Ronson Europe N.V.

Interim Financial Report

for the three months
ended
31 March 2012

Consolidated Quarterly Report for the three months ended 31 March 2012

CONTENTS

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.

The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 31 March 2012, 64.2% of the outstanding shares are held by I.T.R. Dori B.V. ('ITR Dori'), 15.3% of the outstanding shares are held by GE Real Estate CE Residential B.V. ('GE Real Estate') and the remaining 20.5% of the outstanding shares are held by other investors including Amplico Otwarty Fundusz Emerytalny and ING Otwarty Fundusz Emerytalny whereby each party is holding an interest of between 5% and 10% of the outstanding shares. On 9 May 2012, the market price was PLN 0.93 per share giving the Company a market capitalization of PLN 253 million.

Company overview

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

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

As of the date of this Interim Financial Report, the Group is in the midst of developing ten projects comprising a total of 1,233 units, with a total area of 76,100 m^2. The construction of 743 units with a total area of 49,500 m^2, is expected to be completed during the remainder of 2012. Moreover the Group operates four completed projects, in which as of date of this report 73 units with a total usable area of 9,700 m^2 were still available for purchase.

In addition, the Group has a pipeline of 21 projects in different stages of preparation, representing approximately 4,800 residential units with a total area of approximately 338,900 m^2 for future development in Warsaw, Poznań, Wrocław and Szczecin. Until the end of the year, the Group is considering commencement of two new stages of projects that are currently under construction comprising 160 units with a total area of 10,600 m^2 and three new projects comprising 337 units with a total area of 23,100 m^2.

Despite challenging market conditions, the Company's sales results have been gradually improving since the end of 2008, which was the most difficult period for the Company as well as for the entire market. During 2010, the Company net sales amounted to PLN 173.3 million with a total of 270 units sold, whereas during 2011 net sales amounted to PLN 191.9 million with a total of 358 units sold, while during the three months ended 31 March 2012, net sales amounted to 97 units with the total value PLN 41.4 million compared to net sales of 132 units with a total value of PLN 73.6 million for the same period last year. The results for the first quarter 2012 were in line with the Company's plans for the full year 2012.

Directors' Report

Market overview

The Polish economy has proven to be relatively strong even in the recent turbulent times, which in combination with the general paucity of dwellings in Poland (in comparison to all other European countries) creates, what management believes to be, solid long term prospects for further development of the residential real estate market in spite of the volatility that has characterized the market for the past four years. Management believes the Company is well positioned to adapt to changing market conditions and is preparing new projects for development, which will be distinguished in the market by their location, quality and attractive pricing. Management believes also that the Company's positive sales results during 2010 and 2011 and through the first quarter of 2012 confirm that the Company continues to adapt positively to the changing market environment.

In 2010, the construction of over 158,000 new apartments was commenced, which was only 10% lower than in the peak year of 2008. The trend observed in 2010 continued in 2011 when the construction of as much as 162,000 new apartments was commenced. Out of the mentioned numbers construction of 63,000 and 64,700 units, respectively, was commenced by developers. This trend confirms that many developers have been able to prepare projects and arrange for relevant financing to meet customer demand. This has resulted in increased competition among real estate developers, which has, in turn, led to increased customer demands and expectations relating to quality, advanced stage of construction and expectations for lower priced apartments. Moreover an increasing number of customers have indicated interest in more "economical-sized" apartments, i.e. the same number of rooms in a smaller area. Such trend results from changing regulations, which limit the amount of mortgage offered to customers by the banking sector in Poland (so called "Recommendation T" implemented by the Polish Financial Supervision Authority in December 2011, imposing, among others, new criteria of evaluating customers) as well as a decreased attractiveness of the governmental program supporting families buying their first apartment (by subsidizing costs of the mortgage loans). However, despite expectations of shrinking purchasing power of customers using the mortgage loans in 2012, results of the major Polish banks during first quarter 2012 indicate, that the mortgage market in Poland remains remarkably resilient. Moreover, the number of apartments sold in the largest cities in Poland during the first quarter of 2012 suggests that the situation in the residential market also remains stable (according to REAS, the industry research company, the number of units sold in Warsaw during first quarter of 2012 amounted to 3.3 thousand and was nearly the same as during first quarter ended March 31, 2011; situation in Poznan and in Wrocław was also very similar during the first quarter of 2012 compared to first quarter 2011). Positive trends may be observed also in sales results published by other developers listed on the Warsaw Stock Exchange as well as in the increasing number of customers interested in the purchase of apartments who are contacting the Company. The Company's management believes that despite many ongoing changes and new economic challenges, the Polish residential market remains attractive. The Company's management is aware of shifting trends as well as increasing demands by the Company's customers and has implemented internal processes aimed at improving customer service and responding positively to new customer requirements. Simultaneously, developers will have to be prepared for another challenge relating to the arrangement of financing of construction sites, which may become more challenging due to the implementation of new legislation, which came into force in Poland in April 2012. The new legislation requires construction processes (of new projects offered for sale after 29 April 2012) to be financed through debt and equity only or by additional bank guarantees in order to increase the security of customers' money, if such money is used for financing the project. The Company's management is closely monitoring this situation and believes that these difficulties will not decrease the Company's ability to arrange financing of its projects, instead it will rather negatively affect small and less experienced developers and thus increase competitive advantage for more experienced market players.

In addition, to further minimize market risk, the Company is taking a very selective approach when initiating new projects. In the preparation phase of all projects, great emphasis is put on splitting the projects into smaller parts. Management is also cognizant of the tightened credit markets. Accordingly, when planning its newest projects, the Company has prepared for increased costs of debt financing as well as for more demanding debt facility structures that are being imposed by the lending banks especially anticipating the new developers' law.

Business highlights during the three months ended 31 March 2012

A. *Projects completed*

During the three months ended 31 March 2012, the Group did not complete the construction of any project.

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 recognized during the three months ended 31 March 2012 amounted to PLN 7.3 million, whereas cost of sales amounted to PLN 5.4 million, which resulted in a gross profit amounting to PLN 1.9 million and a gross margin of 25.7%.

The following table specifies revenue, cost of sales and gross profit during the three months ended 31 March 2012 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)**	**%**
Imaginarium III	6	468	4,881	67.2%	3,444	63.8%	1,437	29.4%
Galileo	3	241	896	12.3%	589	10.9%	307	34.3%
Constans	1	252	1,295	17.8%	1,219	22.6%	76	5.9%
Other	N.A	N.A	194	2.7%	148	2.7%	46	23.7%
Total / Average	**10**	**961**	**7,266**	**100.0%**	**5,400**	**100.0%**	**1,866**	**25.7%**

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

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

Imaginarium III

The construction of the Imaginarium III housing estate was completed in November 2011. The Imaginarium III project was developed on a land strip of 7,600 m^2 located in the Bielany district in Warsaw (Gwiaździsta Street) and is situated next to the Imaginarium I and Imaginarium II projects. The project is a continuation of the Imaginarium I and Imaginarium II concept in terms of quality and design. The Imaginarium III housing estate comprises 2 four-storey, multi-family buildings with total 45 apartments with an aggregate usable floor space of 3,800 m^2.

Galileo

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

Constans

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

Business highlights during the three months ended 31 March 2012 (cont'd)

B. Results breakdown by project (cont'd)

Nautica I

The construction of the Nautica I project was completed in June 2010. The Nautica I project was developed on a land strip of 9,698 m2 located in the Ursynów district in Warsaw (Stryjeńskich Street). The project comprises 4 five-storey, multi-family residential buildings with a total of 148 apartments and 1 commercial unit and an aggregate floor space of 10,648 m^2.

Nautica II

The construction of the Nautica II project was completed in August 2011. The Nautica II project was developed on a land strip of 1,051 m^2 located in the Ursynów district in Warsaw (Stryjeńskich Street). The project comprises one semi-detached unit and one house (in total 3 units) with an aggregate floor space of 622 m^2.

Gemini I

The construction of the Gemini I project was completed in June 2010. The Gemini I project was developed on a land strip of 3,929 m^2 located in the Ursynów district in Warsaw (KEN Street) situated next to the subway station Imielin. The project comprises one multifamily building of 11 levels with a total of 149 apartments and 15 commercial units with an aggregate floor space of 13,126 m^2.

Gardenia

The Gardenia project was completed in December 2010. The project was developed on a land strip of 7,129 m^2 located in Józefosław near Warsaw. The Gardenia project, a single family housing (houses in a row) project, comprise 22 units with an aggregate floor space of 3,683 m^2.

Imaginarium II

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

Imaginarium I

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

Other

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

Business highlights during the three months ended 31 March 2012 (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 three months ended 31 March 2012:

Project name	Location	Units sold until 31 December 2011	Units sold during the quarter ended 31 March 2012	Units for sale as at 31 March 2012	Total project
Gemini I (*)	Warsaw	154	-	2	156
Galileo (*)	Poznań	229	-	2	231
Imaginarium II (*)	Warsaw	64	-	1	65
Imaginarium III (*)	Warsaw	43	1	1	45
Constans (*)	Warsaw	13	-	21	34
Gemini II (**)	Warsaw	137	7	38	182
Naturalis I (**)	Warsaw	13	1	38	52
Naturalis II (**)	Warsaw	16	3	41	60
Naturalis III (**)	Warsaw	-	7	53	60
Sakura I (**)	Warsaw	57	11	52	120
Sakura II (**)	Warsaw	-	19	117	136
Verdis I (**)	Warsaw	60	16	63	139
Impressio I (**)	Wrocław	22	6	42	70
Panoramika I (**)	Szczecin	9	2	79	90
Chilli I (**)	Poznań	11	3	16	30
Espresso I (**)	Warsaw	21	19	170	210
Verdis II (***)	Warsaw	-	2	22	24
Total		**849**	**97**	**758**	**1,704**

(*) For information on the completed projects see "Business highlights during the three months ended 31 March 2012 – B. Results breakdown by project" (pages 3 and 4).

(**) For information on current projects under construction, see "Outlook for the remainder of 2012 – B. Current projects under construction" (pages 13-15).

(***) For addition information, see "Outlook for the remainder of 2012 – D. Projects for which the sales process commenced and the construction work is planned to commence in the near future" (page 17).

D. Commencements of new projects

During the three months ended 31 March 2012, the Group commenced the construction of the Espresso I project, that comprises 210 units (including 202 apartments and 8 commercial units) and with a total area of 9,500 m^2. For additional information see section "Outlook for the remainder of 2012 – B. Current projects under construction" (page 15).

Moreover, during the three months ended 31 March 2012, the Group commenced the sale of part of the Verdis II project, that comprises 24 units and with a total area of 1,800 m^2. For additional information see section "Outlook for the remainder of 2012 – D. Projects for which the sales process commenced and the construction work is planned to commence in the near future" (page 17).

E. Land purchase

In March 2012, the Group acquired a parcel of land with an area of 2,636 m^2 located in Wroclaw, Krzyki District, at Jutrzenki Street ("Land 2"). Land 2 is located nearby a plot of land with an area of 14,918 m^2 which the Group had purchased in the past ("Land 1"). In combination, Land 1 and Land 2 shall allow the Group to build multifamily buildings that will comprise 300 units with an aggregate floor space of 16,100 m^2.

Financial information

The Interim Condensed Consolidated Financial Statements as included in this Interim Financial Report on pages 21 through 35 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in particular in accordance with IAS 34 and IFRSs endorsed by the European Union. At the date of authorisation of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the IFRSs applied by the Group and the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2011. For additional information see Note 3 of the Interim Condensed Consolidated Financial Statements.

Overview of results

The Company's net loss for the three months ended 31 March 2012 was PLN 1,084 thousand and can be summarized as follows:

	For the three months ended 31 March	
	2012	**2011**
	PLN (thousands, except per share data)	
Revenue	7,266	34,129
Cost of sales	(5,400)	(28,212)
Gross profit	**1,866**	**5,917**
Selling and marketing expenses	(1,063)	(699)
Administrative expenses	(3,783)	(3,414)
Other expenses	(435)	(555)
Other income	496	396
Result from operating activities	**(2,919)**	**1,645**
Finance income	1,085	788
Finance expense	(98)	(241)
Net finance income	**987**	**547**
(Loss)/profit before taxation	**(1,932)**	**2,192**
Income tax benefit	750	595
Net (loss)/profit for the period before non-controlling interests	**(1,182)**	**2,787**
Non-controlling interests	98	-
Net (loss)/profit for the period attributable to the equity holder of the parent	**(1,084)**	**2,787**
Net (loss)/earnings per share (basic and diluted)	**(0.004)**	**0.010**

Overview of results (cont'd)

Revenue

Total revenue decreased by PLN 26.9 million (78.7%) from PLN 34.1 million during the three months ended 31 March 2011 to PLN 7.3 million during the three months ended 31 March 2012, which is primarily explained by a decrease in the units delivered to the customers in terms of area size (in m^2).

Cost of sales

Cost of sales decreased by PLN 22.8 million (80.9%) from PLN 28.2 million during the three months ended 31 March 2011 to PLN 5.4 million during the three months ended 31 March 2012, which is primarily explained by a decrease in the units delivered to the customers in terms of area size (in m^2).

Gross margin

The gross margin during the three months ended 31 March 2012 is 25.7% which compares to a gross margin during the three months ended 31 March 2011 of 17.3%. The increase in gross margin is primarily explained by units delivered to customers in two projects during the three month period ended 31 March 2011, namely Constans and Gardenia. Both projects include single family houses which had a significant lower gross margin compared to the average gross profit margin realized by the Group on all of its projects taken as a whole.

Selling and marketing expenses

Selling and marketing expenses increased by PLN 0.4 million (52.1%) from PLN 0.7 million for the three months ended 31 March 2011 to PLN 1.1 million for the three months ended 31 March 2012. The Company decided to diminish selling and marketing activities in the first quarter of 2011, which explains the relatively low amount of selling and marketing expenses during that period.

Administrative expenses

Administrative expenses increased by PLN 0.4 million (10.8%) from PLN 3.4 million during the three months ended 31 March 2011 to PLN 3.8 million during the three months ended 31 March 2012. The increase is primarily the net effect of increasing personnel expenses, which reflects the growing scale of the Company's operations.

Operating profit

As a result of the factors described above, the Company's operating result decreased by PLN 4.6 million from an operating profit of PLN 1.6 million for the three months ended 31 March 2011 to an operating loss of PLN 2.9 million for the three months ended 31 March 2012.

Overview of results (cont'd)

Net finance income

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

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

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

	For the three months ended 31 March 2011 PLN (thousands)		
	Total amount	**Amount capitalized**	**Recognized as profit or loss**
Finance income	796	(8)	788
Finance expense	(3,088)	2,847	(241)
Net finance (expense)/income	**(2,292)**	**2,839**	**547**

Net finance expenses before capitalization increased by PLN 1.6 million (71.9%) from PLN 2.3 million during the three months ended 31 March 2011 to PLN 3.9 million during the three months ended 31 March 2012 which is a result of a increase in finance expense due to a increase in loans and borrowing that related mainly to the issuance of the bonds, offset in part by an increase in finance income due to an increase in short-term deposits kept by the Company on bank accounts.

Income tax benefit

The effective tax rate for the three months ended 31 March 2012 is 38.8% in comparison to a rate of 27.1% for the three months ended 31 March 2011. The negative effective tax rate during the three months ended 31 March 2012 which resulted in a tax benefit, is explained by the recognition of tax assets created during the first quarter of 2012. The recognition of the tax assets took place after an organisational restructuring of the Group during the three months ended 31 March 2012, which allowed the Company to utilize certain tax losses that in prior periods were deemed not to be usable.

Non-controlling interests

Non-controlling interests comprise the share of minority shareholders in losses from subsidiaries that are not 100% owned by the Company and amounted to PLN 98 thousand (positive) for the three months ended 31 March 2012. There were no minority shareholders during the three months ended 31 March 2011.

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

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

	As at 31 March 2012	As at 31 December 2011
	PLN (thousands)	
Inventory	664,970	631,317
Advances received	121,527	87,391
Loans and borrowings	215,012	211,284

Inventory

The balance of inventory is PLN 665.0 million as of 31 March 2012 as compared to PLN 631.3 million as of 31 December 2011. Inventory increased primarily as a result of the Group's investments associated with direct construction costs for a total amount of PLN 28.4 million, an increase in Land and related expense for a total amount of PLN 3.8 million and a net finance expense capitalized for a total amount of PLN 4.9 million. The increase is offset by cost of sales recognized for a total amount of PLN 5.3 million.

Advances received

The balance of advances received is PLN 121.5 million as of 31 March 2012 as compared to PLN 87.4 million as of 31 December 2011. The increase is a result of advances received from clients regarding sales of residential units for a total amount PLN 41.4 million, which increase is mitigated by revenues recognized from the sale of residential units for a total amount of PLN 7.3 million.

Loans and borrowings

The total of short-term and long-term loans and borrowings is PLN 215.0 million as of 31 March 2012 compared to PLN 211.3 million as of 31 December 2011. The increase is primarily the effect of proceeds from bank loans for a total amount of PLN 1.4 million and a increase in the accrued interest on bonds amounting to PLN 2.0 million. Of the mentioned PLN 215.0 million, an amount of PLN 99.6 million comprises facilities with maturity dates not later than 31 March 2013.

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

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

Loans and borrowings (cont'd)

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

Floating rate bond loans as at 31 March 2012 amounted to PLN 90.0 million comprising a loan principal amount of PLN 87.5 million plus accrued interest of PLN 3.7 million minus one-time costs directly attributed to the bond issuances which are amortized based on the effective interest method (PLN 1.2 million). The bonds are not secured and mature in April 2014.

The bank loans supporting completed projects or projects under construction are tailored to the pace of construction works and of sales. As at 31 March 2012, loans in this category amounted to PLN 37.9 million.

The bank loans granted to finance the land purchases as at 31 March 2012 amounted to PLN 81.2 million in total.

Loans from third parties as at 31 March 2012 amounted to PLN 5.9 million.

Overview of cash flows results

The Group funds its day-to-day operations principally from cash flows provided by its operating activities, loans and borrowings under its loan facilities.
The following table sets forth the cash flows on a consolidated basis:

	For the three months ended 31 March	
	2012	**2011**
	PLN (thousands)	
Cash flows (used in)/from operating activities	(4,883)	10,713
Cash flows from/(used in) investing activities	719	(6,189)
Cash flow from/(used in) financing activities	1,389	(32,530)

The Company's net cash outflow used in operating activities for the three months ended 31 March 2012 amounted to PLN 4.9 million which compares to a net cash inflow from operating activities during the three months ended 31 March 2011 amounting to PLN 10.7 million. The decrease is principally explained by:

- a net cash outflow used for inventory amounting to PLN 28.7 million during the three months ended 31 March 2012 as compared to a net cash inflow from inventory amounting to PLN 2.5 million during the three months ended 31 March 2011; the main reason for increasing cash outflow used in inventory was increasing the number of projects under construction as well as a decrease in cost of sales recognized, and
- a net cash outflow used for trade and other receivables and prepayments amounting to PLN 2.0 million during the three months ended 31 March 2012 as compared to a net cash inflow from trade and other receivables and prepayments amounting to PLN 4.3 million during the three months ended 31 March 2011, and
- a net cash outflow used for trade and other payables and accrued expenses amounting to PLN 3.4 million during the three months ended 31 March 2012 as compared to a net cash inflow from trade and other payables and accrued expenses amounting to PLN 3.3 million during the three months ended 31 March 2011.

This effect was offset in part by an increase in the net cash inflow from advances received from clients regarding sales of residential units from cash flow inflow PLN 35.3 million during the three months ended 31 March 2011, which were offset by revenue recognized for a total amount of PLN 34.1 million, to advances received in the amount of PLN 41.4 million during the three months ended 31 March 2012, which were offset by revenue recognized for a total amount of PLN 7.3 million.

The Company's net cash inflow from investing activities amounting to PLN 0.7 million during the three months ended 31 March 2012 compared to cash flows outflow used in investing activities totaling PLN 6.2 million during the three months ended 31 March 2011. The increase is principally explained by:

- a net cash outflow used for granting of loans to third parties (joint venture entity Ronson Espresso Sp. z o.o.) amounting to nil during the three months ended 31 March 2012 compared to PLN 3.6 million during the three months ended 31 March 2011, and
- a net cash inflow from collateralized short-term bank deposits amounting to PLN 0.04 million during the three months ended 31 March 2012 compared net cash outflow used in collateralized short-term bank deposits of PLN 2.4 million during the three months ended 31 March 2011.

The Company's net cash inflow from financing activities totaled PLN 1.4 million during the three months ended 31 March 2012 compared to cash outflows used in financing activities totaling PLN 32.5 million in the three months ended 31 March 2011. The increase is primarily due to a repayment loans received from related parties amounting to nil during the three months ended 31 March 2012 compared to a repayment of loans received from related parties amounting to PLN 26.5 million during the three months ended 31 March 2011.

Selected financial data

PLN/EUR	Average exchange rate	Minimum exchange rate	Maximum exchange rate	Period end exchange rate
	Exchange rate of Euro versus the Polish Zloty			
2012 (3 months)	**4.230**	**4.106**	**4.514**	**4.162**
2011 (3 months)	3.948	3.840	4.080	4.012

Source: National Bank of Poland ("NBP")

Selected financial data	EUR		PLN	
	(thousands, except per share data and number of shares)			
	For the three months ended or as at 31 March			
	2012	2011	2012	2011
Revenues	**1,718**	8,645	**7,266**	34,129
Gross profit	**441**	1,499	**1,866**	5,917
Profit/(loss) before taxation	**(457)**	555	**(1,932)**	2,192
Profit/(loss) for the period	**(279)**	706	**(1,182)**	2,787
Cash flows (used in)/from operating activities	**(1,154)**	2,714	**(4,883)**	10,713
Cash flows from/(used in) investment activities	**170**	(1,568)	**719**	(6,189)
Cash flows from/(used in) financing activities	**328**	(8,240)	**1,389**	(32,530)
Decrease in cash and cash equivalents	**(656)**	(7,094)	**(2,775)**	(28,006)
Inventory	**159,772**	135,558	**664,970**	543,857
Total assets	**191,818**	161,823	**798,346**	649,235
Advances received	**29,199**	11,342	**121,527**	45,504
Long term liabilities	**29,131**	28,839	**121,245**	115,702
Short term liabilities (including advances received)	**60,025**	28,257	**249,826**	113,369
Equity attributable to the equity holder of the parent	**101,662**	104,727	**423,119**	420,164
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
Average number of equivalent shares (diluted)	**272,999,333**	272,999,333	**272,999,333**	272,999,333
Net earnings per share (basic and diluted)	**(0.001)**	0.003	**(0.004)**	0.010

** Information is presented in EUR solely for presentation purposes. Due to changes in the Polish Zloty against the Euro exchange rate over the past year, 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 2011 to 31 March 2012, 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 remainder of 2012

A. Completed projects

The table below presents information on the total residential units in the eight completed projects/stages that the Company expects to sell and deliver during the remainder of 2012:

			Number of residential units sold (*)			Number of residential units delivered (*)			
Project name	**Location**	**Total units**	**Until 31 December 2011**	**During the 3 months ended 31 March 2012**	**Total**	**Until 31 December 2011**	**During the 3 months ended 31 March 2012**	**Total**	**Number of residential units expected to be delivered (*)**
Galileo (**)	Poznań	231	231	-	231	228	3	231	-
Constans (**)	Warsaw	34	13	-	13	12	1	13	21
Gardenia (**)	Warsaw	22	22	-	22	21	-	21	1
Nautica I (**)	Warsaw	149	149	-	149	148	-	148	1
Nautica II (**)	Warsaw	3	3	-	3	2	-	2	1
Imaginarium II (**)	Warsaw	65	64	-	64	64	-	64	1
Imaginarium III (**)	Warsaw	45	43	1	44	36	6	42	3
Gemini I (**)	Warsaw	156	154	-	154	154	-	154	2
Total		**705**	**679**	**1**	**680**	**665**	**10**	**675**	**30**

(*) *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 year ended 31 March 2012 – B. Results breakdown by project" (pages 3 to 4).*

B. Current projects under construction

The table below presents information on eleven projects/stages for which completion is scheduled in the remainder of 2012, 2013 and 2014. The Company has obtained construction permits for all eleven projects and has commenced construction.

Project name	**Location**	**Total area of units (m^2)**	**Total units**	**Units sold until 31 March 2012**	**Expected completion of construction**
Naturalis I	Warsaw	2,900	52	14	2012
Naturalis II	Warsaw	3,400	60	19	2012
Naturalis III	Warsaw	3,400	60	7	2013
Sakura I	Warsaw	8,100	120	68	2012
Sakura II	Warsaw	8,300	136	19	2013
Verdis I	Warsaw	9,400	139	76	2012
Impressio I	Wrocław	4,400	70	28	2012
Panoramika I	Szczecin	5,300	90	11	2012
Gemini II	Warsaw	13,900	182	144	2012
Chilli I	Poznań	2,100	30	14	2012
Espresso I	Warsaw	9,500	210	40	2014
Total		**70,700**	**1,149**	**440**	

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Outlook for remainder of 2012 (cont'd)

B. Current projects under construction (cont'd)

Naturalis I, II and III

Description of project

The first 3 phases of the Naturalis project are being developed on a part of a land strip of 31,800 m^2 located in Łomianki near Warsaw. The first, second and third phase of this project will comprise 1 four-storey, multi-family residential building with a total of 52 apartments and an aggregate floor space of 2,900 m^2, 1 four-storey, multi-family residential building with a total of 60 apartments and an aggregate floor space of 3,400 m^2, and 1 four-storey, multi-family residential building with a total of 60 apartments and an aggregate floor space of 3,400 m^2, respectively. In total the Naturalis project shall comprise around 490 units with a total estimated flat usable area of 30,200 m^2.

Stage of development

The construction of the first, the second and the third phases of the Naturalis project commenced in September 2010, December 2010 and December 2011, respectively, while completion is expected in the fourth quarter of 2012, the third quarter of 2012 and the second quarter of 2013, respectively.

Sakura I and II

Description of project

The first and second phases of the Sakura project are being developed on a part of a land strip of 21,000 m^2 located in the Mokotów district in Warsaw (Kłobucka Street). The first and the second phases of this project will comprise 1 eleven-storey, multi-family residential building with a total of 99 apartments and 21 commercial units and an aggregate floor space of 8,100 m^2, whereas the second stage phase will comprise 1 seven and eleven-storey, multi-family residential building with a total of 136 apartments and an aggregate floor space of 8,300 m^2. In total, the Sakura project shall comprise around 500 units with a total estimated flat usable area of 30,800 m^2.

Stage of development

The construction of the first and the second phases of the Sakura project commenced in September 2010 and October 2011, respectively. The first stage was completed in May 2012 the second stage expected to be completed in the second quarter of 2013.

Verdis I

Description of project

The Verdis project is being developed on a part of a land strip of 16,300 m^2 located in the Wola district in Warsaw (Sowińskiego Street). The first phase of this project will comprise 3 seven, eight and ten-storey, multi-family residential buildings with a total of 128 apartments and 11 commercial units and an aggregate floor space of 9,400 m^2. In total, the Verdis project shall comprise around 380 units with a total estimated flat usable area of 26,100 m^2.

Stage of development

The construction of the first phase of the project commenced in November 2010 and is expected to be completed in the third quarter of 2012.

Impressio I

Description of project

The first phase of the Impressio project is being developed on a part of a land strip of 14,500 m^2 located in the Grabiszyn district in Wrocław. The first phase of this project will comprise 3 four-storey, multi-family residential buildings with a total of 70 apartments and an aggregate floor space of 4,400 m^2. In total, the Impressio project shall comprise around 190 units with a total estimated flat usable area of 12,800 m^2.

Stage of development

The construction of the first phase of the project commenced in October 2010 and is expected to be completed in the second quarter of 2012.

Outlook for remainder of 2012 (cont'd)

B. Current projects under construction (cont'd)

Panoramika I

Description of project

The first phase of the Panoramika project is being developed on a part of a land strip of 30,300 m^2 located in Szczecin at Duńska Street. The first phase of this project will comprise 2 four and five-storey, multi-family residential buildings with a total of 90 apartments and an aggregate floor space of 5,300 m^2. In total, the Panoramika project shall comprise around 514 units with a total estimated flat usable area of 36,700 m^2.

Stage of development

The construction of the first phase of the project commenced in November 2010 and is expected to be completed in the third quarter of 2012.

Gemini II

Description of project

The second phase of the Gemini project is being developed on a part of a land strip of 4,703 m^2 located in the Ursynów district in Warsaw (KEN Avenue) situated next to the subway station Imielin The project is a continuation of Gemini I, which was completed in 2010. The Gemini II project will comprise 2 eight and eleven-storey, multi-family residential buildings with a total of 167 apartments and 15 commercial units and an aggregate floor space of 13,900 m^2.

Stage of development

The construction of the second phase of the project commenced in March 2011 and is expected to be completed in the fourth quarter of 2012.

Chilli I

Description of project

The first phase of the Chilli project is being developed on a part of a land strip of 39,604 m^2 located in Tulce near Poznań. The first phase of this project will comprise 30 units with an aggregate floor space of 2,100 m^2. In total, the Chilli project shall comprise around 274 units with a total estimated usable area of 17,800 m^2.

Stage of development

The construction of the first phase of the project commenced in June 2011 and is expected to be completed in the third quarter of 2012.

Espresso I

Description of project

The first phase of the Espresso project is being developed on a part of a land strip of 16,192 m^2 located in Warszawa at Jana Kazimierza Street. The first phase of this project will comprise 210 units with an aggregate floor space of 9,500 m^2. In total, the Espresso project shall comprise around 688 units with a total estimated usable area of 35,900 m^2.

Stage of development

The construction of the first phase of the project commenced in March 2012 and is expected to be completed in the first quarter of 2014.

Outlook for remainder of 2012 (cont'd)

C. Projects for which construction work is considered to commence during the remainder of 2012

As the Company is aware of increasing competition in the market, the Company has been careful to manage the number of new projects and the makeup of such projects in order to best satisfy consumer demand. During 2012, the Company is considering the commencement of development on another four stages of currently run projects and five new projects, which management believes are well suited to current customer requirements, including smaller apartments at more economical prices. Furthermore, in order to minimize market risk, the Company's management breaks down the new projects into relatively smaller stages. In the event of any market deterioration or difficulties with securing financing by the banks for the considered projects, management may further delay some of those plans.

a) New Projects

Magellan

The Magellan project will be developed on a part of a land strip of 12,150 m^2 located in Warsaw at Magazynowa Street. The project will comprise 273 units with an aggregate floor space of 21,600 m^2 and will be divided into 2 or more phases. The Company is considering opening the first phase of this project during the remainder of 2012. The first stage is to comprise 140 units with an aggregate floor space of 11,100 m^2.

Matisse

The Matisse project will be developed on a part of land strip of 25,411 m^2 located in Wrocław at Buforowa Street. The project will comprise 373 units with an aggregate floor space of 24,400 m^2 and will be divided into 4 or more phases. The Company is considering opening the first phase of this project during the remainder of 2012. The first stage is to comprise 127 units with an aggregate floor space of 6,300 m^2.

Tamka

The Tamka project will be developed on a land strip of 2,515 m^2 located in Warsaw city centre at Tamka Street. The project will comprise around 70 units with an aggregate floor space of 5,700 m^2. The Company is considering opening the project during the remainder of 2012.

b) New stages of running projects

Impressio II

The Impressio II project is a continuation of Impressio I which is currently under construction. The project will comprise 120 units with an aggregate floor space of 8,400 m^2. The Company considers commencing development of this project in the fourth quarter of 2012.

Chilli III

The Chilli III project is a continuation of Chilli I which is currently under construction and Chilli II which is already offered for sale (see page 17). The Chili III project will comprise 40 units with an aggregate floor space of 2,200 m^2. The Company considers commencing development of this project during the remainder of 2012.

Outlook for remainder of 2012 (cont'd)

D. Projects for which the sales process commenced and the construction work is planned to commence in the near future

Verdis II

The Verdis II project is a continuation of Verdis I which is currently under construction. The second stage of this project will comprise 63 units with an aggregate floor space of 5,000 m^2. In February 2012, the Company has started the sales process of one building from the total of two buildings in the second stage comprising 24 units with an aggregate floor space of 1,800 m^2. The construction work is planned to commence during the second quarter of 2012.

Chilli II

The Chilli II project is a continuation of Chilli I which is currently under construction. The project will comprise 20 units with an aggregate floor space of 1,600 m^2. The Company has started already the sales process of this project and plans commencement of construction during second quarter of 2012.

Newton (Grunwald in Poznań)

The Newton project will be developed on a land strip of 10,908 m^2 located in Poznań at Bełchatowska Street. The project will comprise 50 units with an aggregate floor space of 3,700 m^2. In April 2012, the Company started the sales process of the first phase of this project comprising 24 units with an aggregate floor space of 1,700 m^2. The construction work is planned to commence in the beginning of the third quarter of 2012.

Eclipse (Grunwald in Poznań)

The Eclipse project will be developed on a land strip of 15,449 m^2 located in Poznań at Jeleniogórska Street. The project will comprise 428 units with an aggregate floor space of 25,000 m^2. The Company has started the sales process of the first phase of this project comprising 136 units with an aggregate floor space of 8,400 m^2. The construction work is planned to commence in the beginning of the third quarter of 2012.

Outlook for remainder of 2012 (cont'd)

E. Value of the preliminary sales agreements signed with clients for which revenue has not been recognized in the Consolidated Statement of Comprehensive Income for the three months ended 31 March 2012

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

Project name	**Location**	**Value of the preliminary sales agreements signed with clients in thousands of PLN**	**Completed / expected completion of construction**
Nautica I (*)	Warsaw	588	Completed
Nautica II (*)	Warsaw	1,620	Completed
Imaginarium III (*)	Warsaw	1,535	Completed
Gardenia (*)	Warsaw	684	Completed
Gemini I (*)	Warsaw	94	Completed
Naturalis II (**)	Warsaw	5,417	2012
Sakura I (**)	Warsaw	33,027	2012
Verdis I (**)	Warsaw	34,048	2012
Impressio I (**)	Wrocław	13,024	2012
Gemini II (**)	Warsaw	89,262	2012
Panoramika I (**)	Szczecin	3,526	2012
Chilli I (**)	Poznań	4,194	2012
Naturalis I (**)	Warsaw	3,245	2012
Naturalis III (**)	Warsaw	1,685	2013
Sakura II (**)	Warsaw	7,628	2013
Espresso I (**)	Warsaw	11,572	2014
Verdis II (***)	Warsaw	1,359	2013
Total		**212,508**	

(*) For information on the completed projects see "Business highlights during the three months ended 31 March 2012 – B. Results breakdown by project" (pages 3 and 4).

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

(***) For addition information, see "Outlook for the remainder of 2012 – D. Projects for which the sales process commenced and the construction work is planned to commence in the near future" (page 17).

F. Main risks and uncertainties during 2012

The economic situation in Europe and in Poland and the on-going uncertainties in the housing market make it very difficult to predict results for 2012. The level of development of the Polish economy, the performance of the banking industry and consumers' interest in new housing projects, as well as increasing competition in the market are considered to be the most significant uncertainties for the financial year ending 31 December 2012.

Additional information to the report

Major shareholders

To the best of the Company's knowledge, as of the date of publication of this short report for the three months ended 31 March 2012 (9 May 2012), the following shareholders are entitled to exercise over 5% of the voting rights at the General Meeting of Shareholders in the Company:

	As of 9 May 2012 Number of shares / % of shares	Increase in number of shares	As of 31 March 2012 Number of shares / % of shares	Increase in number of shares	As of 31 December 2011 Number of shares / % of shares
Shares issued	***272,360,000***	**-**	***272,360,000***	**-**	***272,360,000***
Major shareholders:					
I.T.R. Dori B.V.	174,898,374	-	174,898,374	-	174,898,374
	64.2%		64.2%		64.2%
GE Real Estate CE Residential B.V.	41,800,000	-	41,800,000	-	41,800,000
	15.3%		15.3%		15.3%
Amplico Otwarty Fundusz Emerytalny	N/A	N/A	N/A	N/A	N/A
	Between 5%-10%.		Between 5%-10%.		Between 5%-10%.
ING Otwarty Fundusz Emerytalny	N/A	N/A	N/A	N/A	N/A
	Between 5%-10%.		Between 5%-10%.		Between 5%-10%.

Changes in ownership of shares and rights to shares by Management Board members in the three months ended 31 March 2012 and until the date of publication of this report

Shares

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

- Mr Ronen Ashkenazi as at 31 March 2012 and as at the day of publishing this report, indirectly held 18.5% of the shares and voting rights in a 50% shareholder of I.T.R Dori B.V. and, as a result, thus indirectly held a 5.9% interest in the Company.
- Mr Israel Greidinger, as at 31 March 2012 and as at the day of publishing this report, indirectly held 40.8% of the shares and 43.8% of the voting rights in Israel Theatres Ltd, a 50% shareholder of I.T.R Dori B.V. and, as a result, thus indirectly held 13.1% of the shares and 14.1% of the voting rights in the Company

Shares options

The members of the Management Board did not individually receive rights to shares or options on shares in the Company during the period from 1 January 2012 until 9 May 2012. Rights to shares that were granted to individual members of the Management Board before 1 January 2012 but which have not been exercised are as follows:

➢ Mr Andrzej Gutowski: a right to subscribe to a total number of 150,000 shares in the capital of the Company with a nominal value of EUR 0.02 each, for an issue price per share equal to PLN 5.75, one third per year on the anniversary date of the date of 5 November 2007 for three successive years. The share options will expire on the 5 November 2012.

Additional information to the report (cont'd)

Changes in ownership of shares and rights to shares by Supervisory Board members in the three months ended 31 March 2012 and until the date of publication of this report

The members of the Supervisory Board did not individually own any shares and/or rights to shares in the Company during the period from 1 January 2012 until 9 May 2012.

Other

As of 31 March 2012, the Company has issued guarantees for bank loans granted to subsidiaries amounting to a total of PLN 34,378 thousand.
As of 31 March 2012, the Group had no litigations for claims or liabilities that in total would exceed 10% of the Group's equity.
The following net movements in the Group's main provisions took place during the three months ended 31 March 2012:

- a decrease in the provision for deferred tax liabilities of PLN 818 thousand (during the three months ended 31 March 2011 a decrease PLN 578 thousand).

Responsibility statement

The Management Board confirms that, to the best of its knowledge, these Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in particular in accordance with IAS 34 and IFRSs endorsed by the European Union. At the date of authorisation of these Interim Condensed Consolidated Financial Statements, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the IFRSs applied by the Group and the IFRSs endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). The Interim Condensed Consolidated Financial Statements give a true and fair view of the state of affairs of the Group at 31 March 2012 and of the net result for the period then ended.

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

The Management Board

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

Rotterdam, 9 May 2012

Interim Consolidated Statement of Financial Position

As at *In thousands of Polish Zlotys (PLN)*	*Note*	**31 March 2012 (Unaudited/ Unreviewed)**	**31 December 2011 (Audited)**
Assets			
Property and equipment		8,302	8,949
Investment property		9,249	9,249
Loans granted to third parties		957	928
Deferred tax assets		5,757	5,843
Total non-current assets		**24,265**	**24,969**
Inventory	*9*	664,970	631,317
Trade and other receivables and prepayments		14,368	12,354
Income tax receivable		424	187
Short-term bank deposits - collateralized		2,472	2,512
Cash and cash equivalents		91,847	94,622
Total current assets		**774,081**	**740,992**
Total assets		**798,346**	**765,961**
Equity and liabilities			
Share capital		20,762	20,762
Share premium		282,873	282,873
Retained earnings		119,484	120,568
Equity attributable to equity holders of the parent		**423,119**	**424,203**
Non-controlling interests		4,156	4,254
Total equity		**427,275**	**428,457**
Liabilities			
Floating rate bond loans	*10*	86,323	86,180
Secured bank loans	*11*	23,196	21,746
Loans from third parties		5,851	5,726
Other payables		384	384
Deferred tax liability		5,491	6,309
Total non-current liabilities		**121,245**	**120,345**
Trade and other payables and accrued expenses		28,402	31,832
Floating rate bond loans	*10*	3,718	1,667
Secured bank loans	*11*	95,924	95,965
Advances received		121,527	87,391
Income tax payable		2	43
Provisions		253	261
Total current liabilities		**249,826**	**217,159**
Total liabilities		**371,071**	**337,504**
Total equity and liabilities		**798,346**	**765,961**

The notes included on pages 25 to 35 are an integral part of these interim condensed consolidated financial statements

Interim Consolidated Statement of Comprehensive Income

In thousands of Polish Zlotys (PLN)		**For the 3 months ended 31 March 2012 (Unaudited Unreviewed)**	**For the 3 months ended 31 March 2011 (Unaudited Unreviewed)**
Revenue		7,266	34,129
Cost of sales		(5,400)	(28,212)
Gross profit		**1,866**	**5,917**
Selling and marketing expenses		(1,063)	(699)
Administrative expenses		(3,783)	(3,414)
Other expenses		(435)	(555)
Other income		496	396
Result from operating activities		**(2,919)**	**1,645**
Finance income		1,085	788
Finance expense		(98)	(241)
Net finance income		**987**	**547**
(Loss)/profit before taxation		**(1,932)**	**2,192**
Income tax benefit	*12*	750	595
(Loss)/profit for the year		**(1,182)**	**2,787**
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		**(1,182)**	**2,787**
Total comprehensive income attributable to:			
equity holders of the parent		(1,084)	2,787
non-controlling interests		(98)	-
Total comprehensive income for the year, net of tax		**(1,182)**	**2,787**
Weighted average number of ordinary shares (basic)		272,360,000	272,360,000
Weighted average number of ordinary shares (diluted)		272,999,333	272,999,333
Net earnings per share attributable to the equity holders of the parent			
In Polish Zlotys (PLN)			
basic		**(0.004)**	**0.010**
diluted		**(0.004)**	**0.010**

The notes included on pages 25 to 35 are an integral part of these interim condensed consolidated financial statements

Interim 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 2012	**20,762**	**282,873**	**120,568**	**424,203**	**4,254**	**428,457**
Comprehensive income:						
Loss for the three months ended 31 March 2012	-	-	(1,084)	(1,084)	(98)	(1,182)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	(1,084)	(1,084)	(98)	(1,182)
Balance at 31 March 2012 (Unaudited/Unreviewed)	**20,762**	**282,873**	**119,484**	**423,119**	**4,156**	**427,275**
Balance at 1 January 2011	**20,762**	**282,873**	**113,742**	**417,377**	-	**417,377**
Comprehensive income:						
Profit for the three months ended 31 March 2011	-	-	2,787	2,787	-	2,787
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	2,787	2,787	-	2,787
Balance at 31 March 2011 (Unaudited/Unreviewed)	**20,762**	**282,873**	**116,529**	**420,164**	**-**	**420,164**

The notes included on pages 25 to 35 are an integral part of these interim condensed consolidated financial statements

Interim Consolidated Statement of Cash Flows

In thousands of Polish Zlotys (PLN)	For the 3 months ended 31 March 2012 (Unaudited Unreviewed)	For the 3 months ended 31 March 2011 (Unaudited Unreviewed)
Cash flows from/(used in) operating activities		
Profit/(loss) for the period	(1,182)	2,787
Adjustments to reconcile profit for the period to net cash used in operating activities		
Depreciation	197	107
Finance expense	98	241
Finance income	(1,085)	(788)
Profit on sale of property and equipment	(229)	(11)
Income tax benefit	(750)	(595)
Subtotal	***(2,951)***	***1,741***
Decrease/(increase) in inventory	(28,725)	2,511
Decrease/(increase) in trade and other receivables and prepayments	(2,014)	4,343
Increase/(decrease) in trade and other payables and accrued expenses	(3,430)	3,259
Increase/(decrease) in provisions	(8)	(1,089)
Increase/(decrease) in advances received	34,136	1,157
Subtotal	***(2,992)***	***11,922***
Interest paid	(2,717)	(1,864)
Interest received	1,086	716
Income tax paid	(260)	(61)
Net cash from/(used in) operating activities	**(4,883)**	**10,713**
Cash flows from/(used in) investing activities		
Acquisition of property and equipment	(71)	(171)
Short-term bank deposit – collateralized	40	(2,424)
Loans granted to third parties	-	(3,605)
Proceeds from sales of property and equipment	750	11
Net cash from/(used in) investing activities	**719**	**(6,189)**
Cash from/(used in) financing activities		
Proceeds from bank loans	1,389	-
Bank charges	-	(461)
Repayment of loans received from third parties	-	(1,306)
Repayment of loans received from related parties	-	(26,475)
Repayment of bank loans	-	(4,288)
Net cash from/(used in) financing activities	**1,389**	**(32,530)**
Net change in cash and cash equivalents	**(2,775)**	**(28,006)**
Cash and cash equivalents at beginning of period	94,622	94,888
Cash and cash equivalents at end of period	**91,847**	**66,882**

The notes included on pages 25 to 35 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 through its subsidiaries is active in the development and sale of residential units, primarily apartments, in multi-family residential real-estate projects and single family or semi-detached housing projects to individual customers in Poland. Moreover the Group lease real estate the third party.
The shares of the Company are traded on the Warsaw Stock Exchange since 5 November 2007. As at 31 March 2012, 64.2% of the outstanding shares are held by ITR Dori, whereas 15.3% of the outstanding shares are held by GE Real Estate with the remaining 20.5% of the outstanding shares being held by other investors, including Amplico OFE and ING OFE whereby each party is holding an interest of between 5% and 10% of the outstanding shares.

The Interim Condensed Consolidated Financial Statements of the Group have been prepared for the three months ended 31 March 2012 and contain comparative data for the three months ended 31 March 2011 and as at 31 December 2011. The Interim Condensed Consolidated Financial Statements of the Company for the three months ended 31 March 2012 comprise the Company and its subsidiaries (together hereinafter "the Group"), and have not been subject to review or audit by an independent auditor.

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

The Interim Condensed Consolidated Financial Statements for the three months ended 31 March 2012 were authorised for issuance by the Management Board on 9 May 2012.

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

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

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2011.

The Consolidated Financial Statements of the Group for the year ended 31 December 2011 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 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 with the same as those applied by the Company in its consolidated financial statements for the year ended 31 December 2011.

Exceptional items are disclosed and described separately in these Interim Condensed Consolidated Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the Group during the three months ended 31 March 2012. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012.

- Amendment to IAS 12 *Income Taxes – Recovery of Underlying Assets.* The amendment clarifies the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale,

Adoption of the above new standards and amendments to standards did not have impact on the financial position or performance of the Group.

Note 4 – The use of estimates and judgments

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

In preparing these Interim Condensed Consolidated Financial Statements, the significant judgements made by the Management Board in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2011.

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 Polish companies whose financial data have been included in these Interim Condensed Consolidated Financial Statements are the same as were included and disclosed in the Group's annual consolidated financial statements as at 31 December 2011.

Note 8 - Segment reporting

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

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

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

In thousands of Polish Zlotys (PLN)	**As at 31 March 2012 (Unaudited/Unreviewed)**										
	Warsaw			**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Segment assets	381,160	60,320	9,249	96,641	-	95,441	4,115	67,898	7,373	-	722,197
Unallocated assets	-	-	-	-	-	-	-	-	-	76,149	76,149
Total assets	**381,160**	**60,320**	**9,249**	**96,641**	**-**	**95,441**	**4,115**	**67,898**	**7,373**	**76,149**	**798,346**
Segment liabilities	199,466	12,785	-	32,037	-	9,491	-	19,028	-	-	272,807
Unallocated liabilities	-	-	-	-	-	-	-	-	-	98,264	98,264
Total liabilities	**199,466**	**12,785**	**-**	**32,037**	**-**	**9,491**	**-**	**19,028**	**-**	**98,264**	**371,071**

In thousands of Polish Zlotys (PLN)	**As at 31 December 2011**										
	Warsaw			**Poznań**		**Wrocław**		**Szczecin**		**Unallocated**	**Total**
	Apartments	**Houses**	**Rental**	**Apartments**	**Houses**	**Apartments**	**Houses**	**Apartments**	**Houses**		
Segment assets	347,600	63,405	9,195	94,050	-	90,068	3,606	63,582	7,373	-	678,879
Unallocated assets	-	-	-	-	-	-	-	-	-	87,082	87,082
Total assets	**347,600**	**63,405**	**9,195**	**94,050**	**-**	**90,068**	**3,606**	**63,582**	**7,373**	**87,082**	**765,961**
Segment liabilities	181,636	14,844	-	31,714	-	5,912	-	17,279	-	-	251,385
Unallocated liabilities	-	-	-	-	-	-	-	-	-	86,119	86,119
Total liabilities	**181,636**	**14,844**	**-**	**31,714**	**-**	**5,912**	**-**	**17,279**	**-**	**86,119**	**337,504**

Notes to the Interim Condensed Consolidated Financial Statements

Note 8 - Segment reporting (cont'd)

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

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	4,913	1,295	162	896	-	-	-	-	-	-	7,266
Segment result	(832)	(156)	75	(2)	-	(305)	(12)	(204)	(12)	-	(1,448)
Unallocated result	-	-	-	-	-	-	-	-	-	(1,471)	(1,471)
Result from operating activities	**(832)**	**(156)**	**75**	**(2)**	**-**	**(305)**	**(12)**	**(204)**	**(12)**	**(1,471)**	**(2,919)**
Net finance income	72	(1)	-	(7)	-	11	-	(1)	-	913	987
Profit (Loss) before taxation	**(760)**	**(157)**	**75**	**(9)**	**-**	**(294)**	**(12)**	**(205)**	**(12)**	**(558)**	**(1,932)**
Income tax benefit											750
Loss for the period											**(1,182)**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**71**	**71**

In thousands of Polish Zlotys (PLN) — **For the three months ended 31 March 2011 (Unaudited/Unreviewed)**

	Warsaw			Poznań		Wrocław		Szczecin		Unallocated	Total
	Apartments	Houses	Rental	Apartments	Houses	Apartments	Houses	Apartments	Houses		
Revenue	11,816	14,514	132	7,667	-	-	-	-	-	-	34,129
Segment result	2,193	(60)	48	2,767	-	10	(2)	(45)	(1)	-	4,910
Unallocated result	-	-	-	-	-	-	-	-	-	(3,265)	(3,265)
Result from operating activities	**2,193**	**(60)**	**48**	**2,767**	**-**	**10**	**(2)**	**(45)**	**(1)**	**(3,265)**	**1,645**
Net finance income	90	(3)	-	86	-	(3)	-	(1)	-	378	547
Profit (Loss) before taxation	**2,283**	**(63)**	**48**	**2,853**	**-**	**7**	**(2)**	**(46)**	**(1)**	**(2,887)**	**2,192**
Income tax benefit											595
Profit for the period											**2,787**
Capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**171**	**171**

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory

Movements in Inventory during the three months ended 31 March 2012 and during the year ended 31 December 2011 were as follows:

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2012**	**Transferred to finished goods**	**Additions**	**Closing balance 31 March 2012 (Unaudited / Unreviewed)**
Land and related expense	399,143	-	3,794	402,937
Construction costs	104,839	-	28,373	133,212
Planning and permits	21,872	-	1,470	23,342
Borrowing costs (1)	61,438	-	4,928	66,366
Other	3,627	-	389	4,016
Work in progress	**590,919**	**-**	**38,954**	**629,873**

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2012**	**Transferred from work in progress**	**Recognized in the statement of comprehensive income**	**Closing balance 31 March 2012 (Unaudited / Unreviewed)**
Finished goods	**40,497**	**-**	**(5,301)**	**35,196**

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2012**	**Revaluation write down recognized in statement of comprehensive income**		**Closing balance 31 March 2012 (Unaudited / Unreviewed)**
		Increase	**Utilization**	
Write-down	**(99)**	**-**	**-**	**(99)**
Total inventories at the lower of cost or net realizable value	**631,317**			**664,970**

(1) Borrowing costs are capitalized to the value of inventory with 9.3% average effective capitalization interest rate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 9 – Inventory (cont'd)

In thousands of Polish Zlotys (PLN)	**Opening balance 1 January 2011**	**Share in work in progress of a joint venture**	**Transferred to finished goods**	**Additions**	**Closing balance 31 December 2011**
Land and related expense	380,257	12,711	(11,033)	17,208	399,143
Construction costs	23,069	85	(25,570)	107,255	104,839
Planning and permits	17,845	230	(1,055)	4,852	21,872
Borrowing costs (1)	47,419	211	(2,874)	16,682	61,438
Other	2,216	38	(563)	1,936	3,627
Work in progress	**470,806**	**13,275**	**(41,095)**	**147,933**	**590,919**

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2011**	**Transferred from work in progress**	**Recognized in the statement of comprehensive income**	**Closing balance 31 December 2011**
Finished goods	**74,610**	**41,095**	**(75,208)**	**40,497**

In thousands of Polish Zlotys (PLN)	**Opening balance 01 January 2011**	**Revaluation write down recognized in statement of comprehensive income**		**Closing balance 31 December 2011**
		Increase	**Utilization**	
Write-down	**(1,887)**	**-**	**1,788**	**(99)**
Total inventories at the lower of cost or net realizable value	**543,529**			**631,317**

(1) Borrowing costs are capitalized to the value of inventory with 8.1% average effective capitalization interest rate.

Notes to the Interim Condensed Consolidated Financial Statements

Note 10 – Floating rate bond loan

The table bellow present the movement in Floating rate bond loan during the three months ended 31 March 2012 and during the year ended 31 December 2011:

In thousands of Polish Zloty (PLN)	**For the three months ended 31 March 2012** (Unaudited / Unreviewed)	**For the year ended 31 December 2011**
Opening balance	**87,847**	**-**
Proceeds from bond loans	-	87,500
Issue cost	-	(1,724)
Issue cost amortization	143	404
Accrued interest	2,051	5,633
Interest repayment	-	(3,966)
Total closing balance	**90,041**	**87,847**
Closing balance includes:		
Current liabilities	3,718	1,667
Non-current liabilities	86,323	86,180
Total closing balance	**90,041**	**87,847**

Note 11 – Secured bank loans

The following non-current and current Secured bank loans were issued and repaid during the three months ended 31 March 2012 and during the year ended 31 December 2011:

In thousands of Polish Zloty (PLN)	**For the three months ended 31 March 2012** (Unaudited / Unreviewed)	**For the year ended 31 December 2011**
Opening balance	**117,711**	**123,914**
New bank loan drawdown	1,389	1,946
Bank loans repayments	-	(8,150)
Bank charges	92	(631)
Bank charges amortization	-	487
Accrued interest/(interest repayment) on bank loans, net	(72)	145
Total closing balance	**119,120**	**117,711**
Closing balance includes:		
Current liabilities	95,924	95,965
Non-current liabilities	23,196	21,746
Total closing balance	**119,120**	**117,711**

Notes to the Interim Condensed Consolidated Financial Statements

Note 12 – Income tax expense

In thousands of Polish Zlotys (PLN)	For the three months ended 31 March 2012 (Unaudited / Unreviewed)	For the three months ended 31 March 2011 (Unaudited / Unreviewed)
Current tax (benefit)/expense	**(19)**	**31**
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(336)	348
Benefit of tax losses recognized	(395)	(974)
Total deferred tax benefit	**(731)**	**(626)**
Total income tax (benefit)/expense	**(750)**	**(595)**

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

(i) Investment commitments:

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

In thousands of Polish Zlotys (PLN)	As at 31 March 2012 (Unaudited / Unreviewed)	As at 31 December 2011
Espresso I	39,400	-
Gemini II	26,631	33,141
Sakura II	21,182	26,188
Verdis I	16,654	20,103
Naturalis III	9,771	11,917
Panoramika I	7,143	9,973
Naturalis I	5,354	5,972
Chilli I	2,238	3,673
Sakura I	1,504	5,303
Naturalis II	1,494	2,779
Impressio I	480	622
Constans	184	184
Imaginarium III	178	178
Total	**132,213**	**120,033**

Notes to the Interim Condensed Consolidated Financial Statements

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

(ii) Contracted proceeds not yet received:

The table below presents amounts to be received from the customers having bought apartments from the Group and which are based on the value of the sale and purchase agreements signed with the clients until 31 March 2012 after deduction of payments received at the reporting date (such payments being presented in the Interim Consolidated Statement of Financial Position as Advances received):

In thousands of Polish Zlotys (PLN)	**As at 31 March 2012**	**As at 31 December 2011**
	(Unaudited / Unreviewed)	
Gemini II	32,582	41,100
Verdis I	15,758	15,020
Sakura I	9,437	9,981
Espresso I	8,747	5,540
Sakura II	6,171	-
Impressio I	4,331	5,446
Chilli I	2,744	2,699
Naturalis II	1,886	2,145
Panoramika I	1,675	1,611
Naturalis III	1,535	-
Nautica II	1,528	1,528
Naturalis I	1,527	1,877
Verdis II	1,290	-
Imaginarium III	977	1,095
Nautica I	514	565
Gardenia	417	675
Gemini I	24	36
Constans	-	1,165
Galileo	-	946
Total	**91,143**	**91,429**

iii) Contingencies:

None.

Note 14 – Financial risk management

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including real estate market risk and fair value interest rate risk), credit risk and liquidity risk. The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2011. There have been no changes in the risk management department since year end or in any risk management policies.

Notes to the Interim Condensed Consolidated Financial Statements

Note 14 – Financial risk management (cont'd)

(ii) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities, except for the assumption of new loans and redemption of existing loans during the three months period ended 31 March 2012 as described in Notes 10.

(iii) Market (price) risk

The Group's exposure to marketable and non-marketable securities price risk did not exist because the Group had not invested in securities during the three months period ended 31 March 2012.

(iv) Fair value estimation

The investment in the marketable securities is measured at fair value based on net asset value published daily and is classified as Level 1.
During the three month period ended 31 March 2012 there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets and financial liabilities.

(v) Interest rate risk

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

Note 15 – Related party transactions

There were no transactions and balances with related parties during three months ended 31 March 2012 other than those already disclosed in the 2011 annual accounts.

Note 16 – Impairment losses and provisions

During the three months ended 31 March 2012, no material impairment losses were charged.

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

- a decrease in the provision for deferred tax liabilities of PLN 818 thousand (during the three months ended 31 March 2011 a decrease PLN 578 thousand);

Note 17 – Events during the period

Land purchase

In March 2012, the Group acquired a parcel of land with an area of 2,636 m^2 located in Wroclaw, Krzyki District, at Jutrzenki Street ("Land 2"). Land 2 is located nearby a plot of land with an area of 14,918 m^2 which the Group had purchased in the past ("Land 1"). In combination, Land 1 and Land 2 shall allow the Group to build multifamily buildings that will comprise 300 units with an aggregate floor space of 16,100 m^2.

Bank loans

In January 2012, the Company entered into annexes to loan facilities with Millennium Bank for financing land acquisitions for a total amount of PLN 11.0 million. The repayment dates have been extended to 30 July 2012.

Notes to the Interim Condensed Consolidated Financial Statements

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

Commencements of new projects

In March 2012, the Group commenced the construction of the Espresso I project (the sales process commenced earlier) comprising 210 units with an aggregate floor space of 9,500 m^2.

In February 2012, the Group commenced the sales process (the construction has not yet started) of one building from a total of two buildings in the Verdis II project comprising 24 units with an aggregate floor space of 1,800 m^2. In total, the Verdis II project will comprise 63 units with an aggregate floor space of 5,000 m^2.

Note 18 – Subsequent events

Bank loans

In April 2012, the Company entered into a loan agreement with Alior Bank S.A. for financing the construction costs of the first stage of the Espresso project (Warsaw, Jana Kazimierza Street) for a total amount of PLN 41.0 million. The repayment date of this loan is 31 March 2015.

Completions of projects

In April 2012, the Group completed the construction of the Sakura I project comprising 120 units with a total area of 8,100 m^2.

Commencements of new projects

In April 2012, the Company commenced sales of new projects Eclipse and Newton (both in Grunwald in Poznań) as well as the next stages of currently run projects Chilli.

The Management Board

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

Rotterdam, 9 May 2012