Ronson Europe N.V.

Interim Financial Report
for the six months
ended
30 June 2016

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Directors' Report

General

Introduction

Ronson Europe N.V. ('the Company') is a Dutch public company with its statutory seat in Rotterdam, the Netherlands, and 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 to individual customers in Poland. For information about companies in the Group whose financial data are included in the Condensed Consolidated Financial Statements see Note 7 of the Condensed Consolidated Financial Statements.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 30 June 2016, 39.78% of the outstanding shares are controlled by I.T.R. 2012 B.V., which is an indirect subsidiary of Global City Holdings N.V. ('ITR 2012') (32.11% through a jointly controlled partnership formed under Dutch law between ITR 2012 and ITR Dori B.V. and 7.67% through a jointly controlled company formed under Dutch law between ITR 2012 and Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group'), (formerly 'U. Dori Group Ltd.')) and 39.78% of the outstanding shares are controlled by A. Luzon Group (32.11% through a jointly controlled partnership formed under Dutch law between ITR 2012 and ITR Dori B.V. (of which it holds 50% of the shares) and 7.67% through a jointly controlled company formed under Dutch law between ITR 2012 and A. Luzon Group). The remaining 20.44% of the outstanding shares are held by other investors including Metlife Otwarty Fundusz Emerytalny holding between 3% and 5% and Nationale Nederlanden Otwarty Fundusz Emerytalny holding between 5% and 10% of the outstanding shares as of the date of this report. For major shareholders of the Company reference is made to page 21. On 2 August 2016, the market price was PLN 1.35 per share giving the Company a market capitalization of PLN 367.7 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 tenuous European recovery, exacerbated in the last year by Middle East refugee crisis and results of the EU referendum in the United Kingdom which will lead to exit of the UK from European Union, 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 and (iii) maintaining its conservative financial policy.

As at 30 June 2016, the Group has 1,129 units available for sale in thirteen locations, of which 1,000 units are available for sale in eight projects that are ongoing as at 30 June 2016, and the remaining 129 units are in completed projects. The eight ongoing projects comprise a total of 1,796 units, with a total area of 96,700 m^2. The construction of 724 units with a total area of 42,100 m^2 is expected to be completed during the remainder of 2016, while 1,072 units, with a total area of 54,600 m^2 are expected to be completed during 2017 and 2018. Moreover, the Group has two projects under construction for which the sales process has not commenced comprising 311 units with a total area of 21,600 m^2.

In addition, the Group has a pipeline of 16 projects in different stages of preparation, representing approximately 4,495 units with a total area of approximately 305,500 m^2 for future development in Warsaw, Poznań, Wrocław and Szczecin. The Group is considering commencement of another two stages of the currently running projects comprising 214 units with a total area of 12,100 m^2, and one new project comprising 152 units with a total area of 6,100 m^2 (in total 366 units with a total area of 18,200 m^2), during the remainder of 2016.

During the six months ended 30 June 2016, the Company realized sales of 362 units with the total value PLN 144.5 million which compares to sales of 410 units with a total value of PLN 155.1 million during the six months ended 30 June 2015.

Market overview

The Polish economy has proven to be strong even in the recent turbulent times throughout Europe, 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 nine years. Management believes the Company is well positioned to adapt to changing market conditions. The Company's sales results during the past seven years seem to confirm that the Company has consistently adapted appropriately to volatile market environment.

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, slowed down in 2012, as many developers faced difficulties in finding customers for their products. The number of commenced construction sites decreased during 2012 (by 12%) and also during 2013 (by a further 10%) reaching less than 128 thousand units commenced that year. The market conditions improved during 2013 and since 2014 the scale of residential activities has been constantly increasing. The number of units commenced during 2015 reached 168 thousand, which was 14% higher than 2014 (and 31% higher than 2013). It is important to note that the number of new projects built by developers increased during 2015 by 24% after a 36% increase during 2014, while the activity of individual investors increased by 6% and 2%, respectively. The market data suggest that leading residential developers (such as the Company) were able to overcome many factors that otherwise tempered rapid growth in the market since 2013, with the main impediment to growth related to new regulations and banking restrictions that came into effect in 2012, which limited the developers' ability to secure financing for new investments.

Meanwhile, a number of external factors have contributed to recent market growth. First, a governmental program that subsidized young couples purchasing their first apartments, called "Rodzina na Swoim" ("Family on its own") that expired at the end of 2012 was replaced with a new governmental program called "Mieszkanie dla Młodych" (""Hereinafter "MDM") that came into effect in the beginning of 2014 and supports the residential market in those cities where the maximum price of apartment qualifying to subsidies is close to the market price (including for instance cities such as Gdańsk, Łódź or Poznań). Second, in the last few years, the National Bank of Poland has kept interest rates at record low levels (2.5% from July 2013 through September 2014 and 2.0% from October 2014 until March 2015, when the rate was further decreased to 1.5%). These historically low interest rates since 2013 positively impacted the residential market for two reasons. First, mortgage loans became more affordable to potential residential purchasers and second, more customers are purchasing apartments for cash, as they consider real estate investment as an attractive alternative to the very low interest earned on banking deposits.

Taking into consideration all these factors, the increase in demand for residential units noted in 2013, 2014 and 2015 has caught up with supply. The improving market environment has encouraged developers to expand their residential development activities. During 2014, developers introduced more new apartments in major Polish metropolitan areas to their offer than they were able to sell in this period (47,500 new apartments in six major Polish metropolitan areas, including Warsaw, were added on offer by developers during 2014 which compares to total sales of 43,000 apartments during 2014). Despite the number of new apartments introduced to these markets increased to nearly 52,000 during 2015, the total offer of developers as end of year nearly has not changed as similar number of apartments were sold during that period. The total number of new apartments sold in Warsaw during 2015 amounted to 19,300 which was 14% higher than during 2014. Also, the number of new apartments sold in the five major Polish metropolitan areas (other than Warsaw) significantly increased in 2015 compared to 2014, i.e. by 25% (from 26,100 to 32,500). Despite sales results having reached relatively high levels compared with previous years, such robust sales have not translated into any increase in the overall price of apartments as the concomitant increase in development activity has resulted in supply balancing with demand. Moreover, the price limits imposed by the governmental program MdM plays a role as an incentive to many developers to shape their development activity to offer apartments at relatively low prices to allow purchasers to qualify for the government subsidies.

Market overview (cont'd)

The overall residential real estate market's first half of 2016 activity reflected the general positive industry trends that have continued since 2014. According to REAS (real estate agency analyzing the Polish residential market) the pre-sales volume at six major Polish metropolitan areas amounted to 29,400 units during the first half of 2016, which was by nearly 22% higher than for the same period last year. The number of units added on offer during the same period was 31,400 which resulted in the overall offer of developers being very stable. The total number of units offered for sale in the six largest Polish cities amounted to 51,000 at the end of June 2016 compared to 48,700 at the end of 2015 and to 47,000 at the end of December 2014. This confirms that developers are adjusting their activities to market dynamics and are expanding their supply on a measured basis. Simultaneously – according to Polish Statistical Office – the number of units introduced for construction during the first half of 2016 was 7.5% higher than in the same period in 2015. This dynamic was very similar for both houses built individually (increase by 7.3%) and for apartments built for sale by developers (an increase by 6.0%).

With an anticipated continuation of stability of interest rates at relatively low levels in the next quarters, as well as the continuation in Poland of a stable economy, the primary uncertainty in the residential real estate market relates to the fact that the Polish government has not released detailed plans related to future incentive programs supporting sales of apartments. The currently active program, known as MdM, will not be continued and details of a new program that may enter into force as its replacement are still not known. It is worth noting that pre-sale volume during first half of 2016 (especially during the first quarter of the year) was to a great extent supported by subsidies within the MdM program. As the funds reserved under this program for 2016 have already been fully utilized, there is a possibility that apartment sales in the second half of 2016 will slow down.

Notwithstanding the above, Management continues to believe that taking into account all these above factors as a whole, particularly considering significantly increased sales results reported during 2014, 2015 and in first half of 2016, both for the Company and for the Polish market as a whole, there will likely be continued strength in the Polish residential market for at least the following several quarters.

Business highlights during the six months ended 30 June 2016

A. Projects completed

The table below presents information on the projects that were completed (i.e. completing all construction works and receiving occupancy permit) during six months ended 30 June 2016:

Project name	Location	Number of units	Area of units (m^2)
Espresso II (*)	Warsaw	151	7,600
Moko I (*)	Warsaw	178	11,200
Total		**329**	**18,800**

(*) For additional information see section 'B. Results breakdown by project' below.

B. Results breakdown by project

Revenue from the sale of residential units is recognized upon the transfer to the buyer of significant risks and rewards of the ownership of the residential unit, i.e. upon signing of the protocol of technical acceptance and the transfer of the key to the buyer of the residential unit. Total revenue of the Group recognized during the six months ended 30 June 2016 amounted to PLN 111.2 million, whereas cost of sales amounted to PLN 91.3 million, which resulted in a gross profit amounting to PLN 19.9 million (and a gross margin of 17.9%).

The following table specifies revenue, cost of sales, gross profit and gross margin during the six months ended 30 June 2016 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)**	**%**
Espresso II	96	4,863	33,872	30.5%	27,482	30.1%	6,390	18.9%
Moko I	45	2,624	21,181	19.0%	14,082	15.4%	7,099	33.5%
Młody Grunwald I & II	77	4,410	24,639	22.2%	24,152	26.4%	487	2.0%
Impressio	18	1,251	7,920	7.1%	8,030	8.8%	(110)	-1.4%
Sakura	13	746	5,486	4.9%	4,798	5.3%	688	12.5%
Tamka	10	747	9,142	8.2%	5,943	6.5%	3,199	35.0%
Naturalis I, II & III	13	839	4,374	3.9%	3,896	4.3%	478	10.9%
Verdis	3	192	1,629	1.5%	1,291	1.4%	338	20.7%
Other	1	260	2,985	2.7%	1,685	1.8%	1,300	43.6%
Total / Average	**276**	**15,932**	**111,228**	**100.0%**	**91,359**	**100.0%**	**19,869**	**17.9%**

(*) 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.

Espresso II

The construction of the Espresso II project was completed in May 2016. The second phase of this project was developed on a land strip of 4,500 m^2 located in Wola district in Warsaw at Jana Kazimierza Street and is a continuation of Espresso I, which was completed in February 2014. The Espresso II project comprises 2 seven-and-eight-storey, multi-family residential buildings with a total of 141 apartments and 10 commercial units and an aggregate floor space of 7,600 m^2.

Business highlights during the six months ended 30 June 2016 (cont'd)

B. Results breakdown by project (cont'd)

Moko I

The construction of the Moko I project was completed in June 2016. The first phase of this project was developed on a land strip of 5,500 m^2 located in Mokotów district in Warsaw at Magazynowa Street. The Moko I project comprises 2 seven and eight-storey, multi-family residential buildings with a total of 166 apartments and 12 commercial units and an aggregate floor space of 11,200 m^2.

Młody Grunwald I & II

The construction of the Młody Grunwald I project and the Młody Grunwald II project were completed in May 2014 and November 2015, respectively. The Młody Grunwald I and II projects were developed on a land strip of 10,600 m^2 located in Grunwald district in Poznań at Jeleniogórska Street. The Młody Grunwald I project comprises 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. The Młody Grunwald II project comprises 3 six-storey, multi-family residential buildings with a total of 132 apartments and 5 commercial units and an aggregate floor space of 8,200 m^2.

Impressio

The construction of the last stage of Impressio project was completed in July 2015. The project was developed on a land strip of 14,500 m^2 located in the Grabiszyn district in Wrocław at Rymarska Street. The project comprises 8 four-storey, multi-family residential buildings with a total of 202 apartments and 4 commercial units and an aggregate floor space of 12,900 m^2.

Sakura

The construction of the last stage of Sakura project was completed in July 2015. The project was developed on a land strip of 21,000 m^2 located in Warsaw at Kłobucka Street. The project comprises 4 six-storey up to eleven-storey, multi-family residential buildings with a total of 488 apartments and 27 commercial units and an aggregate floor space of 30,300 m^2.

Tamka

The construction of the Tamka project was completed in September 2015. The Tamka project was developed on a land strip of 2,500 m^2 located in the Śródmieście district in Warsaw at Tamka Street (Warsaw city center). The Tamka project comprises 1 eight-storey, multi-family residential building with a total of 60 apartments and 5 commercial units with an aggregate floor space of 5,500 m^2.

Naturalis I, II & III

The construction of the Naturalis I, II and III projects was completed in December 2012, August 2012 and August 2013, respectively. The Naturalis I, II and III projects were developed on a land strip of 11,800 m^2 located in Łomianki near Warsaw. The Naturalis I, II and III 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 2 four-storey, multi-family residential buildings, each with a total of 60 apartments and an aggregate floor space of 3,400 m^2.

Verdis

The construction of the last stage of Verdis project was completed in October 2015. The project was developed on a land strip of 16,400 m^2 located in the Wola district in Warsaw at Sowińskiego Street. The project comprises 8 seven-storey up to eleven-storey, multi-family residential buildings with a total of 418 apartments and 23 commercial units and an aggregate floor space of 26,100 m^2.

Other

Other revenues are mainly associated with rental revenues and fee income for management services provided to joint ventures and delivering one house in the Constans project, as well as sales of parking places and storages in other projects that were completed in previous years.

Business highlights during the six months ended 30 June 2016 (cont'd)

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 six months ended 30 June 2016:

Project name	Location	Units sold until 31 December 2015	Units sold during the period ended 30 June 2016	Units for sale as at 30 June 2016	Total
Verdis (*)	Warsaw	428	-	13	441
Sakura (*)	Warsaw	486	9	20	515
Naturalis I, II & III (*)	Warsaw	158	9	5	172
Impressio (*)	Wrocław	185	10	11	206
Panoramika II (**)	Szczecin	60	23	24	107
Panoramika III (**)	Szczecin	-	3	119	122
Espresso II (*)	Warsaw	139	6	6	151
Espresso III (**)	Warsaw	65	61	29	155
Espresso IV (**)	Warsaw	-	21	125	146
Młody Grunwald I & II (*)	Poznań	227	22	36	285
Młody Grunwald III (**)	Poznań	-	11	97	108
Tamka (*)	Warsaw	49	8	8	65
Moko I (*)	Warsaw	124	27	27	178
Moko II (**)	Warsaw	89	19	59	167
Kamienica Jeżyce I (**)	Poznań	122	10	12	144
Kamienica Jeżyce II (**)	Poznań	68	41	42	151
City Link I (**)/(***)	Warsaw	122	72	129	323
City Link II (**)/(***)	Warsaw	-	7	182	189
Vitalia I (**)	Wrocław	-	2	137	139
Chilli IV (**)	Poznań	-	-	45	45
Other (old) projects		-	1	3	4
Total		**2,322**	**362**	**1,129**	**3,813**

(*) For information on the completed projects see "Business highlights during the six months ended 30 June 2016 – B. Results breakdown by project" (pages 4 to 5).

(**) For information on current projects under construction, see "Outlook for the remainder of 2016– B. Current projects under construction" (pages 15 to 18).

(***) The project presented in the Condensed Consolidated Financial Statements under investment in joint ventures; the Company's share is 50%.

Business highlights during the six months ended 30 June 2016 (cont'd)

C. Units sold during the period (cont'd)

The table below presents further information on the units sold (i.e. total number of units for which the Company signed the preliminary sale agreements with the clients), including net saleable area (in m^2) of the units sold and net value (exclusive of VAT) of the preliminary sales agreements (including also parking places and storages) executed by the Company, during the six months ended 30 June 2016:

		Sold During the 6 months ended 30 June 2016		
Project name	**Location**	**Number of units**	**Net saleable area (m^2)**	**Value of the preliminary sales agreements** *(in PLN thousands)*
Verdis (*)	Warsaw	-	-	163
Sakura (*)	Warsaw	9	519	3,846
Naturalis I, II & III (*)	Warsaw	9	575	2,967
Impressio (*)	Wrocław	10	683	4,641
Panoramika II (**)	Szczecin	23	1,281	5,733
Panoramika III (**)	Szczecin	3	156	751
Espresso II (*)	Warsaw	6	337	2,596
Espresso III (**)	Warsaw	61	2,849	20,277
Espresso IV (**)	Warsaw	21	1,041	8,115
Młody Grunwald I & II (*)	Poznań	22	1,467	8,312
Młody Grunwald III (**)	Poznań	11	667	3,932
Tamka (*)	Warsaw	8	725	9,707
Moko I (*)	Warsaw	27	1,884	15,266
Moko II (**)	Warsaw	19	1,403	10,919
Kamienica Jeżyce I (**)	Poznań	10	600	3,654
Kamienica Jeżyce II (**)	Poznań	41	1,835	11,016
City Link I (**)/(***)	Warsaw	72	3,344	28,479
City Link II (**)/(***)	Warsaw	7	257	2,472
Vitalia I (**)	Wrocław	2	122	667
Other (old) projects		1	90	1,023
Total		**362**	**19,835**	**144,536**

(*) For information on the completed projects see "Business highlights during the six months ended 30 June 2016 – B. Results breakdown by project" (pages 4 to 5).

(**) For information on current projects under construction, see "Outlook for the remainder of 2016– B. Current projects under construction" (pages 15 to 18).

(***) The project presented in the Condensed Consolidated Financial Statements under investment in joint ventures; the Company's share is 50%.

D. Commencements of new projects

The table below presents information on the projects for which the construction and/or sales process commenced during the six months ended 30 June 2016:

Project name	**Location**	**Number of units**	**Area of units (m^2)**
Espresso IV (*)	Warsaw	146	8,100
Młody Grunwald III (*)	Poznań	108	7,100
Chilli IV (*)	Poznań	45	2,900
Panoramika III (*)	Szczecin	122	5,800
City Link II (*)	Warsaw	189	8,800
Nova Królikarnia I (*)	Warsaw	106	10,700
Miasto Moje I (*)	Warsaw	205	10,900
Total		**921**	**54,300**

(*) For information on current projects under construction and/or on sale, see "Outlook for the remainder of 2016 – B. Current projects under construction and/or on sale" (pages 15-18).

Business highlights during the six months ended 30 June 2016 (cont'd)

E. Land purchase

During 2015, the Group entered into a preliminary purchase agreement for plots of land with an area of 76,300 m^2 located in Warsaw, district Białołęka at Marywilska Street. In May 2016, the final purchase agreement was signed and the transaction was finalized including the settlement of the purchase price. It is assumed that the project planned on this plot shall comprise nearly 1,500 units with a total aggregate floor space of 75,000 m^2.

Overview of results

The net profit attributable to the equity holders of the parent company for the six months ended 30 June 2016 was PLN 723 thousand and can be summarized as follows:

	For the six months ended 30 June	
	2016	**2015**
	PLN (thousands, except per share data)	
Revenue	111,228	94,214
Cost of sales	(91,359)	(77,353)
Gross profit	**19,869**	**16,861**
Selling and marketing expenses	(4,088)	(3,541)
Administrative expenses	(9,515)	(8,932)
Share of profit/(loss) of associates	(632)	(243)
Other expense	(1,660)	(1,028)
Other income	373	2,188
Result from operating activities	**4,347**	**5,305**
Finance income	1,063	808
Finance expense	(4,212)	(3,422)
Net finance income/(expense)	**(3,149)**	**(2,614)**
Profit/(loss) before taxation	**1,198**	**2,691**
Income tax benefit/(expense)	(94)	(410)
Net profit/(loss) for the period before non-controlling interests	**1,104**	**2,281**
Non-controlling interests loss/(profit)	(381)	159
Net profit/(loss) for the period attributable to the equity holders of the parent	**723**	**2,440**
Earnings per share attributable to the equity holders of the parent (basic and diluted)	**0.003**	**0.009**

Overview of results (cont'd)

Revenue

Total revenue increased by PLN 17.0 million (18.1%) from PLN 94.2 million during the six months ended 30 June 2015 to PLN 111.2 million during the six months ended 30 June 2016, which is primarily explained by an increase in apartments delivered to the customers in terms of area size (in m^2), as well as slight increase in the average selling price per m^2.

Cost of sales

Cost of sales increased by PLN 14.0 million (18.1%) from PLN 77.4 million during the six months ended 30 June 2015 to PLN 91.4 million during the six months ended 30 June 2016, 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 cost of sale per m^2.

Gross margin

The gross margin during the six months ended 30 June 2016 was 17.9% which compares to a gross margin during the six months ended 30 June 2015 of 17.9%.

Selling and marketing expenses

Selling and marketing expenses increased by PLN 0.5 million (15.4%) from PLN 3.6 million during the six months ended 30 June 2015 to PLN 4.1 million during the six months ended 30 June 2016, which is primarily explained by the commencement of 7 new projects/stages with a total of 921 units during the six months ended 30 June 2016 compared to 786 units during the six months ended 30 June 2015.

Administrative expenses

Administrative expenses increased by PLN 0.6 million (6.5%) from PLN 8.9 million during the six months ended 30 June 2015 to PLN 9.5 million during the six months ended 30 June 2016. The increase is primarily explained by the impact of the Company's incentive plan (for additional information see note 12 to the Interim Condensed Consolidated Financial Statements).

Other income

Other income decreased by PLN 1.8 million from PLN 2.2 million during the six months ended 30 June 2015 to PLN 0.4 million during the six months ended 30 June 2016, which is primarily explained by reversal costs during the six months ended 30 June 2015 that were expensed in previous periods with respect to reparation of defects in one of the Company's completed projects, whereas during the six months ended 30 June 2016 no such reversal took place.

Result from operating activities

As a result of the factors described above, the Company's operating result decreased by PLN 1.0 million, from an operating profit of PLN 5.3 million for the six months ended 30 June 2015 to an operating profit of PLN 4.3 million for the six months ended 30 June 2016.

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 six months ended 30 June 2016 PLN (thousands)		
	Total amount	**Amount capitalized**	**Recognized as profit or loss**
Finance income	1,063	-	1,063
Finance expense	(8,186)	3,974	(4,212)
Net finance income/(expense)	**(7,123)**	**3,974**	**(3,149)**

	For the six months ended 30 June 2015 PLN (thousands)		
	Total amount	**Amount capitalized**	**Recognized as profit or loss**
Finance income	808	-	808
Finance expense	(8,532)	5,110	(3,422)
Net finance income/(expense)	**(7,724)**	**5,110**	**(2,614)**

Net finance expenses before capitalization decreased by PLN 0.6 million (7.8%) from PLN 7.7 million during the six months ended 30 June 2015 to PLN 7.1 million during the six months ended 30 June 2016. Simultaneously, the average net debt position decreased from PLN 180.9 million during the six months ended 30 June 2015 to PLN 129.3 million during the six months ended 30 June 2016.

Income tax benefit/(expenses)

During the six months ended 30 June 2016, the income tax expenses amounted to PLN 94 thousand in comparison to a tax expense of PLN 410 thousand during the six months ended 30 June 2015.

Non-controlling interests

Non-controlling interests comprise the share of minority shareholders in profit and losses from subsidiary that is not 100% owned by the Company. During the six months ended 30 June 2016 the minority shareholders' share in the profit amounted to PLN 381 thousand (negatively impacting equity attributable to the holders of the parent), as compared to a share in loss amounting to PLN 159 thousand (positive impact) during the six months ended 30 June 2015. The change in the non-controlling interest is explained by revenue recognized from the Espresso II project that was completed in May 2016.

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

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

	As at 30 June 2016	As at 31 December 2015
	PLN (thousands)	
Inventory	726,966	701,287
Advances received	173,280	116,881
Loans and borrowings	208,653	250,110

Inventory

The balance of inventory is PLN 727.0 million as of 30 June 2016 compared to PLN 701.3 million as of 31 December 2015. The increase in inventory is primarily explained by the Group's investments associated with direct construction costs for a total amount of PLN 69.9 million and increase in land and related expenses for a total amount of PLN 37.8 million. The increase is offset in part by cost of sales recognized for a total amount of PLN 91.2 million.

Advances received

The balance of advances received is PLN 173.3 million as of 30 June 2016 compared to PLN 116.9 million as of 31 December 2015. The increase is a result of advances received from clients regarding sales of residential units for a total amount PLN 167.6 million and is offset in part by revenues recognized from the sale of residential units for a total amount of PLN 111.2 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 208.7 million as of 30 June 2016 compared to PLN 250.1 million as of 31 December 2015. The decrease in loans and borrowings is primarily explained by the effect of repayment of bank loans for a total amount of PLN 84.6 million and repayment of bond loans for a total amount of PLN 15.5 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 27.6 million and proceeds from bond loans, net of issue costs for a total amount of PLN 29.4 million. Of the mentioned PLN 208.7 million, an amount of PLN 86.7 million comprises facilities maturing no later than 30 June 2017.

The maturity structure of the loans and borrowings reflects the Company's recent activities related to bonds issued from 2013 through the six months ended 30 June 2016 as well as the maturity of the banking loans that were obtained by the Company to finance construction costs of the projects developed by the Company.

The balance of loans and borrowings may be split into three categories: 1) floating rate bond loans, 2) banking loans related to residential projects which are completed or under construction, 3) loans from third parties.

Floating rate bond loans as at 30 June 2016 amounted to PLN 205.2 million comprising a loan principal amount of PLN 205.8 million plus accrued interest of PLN 1.5 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 2.1 million). For additional information see Note 10 of the Interim Condensed Consolidated Financial Statements.

The bank loans supporting completed projects or projects under construction are tailored to the pace of construction works and of sales. As at 30 June 2016, loans in this category amounted to PLN 0.5 million.

Loans from third parties as at 30 June 2016 amounted to PLN 3.0 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 six months ended 30 June	
	2016	**2015**
	PLN (thousands)	
Cash flow from/(used in) operating activities	27,239	(21,876)
Cash flow from/(used in) investing activities	448	(3,913)
Cash flow from/(used in) financing activities	(43,213)	27,247

Cash flow from/(used in) operating activities

The Company's net cash inflow from operating activities for the six months ended 30 June 2016 amounted to PLN 27.2 million which compares to a net cash outflow used in operating activities during the six months ended 30 June 2015 amounting to PLN 21.9 million. The increase is principally explained by:

- a net cash inflow from advances received from clients regarding sales of residential units amounting to PLN 167.6 million during the six months ended 30 June 2016, which was in part offset by revenue recognized for a total amount of PLN 111.2 million, in comparison to a cash inflow from advances received in the amount of PLN 114.6 million during the six months ended 30 June 2015, which was in part offset by revenue recognized for a total amount of PLN 94.2 million;
- a net cash outflow used in inventory amounting to PLN 21.7 million during the six months ended 30 June 2016 as compared to a net cash outflow used in inventory amounting to PLN 33.5 million during the six months ended 30 June 2015.

Cash flow from/(used in) investing activities

The Company's net cash inflow from investing activities amounting to PLN 0.4 million during the six months ended 30 June 2016 compared to a net cash outflow used in investing activities totaling PLN 3.9 million during the six months ended 30 June 2015. The increase is primarily explained by:

- a net cash inflow from collateralized short-term bank deposits amounting to PLN 34 thousand during the six months ended 30 June 2016 compared to a net cash outflow used in collateralized short-term bank deposits of PLN 3.6 million during the six months ended 30 June 2015.

Overview of cash flow results (cont'd)

Cash flow from/(used in) financing activities

The Company's net cash outflow used in financing activities amounted to PLN 43.2 million during the six months ended 30 June 2016 compared to a net cash inflow from financing activities amounted to PLN 27.2 million in the six months ended 30 June 2015. The decrease is primarily due to:

- a repayment of secured bank loans amounting to PLN 84.6 million during the six months ended 30 June 2016 compared to a repayment of secured bank loans amounting to PLN 48.8 million during the six months ended 30 June 2015;
- proceeds from bank loans net of bank charges amounting to PLN 27.6 million during the six months ended 30 June 2016 compared to proceeds from bank loans net of bank charges amounting to PLN 46.7 million during the six months ended 30 June 2015;
- a repayment of bond loans amounting to PLN 15.6 million during the six months ended 30 June 2016 compared to a repayment of bond loans amounting to PLN nil during the six months ended 30 June 2015.

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 a 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 review will be fully reimbursed to the Company. The Company considers having its first and third quarter report provided with a review report a benefit to all of its shareholders.

Financial information

The Interim Condensed Consolidated Financial Statements as included in this Interim Financial Report on pages 23 through 48 have been prepared in accordance with IAS 34 "Interim financial reporting".
The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS") and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015 which have been prepared in accordance with IFRS. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the nature of the Group's activities, the IFRSs applied by the Group are not different from the IFRS endorsed by the European Union. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). For additional information, see Note 3 of the Interim Condensed Consolidated Financial Statements.

Selected financial data

PLN/EUR	Exchange rate of Polish Zloty versus Euro			
	Average exchange rate	**Minimum exchange rate**	**Maximum exchange rate**	**Period end exchange rate**
2016 (6 months)	**4.368**	**4.236**	**4.499**	**4.426**
2015 (6 months)	4.141	3.982	4.334	4.194

Source: National Bank of Poland ("NBP")

Selected financial data	EUR*		PLN	
	(thousands, except per share data and number of shares)			
	For the six months ended 30 June or as at 30 June			
	2016	**2015**	**2016**	**2015**
Revenues	**25,464**	22,752	**111,228**	94,214
Gross profit	**4,549**	4,072	**19,869**	16,861
Profit before taxation	**274**	650	**1,198**	2,691
Net profit for the period attributable to the equity holders of the parent	**166**	589	**723**	2,440
Cash flows from/(used in) operating activities	**6,236**	(5,283)	**27,239**	(21,876)
Cash flows from/(used in) investing activities	**103**	(945)	**448**	(3,913)
Cash flows from/(used in) financing activities	**(9,893)**	6,580	**(43,213)**	27,247
Increase/(decrease) in cash and cash equivalents	**(3,554)**	352	**(15,526)**	1,458
Inventory	**164,249**	182,773	**726,966**	766,550
Total assets	**202,232**	219,200	**895,081**	919,324
Advances received	**39,150**	28,474	**173,280**	119,419
Long term liabilities	**29,003**	56,976	**128,367**	238,958
Short term liabilities (including advances received)	**69,180**	54,064	**306,189**	226,744
Equity attributable to the equity holders of the parent	**103,575**	107,697	**458,421**	451,682
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
Net earnings per share (basic and diluted)	**0.001**	0.002	**0.003**	0.009

* *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 2015 to 30 June 2016, 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 2016

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 2016 and 2017:

		Number of units delivered (*)			Number of residential units expected to be delivered (*)			
Project name	**Location**	**Until 31 December 2015**	**During the six months ended 30 June 2016**	**Total units delivered**	**Sold until 30 June 2016**	**Units for sale at 30 June 2016**	**Total units expected to be delivered**	**Total project**
Moko I (**)	Warsaw	-	45	45	106	27	133	178
Espresso II (**)	Warsaw	-	96	96	49	6	55	151
Młody Grunwald I & II (**)	Poznań	166	77	243	6	36	42	285
Naturalis I,II & III (**)	Warsaw	150	13	163	4	5	9	172
Sakura (**)	Warsaw	479	13	492	3	20	23	515
Verdis (**)	Warsaw	423	3	426	2	13	15	441
Tamka (**)	Warsaw	42	10	52	5	8	13	65
Impressio (**)	Wrocław	172	18	190	5	11	16	206
Other (old) projects		-	1	1	2	3	5	6
Total		**1,432**	**276**	**1,708**	**182**	**129**	**311**	**2,019**

(*) 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 six months ended 30 June 2016 – B. Results breakdown by project" (pages 4-5).

B. Current projects under construction and/or on sale

The table below presents information on projects for which completion is scheduled in the remainder of 2016, 2017 and 2018. The Company has obtained construction permits for all projects/stages and has commenced construction.

Project name	**Location**	**Units sold until 30 June 2016**	**Units for sale as at 30 June 2016**	**Total units**	**Total area of units (m^2)**	**Expected completion of construction**
Espresso III	Warsaw	126	29	155	8,500	2016
Panoramika II	Szczecin	83	24	107	5,900	2016
Moko II	Warsaw	108	59	167	12,500	2016
Kamienica Jeżyce I	Poznań	132	12	144	7,800	2016
Kamienica Jeżyce II	Poznań	109	42	151	7,400	2016
City Link I (*)	Warsaw	194	129	323	14,700	2017
Vitalia I	Wrocław	2	137	139	7,200	2017
Chilli IV	Poznań	-	45	45	2,900	2017
Młody Grunwald III	Poznań	11	97	108	7,100	2017
Espresso IV	Warsaw	21	125	146	8,100	2017
Panoramika III	Szczecin	3	119	122	5,800	2017
City Link II (*)	Warsaw	7	182	189	8,800	2018
Subtotal - projects under construction and on sale		**796**	**1,000**	**1,796**	**96,700**	
Nova Królikarnia I (**)	Warsaw	n.a.	n.a.	106	10,700	2017
Miasto Moje I (**)	Warsaw	n.a.	n.a.	205	10,900	2017
Total				**2,107**	**118,300**	

(*) The project is presented in the Consolidated Financial Statements under Investment in joint ventures, the Company's share in the project is 50%.

(**) As at 30 June 2016 the sales process of Nova Królikarnia and Miasto Moje were not yet commenced. The Company is considering commencing sales during the second half of 2016.

Outlook for the remainder of 2016 (cont'd)

B. Current projects under construction and/or on sale (cont'd)

Espresso III and IV

Description of project

The third and the fourth (and last) phases of the Espresso project are being developed on a land strip of 7,500 m^2 located in Wola district in Warsaw at Jana Kazimierza Street, and are a continuation of Espresso I and II projects which were completed in 2014 and in May 2016, respectively. The third and the fourth phase of this project will comprise a six-seven-and-eight-storey, multi-family residential building with a total of 147 apartments and 8 commercial units and an aggregate floor space of 8,500 m^2 and a six-eight-storey, multi-family residential building with a total of 135 apartments and 11 commercial units and an aggregate floor space of 8,100 m^2, respectively.

Stage of development

The construction of the Espresso III project commenced in February 2015, while completion is expected in the fourth quarter of 2016. The construction of the Espresso IV project commenced in March 2016, while completion is expected in the fourth quarter of 2017.

Panoramika II and III

Description of project

The second and third phases of the Panoramika project are being developed on a part of land strip of 10,600 m^2 located in Szczecin at Duńska Street, and are a continuation of the Panoramika I project, which was completed during 2012. The second and the third phase of this project will comprise 1 nine-storey, multi-family residential building with a total of 107 apartments and an aggregate floor space of 5,900 m^2 and 1 nine-storey, multi-family residential building with a total of 122 apartments and an aggregate floor space of 5,800 m^2, respectively.

Stage of development

The sale of units in the Panoramika II project commenced in June 2014 and the construction work commenced in September 2014, while completion is expected in the third quarter of 2016. The construction of the Panoramika III project commenced in May 2016, while completion is expected in the fourth quarter of 2017.

Moko II

Description of project

The second (and last) phase of the Moko project is being developed on a land strip of 6,500 m^2 located in Mokotów district in Warsaw at Magazynowa Street and is a continuation of the Moko I project which was completed in June 2016. The second phase of this project will comprise 2 seven and eight-storey, multi-family residential buildings with a total of 160 apartments and 7 commercial units and an aggregate floor space of 12,500 m^2.

Stage of development

The construction of the Moko II project commenced in February 2015, while completion is expected in the fourth quarter of 2016.

Outlook for the remainder of 2016 (cont'd)

B. Current projects under construction and/or on sale (cont'd)

Kamienica Jeżyce I and II

Description of project

The first phase and the second (and last) phase of the Kamienica Jeżyce project are being developed on a land strip of 9,700 m^2 located in Jeżyce district in Poznań at Kościelna Street. The first and second phase of this project will comprise 4 five and six-storey, multi-family residential buildings with a total of 139 apartments and 5 commercial units with an aggregate floor space of 7,800 m^2, and 5 five and six-storey, multi-family residential buildings with a total of 151 apartments with an aggregate floor space of 7,400 m^2, respectively.

Stage of development

The construction of the Kamienica Jeżyce I project commenced in September 2014, while completion is expected in the third quarter of 2016. The construction of the Kamienica Jeżyce II project commenced in May 2015, while completion is expected in the fourth quarter of 2016.

City Link I and II

Description of project

The first and second phases (and last) of this project are being developed on a land strip of 8,900 m^2 located in the Wola district in Warsaw at Skierniewicka street. The first and second phase of this project will comprise 1 six to ten-storey, multi-family residential building with a total of 301 apartments and 22 commercial units with an aggregate floor space of 14,700 m^2 and 1 seventeen-storey, multi-family residential building with a total of 184 apartments and 5 commercial units with an aggregate floor space of 8,800 m^2

Stage of development

The construction of the City Link I project commenced in April 2015, while completion is expected in the second quarter of 2017. The pre-sales of the City Link II project commenced in June 2016, while construction is planned to be commenced during third quarter of 2016.

Vitalia I

Description of project

The first phase of this project will be developed in phases on a part of land strip of 18,500 m^2 located in Krzyki district in Wrocław at Jutrzenki Street. The first phase of this project will comprise 2 three to four-storey, multi-family residential buildings with a total of 139 apartments with an aggregate floor space of 7,200 m^2.

Stage of development

The construction of the Vitalia I project commenced in December 2015, while completion is expected in the second quarter of 2017.

Młody Grunwald III

Description of project

The third and last phase of the Młody Grunwald project is being developed on a part of land strip of 4,800 m^2 located in Grunwald district in Poznań at Jeleniogórska Street, and is a continuation of the Młody Grunwald I and II projects, which were completed in 2014 and 2015, respectively. The third phase of this project will comprise 3 six-storey, multi-family residential buildings with a total of 104 apartments and 4 commercial units with an aggregate floor space of 7,100 m^2.

Stage of development

The construction of the Młody Grunwald III project commenced in March 2016, while completion is expected in the third quarter of 2017

Outlook for the remainder of 2016 (cont'd)

B. Current projects under construction and/or on sale (cont'd)

Chilli IV

Description of project

The fourth phase of the Chilli project is being developed on a part of land strip of 5,500 m^2 located in Tulce near Poznań, and is a continuation of the Chilli I, II and III projects, which were completed in 2012, 2013 and 2014, respectively. The fourth phase of this project will comprise 45 apartments units with an aggregate floor space of 2,900 m^2.

Stage of development

The construction of the Chilli IV project commenced in June 2016, while completion is expected in the third quarter of 2017.

Nova Królikarnia I

Description of project

First stage of Nova Królikarnia project is being developed on a land strip of 17,100 m^2 located in the Mokotów district in Warsaw at Jaśminowa Street. The first stage of this project will comprise up to 98 apartments and 8 commercial units with an aggregate floor space of 10,600 m^2, which will be developed in smaller sections that may be completed separately.

Stage of development

The construction of the Nova Królikarnia I project commenced in June 2016, while the completion of the first section expected in the fourth quarter of 2017. As at 30 June 2016, the sales process of Nova Królikarnia I was not yet commenced. The Company is considering commencing sales for this project during the third quarter of 2016.

Miasto Moje I (previously named Marywilska)

Description of project

First stage Miasto Moje project is being developed on a land strip of 12,700 m^2 located in the Białołęka district in Warsaw at Marywilska Street. In May 2016, the Company completed the acquisition of all rights to the land following a waiver to the pre-emption right by the municipality, the city of Warsaw. The first stage of this project will comprise 191 apartments and 14 commercial units with an aggregate floor space of 10,900 m^2.

Stage of development

The construction of the Miasto Moje I project commenced in June 2016, while completion is expected in the fourth quarter of 2017. As at 30 June 2016, the sales process of Miasto Moje I was not yet commenced. The Company is considering commencing sales for this project during the third quarter of 2016.

Outlook for the remainder of 2016 (cont'd)

C. Projects for which construction work is planned to commence during the remainder of 2016

As the Company is aware of the 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 2016, the Company is considering the commencement of another two stages of the currently running projects and one new project, 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

Marina Miasto

The Marina Miasto project will be developed on a land strip of 8,100 m^2 located in Wrocław at Na Grobli Street. The project will comprise 152 units with an aggregate floor space of 6,100 m^2. The Company is considering commencing construction of this project during the remainder of 2016.

b) New stages of running projects

Naturalis IV

The Naturalis IV project is a continuation of the Naturalis I, II and III projects. The project will comprise 57 units with an aggregate floor space of 3,200 m^2. The Company is considering commencing construction of this project during the remainder of 2016.

Miasto Moje II (previously named Marywilska)

The Miasto Moje II project is a continuation of the Miasto Moje I project. The project will comprise 157 units with an aggregate floor space of 8,900 m^2. The Company is considering commencing construction of this during the remainder of 2016.

Outlook for the remainder of 2016 (cont'd)

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

The current volume and value of the preliminary sales agreements signed with the clients do not impact the Condensed Consolidated 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 15). 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 Condensed 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
Moko I (*)	Warsaw	52,059	Completed
Espresso II (*)	Warsaw	16,671	Completed
Tamka (*)	Warsaw	6,165	Completed
Impressio (*)	Wrocław	2,470	Completed
Verdis (*)	Warsaw	809	Completed
Sakura (*)	Warsaw	1,714	Completed
Młody Grunwald I & II (*)	Poznań	2,618	Completed
Naturalis I, III & III (*)	Warsaw	1,397	Completed
Other (old) projects		1,734	Completed
Subtotal completed projects		***85,637***	
Espresso III (**)	Warsaw	45,209	2016
Panoramika II (**)	Szczecin	18,436	2016
Moko II (**)	Warsaw	48,736	2016
Kamienica Jeżyce I (**)	Poznań	39,737	2016
Kamienica Jeżyce II (**)	Poznań	27,324	2016
Młody Grunwald III (**)	Poznań	3,932	2017
Espresso IV (**)	Warsaw	8,115	2017
Panoramika III (**)	Szczecin	751	2017
Vitalia I (**)	Wrocław	667	2017
Subtotal ongoing projects		***192,907***	
City Link I (**)/(***)	Warsaw	71,771	2017
City Link II (**)/(***)	Warsaw	2,471	2018
Subtotal project held by joint venture		***74,242***	
Total		**352,786**	

(*) *For information on the completed projects see "Business highlights during the six months ended 30 June 2016 – B. Results breakdown by project" (pages 4-5).*

(**) *For information on current projects under construction and/or on sale, see under "B" above (pages 15-18).*

(***) *This project is presented in the Consolidated Financial Statements under Investment in joint ventures, the Company's share in this project is 50%.*

Outlook for the remainder of 2016 (cont'd)

E. Main risks and uncertainties during the remainder of 2016

While the improving market in 2014, 2015 and the first half of 2016 potentially bodes well for the Company for the remainder of 2016 and in 2017, the overall economic and geopolitical situation in Europe and in Poland, the ongoing uncertainties in the housing market and uncertainty related to the implementation of new government housing finance programs make it very difficult to predict with precision the anticipated results for the remainder of 2016. The level of development of the Polish economy, the performance of the banking industry, consumers' interest in new housing projects, increasing competition in the market and uncertainty around continuation of housing finance incentive programs are considered to be the most significant uncertainties for the remainder of the financial year ending 31 December 2016.

Additional information to the report

To the best of the Company's knowledge, as of the date of preparation of this short report for the six months ended 30 June 2016 (3 August 2016), the following shareholders are entitled to exercise over 3% of the voting rights at the General Meeting of Shareholders in the Company:

Shares

	As of 3 August 2016 Number of shares / % of shares	**Change in number of shares**	**As of 30 June 2016 Number of shares / % of shares**	**Change in number of shares**	**As of 31 December 2015 Number of shares / % of shares**
Shares issued	***272,360,000***	-	***272,360,000***	-	***272,360,000***
Major shareholders:					
I.T.R. 2012 B.V. (1)	87,449,187	-	87,449,187	-	87,449,187
	32.1%		32.1%		32.1%
I.T.R. Dori B.V. (1)	87,449,187	-	87,449,187	-	87,449,187
	32.1%		32.1%		32.1%
RN Residential B.V. (2)	41,800,000	-	41,800,000	-	41,800,000
	15.3%		15.3%		15.3%
Metlife Otwarty Fundusz Emerytalny (3)	N/A	N/A	N/A	N/A	N/A
	Between 3%-5%.		Between 3%-5%.		Between 3%-5%.
Nationale Nederlanden Otwarty Fundusz Emerytalny (4)	N/A	N/A	N/A	N/A	N/A
	Between 5%-10%.		Between 5%-10%.		Between 5%-10%.

(1) In December 2012, I.T.R. 2012 B.V. and I.T.R. Dori B.V. entered into a partnership formed under Dutch law, 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 were previously held by I.T.R. Dori B.V.
I.T.R. 2012 B.V. is an indirect subsidiary of Global City Holdings N.V. and I.T.R. Dori B.V. is a subsidiary of A. Luzon Group (formerly U. Dori Group Ltd).

(2) On 14 November 2013, the shares in RN Residential B.V. (formerly GE Real Estate CE Residential B.V.) were (indirectly, through the acquisition of the shares of RN Development Holding B.V.) acquired by I.T.R. 2012 B.V. and A. Luzon Group, which due to this transaction increased indirect shareholding in Ronson by 7.67% each. As a result of this transaction Global City Holdings N.V. indirectly controls 39.78% of the Company's shares and A. Luzon Group. indirectly controls 39.78% of the Company's shares.

(3) Formerly Amplico Otwarty Fundusz Emerytalny.

(4) Formerly ING Otwarty Fundusz Emerytalny.

Changes in the Management Board in the six months ended 30 June 2016 and until the date of publication of this report

The Annual General Meeting of Shareholders held on 20 April 2016 approved the appointment of Mr Roy Vishnovizki as member of the Management Board and managing director B for a term of four years. His appointment came into force as of the day of the adoption of the resolution. Mr Vishnovizki replaced Mr Yosef Shaked, who stepped down as managing director B effective on the day of the Annual General Meeting of Shareholders (20 April 2016).

Additional information to the report (cont'd)

Changes in the Supervisory Board in the six months ended 30 June 2016 and until the date of publication of this report

The Annual General Meeting of Shareholders held on 20 April 2016 approved the appointment of Mr Amos Luzon as member of the Supervisory Board for a term of four years. His appointment came into force as of the day of the adoption of the resolution. Mr Luzon replaced Mr Arie Mientkavich, who stepped down as Supervisory Board director effective on the day of the Annual General Meeting of Shareholders (20 April 2016).

Changes in ownership of shares and rights to shares by Supervisory Board members in the six months ended 30 June 2016 and until the date of publication of this report

As at 30 June 2016 and as at the day of publishing this report Mr Amos Luzon held 78.04 % of the shares and voting rights in A. Luzon Group and as a result, thus indirectly held a 31.05% interest in the Company.

Changes in ownership of shares and rights to shares by Management Board members in the six months ended 30 June 2016 and until the date of publication of this report

None

Other

As of 30 June 2016, the Company has issued guarantees for bank loans granted to subsidiaries amounting to a total of PLN 8.2 million.

As of 30 June 2016, the Group had no litigations for claims or liabilities that in total would exceed 10% of the Group's equity.

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 IAS 34 "Interim financial reporting". At the date of authorization 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 IFRS applied by the Group and the IFRS endorsed by the European Union. IFRS 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 June 2016 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 six 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 six months management board report gives a true and fair view of the important events of the past six-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
Erez Yoskovitz	**Roy Vishnovizki**	

Rotterdam, 3 August 2016

Interim Condensed Consolidated Statement of Financial Position

As at *In thousands of Polish Zlotys (PLN)*	***Note***	**30 June 2016 (Reviewed/ Unaudited)**	**31 December 2015 (Audited)**
Assets			
Property and equipment		8,438	8,872
Investment property		8,743	8,743
Investment in joint ventures	*18*	1,755	17,438
Deferred tax assets		12,040	11,303
Total non-current assets		**30,976**	**46,356**
Inventory	*9*	726,966	701,287
Trade and other receivables and prepayments		20,317	18,493
Income tax receivable		477	428
Short-term bank deposits - collateralized		4,059	4,093
Loans granted to third parties		482	458
Loans granted to joint ventures	*18*	14,878	-
Other current financial assets		12,921	4,198
Cash and cash equivalents		84,005	99,531
Total current assets		**864,105**	**828,488**
Total assets		**895,081**	**874,844**
Equity			
Share capital		20,762	20,762
Share premium		282,873	282,873
Retained earnings		154,786	154,063
Equity attributable to equity holders of the parent		**458,421**	**457,698**
Non-controlling interests		2,104	1,723
Total equity		**460,525**	**459,421**
Liabilities			
Floating rate bond loans	*10*	118,518	171,538
Secured bank loans	*11*	471	42,099
Loans from third parties		-	906
Share based payment liabilities	*12*	901	630
Deferred tax liability		8,477	7,780
Total non-current liabilities		**128,367**	**222,953**
Trade and other payables and accrued expenses		41,701	38,574
Floating rate bond loans	*10*	86,671	18,759
Secured bank loans	*11*	-	14,803
Loans from third parties		2,993	2,005
Advances received		173,280	116,881
Income tax payable		103	7
Provisions		1,441	1,441
Total current liabilities		**306,189**	**192,470**
Total liabilities		**434,556**	**415,423**
Total equity and liabilities		**895,081**	**874,844**

The notes included on pages 28 to 48 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 6 months ended 30 June 2016 (Reviewed) / (unaudited)	For the 3 months ended 30 June 2016 (Reviewed) / (unaudited)	For the 6 months ended 30 June 2015 (Reviewed) / (unaudited)	For the 3 months ended 30 June 2015 (Reviewed) / (unaudited)
Revenue		111,228	69,366	94,214	53,818
Cost of sales		(91,359)	(53,492)	(77,353)	(41,551)
Gross profit		**19,869**	**15,874**	**16,861**	**12,267**
Selling and marketing expenses		(4,088)	(2,354)	(3,541)	(1,846)
Administrative expenses		(9,515)	(4,294)	(8,932)	(4,440)
Share of profit/(loss) in joint ventures		(632)	(413)	(243)	(202)
Other expenses		(1,660)	(758)	(1,028)	(114)
Other income		373	252	2,188	1,994
Result from operating activities		**4,347**	**8,307**	**5,305**	**7,659**
Finance income		1,063	513	808	359
Finance expense		(4,212)	(2,090)	(3,422)	(1,871)
Net finance income/(expense)		**(3,149)**	**(1,577)**	**(2,614)**	**(1,512)**
Profit/(loss) before taxation		**1,198**	**6,730**	**2,691**	**6,147**
Income tax benefit/(expense)	*13*	(94)	(1,211)	(410)	(1,057)
Profit/(loss) for the period		**1,104**	**5,519**	**2,281**	**5,090**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		**1,104**	**5,519**	**2,281**	**5,090**
Total profit/(loss) for the period attributable to:					
equity holders of the parent		723	4,965	2,440	5,184
Non-controlling interests		381	554	(159)	(94)
Total profit/(loss) for the period, net of tax		**1,104**	**5,519**	**2,281**	**5,090**
Total comprehensive income attributable to:					
equity holders of the parent		723	4,965	2,440	5,184
Non-controlling interests		381	554	(159)	(94)
Total comprehensive income for the period, net of tax		**1,104**	**5,519**	**2,281**	**5,090**
Weighted average number of ordinary shares (basic)		**272,360,000**	**272,360,000**	**272,360,000**	**272,360,000**
In Polish Zlotys (PLN)					
Net earnings per share attributable to the equity holders of the parent (basic and diluted)		**0.003**	**0.018**	**0.009**	**0.019**

The notes included on pages 28 to 48 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Changes in Equity

In thousands of Polish Zlotys (PLN)	Attributable to the Equity holders of parent: Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	**20,762**	**282,873**	**154,063**	**457,698**	**1,723**	**459,421**
Comprehensive income:						
Profit for the six months ended 30 June 2016	-	-	723	723	381	1,104
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**723**	**723**	**381**	**1,104**
Balance at 30 June 2016 (Reviewed/ Unaudited)	**20,762**	**282,873**	**154,786**	**458,421**	**2,104**	**460,525**

In thousands of Polish Zlotys (PLN)	Attributable to the Equity holders of parent: Share capital	Share premium	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2015	**20,762**	**282,873**	**145,607**	**449,242**	**2,099**	**451,341**
Comprehensive income:						
Profit for the six months ended 30 June 2015	-	-	2,440	2,440	(159)	2,281
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**2,440**	**2,440**	**(159)**	**2,281**
Balance at 30 June 2015 (Reviewed/ Unaudited)	**20,762**	**282,873**	**148,047**	**451,682**	**1,940**	**453,622**

The notes included on pages 28 to 48 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Cash Flows

In thousands of Polish Zlotys (PLN)		For the 6 months ended 30 June 2016 (Reviewed) / (unaudited)	For the 6 months ended 30 June 2015 (Reviewed/ Unaudited)
Cash flows from/(used in) operating activities			
Profit for the period		1,104	2,281
Adjustments to reconcile profit for the period to net cash used in operating activities			
Depreciation		434	347
Write-down of inventory		-	226
Finance expense		4,212	3,422
Finance income		(1,063)	(808)
Profit on sale of property and equipment		-	(28)
Share of loss/(profit) from joint ventures		632	243
Share-based payment	*12*	271	(195)
Income tax (benefit)/expense		94	410
Subtotal		***5,684***	***5,898***
Decrease/(increase) in inventory		(21,705)	(33,511)
Decrease/(increase) in trade and other receivables and prepayments		(1,824)	(9,776)
Decrease/(increase) in other current financial assets		(8,723)	(3,693)
Increase/(decrease) in trade and other payables and accrued expenses		3,127	5,261
Increase/(decrease) in provisions		-	(52)
Increase/(decrease) in advances received		56,399	20,406
Subtotal		***32,958***	***(15,467)***
Interest paid		(6,430)	(6,989)
Interest received		798	580
Income tax received/(paid)		(87)	-
Net cash from/(used in) operating activities		**27,239**	**(21,876)**

The notes included on pages 28 to 48 are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Cash Flows (cont'd)

In thousands of Polish Zlotys (PLN)	**For the 6 months ended 30 June 2016 (Reviewed) / (unaudited)**	**For the 6 months ended 30 June 2015 (Reviewed/ Unaudited)**
Cash flows from/(used in) investing activities		
Acquisition of property and equipment	-	(64)
Proceeds from loans granted to third parties	-	627
Investment in joint ventures and loans granted to joint ventures	414	(912)
Short-term bank deposits – collateralized	34	(3,592)
Proceeds from sale of property and equipment	-	28
Net cash from/(used in) investing activities	**448**	**(3,913)**
Cash flows from/(used in) financing activities		
Proceeds from bank loans, net of bank charges	27,551	46,691
Proceeds from bond loans, net of issue costs	29,391	29,403
Repayment of bank loans	(84,605)	(48,847)
Repayment of bond loans	(15,550)	-
Net cash from/(used in) financing activities	**(43,213)**	**27,247**
Net change in cash and cash equivalents	**(15,526)**	**1,458**
Cash and cash equivalents at beginning of period	99,531	70,590
Cash and cash equivalents at end of period	**84,005**	**72,048**

The notes included on pages 28 to 48 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 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 30 June 2016, 39.78% of the outstanding shares are controlled by I.T.R. 2012 B.V., which is an indirect subsidiary of Global City Holdings N.V. ('ITR 2012') (32.11% through a jointly controlled partnership formed under Dutch law between ITR 2012 and ITR Dori B.V. and 7.67% through a jointly controlled company formed under Dutch law between ITR 2012 and Amos Luzon Development and Energy Group Ltd. ('A. Luzon Group'), (formerly 'U. Dori Group Ltd.')) and 39.78% of the outstanding shares are controlled by A. Luzon Group Ltd (32.11% through a jointly controlled partnership formed under Dutch law between ITR 2012 and ITR Dori B.V. (of which it holds 50% of the shares) and 7.67% through a jointly controlled company formed under Dutch law between ITR 2012 and A. Luzon Group). The remaining 20.44% of the outstanding shares are held by other investors including Metlife Otwarty Fundusz Emerytalny holding between 3% and 5% and Nationale Nederlanden Otwarty Fundusz Emerytalny 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 six and three months ended 30 June 2016 and contain comparative data for the six and three months ended 30 June 2015 and as at 31 December 2015. The Interim Condensed Consolidated Financial Statements of the Company for the six months ended 30 June 2016 with all its comparative data have been reviewed by the Company's external auditors.

As at 30 June 2016, the Groups' market capitalization was below the value of net assets. Management took appropriate steps to review the accounts in respect if there is any additional impairment required and found no basis for it. The Management verified that the forecast margin potential in respect of the inventory is significantly positive.

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 six months ended 30 June 2016 were authorized for issuance by the Management Board on 3 August 2016.

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

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim financial reporting".

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 2015 prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union. At the date of authorization of these Interim Condensed Consolidated Financial Statements, in light of the nature of the Group's activities, the IFRS applied by the Group are not different from the IFRS endorsed by the European Union. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). The Consolidated Financial Statements of the Group for the year ended 31 December 2015 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 2015.
The following standards and amendments became effective as of 1 January 2016:

- Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014)
- Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014)

The above amendments and improvements to IFRS do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements 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 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 2015.

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 30 June 2016, are presented below and on the following page.

	Entity name	Year of incorporation	Share of ownership & voting rights at the end of	
			30 June 2016	31 December 2015
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.	Apartments Projekt Sp. z o.o. (previously 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.	City 2015 Sp. z o.o. (previously named Ronson Development City Sp. z o.o.)	2006	100.0%	100.0%
21.	Ronson Development Village Sp. z o.o. (*)	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.	Continental Development Sp. z o.o. (previously Ronson Development Continental Sp. z o.o.)	2007	100.0%	100.0%
26.	Ronson Development Universal Sp. z o.o. (*)	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 Partner 5 Sp. z o.o. (previously Ronson Development West Sp. z o.o.)	2007	100.0%	100.0%
30.	Ronson Development Partner 4 Sp. z o.o. (previously named 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. w likwidacji	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 4 Sp. z o.o. (previously named 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.	Destiny Sp. z o.o. (previously named 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%

(*) 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	
			30 June 2016	31 December 2015
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 Partner 2 Sp. z o.o. –Destiny 2011 Sp.k. (previously named 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 Partner 5 Sp. z o.o. - Vitalia Sp.k. (previously named 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	82%	82%
57.	Ronson Development Apartments 2010 Sp. z o.o.	2010	100.0%	100.0%
58.	RD 2010 Sp. z o.o. (previously named Ronson Development 2010 Sp. z o.o.)	2010	100.0%	100.0%
59.	Retreat Sp. z o.o. (previously named Ronson Development Retreat 2010 Sp. z o.o.)	2010	100.0%	100.0%
60.	Enterprise 2010 Sp. z o.o. (previously Ronson Development Enterprise 2010 Sp. z o.o.)	2010	100.0%	100.0%
61.	Wrocław 2010 Sp. z o.o. (previously 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.	Gemini 2010 Sp. z o.o. (previously named Ronson Development Gemini 2010 Sp. z o.o.)	2010	100.0%	100.0%
65.	Ronson Development Sp. z o.o. - Naturalis Sp.k.	2011	100.0%	100.0%
66.	Ronson Development Sp. z o.o. - Impressio Sp.k.	2011	100.0%	100.0%
67.	Ronson Development Sp. z o.o. - Continental 2011 Sp.k.	2011	100.0%	100.0%
68.	Ronson Development Sp. z o.o. - Providence 2011 Sp.k.	2011	100.0%	100.0%
69.	Ronson Development Partner 2 Sp. z o.o. - Capital 2011 Sp. k.	2011	100.0%	100.0%
70.	Ronson Development Sp. z o.o. - Architecture 2011 Sp.k.	2011	100.0%	100.0%
71.	Ronson Development Sp. z o.o. - City 1 Sp.k.	2012	100.0%	100.0%
72.	Ronson Development Sp. z o.o. - City 2 Sp.k.	2012	100.0%	100.0%
73.	Ronson Development Sp. z o.o. - City 3 Sp.k.	2012	100.0%	100.0%
74.	District 20 Sp. z o.o.	2015	100.0%	100.0%
75.	Królikarnia 2015 Sp. z o.o.	2015	100.0%	100.0%
76.	Pod Skocznią Projekt Sp. z o.o.	2015	100.0%	100.0%
77.	Tras Sp. z o.o.	2015	100.0%	100.0%
78.	Arkadia Development Sp. z o.o.	2015	100.0%	100.0%

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 two particular assets 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. The unallocated result (loss) comprises mainly head office expenses. Unallocated assets comprise mainly unallocated cash and cash equivalents and income tax assets. Unallocated liabilities comprise mainly income tax liabilities and floating rate bond loans.
Data presented in the table below are aggregated by type of development within the geographical location:

In thousands of Polish Zlotys (PLN) — **As at 30 June 2016 (Reviewed)/(unaudited)**

	Warsaw			**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Segment assets	465,387	31,994	8,743	137,385	-	80,426	2,601	80,959	7,730	-	815,225
Unallocated assets	-	-	-	-	-	-	-	-	-	79,856	79,856
Total assets	**465,387**	**31,994**	**8,743**	**137,385**	**-**	**80,426**	**2,601**	**80,959**	**7,730**	**79,856**	**895,081**
Segment liabilities	137,671	956	-	57,088	-	3,674	-	17,411	-	-	216,800
Unallocated liabilities	-	-	-	-	-	-	-	-	-	217,756	217,756
Total liabilities	**137,671**	**956**	**-**	**57,088**	**-**	**3,674**	**-**	**17,411**	**-**	**217,756**	**434,556**

In thousands of Polish Zlotys (PLN) — **As at 31 December 2015 (Audited)**

	Warsaw			**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Segment assets	456,454	33,357	8,743	136,475	-	73,065	2,607	71,173	7,736	-	789,610
Unallocated assets	-	-	-	-	-	-	-	-	-	85,234	85,234
Total assets	**456,454**	**33,357**	**8,743**	**136,475**	**-**	**73,065**	**2,607**	**71,173**	**7,736**	**85,234**	**874,844**
Segment liabilities	152,459	1,014	-	44,660	-	4,064	-	10,262	-	-	212,459
Unallocated liabilities	-	-	-	-	-	-	-	-	-	202,964	202,964
Total liabilities	**152,459**	**1,014**	**-**	**44,660**	**-**	**4,064**	**-**	**10,262**	**-**	**202,964**	**415,423**

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN) — **For the six months ended 30 June 2016 (Reviewed)/(unaudited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	76,883	1,331	455	24,639	-	7,920	-	-	-	-	111,228
Segment result	14,862	(44)	297	(350)	-	(608)	(2)	(145)	(3)	-	14,007
Unallocated result	-	-	-	-	-	-	-	-	-	(9,660)	(9,660)
Result from Operating activities*	**14,862**	**(44)**	**297**	**(350)**	**-**	**(608)**	**(2)**	**(145)**	**(3)**	**(9,660)**	**4,347**
Net finance income/(expense)	(40)	(2)	-	32	-	46	-	(9)	-	(3,176)	(3,149)
Profit/(loss) before taxation	**14,822**	**(46)**	**297**	**(318)**	**-**	**(562)**	**(2)**	**(154)**	**(3)**	**(12,836)**	**1,198**
Income tax expense											(94)
Profit for the period											**1,104**
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-

In thousands of Polish Zlotys (PLN) — **For the six months ended 30 June 2015 (Reviewed)/(unaudited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	85,965	-	376	7,837	-	4	-	32	-	-	94,214
Segment result	13,379	(228)	218	1,177	-	(248)	(6)	(94)	(6)	-	14,192
Unallocated result	-	-	-	-	-	-	-	-	-	(8,887)	(8,887)
Result from operating activities*	**13,379**	**(228)**	**218**	**1,177**	**-**	**(248)**	**(6)**	**(94)**	**(6)**	**(8,887)**	**5,305**
Net finance income/(expense)	(199)	(3)	-	(20)	-	(30)	-	21	-	(2,383)	(2,614)
Profit/(loss) before taxation	**13,180**	**(231)**	**218**	**1,157**	**-**	**(278)**	**(6)**	**(73)**	**(6)**	**(11,270)**	**2,691**
Income tax expense											(410)
Profit for the period											**2,281**
Capital expenditure	-	-	-	-	-	-	-	-	-	**64**	**64**

* *Results from operating activities including share of loss in joint ventures (which are developing apartments project in Warsaw), that amounted to PLN 632 thousands (expenses) during the six months ended 30 June 2016 and PLN 243 thousands (expenses) during the six months ended 30 June 2015.*

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting (cont'd)

In thousands of Polish Zlotys (PLN) — **For the three months ended 30 June 2016 (Reviewed)/(unaudited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	62,973	-	229	3,280	-	2,884	-	-	-	-	69,366
Segment result	13,423	(10)	145	(447)	-	(310)	(1)	(94)	(2)	-	12,704
Unallocated result	-	-	-	-	-	-	-	-	-	(4,397)	(4,397)
Result from operating activities *	**13,423**	**(10)**	**145**	**(447)**	**-**	**(310)**	**(1)**	**(94)**	**(2)**	**(4,397)**	**8,307**
Net finance income/(expense)	41	(1)	-	13	-	28	-	(5)	-	(1,653)	(1,577)
Profit/(loss) before taxation	**13,464**	**(11)**	**145**	**(434)**	**-**	**(282)**	**(1)**	**(99)**	**(2)**	**(6,050)**	**6,730**
Income tax expense											(1,211)
Profit for the period											**5,519**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

In thousands of Polish Zlotys (PLN) — **For the three months ended 30 June 2015 (Reviewed)/(unaudited)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	50,227	-	193	3,398	-	-	-	-	-	-	53,818
Segment result	10,591	(239)	113	1,848	-	(83)	(1)	(58)	(1)	-	12,170
Unallocated result	-	-	-	-	-	-	-	-	-	(4,511)	(4,511)
Result from operating activities *	**10,591**	**(239)**	**113**	**1,848**	**-**	**(83)**	**(1)**	**(58)**	**(1)**	**(4,511)**	**7,659**
Net finance income/(expense)	(116)	(1)	-	(22)	-	(59)	-	25	-	(1,339)	(1,512)
Profit/(loss) before taxation	**10,475**	**(240)**	**113**	**1,826**	**-**	**(142)**	**(1)**	**(33)**	**(1)**	**(5,850)**	**6,147**
Income tax expense											(1,057)
Profit for the period											**5,090**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**51**	**51**

* *Results from operating activities including share of loss in joint ventures (which are developing apartments project in Warsaw), that amounted to PLN 413 thousands (expenses) during the three months ended 30 June 2016 and PLN 202 thousands (expenses) during the three months ended 30 June 2015.*

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory

Movements in Inventory during the six months ended 30 June 2016 were as follows:

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2016**	**Transferred to finished goods**	**Additions**	**Closing balance 30 June 2016**
Land and related expense	342,699	(21,057)	37,826	359,468
Construction costs	154,067	(74,789)	69,935	149,213
Planning and permits	22,629	(3,056)	2,819	22,392
Borrowing costs [1]	65,533	(7,265)	3,974	62,242
Other	5,261	(1,633)	1,642	5,270
Work in progress	**590,189**	**(107,800)**	**116,196**	**598,585**

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2016**	**Transferred from work in progress**	**Recognized in the statement of comprehensive income**	**Closing balance 30 June 2016**
Finished goods	**122,511**	**107,800**	**(91,186)**	**139,125**

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2016**	**Revaluation write down recognized in statement of comprehensive income**		**Closing balance 30 June 2016**
		Increase	**Utilization**	
Write-down	**(11,413)**	**-**	**669**	**(10,744)**
Total inventories at the lower of cost or net realizable value	**701,287**			**726,966**

(1) Borrowing costs are capitalized to the value of inventory with 6.73% 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 2015 were as follows:

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2015**	**Transferred to finished units**	**Additions**	**Closing balance 31 December 2015**
Land and related expense	393,499	(75,985)	25,185	342,699
Construction costs	155,134	(181,220)	180,153	154,067
Planning and permits	27,317	(10,195)	5,507	22,629
Borrowing costs (1)	82,639	(26,517)	9,411	65,533
Other	5,381	(3,695)	3,575	5,261
Work in progress	**663,970**	**(297,612)**	**223,831**	**590,189**

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2015**	**Transferred from work in progress**	**Recognized in the statement of comprehensive income**	**Closing balance 31 December 2015**
Finished goods	**55,209**	**297,612**	**(230,310)**	**122,511**

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2015**	**Revaluation write down recognized in statement of comprehensive income**		**Closing balance 31 December 2015**
		Increase	**Utilization**	
Write-down	**(12,678)**	**(226)**	**1,491**	**(11,413)**
Total inventories at the lower of cost or net realizable value	**706,501**			**701,287**

(1) Borrowing costs were capitalized to the value of inventory with 6.38% average effective capitalization interest rate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory (cont'd)

Movements in Inventory during the six months ended 30 June 2015 were as follows:

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2015	Transferred to finished goods	Additions	Closing balance 30 June 2015
Land and related expense	393,499	(18,628)	23,516	398,387
Construction costs	155,134	(53,876)	103,933	205,191
Planning and permits	27,317	(3,182)	2,912	27,047
Borrowing costs (1)	82,639	(6,969)	5,110	80,780
Other	5,381	(1,074)	1,456	5,763
Work in progress	**663,970**	**(83,729)**	**136,927**	**717,168**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2015	Transferred from work in progress	Recognized in the statement of comprehensive income	Closing balance 30 June 2015
Finished goods	**55,209**	**83,729**	**(76,668)**	**62,270**

In thousands of Polish Zlotys (PLN)	Opening balance 1 January 2015	Revaluation write down recognized in statement of comprehensive income		Closing balance 30 June 2015
		Increase	Utilization	
Write-down	**(12,678)**	**(226)**	**16**	**(12,888)**
Total inventories at the lower of cost or net realizable value	**706,501**			**766,550**

(1) Borrowing costs are capitalized to the value of inventory with 6.39% 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 six months ended 30 June 2016, during the year ended 31 December 2015 and during the six months ended 30 June 2015:

In thousands of Polish Zlotys (PLN)	For the six months ended 30 June 2016 (Reviewed/ Unaudited)	For the year ended 31 December 2015 (Audited)	For the six months ended 30 June 2015 (Reviewed/ Unaudited)
Opening balance	**190,297**	**159,749**	**159,749**
Repayment of bond loans	(15,550)	(15,000)	-
Proceeds from bond loans	30,000	45,000	30,000
Issue cost	(609)	(757)	(597)
Issue cost amortization	662	1,157	556
Accrued interest	5,744	10,611	5,163
Interest repayment	(5,355)	(10,463)	(4,826)
Total closing balance	**205,189**	**190,297**	**190,045**
Closing balance includes:			
Current liabilities	86,671	18,759	24,812
Non-current liabilities	118,518	171,538	165,233
Total closing balance	**205,189**	**190,297**	**190,045**

Floating rate bond loans repaid during the six months ended 2016:

On 14 June 2016, the Company repaid all outstanding bonds series D (15,550 bonds with total nominal value of PLN 15,550 thousand) in date of their maturity. Following this repayment, the total number of outstanding bonds series D amounted to nil.

New Floating rate bond loans issued during the six months ended 2016:

On 25 February 2016, the Company issued 10,000 series M bonds with a total nominal value of PLN 10,000 thousand. The nominal value of one bond amounts to PLN 1,000 and is equal to its issue price. The series M bonds shall be redeemed on 25 February 2020. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.65% margin. Interest is payable semi-annually in February and August until redemption date.

On 17 March 2016, the Company issued 10,000 series N bonds with a total nominal value of PLN 10,000 thousand. The nominal value of one bond amounts to PLN 1,000 and is equal to its issue price. The series N bonds shall be redeemed on 14 September 2019. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.60% margin. Interest is payable semi-annually in March and September until redemption date.

On 8 April 2016, the Company issued 10,000 series O bonds with a total nominal value of PLN 10,000 thousand. The nominal value of one bond amounts to PLN 1,000 and is equal to its issue price. The series O bonds shall be redeemed on 8 April 2019. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.50% margin. Interest is payable semi-annually in April and October until redemption date.

The terms and conditions of the issuance of the series M, N and O bonds include provisions regarding early redemption at a bondholder's request to be made prior to 25 February 2020, 14 September 2019 and 8 April 2019, respectively, in case of the occurrence of certain events covering a number of obligations and restrictions applicable to the Company, including the obligation to maintain its financial ratios at certain levels and restrictions on related party transactions.

The series M, N and O bonds are not secured.

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loans (cont'd)

Floating rate bond loans issued before 31 December 2015:

The maturity dates and the conditions of the floating rate bonds loans series C, E, F, G, H, I, J, K and L have been presented in the annual consolidated financial statements for the year ended 31 December 2015.

The series E, G, H, I, J, K and L bonds are not secured. The series C bonds are secured by joint mortgage up to PLN 100,200 thousand established by the Company's Polish subsidiaries. Moreover, the ratio between the value of the pledged properties and the total nominal value of the Bonds issued shall not decrease below 90%. The series F bonds are secured by a mortgage up to PLN 42,000 thousand established by one of the Company's Polish subsidiaries on the plots situated in Warsaw at Jaśminowa Street.

Financial ratio covenants for series C and E:

Based on the bonds conditions, in each reporting period the Company shall test the ratio between Net debt to Equity (hereinafter "Ratio" or "Net Indebtedness Ratio"). The Ratio shall not exceed 60% however if during the Reporting Period the Company paid dividend or performed any buy-out of its treasury shares then the Ratio shall not exceed 50%.

The Net Indebtedness Ratio is Non-GAAP Financial Measure and is calculated according to formulas provided below:

Net debt - shall mean the total consolidated balance sheet value of loans and borrowings (as well as guarantees of payment) less the consolidated value of cash and cash equivalents and short-term bank deposits - collateralized.
Equity - shall mean the consolidated balance sheet value of the equity attributable to equity holders of the parent, less the value of the intangible assets (excluding any financial assets and receivables), including specifically (i) the intangible and legal assets, goodwill and (ii) the assets constituting deferred income tax decreased by the value of the provisions created on account of the deferred income tax, however, assuming that the balance of those two values is positive. If the balance of assets and provisions on account of deferred income tax is negative, the adjustment referred to in item (ii) above shall be zero.
Reporting period - shall mean the quarterly reporting period with respect to which the Group Net Indebtedness Ratio will be tested, while a "Reporting period" shall mean a single reporting period, i.e. each calendar quarter.

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

As at *In thousands of Polish Zlotys (PLN)*	**30 June 2016** **(Reviewed/ Unaudited)**
Net debt	128,782
Equity	454,858
Net Indebtedness Ratio	**28.3%**

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loans (cont'd)

Financial ratio covenants for series F and H:

Based on the conditions of bonds F and H in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter "Net Indebtedness Ratio"). The Ratio shall not exceed 80% on the Check Date.
The Net Indebtedness Ratio is Non-GAAP Financial Measure and is calculated according to formulas provided below:

Net debt - shall mean the total consolidated balance sheet value of all interest bearing liabilities (as well as guarantees of payment) less the consolidated value of cash and cash equivalents.
Equity - shall mean the consolidated balance sheet value of the equity.
Check date – last day of each calendar quarter.

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

As at *In thousands of Polish Zlotys (PLN)*	**30 June 2016** **(Reviewed/ Unaudited)**
Net debt	132,841
Equity	460,525
Net Indebtedness Ratio	**28.8%**

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loans (cont'd)

Financial ratio covenants (cont'd):

Series G, I J, K, L, M, N and O:

Based on the conditions of bonds G, I, J, K, L, M, N and O in each reporting period the Company shall test the ratio of Net debt to Equity (hereinafter "Net Indebtedness Ratio"). The Ratio shall not exceed 80% on the Check Date.

The Net Indebtedness Ratio is Non-GAAP Financial Measure and is calculated according to formulas provided below:
Net debt - shall mean the total consolidated balance sheet value of all interest bearing liabilities (as well as guarantees of payment) less the consolidated value of cash and cash equivalents and less cash paid by Company's clients blocked temporarily on the escrow accounts servicing ongoing projects that are under construction (presented in the Company's consolidated balance sheet under Other current financial assets).
Equity - shall mean the consolidated balance sheet value of the equity.
Check date – last day of each calendar quarter.

The table presenting the Net Indebtedness Ratio as at the end of the Reporting period:

As at *In thousands of Polish Zlotys (PLN)*	**30 June 2016** **(Reviewed/ Unaudited)**
Net debt	119,920
Equity	460,525
Net Indebtedness Ratio	**26.0%**

In addition to the above, based on the conditions of bonds G, in each reporting period the Company shall test the Net debt to Inventory Ratio (hereinafter "Net Debt to Inventory Ratio"). The Ratio shall not exceed 50% on the Check Date.

The Net Debt to Inventory Ratio is Non-GAAP Financial Measure and is calculated according to formulas provided below:

Net debt - shall mean the total consolidated balance sheet value of all interest bearing liabilities (as well as guarantees of payment) less the consolidated value of cash and cash paid by Company's clients blocked temporarily on the escrow accounts servicing ongoing projects that are under construction (presented in the Company's consolidated balance sheet under Other current financial assets).
Inventory - shall mean the consolidated balance sheet value of the inventory of the Company less advances received from the customers.
Check date – last day of each calendar quarter.

The table presenting the Net Debt to Inventory Ratio as at the end of the Reporting period:

As at *In thousands of Polish Zlotys (PLN)*	**30 June 2016** **(Reviewed/ Unaudited)**
Net debt	119,920
Inventory	553,686
Net Debt to Inventory Ratio	**21.7%**

Notes to the Interim Condensed Consolidated Financial Statements

Note 11 – Secured bank loans

The following non-current and current Secured bank loans were issued and repaid during the six months ended 30 June 2016, during the year ended 31 December 2015 and during the six months ended 30 June 2015:

In thousands of Polish Zloty (PLN)	**For the six months ended 30 June 2016 (Reviewed/ Unaudited)**	**For the year ended 31 December 2015 (Audited)**	**For the six months ended 30 June 2015 (Reviewed/ Unaudited)**
Opening balance	**56,902**	**73,704**	**73,704**
New bank loan drawdown	27,719	133,383	47,345
Bank loans repayments	(84,605)	(150,125)	(48,847)
Bank charges	(168)	(930)	(654)
Bank charges amortization	628	870	523
Accrued interest/(interest repayment) on bank loans, net	(5)	-	39
Total closing balance	**471**	**56,902**	**72,110**
Closing balance includes:			
Current liabilities	-	14,803	10,844
Non-current liabilities	471	42,099	61,266
Total Closing balance	**471**	**56,902**	**72,110**

The maturity dates of the loans have been presented in the annual consolidated financial statements for the year ended 31 December 2015. For more details, see Note 18 Events during the period (Bank Loans) and Note 19 Subsequent events (Bank Loans).

As at 30 June 2016, 31 December 2015 and 30 June 2015, the Company has not breached any loan covenant, which would expose the Company for risk of obligatory and immediate repayment of any loan and has been able to extend all expiring loan facilities.

Note 12 – Share based payments under the Company’s employee incentive plan

In February 2014 the Company implemented a long-term incentive plan (the ‘Plan’), addressed to selected key employees, which is based on the price performance of the Company’s shares (the “Phantom Stock Plan”). The Phantom Stock Plan, which does not assume any new issue of shares and which will not result in any new shares supply is based on the following key assumptions and includes the settlement mechanism. For additional information see note 35 of the Consolidated Financial Statements for the year ended 31 December 2015.

On 24 March 2016, the Company executed annexes to the Phantom Stock Plan as approved by the Remuneration Committee of the Company’s Supervisory Board. The annexes comprised the following changes:

i. the exercise price of one option originally assumed the conditions of the Phantom Stock Plan in the amount of PLN 1.60 shall be adjusted by dividends paid out by the Company during vesting and exercise periods. The adjustment mechanism applies only to options that are not exercised as of date of dividend payment (being the basis for adjustment) and applies until the last day of exercise period;

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Share based payments under the Company's employee incentive plan (cont'd)

ii. in addition to the options vested by employees until the end of 2015, additional new options shall be offered, which may be vested at the end of 2016. The number of the additional options is equal to 25% of the options vested until the end of 2015 (resulting in an increase of the total number of options from 2,705,000 to 3,381,250); each of the employees received the same proportion of the new options, i.e. 25% of the options that were vested by such employee based on the original agreement;

iii. all options granted within the Phantom Stock Plan – both the ones that have been vested until the end of 2015 as well as the new options that may be vested by the end of 2016 – expire as of the end of June 2019 or within 18 months since the departure of the employee, depending which occurs first.

Out of the total 676,250 new options added to the plan, 237,500 were allocated to Tomasz Łapiński and 168,750 were allocated to Andrzej Gutowski, while 270,000 options were allocated to other key employees of the Company (who joined the incentive plan in February 2014).

As at 30 June 2016, the total number of options granted is 3,381,250, the weighted average fair value of these options using the Black-Scholes valuation model is approximately PLN 0.31 per option. The significant inputs into the model were a weighted average share price of PLN 1.52, the exercise price of PLN 1.53, a volatility of 39%, dividend yield of 3%, an option life of 1.5 years and an annual risk free rate of 6%.

The fair value of these options, as at 30 June 2016 and 31 December 2015, amounting to PLN 901 thousand and PLN 630 thousands, respectively, has been included in the Company's consolidated balance sheet under Share based payment liabilities. The change in fair value for the six months ended 30 June 2016 and 30 June 2015, resulting from vesting of the subsequent tranches as well as changes in the inputs into the Black-Scholes valuation model, amounting to PLN 271 thousand (negative) and PLN 195 thousand (positive), respectively, is recognized in employee benefits expense.

As of 30 June 2016, no options have been exercised.

Note 13 – Income tax

In thousands of Polish Zlotys (PLN)	**For the 6 months ended 30 June 2016** (Reviewed/ Unaudited)	**For the 3 months ended 30 June 2016** (Reviewed/ Unaudited)	**For the 6 months ended 30 June 2015** (Reviewed/ Unaudited)	**For the 3 months ended 30 June 2015** (Reviewed/ Unaudited)
Current tax expense/(benefit)	**134**	**111**	**62**	**20**
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	592	1,073	1,698	1,125
Expense/(benefit) of tax losses recognized	(632)	27	(1,350)	(88)
Total deferred tax expense/(benefit)	**(40)**	**1,100**	**348**	**1,037**
Total income tax expense/(benefit)	**94**	**1,211**	**410**	**1,057**

The low effective tax rate during the six months ended 30 June 2016 and 30 June 2015 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.

Notes to the Interim Condensed Consolidated Financial Statements

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

(ii) Investment commitments:

The amounts in the table below present uncharged 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 30 June 2016 (Reviewed/ Unaudited)**	**As at 31 December 2015 (Audited)**
Moko I	-	8,115
Moko II	6,389	16,293
Kamienica Jeżyce I	5,264	15,461
Kamienica Jeżyce II	12,931	20,004
Panoramika II	1,343	9,466
Panoramika III	15,700	-
Chilli IV	8,575	-
Nova Królikarnia I	39,700	-
Miasto Moje I (*)	37,971	-
Vitalia I	18,910	25,350
Espresso II	-	3,409
Espresso III	14,433	22,890
Espresso IV	30,607	-
Młody Grunwald III	21,138	-
Total	**212,961**	**120,988**

(*) *The Company signed a construction agreement with a general contractor for the Miasto Moje II project for a total amount of PLN 26,507thousand. The construction of this project is planned to commence during the fourth quarter of 2016.*

(ii) Contingent commitments:

The Company provided financial support to Ronson IS (JV in which the Company holds 50%) in its performance of the project to the amount equal to value of secured receivables (i.e. the Bank's receivables with respect to Ronson IS under the Loan Facility Agreement between Ronson IS sp. z o.o. sp.k. and Bank Polska Kasa Opieki S.A. assuming a loan facility in total amount of no more than PLN 86.2 million). As at end of June 2016 the balance of the loan supported by the mentioned guarantee amounts to PLN 8.2 million.

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Investment commitments, Contracted proceeds not yet received and Contingencies (cont'd)

(iii) Unutilized construction loans:

The table below presents the list of the construction loan facilities, which the Company arranged for in conjunction with entering into loan agreements with the banks in order to secure financing of the construction and other outstanding costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the construction loans available to the Company:

In thousands of Polish Zlotys (PLN)	**As at 30 June 2016 (Reviewed/ Unaudited)**	**As at 31 December 2015 (Audited)**
Espresso II	-	9,615
Espresso III	27,505	20,374
Moko I-II	25,963	6,391
Młody Grunwald II	-	7,450
Kamienica Jeżyce I	-	22,026
Kamienica Jeżyce II	-	24,938
Panoramika II	-	12,703
Vitalia I	27,949	-
Total	**81,417**	**103,497**

(iv) 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 June 2016 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 30 June 2016 (Reviewed/ Unaudited)**	**As at 31 December 2015 (Audited)**
Moko I	9,373	24,404
Tamka	4,773	4,251
Kamienica Jeżyce I	9,770	18,270
Kamienica Jeżyce II	13,492	11,665
Espresso II	5,169	28,847
Sakura	1,218	2,436
Verdis	387	948
Moko II	18,694	24,869
Impressio I,II	1,790	3,271
Młody Grunwald II	1,584	5,981
Młody Grunwald III	3,617	-
Panoramika II	4,505	8,176
Panoramika III	444	-
Espresso III	20,358	19,110
Espresso IV	7,086	-
Młody Grunwald I	3	1,448
Naturalis I, II & III	1,347	2,502
Vitalia	640	-
Other (old) projects	1,464	1,728
Total	**105,714**	**157,906**

Notes to the Interim Condensed Consolidated Financial Statements

Note 15 – 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 2015 (Note 40). 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 six months period ended 30 June 2016 as described in Notes 10 and 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 six months period ended 30 June 2016.

(iv) Fair value estimation

The Investment property is valued at fair value determined by the Management.
During the six months ended 30 June 2016 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 16 – Related party transactions

There were no transactions and balances with related parties during six months ended 30 June 2016 other than remuneration of Management Board, share based payment (for reference please refer to note 12), loans granted to related parties and reimbursement of audit review costs. All these transactions were already disclosed in the 2015 annual accounts.

Note 17 – Impairment losses and provisions

During the six months ended 30 June 2016 and 30 June 2015, the Group did not recognize any impairment, nor created any significant provision.

Note 18 – Events during the period

Investment in joint ventures

As at 30 June 2016, from the total amount of loans granted to joint ventures (amounting in total to PLN 21,458 thousand) loans in the aggregate amount of PLN 14,878 thousand are maturing no later than 30 June 2017. The short term loans granted to joint ventures cannot be regarded as a part of the investment in joint ventures and are presented in the Interim Condensed Consolidated Statement of the Financial Statement under current assets as Loans granted to joint ventures.
This change is a non-cash item and has no impact on the presentation in the Interim Condensed Consolidated Statement of Cash Flow.

Notes to the Interim Condensed Consolidated Financial Statements

Note 18 – Events during the period (cont'd)

Bonds loans

On 25 February 2016, the Company issued 10,000 series M bonds with a total nominal value of PLN 10,000 thousand. The nominal value of one bond amounts to PLN 1,000 and is equal to its issue price. The series M bonds shall be redeemed on 25 February 2020. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.65% margin. Interest is payable semi-annually in February and August until redemption date.

On 17 March 2016, the Company issued 10,000 series N bonds with a total nominal value of PLN 10,000 thousand. The nominal value of one bond amounts to PLN 1,000 and is equal to its issue price. The series N bonds shall be redeemed on 14 September 2019. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.60% margin. Interest is payable semi-annually in March and September until redemption date.

On 8 April 2016, the Company issued 10,000 series O bonds with a total nominal value of PLN 10,000 thousand. The nominal value of one bond amounts to PLN 1,000 and is equal to its issue price. The series O bonds shall be redeemed on 8 April 2019. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.50% margin. Interest is payable semi-annually in April and October until redemption date.

Bank loans

During the six months ended 30 June 2016, the Company redeemed bank loans for a total amount of PLN 84.6 million.

In March 2016, the Company executed a loan agreement with Alior Bank S.A. related to the first phase of the Vitalia project in Wrocław. Under this loan agreement Alior Bank is to provide financing to cover the costs of construction up to a total amount of PLN 27.9 million. Under the loan agreement, the final repayment date of the loan facility is March 2019.

Commencements of new projects

In March 2016, the Company commenced the construction work of the Espresso IV project, which will comprise 146 units with an aggregate floor space of 8,100 m^2.

In March 2016, the Company commenced the construction work of the Młody Grunwald III project, which will comprise 108 units with an aggregate floor space of 7,100 m^2.

In June2016, the Company commenced pre-sales of the City Link II project, which will comprise 189 units with an aggregate floor space of 8,900 m^2.

In June 2016, the Company commenced the construction work of the Chilli IV project, which will comprise 45 units with an aggregate floor space of 2,900 m^2.

In May 2016, the Company commenced pre-sales of the Panoramika III project, which will comprise 122 units with an aggregate floor space of 5,800 m^2.

In June 2016, the Company commenced the construction work of the Nova Królikarnia I project, which will comprise 106 units with an aggregate floor space of 10,700 m^2. As at 30 June 2016, the sales process of Nova Królikarnia I was not yet commenced. The Company is considering commencing sales for this project during the third quarter of 2016.

In June 2016, the Company commenced the construction work of the Miasto Moje I project, which will comprise 205 units with an aggregate floor space of 10,900 m^2. As at 30 June 2016, the sales process of Miasto Moje I was not yet commenced. The Company is considering commencing sales for this project during the third quarter of 2016.

Completions of projects

In May 2016, the Company completed the construction of the Espresso II project comprising 151 units with a total area of 7,600 m^2.

In June 2016, the Company completed the construction of the Moko I project comprising 178 units with a total area of 11,200 m^2.

Notes to the Interim Condensed Consolidated Financial Statements

Note 18 – Events during the period (cont'd)

Land purchase

In May 2016, the Company completed the acquisition of all rights to a plot of land at Marywilska Street in the Białołęka district in Warsaw with a size of 76,300 m^2. According to the valid zoning conditions, the plot is dedicated for development of a residential multifamily project.

Note 19 – Subsequent events

Bond loans

On 15 July 2016, at the date of their maturity, the Company repaid all outstanding bonds series E (2,250 bonds with total nominal value of PLN 2,250 thousand). Following this repayment, the total number of outstanding bonds series E amounted to nil.

On 29 July 2016, the Company issued 15,000 series Q bonds with a total nominal value of PLN 15,000 thousand. The nominal value of one bond amounts to PLN 1,000 and is equal to its issue price. The series Q bonds shall be redeemed on 29 July 2020. The bonds carry an interest rate composed of a base rate equal to 6 months Wibor plus 3.50% margin. Interest is payable semi-annually in July and January until redemption date.

Bank loans

In July 2016, the Company executed a loan agreement with Alior Bank S.A. related to the fourth phase of the Espresso project in Warsaw. Under this loan agreement Alior Bank is to provide financing to cover the costs of construction up to a total amount of PLN 39.3 million. Under the loan agreement, the final repayment date of the loan facility is December 2018.

Commencements of new projects

Since 30 June 2016, the Group has not commenced construction any new project while simultaneously the Group commenced pre-sales in projects Nova Królikarnia and Miasto Moje.

Completions of projects

In July 2016, the Company completed the construction of the Panoramika II project comprising 107 units with a total area of 5,900 m^2.

Dividends

On 10 august 2016, during an extra-ordinary General Meeting of Shareholders, the shareholders of the Company will vote on a distribution of dividends as proposed by the Board of Managing Directors and the Board of Supervisory Directors. The proposal is to declare a total dividend of PLN 21,788,800, or PLN 0.08 per ordinary share, with dividend date 17 August 2016 and payment date 24 August 2016.

The Management Board

____
Shraga Weisman
Chief Executive Officer

____
Tomasz Łapiński
Chief Financial Officer

____
Andrzej Gutowski
Sales and Marketing Director

____
Erez Yoskovitz

____
Roy Vishnovizki

Rotterdam, 3 August 2016

Review report

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Ronson Europe N.V., with its registered seat in Rotterdam (the Company) as at 30 June 2016, which comprise the interim consolidated statement of financial position as at 30 June 2016 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management is responsible for the preparation and presentation of these consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information for the six months period ended 30 June 2016 are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union.

Amsterdam, 3 August 2016

Ernst & Young Accountants LLP

M. Rooks