balance 31 March 2013
Finished goods	**142,557**	**-**	**(38,829)**	**103,728**

In thousands of Polish Zlotys (PLN)	Opening balance 01 January 2013	Revaluation write down recognized in statement of comprehensive income		Closing balance 31 March 2013
		Increase	Utilization	
Write-down	**(1,569)**	**-**	**220**	**(1,349)**
Total inventories at the lower of cost or net realizable value	**668,080**			**650,946**

(1) Borrowing costs are capitalized to the value of inventory with 8.9% average effective capitalization interest rate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory (cont'd)

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

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

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

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

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

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loans

The table below presents the movement in Floating rate bond loans during the three months ended 31 March 2013 and during the year ended 31 December 2012:

In thousands of Polish Zlotys (PLN)	**For the 3 months ended 31 March 2013 (Reviewed/ Unaudited)**	**For the year ended 31 December 2012 (Audited)**
Opening balance	**88,413**	**87,847**
Issue cost amortization	141	576
Accrued interest	2,015	8,262
Interest repayment	-	(8,272)
Total closing balance	**90,569**	**88,413**
Closing balance includes:		
Current liabilities	3,672	1,657
Non-current liabilities	86,897	86,756
Total closing balance	**90,569**	**88,413**

The maturity dates and the conditions of the floating rate bonds loans have been presented in the annual consolidated financial statements for the year ended 31 December 2012.

Note 11 – Secured bank loans

The following non-current and current Secured bank loans were issued and repaid during the three months ended 31 March 2013 and during the year ended 31 December 2012:

In thousands of Polish Zlotys (PLN)	**For the 3 months ended 31 March 2013 (Reviewed/ Unaudited)**	**For the year ended 31 December 2012 (Audited)**
Opening balance	**105,212**	**117,711**
New bank loan drawdown	4,542	36,750
Bank loans repayments	(14,585)	(48,442)
Bank charges	(77)	(1,426)
Bank charges amortization	292	778
Accrued interest/(interest repayment) on bank loans, net	23	(159)
Total closing balance	**95,407**	**105,212**
Closing balance includes:		
Current liabilities	55,520	65,319
Non-current liabilities	39,887	39,893
Total closing balance	**95,407**	**105,212**

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

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Income tax

In thousands of Polish Zlotys (PLN)	For the 3 months ended 31 March 2013 (Reviewed/ Unaudited)	For the 3 months ended 31 March 2012 (Unreviewed/ Unaudited)
Current tax expense/(benefit)	**-**	**(19)**
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	372	(336)
Expense/(benefit) of tax losses recognized	(633)	(395)
Total deferred tax expense/(benefit)	**(261)**	**(731)**
Total income tax expense/(benefit)	**(261)**	**(750)**

The tax benefit during the three months ended 31 March 2013 and 31 March 2012 is explained by the recognition of tax assets. The recognition of the tax assets took place after an organizational restructuring of the Group, which allowed the Company to utilize certain tax losses that in prior periods were deemed not to be usable.

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

(i) Investment commitments:

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

In thousands of Polish Zlotys (PLN)	As at 31 March 2013 (Reviewed/ Unaudited)	As at 31 December 2012 (Audited)
Espresso I	22,354	25,514
Młody Grunwald I	20,993	24,995
Verdis II	11,430	13,889
Sakura II	1,308	4,206
Naturalis III	1,501	2,972
Chilli II	1,558	2,201
Total	**59,144**	**73,777**

Notes to the Interim Condensed Consolidated Financial Statements

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

(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 31 March 2013 after deduction of payments received at the reporting date (such payments being presented in the Interim Consolidated Statement of Financial Position as Advances received):

In thousands of Polish Zlotys (PLN)	**As at 31 March 2013 (Reviewed/ Unaudited)**	**As at 31 December 2012 (Audited)**
Espresso I	19,214	16,950
Sakura II	14,480	8,333
Młody Grunwald I	7,601	5,868
Gemini II	7,525	8,616
Verdis I	4,275	6,215
Constans	3,479	1,831
Impressio I	3,368	1,458
Verdis II	6,132	5,428
Panoramika I	2,738	1,864
Sakura I	2,545	3,669
Naturalis III	1,697	2,221
Naturalis I	1,349	1,002
Chilli II	1,263	584
Chilli I	1,257	846
Naturalis II	231	34
Gemini I	32	47
Total	**77,186**	**64,966**

(iii) Investment commitments -land purchase:

In June 2012, the Group entered into preliminary purchase agreements with private individuals for plots of land with an area of 118,400 m2 located in Warsaw, district Mokotów at Jaśminowa Street. Conclusion of the final purchase agreements and transferring of the ownership of the properties is expected to be finalized during the first half of 2014 the final payment will amount to PLN 62 million.

(iv) Contingencies:

None.

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Financial risk management

(i) Financial risk factors

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

(ii) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities, except for the assumption of new loans and redemption of existing loans during the three months period ended 31 March 2013 as described in Note 11.

(iii) Market (price) risk

The Group's exposure to marketable and non-marketable securities price risk did not exist because the Group had not invested in securities during the three months period ended 31 March 2013.

(iv) Fair value estimation

The Investment property is valued at fair value determined by the Management.
During the three months ended 31 March 2013 there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets, investment property and financial liabilities.

(v) Interest rate risk

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

Note 15 – Related party transactions

There were no transactions and balances with related parties during three months ended 31 March 2013 other than those already disclosed in the 2012 annual accounts.

Note 16 – Impairment losses and provisions

The following net movements in the Group's main provisions took place during the three months ended 31 March 2013 and during the three months ended 31 March 2012:

- *Provision for deferred tax liabilities:* during the three months ended 31 March 2013 an increase of PLN 470 thousand (during the three months ended 31 March 2012 a decrease of PLN 818 thousand).

Notes to the Interim Condensed Consolidated Financial Statements

Note 17 – Events during the period

Bank loans

During the three months ended 31 March 2013, the Group did not enter into any new loan facility agreement nor into any annex to the loan facility agreement with any bank.

Commencements of new projects

During the three months ended 31 March 2013, the Group did not commence the construction of any project.

Completions of projects

During the three months ended 31 March 2013, the Group did not complete the construction of any project.

Note 18 – Subsequent events

Bank loans

Since 31 March 2013, the Group did not enter into any new loan facility agreement nor into any annex to the loan facility agreement with any bank.

Commencements of new projects

Since 31 March 2013, the Group did not commence the construction of any project.

Completions of projects

In April 2013, the Group completed the construction of Sakura II project comprising 136 units with an aggregate floor space of 8,300 m^2.

The Management Board

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

Rotterdam, 7 May 2013

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

ERNST & YOUNG

Review report

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

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Ronson Europe N.V., Rotterdam (the "Company") as at 31 March 2013, and the related condensed interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law which include review standards equivalent to International Standard on Review Engagements 2410, "Review of interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion

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

Unreviewed corresponding figures

We have not reviewed the condensed interim consolidated financial statements for the period ended 31 March 2012. Consequently, we have not reviewed the corresponding figures included in the statements of comprehensive income, changes in equity and cash flows.

Amsterdam, 7 May 2013

Ernst & Young Accountants LLP

J.H. de Prie