KARDAN N.V.

Financial position

1. Following is a summary of Kardan N.V.'s consolidated balance sheet (in EUR thousands)

	June 30, 2017	June 30, 2016	December 31, 2016	Notes
Total balance sheet	637,257	920,328	665,367	No material change compared to December 31, 2016.
Current assets	322,983	549,444	281,987	The increase in current assets compared to December 31, 2016, is mainly due to the presentation of TGI's assets as held for sale under current assets.
Non-current assets	314,274	370,884	383,380	The decrease in non-current assets compared to December 31, 2016, is mainly due to the presentation of TGI's assets as held for sale under current assets and from the change in value of investment property, mainly as a result of foreign exchange differences.
Current liabilities	434,093	523,864	320,964	The increase in current liabilities compared to December 31, 2016, is mainly due to the classification of part of the debentures payable in February 2018 to current maturities.
Debentures	190,179	260,749	288,978	The decrease compared to December 31, 2016, is mainly due to the classification of part of the debentures payable in February 2018 to current maturities.
Long term Interest-bearing loans and borrowings	2,529	62,510	419	As of June 30, 2016, part of the loan for the Dalian project was classified as a short term liability since it was related to inventory. As of June 30, 2017 and December 31, 2016 – the entire balance of that loan was classified as current liability (current maturities).
Equity attributable to equity holders of the parent	1,076	54,069	37,333	The decrease in equity compared to December 31, 2016, is mainly due to the loss for the period and currency translation differences (other comprehensive loss).

2. Cash Flow Statement analysis (in EUR thousands)

	H1 2017	H1 2016	Q2 2017	Q2 2016	FY 2016	Notes
Net cash provided by (used in) operating activities	(32,465)	(32,420)	(7,203)	3,987	(51,944)	The Company's cash flow from operating activities is significantly influenced by interest payments and currency translation differences. In H1 2017, most of the deficit is related to the operational activities of the Company's subsidiaries. In addition, the Company repaid approximately € 4 mn of remaining interest on its debentures which fell due in February 2017.
Net cash provided by (used in) investing activities	(1,274)	10,985	1,431	12,857	74,492	In H1 2017, most of the deficit is related to acquisition of fixed assets of €3.5 mn in the Water Infrastructure activities, partially offset by proceeds from the sale of fixed assets in the Real Estate activities. In H1 2016 € 21.9 mn were generated from the sale of the remaining 25% of KWIG shares. In 2016 € 103.7 mn were proceeds from the sale of TBIF and the remaining 25% of KWIG shares; And € 2.8 mn were proceed from the sale of assets mainly the assets of Foodyard Bulgaria. On the other hand, € 7.7 mn were used for investment in fixed assets and investment properties.
Net cash provided by (used in) financing activities	15,410	7,291	6,732	(10,168)	(66,346)	In H1 2017 €14.9 mn were proceeds from short term credit provided to the water infrastructure activity. In H1 2016 €14.8 mn were proceeds from loans, mainly in the real estate activities. In 2016 €86.5 mn were used for the early repayment of the debenture liabilities and €28 mn were provided from short and long term loans.

The Company finances its by the Company's debentures, the sale of assets and dividend received from subsidiaries (for details, see also section 3 below regarding cash flow forecast). The subsidiaries activities are being financed by equity, credit provided by banks and other financial institutions, loans from the parent company, proceeds from the sale of apartments in the Real Estate activities and from cash surplus in projects in the Water Infrastructure activities. For details regarding material credit in the Group see section 3 of the chapter "Significant Events and Developments" below. For details regarding credit balances as of the balance sheet date refer to section 1 above.

3. Cash Flow Forecast

The review report of the external auditors as of June 30 2017, includes a mandatory emphasis of matter regarding the ability of the Company to continue as going concern (see also Note 2 to the financial statements). In addition, the Company has a negative working capital on a consolidated and stand-alone basis, recorded a loss for the period, and has a continuing negative cash flow from operation activities. These are considered "warning signs" as defined in Regulation 10 (b) (14) of the Israeli Securities Authority regulations. Therefore, the Company provides a cash-flow forecast for a period of two years as of June 30 2017:

Forecast cash flow	July 1, 2017 – December 31, 2017	January 1, 2018 - December 31, 2018	January 1, 2019 – June 30, 2019
	in € millions		
Cash and cash equivalents at the beginning of the period	**1.6**	**125.7**	**123.1**
Company only resources			
From operating activities			
General and administration expenses	(1.9)	(3.8)	(1.9)
From investing activities			
Sale of assets	120.0	120.0	-
Resources from investee companies			
Loan repayment and dividend	5.9	-	-
From operating activities in investments – Management fees	0.1	0.1	-
Total Resources	**125.7**	**242.0**	**121.2**
Expected Uses			
From financing activities			
Interest payment of debentures – Series A	-	3.1	-
Interest payment of debentures – Series B	-	17.0	13.6
Principal payment of debentures – Series A	-	48.6	-
Principal payment of debentures – Series B	-	50.2	100.4
Total Uses	**-**	**118.9**	**114.0**
Cash and cash equivalents at the end of the period	**125.7**	**123.1**	**7.2**

Assumptions and Notes to the cash flow forecast

1. The cash flow forecast has been jointly prepared for Kardan NV (company-only) and its wholly owned subsidiaries GTC Real Estate Holding BV and Emerging Investments XII BV, as the treasury of these companies is centralized. With respect to limitations regarding the transfer of funds between the companies, see under point 9 below.

2. The cash flow forecast was prepared based on the provisions of the Amended Deeds of Trust which became effective on July 3, 2015 (the 'Deeds of Trust').

3. The forecasted General and administration expenses are based on estimates of the Company according to its past experience.

4. With respect to sale of assets in 2017 and 2018 - the Company is conducting processes, directly or through its subsidiaries, to sell part of its assets in order to be able to complete February 2018 debenture repayment. These assets may include the subsidiaries Kardan Land China and/or Tahal Group International B.V. and/or part of their assets.

5. In this cash flow forecast, cash provided from the sale of assets in 2017 and 2018 will be used to repay principal and interest of the debentures which are due in February 2018 and 2019, respectively, in accordance with the Deeds of Trust. Should the Company obtain funds prior to the expected repayment dates, the Company will make early repayments, as required in the Deeds of Trust.

6. The amount of Management fees from investee companies is based on existing agreements between the Company and its subsidiaries as of the balance sheet date.

7. The interest calculations are based on Israeli CPI, exchange rates and interest rates which are applicable as of June 30, 2017. The principal and interest payments for the debentures are presented on the net outstanding balance, excluding the debentures held by GTC RE and Emerging Investment XII BV. A change of 5% in the Euro/NIS rate will lead to a change of approximately € 6 million in the amount of principal and interest payment in each of the years 2018 and 2019.

8. The cash flow forecast does not include any additional investments which the Company will make once those will be approved by the appropriate bodies in the Company. As of the date of approval of these financial statements, the Company did not resolve to make any new investments. In addition, according to the Amended Deeds of Trust there are limitations on new investments.

9. Restriction on transferring funds:
Transfer of funds between Kardan NV, GTC RE, Emerging Investments XII, TGI and KFS is mostly done through intercompany loans or distribution of dividend or capital reserves as permitted by Dutch law[1]. Breakdown of distributable reserves according to Dutch law and intercompany loans balances is as follows:

Subsidiary	Distributable reserves (EUR million) as of 30.6.17	Intercompany loan (EUR million) as of 30.6.17
TGI	36.8	5.0
GTC RE	177.1	(9.6)
KFS	23.7	-
Emerging	66.1	-

10. This estimate is forward looking information as defined in the Israeli Securities Act, based on management assumptions and expectations. The aforesaid may not materialize completely or part thereof, or materialize in a different manner, including materially different from what is expected as a result of changes in the state of the market, difficulties in raising credit, decrease in value of investments and change in cash amounts expected to be received from affiliated companies.

[1] For details regarding restrictions of transferring funds by TGI, please refer to section 8.17.5 to the 2016 Israeli Annual Report.

4. Financial Position of holding companies of the Kardan Group as of June 30, 2017

- **Net debt (*)**

The following table summarizes the net debt of Kardan N.V. and, if applicable and of its directly held subsidiaries (company only) as of June 30, 2017:

Company	Net Debt (in EUR million)	
Kardan NV / GTC RE / Emerging Investments XII	**Liabilities:** Debentures** LT Liability **Assets:** Cash and short term investments	 (307.7) (2.1) 1.6
	Net debt	**(307.2)**
KFS	**Assets:** Cash and short term investments Loans to related parties	 1.9 6.6
	Net cash	**8.5**
TGI/TG/TGA* **	**Liabilities:** LT Liability **Assets:** Cash and short term investments	 (0.4) 0.8
	Net cash	**0.4**

(*) Net debt includes interest bearing loans and borrowings, debentures, less cash and cash equivalents and interest bearing receivables.
(**) The balance is presented net of debentures held by subsidiaries, see section 10 below.
(***) These assets and liabilities are presented as held for sale in the consolidated financial statements as of June 30, 2017.

5. Main events in the first half of 2017 and subsequent events

KNV

On July 3, 2017 Maalot, the Israeli subsidiary of Standard & Poor's ("S&P"), has affirmed the rating of ilB for Kardan and for its Debentures Series A and Series B. In addition, S&P has put the Company and the Debentures on CreditWatch with negative implications.

TGI (discontinued operation)

- On June 7, 2017, Water Planning for Israel Ltd. ('WPI'), an indirectly owned subsidiary of the Company, signed an agreement for the sale of its entire holdings (40.5%) in Star Pumped Storage Ltd. to Noy Fund ('the Agreement' and 'the Buyer', respectively), for a total consideration of NIS 81 million (approximately € 20.3 million) in a two-part transaction.
  The first part of the Agreement relates to the sale of 19.84% of WPI's holdings for a consideration of NIS 39 million (approximately € 9.8 million).
  The second part relates to the sale of the remaining 20.66% of WPI's holdings for a consideration of NIS 42 million (approximately € 10.5 million), subject to the Buyer's intention to acquire WPI's remaining stake. In August 2017 the Buyer notified WPI of its intention to acquire the remaining 20.66% holdings of Star Pumped Storage.
  In July 2017 the financial closing of the project was completed, and WPI received payments for the reimbursement of expenses from third parties in the amount of NIS 20.4 million (approximately € 4.9 million).
  For additional information, please refer to the announcements made by the Company on June 7, 2017, July 13, 2017 and August 9, 2017.

- On August 21, 2017, the Company announced that Tahal Group B.V. ('Tahal'), an indirectly owned subsidiary of the Company, signed a contract with the Government of the Republic of Zambia for a multipurpose agriculture and water project in Zambia.
  Tahal and its partner for the activities in Angola and Zambia - ZRB Consulting Finance & Development Limited - will be entitled, in equal shares, to the total contract price of USD 176 million for the performance of the entire project.
  The project duration is three years, and it will commence once the conditions precedent are fulfilled - mainly the successful completion of the financial closing by the Government of Zambia.
  The project for the design, procurement, construction and commissioning of a multipurpose agriculture and water project in the Republic of Zambia, comprising about 5,750 hectares of land, shall include a large scale community agricultural settlement with hundreds of family farms and commercial farms, and a number of other facilities as well as related services, such as crop-growing farms, irrigation facilities and greenhouses. For additional details, please refer to the press release issued by the Company on August 21, 2017.

- On August 23, 2017 the Company announced that Tahal and WPI, together with ZRB, have signed three agreements with Gesterra – Gestao de Terras Araveis S.A., a company owned by the government of Angola. The three projects, totaling $ 291 million, are large scale agriculture projects located in three different areas in Angloa – Cabinda, Huambo and Lunda Sul. The purpose of each project is developing a local agriculture center, in each of the locations, including the design and development of several farms, crop-growing farms, greenhouses, poultry farms, and logistic and training centers. The projects will commence once Gesterra will confirm it has obtained the necessary financing for each of the projects. For additional information, please refer to the announcement issued by the Company on August 23, 2017.

Market risk exposure and management

6. Risk Management

During the first 6 month of 2017 no significant change in risk exposure or risk management was identified.

Reference is made to the 2016 consolidated financial statements as well as to section 1.4 to the 2016 Israeli Annual Report, which can also be found on the corporate site. In addition, It should be noted that there may be other significant risks Kardan has not yet identified or that have not been assessed as having a significant potential impact on the business but which could materialize as such at a later stage.

Corporate governance

7. Directors with accounting and financial expertise

Kardan N.V. is a company incorporated in the Netherlands and consequently the Israeli Companies Law 5759-1999 does not apply to it, so that, among other things, it does not have to appoint external directors and is not required to appoint directors with accounting and financial expertise.

However, in accordance with Kardan's articles of association, there are decisions that the Board has to take according to a special approval procedure which requires, among other things, the consent of the independent directors who attend the Board meetings, as defined in Company's Articles of Association and Corporate Governance Code.
In addition, in accordance with the Netherlands Corporate Governance Code ("The Code"), Kardan N.V. has adopted the duty whereby at least one of the independent non-executive members of the Board, has knowledge of financial management and accounting.

The directors with financial and accounting knowledge currently serving on the Board are: Peter Sheldon, Cor van den Bos, Ariel Hasson, Eytan Rechter, Bouke Marsman and Max Groen.

For further information regarding education and experience, reference is made to the corporate site and to the part 4 of the 2016 Israeli Annual Report.

Independent Directors
According to the Corporate Governance Code, the majority of the Board members must be independent, as defined by Dutch law. As of June 30, 2017 and the date of this report, four out of the eighth Board members are independent. On May 24, 2017 one independent Board member ceased to serve on the Board. The appointment of a new independent director is included in the agenda of an Extraordinary General Meeting of Shareholders which will be convening on September 12, 2017. After the appointment of the new independent director - if approved – the majority of the Board would consist of independent Board members.

For further information regarding the Corporate Governance Code refer to section 15 of part 1 of 2016 Israeli Annual Report.

8. Internal Audit

For information regarding changes in relation to the Company's internal auditor see section 3 of the chapter "Significant Events and Developments" which is included in the Company's Directors' Report as of March 31, 2017.

Additional information

9. Fair Value Disclosure

Galleria Dalian shopping mall – China, Dalian

Identification of the property subject of the valuation	Shopping mall in Dalian, China, having net leasable area of 64,834 sqm.
Date of the valuation	31.12.2016
External valuer	DTZ /C&W
Value of the property in the financial statements prior to the valuation	€ 225.9 million
Key parameters used in the valuation	• Discount rate – 10.5% • Terminal capitalization rate – 5.5% • Rent per sqm – 167 RMB • Price per sqm for comparison approach – 17,200 RMB
Valuation Method	The average of Direct Comparison Approach and DCF methods

The fair value of the property as at June 30, 2017 is based on the model which was used in the valuation report which was attached to financial statements as of December 31, 2016 (for details regarding this valuation, see section 7.12.13 to the 2016 Israeli Annual Report). As of June 30, 2017 there were no material changes to the significant assumptions that were used in the valuation of investment property (Galleria Dalian), apart from adjustments to certain parameters that were required to reflect the changes as of June 30, 2017, which resulted in a decrease in the value of the investment property of approximately € 0.8 million. In additional the value of the investment property as at June 30, 2017 decreased compared to December 31, 2016, due to the change in exchange rate of the EUR vs. RMB, since its value is denominated and evaluated in the local currency. For additional information also refer to section 1 of the chapter “Significant Events and Developments” below.

10. Book value of investments Kardan N.V.

The following table summarizes the book value of the companies held directly by Kardan as of June 30, 2017 and December 31, 2016 (amounts in EUR millions):

Holding Com-pany	Name of subsi-diary	Share in subsi-diary	Consoli-dated equity	Share holders consoli-dated equity	Adjust-ments of Kardan NV	Book Value in Kardan NV	Share holders Loans (*)	Total Invest-ment in books 30.06.17	Total Invest-ment in books 31.12.16
Kardan NV	GTC RE	100%	251.9	251.9	1.4	253.3	(9.8)	243.5	261.9
	KFS	100%	25.3	25.3	-	25.3	-	25.3	36.6
	TGI	98.43%	45.4	44.6	(3.5)	41.1	5.0	46.1	40.2
	Emerg-ing Invest ments XII	100%	66.1	66.1	-	66.1	-	66.1	53.5

Holding Com-pany	Name of subsi-diary	Share in subsi-diary	Consoli-dated equity	Share holders console-dated equity	Adjust-ments of GTC RE	KLC Book Value	Share-holders Loans	Total Invest-ment in books 30.06.17	Total Invest-ment in books 31.12.16
GTC RE Holding	Kardan Land China	100%	284.8	284.8	1.7	286.5	(**)(50.2)	236.3	254.2

Holding Com-pany	Name of subsi-diary	Share in subsi-diary	Consoli-dated equity	Share holders console-dated equity	Adjust-ments of TGI	Book Value	Loans granted by TGI	Total Invest-ment in books 30.06.17	Total Invest-ment in books 31.12.16
TGI	Tahal Group Assets B.V.	100%	6.0	9.5	-	9.5	(3.4)	6.1	5.4
	Tahal Group B.V.	100%	45.0	40.7	-	40.7	-	40.7	40.5

(*) The shareholder's loans were granted through the Company's 100% subsidiary, Emerging Investments XII B.V. For convenience, the shareholder's loans are presented as part of the investments in subsidiaries.

(**) The loan is considered a capital loan and is expected to be written off from KLC's equity.

(***) GTC RE held NIS 26,666,667 par value debentures (Series A) of the Company having a liability value of EUR 8.2 million as of June 30, 2017.

(****) Emerging Investment XII held the following Kardan N.V Debentures as of June 30, 2017:

	Nominal Value In NIS	Liability Value including accrued interest In EUR millions
Series A	109,839,448	33.9
Series B	120,381,450	37.3

11. Issuance of debentures

The following are details regarding the marketable debentures of Kardan NV as of June 31, 2017:

	Debenture series A	Debenture series B
Issuance date	20.2.2007, 13.8.2007, 16.2.2008	16.2.2008
Par value of issued debentures	EUR 294.3 million (NIS 1,190,000,000)	EUR 329.9 million (NIS 1,333,967,977)
Linkage basis	Principal and interest linked to Israeli CPI (CPI of January 2007)	Principal and interest linked to Israeli CPI (CPI of December 2006)
Par value of debentures as of March 31, 2017	EUR 74.6 million (NIS 297,500,000 par value)	EUR 239.1 million (NIS 952,834,318 par value)
Debentures held by subsidiaries	NIS 136,506,115 par value	NIS 120,381,386 par value
Interest rate (per annum)	6.325%	6.775%
Principal repayment	Two installments one in February 2017 and the second in February 2018.	Four installments from February 2017 to February 2020.
Interest payment dates	3 annual installments on 25 February in the years 2016 - 2018	5 annual installments on 1 February in the years 2016-2020
Total debt up to the date of the balance sheet (including interest and Israeli CPI linkage) (*)	EUR 49.4 million	EUR 254.6 million
Market capitalization as of March 31, 2017(*)	EUR 40.8 million	EUR 162.8 million
The trustee	Aurora Fidelity Trust Co. Ltd	Hermetic Trust (1975)
Rated by	S&P Maalot	S&P Maalot
Rating at the time of issuance	AA - (February 2007)	AA - (February 2007)
Updated rating	B (July 2017)	B (July 2017)
Right of early repayment	In accordance with the amended deeds of trust, the Company is eligible to announce on a partial or full early repayment throughout the entire term of the debentures. Such early repayment will be carried out without any compensation and in accordance to the full liability value of the debentures.	
Pledged Assets	According to the Deeds of Trust, the Company established and registered primary, exclusive pledges with no limitations of amounts over all of the Group's interests in GTC RE, KFS, TGI, EMERGING and KLC (the 'Pledged Subsidiaries'), including all benefits which will emanate from these interests and all the rights of the Group in loans granted to the Pledged Subsidiaries. A primary exclusive pledge with no limitation of amounts over all the rights of EMERGING for the repayments of loans it has granted to any of the corporations in Kardan Group. A primary exclusive pledges with no limitations of amounts over the bank accounts of the Company. Pledge on all the Company's debentures held by the Group. Additional negative pledges.	
Guarantee to secure the obligations of Kardan NV	A limited guarantee in the amount of EUR 100 million by Kardan Land China.	

(*) Net of debentures which are held by subsidiaries;

Debentures (Series A and B) are material to the Company. During and at the end of 6M 2017 the Company met the terms of the Amended Deeds of Trust. The detailed presented above are in accordance with the Dead of Trust of July 3, 2015. For additional information regarding the terms of the debentures and the related restrictions apply to the Company, see section 12.1.3 of the corporate description chapter in the 2016 periodical report.

KARDAN N.V.

DISCLAIMER

This press release contains forward-looking statements and information, for example concerning the financial condition, results of operations, businesses and potential exposure to market risks of Kardan N.V. and its group companies (jointly "Kardan Group"). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements (including "forward looking statements" as defined in the Israeli Securities Law). Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. These forward-looking statements are identified by the use of terms and phrases such as ''anticipate'', ''believe'', ''could'', ''estimate'', ''expect'', ''intend'', ''may'', ''plan'', ''objectives'', ''outlook'', ''probably'', ''project'', ''will'', ''seek'', ''target'', ''risks'', ''goals'', ''should'' and similar terms and phrases. A variety of factors, many of which are beyond Kardan Group's control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Kardan Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For Kardan Group, particular uncertainties arise, amongst others but not limited to and not in any order of importance, (i) from dependence on external financing with the risk that insufficient access to capital threatens its capacity to grow, execute its business model, and generate future financial returns (ii) from concentration of its business in Central Eastern Europe and China as a result of which Kardan Group is strongly exposed to these particular markets (iii) from risks related to the financial markets as a result of Kardan N.V.'s listings on NYSE Euronext Amsterdam and the Tel Aviv Stock Exchange and (iv) from it being a decentralized organization with a large number of separate entities spread over different geographic areas in emerging markets, so that Kardan Group is exposed to the risk of fraudulent activities or illegal acts perpetrated by managers, employees, customers, suppliers or third parties which expose the organization to fines, sanctions and loss of customers, profits and reputation etc. and may adversely impact Kardan Group's ability to achieve its objectives and (v) from any of the risk factors specified in Kardan N.V.'s Annual Report and in the related "Periodic Report " (published by Kardan N.V. in Israel) published in April and which is also available at the Kardan website. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Kardan N.V. does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Interim report on effectiveness of internal control over financial reporting and disclosure

The management under the supervision of the Board of Directors of Kardan N.V. ("the Company") is responsible to determine and maintain proper internal control over financial reporting and disclosure by the Company.

For this matter, the Management consists of:

1. A. Hasson, CEO and Board member
2. E. Oz-Gabber, Chief Financial Officer

Internal control on financial reporting and disclosure comprises existing controls and procedures at the Company – determined by the CEO and most senior financial officer, or under their supervision, or by those acting in said capacities, under supervision of the Company's Board - which are designed to provide reasonable certainty with respect to the reliability of financial reporting and preparation of reports pursuant to statutory provisions, and to ensure that information which the Company is required to disclose in reports, issued pursuant to statutory provisions, is collected, processed, summarized and reported on schedule and in the format prescribed by law.

Internal control includes, inter alia, controls and procedures designed to ensure that information which the Company is required to disclose, is collected and submitted to the Company's management, including to the CEO and to the most senior financial officer, or to those acting in said capacities, so as to enable decisions to be made at the appropriate time with regard to the required disclosure.

Due to structural limitations, internal control over financial reporting and disclosure is not designed to provide absolute certainty that misrepresentation of omission of information on the reports would be avoided or discovered.

In the quarterly report on the effectiveness of the internal control over financial reporting and disclosure, which is attached to the Israeli periodic report for the period ended June 30, 2017 (hereinafter – the "latest interim report on internal control"), the internal control is effective.

As of the date of the report, no event or matter came to the attention of the Board of Directors, nor to the Management, that would change the assessment of the effectiveness of the internal control as presented as part of the latest annual report on internal control.

As of the reporting date, based on the assessment of the effectiveness of the internal control in the latest quarterly report on internal control and based on the information brought to the attention of the Board and the management, as above, the internal control is effective.

Certification by CEO pursuant to Regulation 38C (D)(1) of the regulations:

I, A. Hasson, certify that:

1. I have reviewed the periodic report of Kardan NV ("the corporation") for the second quarter of 2017 ("the report").

2. To the best of my knowledge, the report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.

3. To the best of my knowledge, the financial statements and other financial information included in the report properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.

4. I have disclosed to the corporation's Independent Auditor, Board and Audit Committee and the Financial Statement Review Committee of the corporation, based on my most current assessment of the internal control over financial reporting and disclosure:

   a. All significant faults and material weaknesses in specification of operation of internal control over financial reporting and disclosure which may reasonably impact the corporation's capacity to collect, process, summarize or report financial information in a manner which may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and –

   b. Any fraud, whether or not material, involving the Chief Executive Officer or any of the direct reports thereof, or involving any other employees having a significant capacity in internal control over financial reporting and disclosure;

5. I, on my own or with others at the corporation:

   a. Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under our supervision, designed to ensure that material information with regard to the corporation, including subsidiaries thereof, as defined in Securities Regulations (Annual financial statements), 2010, is brought to my attention by others at the corporation and its subsidiaries, specifically during preparation of the report; and –

   b. Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under my supervision, designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally-accepted accounting principles;

   c. No event or issue came to my attention in the period between the last periodic report and the date of this report that may change the conclusion of the Management or Board with respect to the effectiveness on the internal control over financial reporting and disclosure.

The foregoing shall not detract from my statutory responsibility, or that of any other person.

August 31, 2017

____

A. Hasson – CEO and Director

Certification by CFO pursuant to Regulation 38C(D)(2) of the regulations:

I, E.Oz-Gabber, certify that:

1. I have reviewed the financial statements and other financial information which is included in the report of Kardan NV ("the corporation") for the second quarter of 2017 ("the report").

2. To the best of my knowledge, the report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.

3. To the best of my knowledge, the financial statements and other financial information included in the report properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, Board and Audit Committee and the Financial Statement Review Committee of the corporation, based on my most current assessment of the internal control over financial reporting and disclosure:

   a. All significant faults and material weaknesses in specification of operation of internal control over financial reporting and disclosure as long as it relates to the financial statements and other financial information in the report, which may reasonably impact the corporation's capacity to collect, process, summarize or report financial information in a manner which may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and –

   b. Any fraud, whether or not material, involving the Chief Executive Officer or any of the direct reports thereof, or involving any other employees having a significant capacity in internal control over financial reporting and disclosure;

5. I, on my own or with others at the corporation:

   a. Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under our supervision, designed to ensure that material information with regard to the corporation, including subsidiaries thereof, as defined in Securities Regulations (Annual financial statements), 2010, as long as it relates to the financial statements and other financial information in the report, is brought to my attention by others at the corporation and subsidiaries, specifically during preparation of the report; and –

   b. Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under our supervision, designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally-accepted accounting principles;

   c. No event or issue relating to the interim financial statements or any other financial information which is included in the interim financial reports came to my attention in the period between the last periodic report and the date of this report that may change the conclusion of the Management or Board with respect to the effectiveness on the internal control over financial reporting and disclosure.

The foregoing shall not detract from my statutory responsibility, or that of any other person.

August 31, 2017

____

E.Oz-Gabber, CFO

KARDAN N.V.

Kardan N.V.
(the "Company")
Significant events and developments
Filings pursuant to Israeli Law
August 31, 2017

In accordance with Regulation 39 (a) of the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970, below is a description of all events and significant updates in respect to the matters described in the 2016 annual financial statement published by the Company on March 23, 2017 ('the Annual Report').

For details regarding the material events that occurred in the first quarter 2017 up to March 23, 2017, reference is made to the Annual Report.

For details regarding material events that occurred in the first quarter 2017 and up to May 24, 2017, reference is made to the Q1 2017 financial statements published by the Company on May 24, 2017, included in this report by way of reference.

Real Estate Asia

1. In addition to the disclosure of the very material projects in section 7.12 to the Annual Report, below is a table additional disclosures with respect to the Company's investment property which was defined as very material to the Company's real estate activities:

Shopping center – Galleria Dalian (Dalian, China)

(Data according to 100%; Kardan N.V. indirect share in the property: 100%)	**Q2 2017**	**Q1 2017**	**Year 2016**
Fair value at the end of the period (€ in millions) (*)	225.9	238.33	240.46
NOI (€ in millions)	(0.8)	(0.8)	(3)
Valuation gains (losses) for the period (€ in millions)	(0.79)	-	(2.59)
Average occupancy rate in the period	77.5%	77.5%	71.6%
Average rental rate per sqm. (in €) (**)	10.0	11.5	12.3
Part of the constructed area for which rental agreements were signed during the period, net (%)	0.0%	5.9%	1.0%
Part of the constructed area for which rental agreements were signed accumulated (%)	77.4%	77.4%	71.5%
Average rent per sqm in contracts signed during the Period, gross (per month) (RMB) (***)	76	140	99

(*) The asset functional currency is the RMB. The changes in Q1 and Q2 2017 compared to the year 2016 are mainly due to the decrease in the exchange rate of the RMB versus the Euro.
(**) Average rental rate per sqm include leased areas (mainly anchor tenants with turnover based contracts), in respect of which rental income was not yet recognized.
(***) Represents basic rent only, however, the rental agreements also include a turnover element.

Water Infrastructure

2. Following the description of the Company's investments in Water Infrastructure in section 8.16.2 to the Annual Report:
   - On June 7, 2017 the Company announced that its subsidiary Water Planning for Israel Ltd. ('WPI') has signed an agreement to sell its entire stake in Star Pumped Storage ('the Agreement'), which holds a conditional license to build and operate a 344 MW power plant in Kochav Hayarden, Israel, based on the pumped storage technology ('the Project') to Noy Fund ('the Buyer'). On July 13, 2017 the financial closing, which is a condition precedent in the Agreement, was completed. On August 8, 2017 the Buyer has informed WPI of its intention to exercise its option, according to the second part of the Agreement, to acquire the remaining stake of 20.66% in Star Pumped Storage.

For additional information, please refer to the announcements issued by the Company on June 7, 2017, July 13, 2017 and August 9, 2017, included in this report by reference.

- On August 21, 2017 the Company announced that Tahal Group B.V. ('Tahal') and its partner for the activities in Angola and Zambia, ZRB Consulting Finance & Development Limited ('ZRB'), have signed a contract with the Government of the Republic of Zambia, for the design, procurement, construction and commissioning of a multipurpose agriculture and water project in the Republic of Zambia. The project, comprising about 5,750 hectares of land, shall include a large scale community agricultural settlement. Tahal and ZRB will be entitled, in equal shares, to the total contract price of $ 176 million for the performance of the entire project. The project is subject to several conditions precedent, the main condition is the successful completion of the financial closing by the Government of Zambia. For additional information, please refer to the announcement issued by the Company on August 21, 2017.
- On August 23, 2017 the Company announced that Tahal and WPI, together with ZRB, have signed three agreements with Gesterra – Gestao de Terras Araveis S.A., a company owned by the government of Angola. The three projects, totaling $ 291 million, are large scale agriculture projects located in three different areas in Angloa – Cabinda, Huambo and Lunda Sul. The purpose of each project is developing a local agriculture center, in each of the locations, including the design and development of several farms, crop-growing farms, greenhouses, poultry farms, and logistic and training centers. The projects will commence once Gesterra will confirm it has obtained the necessary financing for each of the projects. For additional information, please refer to the announcement issued by the Company on August 23, 2017.

Financing

3. The following are updates concerning the material credit agreements of the Company and its subsidiaries:

Name of the Loan and the section in the Annual Report which refers to the loan	***Update information***	***Calculation of financial covenants***
Debentures series A section 12.1.2 (1) to the Annual Report	For an update regarding the rating of the debentures of the Company, please see section 4 below.	See section 12.1.2 to the Annual Report. The coverage ratio of Kardan NV according to the financial statements as of 30.6.2017 is 101%; the coverage ratio of Kardan Land China according to the financial statements as of 30.6.2017 is 317%.
Debentures series B section 12.1.2 (2) to the Annual Report		
Credit facility amounting up to RMB 1 billion (approximately €129 million) taken by Kardan Land Dalian Ltd from the investment fund Shenzhen Ping An Da Hua Huitong Wealth Management Co. in China, section 7.19.1.5 to the Annual Report	In light of the repayment date of the loan, Kardan Land Dalian is in negotiations with the investment fund regarding the possibility of extending the loan with one year, and in parallel, conducts negotiations with other financing parties. In light of the above KLC intends to use the option stipulated in the deeds of trust and to use the funds that have been or will be received from other projects for the on-going financing of the Dalian project.	Total debt to total assets ratio shall be no more than 50%. As of 30.6.2017 the ratio was 31%.

General

4. Following section 12.1.6 to the Annual Report regarding the rating of the Company's debenture, on July 3, 2017 the Company announced that Maalot, the Israeli subsidiary of Standard & Poor's ("S&P"), has reported today that it has affirmed the rating of ilB for Kardan and for its Debentures Series A and Series B. In addition, S&P has put the Company and the Debentures on CreditWatch with negative implications, due to the pressure on the Company's liquidity profile.

5. On April 12, 2017 the Company issued a notice of an annual general meeting of shareholders ('AGM'), the agenda of which includes the approval of amendment to the services agreement with Kardan Israel Ltd (a company owned by holders of controlling interest in Kardan N.V.), the re-appointment of Mr. C. van den Bos, Mr. Y. Grunfeld and Mr. E. Rechter as non-executive members of the Board and their remuneration as non-executive members of the Board. On May 24, 2017 the AGM took place and all decisions were approved by the shareholders.

6. On August 1, 2017 the Company issued a notice of an extraordinary general meeting of shareholders ('EGM'), the agenda of which includes the appointment of Ms. Cecile Tall as an independent non-executive member of the Board and her remuneration and, an amendment to the Articles of Association of the Company – cancellation of article 8.2 and amendment to article 43.1.

KARDAN N.V.
AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements
As of June 30, 2017

CONTENTS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

page

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A s s e t s

	Note	**June 30, 2017**	June 30, 2016	December 31, 2016
		Unaudited		Audited
		In €'000		
Non-current assets				
Tangible fixed assets, net		661	11,329	13,689
Investment property	4	225,950	240,407	240,461
Investments in associates accounted using the equity method		-	11,138	12,888
Investments in joint ventures accounted using the equity method	5	78,238	92,979	96,039
Long-term loans and receivables		8,814	6,680	11,695
Intangible assets and goodwill, net		101	6,041	6,156
Deferred tax assets		510	2,310	2,452
		314,274	370,884	383,380
Current assets				
Inventories, buildings and apartments inventory and contract work in progress		103,797	107,715	119,421
Current maturities of long-term loans and receivables		-	4,821	-
Trade receivables		5,721	63,730	66,447
Current tax assets		1,268	1,096	1,345
Other receivables and prepayments		9,538	20,228	26,773
Short-term investments		7,590	2,863	10,218
Cash and cash equivalents		22,096	84,899	57,783
		150,010	285,352	281,987
Assets held for sale	6	172,973	264,092	-
Total current assets		322,983	549,444	281,987
Total assets		637,257	920,328	665,367

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

E q u i t y a n d l i a b i l i t i e s

	Note	**June 30, 2017**	June 30, 2016	December 31, 2016
		Unaudited		Audited
		In €'000		
Equity attributable to equity holders of the parent company				
Issued and paid-in capital		25,276	25,276	25,276
Share premium		206,482	206,482	206,482
Foreign currency translation reserve		7,840	13,878	23,590
Property revaluation reserve		34,183	36,407	34,772
Revaluation reserve, other		6,107	7,455	6,633
Accumulated deficit		(278,812)	(235,429)	(259,420)
		1,076	54,069	37,333
Non-controlling interests		4,327	4,500	3,850
Total equity		5,403	58,569	41,183
Non-current liabilities				
Interest-bearing loans and borrowings		2,529	62,510	419
Other long-term liabilities		945	3,860	4,004
Derivative financial instruments		967	2,552	3,966
Debentures		190,179	260,749	288,978
Deferred tax liabilities		3,141	7,110	4,763
Accrued severance pay, net		-	1,114	1,090
		197,761	337,895	303,220
Current liabilities				
Liability due to work in progress		-	37,140	38,889
Trade payables		2,478	17,471	20,440
Current maturities of debentures		105,893	94,517	-
Interest-bearing loans and borrowings		103,231	49,641	126,816
Current tax liabilities		1,359	5,159	6,734
Advances from apartment buyers		47,442	33,519	50,011
Advances from customers		-	14,673	15,814
Other payables and accrued expenses		48,418	69,612	62,260
		308,821	321,732	320,964
Liabilities associated with assets held for sale	6	125,272	202,132	-
Total current liabilities		434,093	523,864	320,964
Total liabilities		631,854	861,759	624,184
Total equity and liabilities		637,257	920,328	665,367

The accompanying notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
		2017	2016	**2017**	2016	2016
		Unaudited				Audited
		In €'000				
Rental revenues		1,933	1,792	941	924	3,732
Revenues from sale of apartments		1,088	336	1,088	203	761
Management fees and other revenues		1,301	4,502	651	3,450	6,615
Total revenues		4,322	6,630	2,680	4,577	11,108
Costs of rental revenues		779	788	364	423	1,493
Cost of sale of apartments		994	310	994	190	676
Other expenses, net		1,224	2,869	580	1,226	5,521
Total expenses		2,997	3,967	1,938	1,839	7,690
Gross profit		1,325	2,663	742	2,738	3,418
Selling and marketing expenses		2,595	1,611	1,566	864	3,760
General and administration expenses		5,064	4,770	2,579	2,232	10,501
Loss from operations before fair value adjustments, disposal of assets and investment and other income		(6,334)	(3,718)	(3,403)	(358)	(10,843)
Adjustment to fair value of investment properties		(785)	(408)	(785)	(408)	(2,588)
Gain (loss) on disposal of assets and other income, net		793	99	793	66	(1,580)
Gain (loss) from fair value adjustments, disposal of assets and investments and other income		8	(309)	8	(342)	(4,168)
Loss from operations		(6,326)	(4,027)	(3,395)	(700)	(15,011)
Financial income		231	1,434	109	1,341	475
Financial expenses		(24,846)	(14,830)	(4,817)	(11,390)	(47,843)
Total financial expenses, net		(24,615)	(13,396)	(4,708)	(10,049)	(47,368)
Loss before share of profit (loss) from investments accounted for using the equity method		(30,941)	(17,423)	(8,103)	(10,749)	(62,379)
Share of profit (loss) of investments accounted for using the equity method, net	5	9,931	17	4,569	(3,415)	3,996
Loss before income taxes		(21,010)	(17,406)	(3,534)	(14,164)	(58,383)
Income tax expenses (benefit)		1,186	(3,422)	(35)	(1,931)	(4,504)
Loss for the period from continuing operations		(22,196)	(13,984)	(3,499)	(12,233)	(53,879)
Net profit from discontinued operations	6	1,480	8,035	906	4,667	22,553
Net profit (loss) for the period		(20,716)	(5,949)	(2,593)	(7,566)	(31,326)
Attributable to:						
Equity holders		(19,981)	(5,870)	(2,178)	(7,782)	(31,330)
Non-controlling interest holders		(735)	(79)	(415)	216	4
		(20,716)	(5,949)	(2,593)	(7,566)	(31,326)
Earnings (loss) per share attributable to shareholders						
Basic and diluted from continuing operations		(0.18)	(0.11)	(0.03)	(0.10)	(0.44)
Basic and diluted from discontinued operations		0.01	0.07	0.01	0.04	0.18
		(0.17)	(0.04)	(0.02)	(0.06)	(0.26)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
Loss for the period	(20,716)	(5,949)	(2,593)	(7,566)	(31,326)
Foreign currency translation differences	(15,758)	(10,402)	(14,307)	(262)	(941)
Change in hedge reserve, net of tax (1)	(528)	(517)	(395)	(300)	(1,362)
Other comprehensive expense for the period to be reclassified to profit or loss in subsequent periods (2)	(16,286)	(10,919)	(14,702)	(562)	(2,303)
Total comprehensive expenses	(37,002)	(16,868)	(17,295)	(8,128)	(33,629)
Attributable to:					
Equity holders	(36,259)	(17,220)	(16,707)	(9,211)	(33,816)
Non-controlling interests holders	(743)	352	(588)	1,083	187
	(37,002)	(16,868)	(17,295)	(8,128)	(33,629)

(1) Including reclassification of unwinding of hedge reserve of €(515) thousand and €(756) thousand for the six months ended June 30, 2017 and 2016, respectively, €259 thousand and €378 thousand for the three months period ended June 30, 2017 and 2016, respectively and €(1,565) thousand for the year ended December 31, 2016.
The amounts presented are net of tax amounting to €172 thousand and €252 thousand for the six months ended June 30, 2017 and 2016, respectively, €86 thousand and €126 thousand for the three months period ended June 30, 2017 and 2016, respectively, and €522 thousand for the year ended December 31, 2016.

(2) Including impact from associates and joint ventures of €(6,552) thousand and €(3,440) thousand for the six months ended June 30, 2017 and 2016, respectively, €(6,409) thousand and €(790) thousand for the three months ended June 30, 2017 and 2016, respectively, and €(579) thousand for the year 2016.

The accompanying notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent								
	Issued and paid-in capital	Share premium	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total	Non-controlling interest	Total equity
					In €'000				
Balance as of January 1, 2017 (audited)	25,276	206,482	23,590	34,772	6,633	(259,420)	37,333	3,850	41,183
Other comprehensive expense	-	-	(15,750)	-	(528)	-	(16,278)	(8)	(16,286)
Loss for the period	-	-	-	-	-	(19,981)	(19,981)	(735)	(20,716)
Total comprehensive expense	-	-	(15,750)	-	(528)	(19,981)	(36,259)	(743)	(37,002)
Share-based payment	-	-	-	-	2	-	2	38	40
Transaction with non controlling interest	-	-	-	-	-	-	-	1,182	1,182
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(589)	-	589	-	-	-
Balance as of June 30, 2017 (unaudited)	25,276	206,482	7,840	34,183	6,107	(278,812)	1,076	4,327	5,403

(*) In accordance with the Netherlands civil code, part of equity is restricted for distribution.

The accompanying notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the parent								
	Issued and paid-in capital	Share premium	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total	Non-controlling interest	Total equity
	In €'000								
Balance as of January 1, 2016 (audited)	25,276	206,482	24,711	36,713	8,144	(229,865)	71,461	4,477	75,938
Other comprehensive income (expense)	-	-	(10,833)	-	(517)	-	(11,350)	431	(10,919)
Loss for the period	-	-	-	-	-	(5,870)	(5,870)	(79)	(5,949)
Total comprehensive income (expense)	-	-	(10,833)	-	(517)	(5,870)	(17,220)	352	(16,868)
Share-based payment	-	-	-	-	(172)	-	(172)	50	(122)
Dividend distributed to minority shareholders	-	-	-	-	-	-	-	(379)	(379)
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(306)	-	306	-	-	-
Balance as of June 30, 2016 (unaudited)	25,276	206,482	13,878	36,407	7,455	(235,429)	54,069	4,500	58,569

(*) In accordance with the Netherlands civil code, part of the equity is restricted for distribution.

The accompanying notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the parent								
	Issued and paid-in capital	Share premium	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total	Non-controlling interest	Total equity
	In €'000								
Balance as of April 1, 2017 (unaudited)	25,276	206,482	21,985	34,772	6,490	(277,223)	17,782	3,711	21,493
Other comprehensive expense	-	-	(14,145)	-	(384)	-	(14,529)	(173)	(14,702)
Loss for the period	-	-	-	-	-	(2,178)	(2,178)	(415)	(2,593)
Total comprehensive expense	-	-	(14,145)	-	(384)	(2,178)	(16,707)	(588)	(17,295)
Share-based payment	-	-	-	-	1	-	1	22	23
Transactions with non-controlling interest	-	-	-	-	-	-	-	1,182	1,182
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(589)	-	589	-	-	-
Balance as of June 30, 2017 (unaudited)	25,276	206,482	7,840	34,183	6,107	(278,812)	1,076	4,327	5,403

(*) In accordance with the Netherlands civil code, part of the equity is restricted for distribution.

The accompanying notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the parent								
	Issued and paid-in capital	Share premium	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total	Non-controlling interests	Total equity
	In €'000								
Balance as of April 1, 2016 (unaudited)	25,276	206,482	15,007	36,713	7,731	(227,953)	63,256	3,718	66,974
Other comprehensive income (expense)	-	-	(1,129)	-	(300)	-	(1,429)	867	(562)
Profit (loss) for the period	-	-	-	-	-	(7,782)	(7,782)	216	(7,566)
Total comprehensive income (expense)	-	-	(1,129)	-	(300)	(7,782)	(9,211)	1,083	(8,128)
Share-based payment	-	-	-	-	24	-	24	78	102
Dividend distributed to minority shareholders	-	-	-	-	-	-	-	(379)	(379)
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(306)	-	306	-	-	-
Balance as of June 30, 2016 (unaudited)	25,276	206,482	13,878	36,407	7,455	(235,429)	54,069	4,500	58,569

(*) In accordance with the Netherlands civil code, part of the equity is restricted for distribution.

The accompanying notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the parent								
	Issued and paid-in capital	Share premium	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total	Non-controlling interest	Total equity
	In €'000								
Balance as of January 1, 2016 (audited)	25,276	206,482	24,711	36,713	8,144	(229,865)	71,461	4,477	75,938
Other comprehensive income (expense)	-	-	(1,121)	-	(1,365)	-	(2,486)	183	(2,303)
Profit (loss) for the period	-	-	-	-	-	(31,330)	(31,330)	4	(31,326)
Total comprehensive income (expense)	-	-	(1,121)	-	(1,365)	(31,330)	(33,816)	187	(33,629)
Share-based payment	-	-	-	-	(146)	-	(146)	(527)	(673)
Dividend distributed to minority shareholders	-	-	-	-	-	-	-	(379)	(379)
Disposal of a subsidiary	- -		-	-	-	-	-	92	92
Transaction with non-controlling interest	-	-	-	-	-	(166)	(166)	-	(166)
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(1,941)	-	1,941	-	-	-
Balance as of December 31, 2016 (audited)	25,276	206,482	23,590	34,772	6,633	(259,420)	37,333	3,850	41,183

(*) In accordance with the Netherlands civil code, part of the equity is restricted for distribution.

The accompanying notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
Cash flow from operating activities					
Loss from continuing operations before taxes on income	(21,010)	(17,406)	(3,534)	(14,164)	(58,383)
Profit from discontinued operations before taxes on income	1,648	11,832	1,394	6,885	27,618
Adjustments to reconcile net profit (loss) to net cash (see A below)	(13,103)	(26,846)	(5,063)	11,266	(21,179)
Net cash provided by (used in) operating activities	(32,465)	(32,420)	(7,203)	3,987	(51,944)
Cash flow from investing activities					
Acquisition of tangible fixed assets and investment properties	(4,764)	(4,474)	(2,188)	(2,699)	(7,764)
Investments and granting loans to companies accounted for using the equity method, net	(1,713)	(1,624)	(553)	(1,624)	(2,381)
Proceeds from sale of assets and investments	2,707	2,813	2,707	2,516	2,813
Change in loans to bank customers, net	-	(6,404)	-	(6,603)	(6,404)
Change in long-term loans and receivables	(344)	(282)	(344)	411	(6,517)
Change in short-term investments	2,329	(900)	1,298	(1,000)	(8,925)
Sale of subsidiaries, net of tax (see B below)	(1,008)	21,856	(622)	21,856	103,670
Proceeds from deposit release	1,519	-	1,133	-	-
Net cash provided by (used in) investing activities	(1,274)	10,985	1,431	12,857	74,492

The accompanying Notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
Cash flows from financing activities					
Repayment of debentures	-	-	-	-	(86,458)
Change in loans from bank customers	-	(6,112)	-	(9,929)	(6,117)
Proceeds from long-term loans	2,565	14,805	2,565	597	14,481
Repayment of long-term loans	(1,802)	(1,404)	(26)	(784)	(1,391)
Change in short-term loans and borrowings	14,897	5	6,629	12	13,582
Change in other long term liabilities	168	(3)	144	(64)	(64)
Dividend to non-controlling interest holders of a subsidiary	-	-	-	-	(379)
Decrease in pledge deposit	(418)	-	(2,580)	-	-
Net cash provided by (used in) financing activities	15,410	7,291	6,732	(10,168)	(66,346)
Increase (decrease) in cash and cash equivalents	(18,329)	(14,144)	960	6,676	(43,798)
Change in cash relating to assets held for sale (see Note 7)	(13,364)	(40,542)	(822)	13,375	(40,542)
Foreign exchange differences relating to cash and cash equivalents	(3,994)	(4,335)	(3,419)	(1,078)	(1,797)
Cash and cash equivalents at the beginning of the period	57,783	143,920	25,377	65,926	143,920
Cash and cash equivalents at the end of the period	22,096	84,899	22,096	84,899	57,783

The accompanying Notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
A. Adjustments to reconcile net profit (loss) to net cash					
Charges / (credits) to profit (loss) not affecting operating cash flows:					
Gain from disposal of investments in subsidiary, net	-	(682)	-	(1,429)	(15,861)
Share of profit (loss) of companies accounted for using the equity method	(9,415)	(24)	(4,371)	3,313	(2,869)
Share-based payment	86	91	37	102	594
Depreciation and amortization	1,234	2,481	630	1,233	3,538
Fair value adjustments of investment property	785	408	785	408	2,588
Financial expense and exchange differences, net	24,357	14,597	4,092	11,212	52,224
Gain from sale of property plant and equipment	(793)	(459)	(793)	(428)	(451)
Increase (decrease) in provision for bad debts in the financial services segment	-	1,914	-	(7)	1,914
Changes in operating assets and liabilities:					
Change in trade and other receivables	(18,878)	(18,675)	(10,683)	(2,185)	(17,892)
Change in inventories and in contract work in progress, net of advances from customers	(3,034)	(13,026)	2,444	(3,109)	(8,305)
Change in trade and other payables	(3,002)	(3,802)	(1,726)	(6,531)	(2,422)
Movement in pledged time deposit	-	685	-	(30)	-
Dividend received	9,768	-	9,768	-	2,413
Interest paid	(10,914)	(31,424)	(3,077)	(1,375)	(56,565)
Interest received	327	22,115	231	10,812	22,464
Income taxes paid	(3,624)	(1,045)	(2,400)	(720)	(2,549)
	(13,103)	(26,846)	(5,063)	11,266	(21,179)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
B. Proceeds from sale of subsidiaries					
Working capital (excluding cash and cash equivalents)	-	-	-	-	(68,489)
Non-current assets (excluding fixed assets and concession assets)	-	-	-	-	121,864
Fixed assests	-	-	-	-	11,231
Long-term liabilities	-	-	-	-	(2,108)
Release of currency translation reserves	-	-	-	-	4,137
Gain on disposal of investment, net of tax	-	-	-	-	15,179
Asset classified as held for sale (*)	(1,008)	21,856	(622)	21,856	21,856
	(1,008)	21,856	(622)	21,856	103,670

(*) During the first half of 2017 the Company transferred a tax amount of € 1 million to the PRC tax authorities for the remaining 25% of KWIG shares sold.

The accompanying notes are an integral part of these condensed interim consolidated financial statements

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2017

1. Corporate information

Kardan N.V. ('Kardan' or 'the Company') having its legal seat in Amsterdam, The Netherlands, was incorporated on May 2, 2003, and acts as an operating holding company which is engaged in the development of real estate and (water) infrastructure projects (discontinued operations, see Note 3B), through its subsidiaries, joint ventures and associated companies.

The Company and its subsidiaries are referred to as 'the Group'.

These condensed interim consolidated financial statements were approved by the Board of Directors on August 31, 2017.

2. Financial Position and Going Concern

As at June 30, 2017 the Company had, on a stand-alone basis and on a consolidated basis, a working capital deficit of €113 million and €111 million, respectively (excluding debentures held by subsidiaries).

In 2016 the Company completed the sale of TBIF and the sale of the remaining 25% in KWIG. The Company early repaid in full the principal amount of the debentures that was payable in February 2017 using the proceeds from these transactions. The remaining interest of approximately €4 million was paid in February 2017. The next debenture repayment is in February 2018 and amounts to €119 million as at June 30, 2017.

Management prepared a two year liquidity analysis as part of its normal course of business which addresses the required liquidity to be able to repay interest and principal of the Company's debentures and all other liabilities in the year 2017 and onwards and to finance its operating activities. Included in this analysis are, among others, the current cash balances and the projected cash from future operations and transactions. The Company is currently conducting processes, directly or through its subsidiaries, and negotiating transactions to sell assets and refinancing of loans with a number of prominent parties which, it is confident will generate adequate resources to meet future liabilities in the next 12 months, as well as strengthening its financial position. These assets may include the subsidiaries KLC and/or TGI and/or part of their assets. In that respect, refer to Note 3B regarding the classification of TGI as held for sale.

The directors are confident that, taking into account their plans to realize the transactions and the progress which has been made in that respect, the Company has the ability to obtain the required resources for repaying its obligations and continue its business operations in the future. Accordingly, the directors are satisfied that it is appropriate to prepare these condensed interim consolidated financial statements on a going concern basis.

However, the directors are aware that the realization of the Company’s plans depends on factors that are not wholly within the Company’s control, and therefore there is uncertainty that such transactions will be completed or will generate sufficient resources to meet its liabilities according to their contractual maturities. According to established guidelines, these conditions indicate the existence of a material uncertainty which casts significant doubt regarding the Company’s ability to repay its liabilities when they become due and its ability to continue as a going concern.

The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company is unable to continue as a going concern.

3. Basis of presentation and preparation

A. General

The condensed interim consolidated financial statements as at June 30, 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 as defined by the International Accounting Standards Board and as endorsed by the European Union to be used for the preparation of interim consolidated financial statements.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at December 31, 2016.

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended December 31, 2016.

B. Segment information

Further to Note 2 above, due to the various processes conducted by the Company, as of March 31, 2017 the terms of classifying the investment in TGI (Tahal Group International B.V., - Kardan’s water infrastructure company) as Held-For-Sale and its results as discontinued operations, in accordance with IFRS 5, were met.

Accordingly, starting the first quarter of 2017, the Company’s sole operating segment is real estate Asia. Therefore, these financial statements do not include further disclosure regarding operating segments, as the Company’s operating results solely consist of its real estate activities. For the financial results of TGI, refer to Note 6.

C. Standards and interpretations issued but not yet effective and which the company did not choose their early adoption

As part of the Company’s annual financial statements as at December 31, 2016 a disclosure regarding standards and interpretations issued but not yet effective and which the Company did not choose their early adoption was given.

1. <u>IFRS 16 - Leases</u>

   Further to Note 4(EE) to the Company’s annual financial statements as at December 31, 2016, the Company has yet to finalize the evaluation of the potential impacts of applying IFRS 16 on its financial statetements, howerver, it is of the opinion that applying IFRS 16 will not have a material effect on its consolidated financial statements.
   IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

2. <u>IFRS 15 - Revenue from Contracts with Customers</u>

   Further to Note 4(EE) to the Company’s annual financial statements as at December 31, 2016, the Company is expecting to adopt IFRS 15 at the Effective Date, using the modified retrospective method, i.e., recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings as at the Effective Date, with no adjustments to comparative periods. Furthermore, the Company shall apply IFRS 15 retrospectively only to contracts that are not yet completed at the date of the initial application, as permitted by the standard.

   As at the date of approval of these statements of, the Company intends to adopt the following practical expedients permitted by the standard: Recognition of the incremental cost of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less, and the practical expedient allowing the company not to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

   In the residential real estate activities, under the Company’s wholly owned subsidiary in China, the Company has yet to finalize the evaluation of the potential impacts of applying IFRS 15 on its financial statements as at January 1, 2018 and the cumulative effect of the initial application on its balance of retained earnings. Under certain conditions, revenues from sale of apartments should be recognized over time along the construction period instead of the current accounting policy of the Company of recognizing revenue from sale of apartments upon delivery. As at the date of approval of these financial statements the Group is yet to finalize its legal analysis as to the applicability of the afomentioned conditions, including the analysis of the sales contracts of the subsidiary in China as well as the legislation and legal precedents in China – these are also currnetly being examined by the authorities in China.

   Except for the above mentioned potential impact in the real estate activities, the Company is of the opinion that applying IFRS 15 will not have a material effect on its consolidated financial statements.

3. IFRS 9 - Financial Instruments

Further to Note 4(EE) to the Company's annual financial statements as at December 31, 2016, in July 2017 the IASB confirmed the accounting for modifications of financial liabilities under IFRS 9. That is, when a financial liability measured at amortized cost is modified without this resulting in an extinguishment, a gain or loss should be recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

IFRS 9 is required to be applied retrospectively for the annual reporting periods beginning on January 1, 2018. According to the current accounting policy, in case of an unsubstantial modification in the terms of a financial liability, which does not lead to the extinguishment of the financial liability, the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate is amortized over the remaining term of the modified liability.
The Company estimates, as of the date of the approval of these financial statements, that the potential impact of IFRS 9 on its financial statements would result in an increase of approximately € 7.5 million in the balance of its debentures liabilities as of January 1, 2018, in relation to the debt settlement signed between the Company and debentures holders in July 2015, and a corresponding decrease of its equity .

4. Financial Instruments and Risk Management

Further to Note 35 to the 2016 annual consolidated financial statements, set out below is additional information regarding financial instruments and risk management:

A. Set out below is a comparison by class of the differences between the carrying amounts and fair values of the Group's financial instruments.

Fair value schedule

		June 30, 2017		June 30, 2016		December 31, 2016	
		Unaudited				Audited	
	Level	In €'000					
		Carrying amount(*)	Fair value(**)	Carrying amount(*)	Fair value(**)	Carrying amount(*)	Fair value(**)
Liabilities							
Debentures issued by the Company	1	304,068	203,606	364,737	276,959	291,509	213,056

(*) Including accrued interest.

(**) Price on the Tel-Aviv Stock Exchange.

Financial instruments for which fair value could not be determined are immaterial.

B. Level 3 financial assets and liabilities reconciliation

Level 3 reconciliation:

	As of January 1, 2017 (*)	Translations recorded in P&L	Investment in a subsidiary	Disposal	As of June 30, 2017
	Audited	Unaudited			
	In €'000				
Put and phantom options	1,220	(76)	62	(239)	967

(*) Not including a balance of € 2,746 thousand which is presented as a liability associated with assets held for sale as of June 30, 2017 (refer to Note 6).

There were no material changes in the valuation processes, the valuation methods used, and the assumptions applied for recurring fair value measurements of investment properties and the above mentioned financial assets and liabilities, for additional information on fair value refer to Note 35 in the 2016 annual financial statements.

C. Further to Note 7 to the 2016 annual financial statements, as of June 30, 2017 there were no material changes to the significant assumptions that were used in the valuation of investment property (Galleria Dalian) as at December 31, 2016, apart from adjuments to certain parameters in order to reflect changes as of June 30, 2017. The adjustments resulted in a decrease in the value of the investment property of € 0.8 million.

5. Joint Ventures

A. The composition of the investment in joint ventures is as follows:

	June 30, 2017	June 30, 2016	December 31, 2016
	Unaudited		Audited
	In €'000		
Investments	38,668	83,379	56,286
Loans and other long-term receivables	39,570	9,600	39,753
Total investment in joint ventures	78,238	92,979	96,039

B. Summary of financial information of a material joint venture accounted for using the equity method

Green Power Development Ltd. (a joint venture of KLC)

	June 30, 2017	June 30, 2016	December 31, 2016
	Unaudited		Audited
	In €'000		
Current assets (not including cash and cash equivalent)	67,682	168,264	110,717
Cash and cash equivalent	35,147	15,336	30,647
Non-current assets	3,909	2,000	3,585
Current liabilities	(45,765)	(137,569)	(90,463)
Current financial liabilities	(43,043)	(35,085)	(38,468)
Non controlling interest holders	(3,384)	-	(3,626)
Total equity attributed to the owners	14,546	12,964	12,392
% held in the joint venture	50	50	50
Total investment in joint ventures	7,273	6,473	6,196
Deemed cost on projects	217	586	384
Total investment in joint ventures	7,490	7,059	6,580

	For the Six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
Revenues from operations	62,608	8,756	11,198	4,820	71,002
Cost of operations	(42,995)	(6,812)	(7,066)	(3,654)	(52,138)
Selling and marketing, other and administrative expenses	(3,142)	(888)	(997)	(525)	(4,160)
Other financial income (expenses)	2,732	650	2,201	(786)	(947)
Profit (loss) before tax	19,203	1,706	5,336	(145)	13,757
Income tax expenses	6,128	581	2,332	415	4,780
Profit (loss) for the year attributed to equity holders	13,075	1,125	3,004	(560)	8,977
% held of the joint venture	50	50	50	50	50
Group's share of profit (loss) for the year	6,538	563	1,502	(280)	4,489
Realizing of deemed cost on projects	(167)	(20)	(12)	(10)	(222)
Group's share of profit (loss) for the year	6,371	543	1,490	(290)	4,267
Total other comprehensive expenses attributed to equity holders	(2,244)	(1,766)	(1,800)	(268)	(1,262)
% held of the joint venture	50	50	50	50	50
Group share of the total other comprehensive expenses	(1,122)	(883)	(900)	(134)	(631)

6. Discontinued operations and assets held for sale

A. Following the sale of TBIF in 2016, which was the main activity included in ‘Banking and Retail lending’, the Group is substantially no longer active in this segment. The results of TBIF are presented as discontinued operations (for more information regarding this transaction refer to Note 5b to the Company’s 2016 annual financial statements).

Regarding the presentation of TGI as discontinued operations and an assets held for sale, refer to Note 3B.

B. Assets held for sale and liabilities associated with assets held for sale

	June 30,	
	2017	2016
	TGI	TBIF
	Unaudited	
	In €’000	
Assets		
Assets held for sale	-	5,373
Other non-current assets	51,338	18,100
Loans to bank customers	-	144,626
Other current assets	108,271	55,451
Cash and cash equivalents	13,364	40,542
Total assets	**172,973**	**264,092**
Liabilities		
Banking customers accounts	-	185,945
Interest-bearing loans and borrowings	28,971	-
Advances from customers	14,228	-
Other liabilities	82,073	16,187
Total liabilities	**125,272**	**202,132**
Net asset value	**47,701**	**61,960**

In accordance with IFRS 5, the net asset value of TGI is presented as held for sale in their carrying amount which is lower than their fair values less costs to sell.

As of December 31, 2016, the Company did not present assets held for sale or liabilities associated with assets held.

C. Net profit from discontinued operations:

	For the six months ended June 30,				For the three months ended June 30,				For the year ended December 31,		
	2017	2016			**2017**	2016			2016		
	TGI	TGI	TBIF	Total	TGI	TGI	TBIF	Total	TGI	TBIF	Total
	Unaudited								Audited		
	In €'000										
Income	74,229	*63,451	20,545	83,996	43,070	*31,932	10,308	42,240	*138,455	20,545	159,000
Expenses	72,581	*59,547	13,297	72,844	41,676	*29,709	7,074	36,783	*133,945	13,297	147,242
Profit before tax	1,648	3,904	7,248	11,152	1,394	2,223	3,234	5,457	4,510	7,248	11,758
Income tax expenses, net	168	2,177	796	2,973	488	1,481	634	2,115	3,444	796	4,240
Profit from discontinued operations	1,480	1,727	6,452	8,179	906	742	2,600	3,342	1,066	6,452	7,518
Discontinued operation items related to the sales transactions:											
Net profit (loss) from devaluation of investment - KWIG	-	(144)	-	(144)	-	1,325	-	1,325	(144)	-	(144)
Capital gain	-	-	-	-	-	-	-	-	-	19,316	19,316
Release of capital reserves due to sale	-	-	-	-	-	-	-	-	-	(4,137)	(4,137)
Net profit from discontinued operations	1,480	1,583	6,452	8,035	906	2,067	2,600	4,667	922	21,631	22,553
Attributable to:											
Equity holders	2,250	1,688	6,452	8,140	1,356	1,876	2,600	4,476	918	21,631	22,549
Non-controlling interest holders	(770)	(105)	-	(105)	(450)	191	-	191	4	-	4
	1,480	1,583	6,452	8,035	906	2,067	2,600	4,667	922	21,631	22,553

* TGI reclassified its 2016 contract revenue and cost in relation to accounting treatment of landfill levies according to IAS 18. The reclassification did not impact the net results.

D. Composition of the cash flow statements related to discontinued operations:

	For the six months ended June 30,				For the three months ended June 30,				For the year ended December 31,		
	2017	2016			**2017**	2016			2016		
	TGI	TGI	TBIF	Total	TGI	TGI	TBIF	Total	TGI	TBIF	Total
	Unaudited								Audited		
	In €'000										
Net cash provided by (used in) operating activities	(19,654)	(7,072)	(3,672)	(10,744)	(8,599)	965	2,941	3,906	(9,204)	(3,672)	(12,876)
Net cash provided by (used in) investing activities	(4,755)	22,394	(2,558)	19,836	(1,584)	22,782	(1,694)	21,088	16,919	38,714	55,633
Net cash provided by (used in) financing activities	14,999	(173)	(138)	(311)	6,747	(188)	(15)	(203)	12,876	(138)	12,738

E. Composition of other comprehensive income items related to discontinued operations:

	For the six months ended June 30,				For the three months ended June 30,				For the year ended December 31,		
	2017	2016			**2017**	2016			2016		
	TGI	TGI	TBIF	Total	TGI	TGI	TBIF	Total	TGI	TBIF	Total
	Unaudited								Audited		
	In €'000										
Adjustments arising from translating financial statements of foreign operations	(1,376)	(760)	(2)	(762)	(2,285)	645	(78)	567	1,903	4,135	6,038
Change in hedge reserve, net	(13)	243	-	243	(127)	79	-	79	203	-	203
Total other comprehensive income	(1,389)	(517)	(2)	(519)	(2,412)	724	(78)	646	2,106	4,135	6,241
Attributable to:											
Equity holders	(1,403)	(599)	(2)	(601)	(2,261)	244	(78)	166	1,897	4,135	6,032
Non-controlling interest holders	14	82	-	82	(151)	480	-	480	209	-	209
	(1,389)	(517)	(2)	(519)	(2,412)	724	(78)	646	2,106	4,135	6,241

7. Significant transactions

TGI (discontinued operations)
On June 7, 2017, Water Planning for Israel Ltd. ('WPI'), signed an agreement for the sale of its entire holdings (40.5%) in Star Pumped Storage Ltd. to Noy Fund ('the Agreement' and 'the Buyer', respectively), for a total consideration of NIS 81 million (approximately € 20.3 million) in a two-part transaction.

The first part of the Agreement relates to the sale of 19.84% of WPI's holdings for a consideration of NIS 39 million (approximately € 9.8 million) ('Consideration A').
The second part relates to the sale of the remaining 20.66% of WPI's holdings for a consideration of NIS 42 million (approximately € 10.5 million), subject to the Buyer's intention to acquire WPI's remaining stake. In August 2017 the Buyer informed of its intention to acquire the remaining stake.

The parties agreed that the Buyer would provide Consideration A to WPI, initially as a loan, for the latter to meet its financial closing requirements. This amount will be considered a final consideration when the conditions precedent to completing this part of the transaction are met. Subsequent to the balance sheet date - in July 2017 - a loan was provided to WPI by the Buyer, in the amount of NIS 26 million (approximately € 6.4 million), representing 67% of Consideration A. The remaining consideration is expected to be received upon finalization of the transaction.

The parties further agreed that WPI will pledge in favor of the Buyer, its remaining 20.66% holdings in order to secure the Buyer's financial closing requirements.

In addition, at the time of the Project's financial closing, WPI will be entitled to receive reimbursement of expenses from third parties in connection with the Project, in the amount of NIS 35 million (approximately € 8.8 million). In July 2017 – subsequent to the balance sheet date - the Project's financial closing was completed and WPI received the payments for the reimbursement of expenses from third parties in the amount of NIS 20.4 million (approximately € 4.9 million). The remaining reimbursement, as mentioned above, is expected to be received upon finalization of the transaction.

In case that the first part of the transaction is not completed for reasons that are not dependent on WPI, Consideration A will remain as a loan to WPI, which will be repaid in accordance with the terms set out in the Agreement.

The consideration for the two parts of the transaction is based on the assumption that the benefits from the Project will be in the amounts detailed in the Agreement, as well as a compensation mechanism if these benefits will be lower than expected.

Completion of each of the two parts of the transaction in its own is subject to the fulfilment of various conditions precedent, including regulatory approvals and meeting the Project's financial closing requirements such as the provision of bank guarantees to the Project's financing parties.

8. Financial Covenants

During the six months ended June 30, 2017 and as of June 30, 2017 all Group companies met their financial covenants.

Review report

To: the shareholders of Kardan N.V.

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of Kardan N.V., Amsterdam, which comprises the condensed interim consolidated statement of financial position as at 30 June 2017, the condensed interim consolidated income statement, the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of changes in equity, the condensed interim consolidated statement of cash flows and the selected explanatory notes for the three and six months period then ended. Management is responsible for the preparation and presentation of this (condensed) 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 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 company.

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 auditing standards 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 condensed interim consolidated interim financial information as at 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

Material uncertainty related to going concern

We draw attention to the financial position and going concern paragraph in note 2 of the condensed interim consolidated financial information, which indicates that the Company is currently negotiating transactions (sale of assets and refinancing of loans) with a number of prominent parties which it is confident will generate adequate resources to meet future liabilities in the next 12 months. The realization of the Company's plans depends on factors that are not wholly within the Company's control. These conditions indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Amsterdam, 31 August 2017
PricewaterhouseCoopers Accountants N.V.

A.H. Zoon RA

ADDITIONAL INFORMATION

Required under to rule 38(D) of the Israeli Securities and exchange regulations
(Periodic and immediate reports), 1970

KARDAN N.V.

Presentation of separate financial data included annexed to the

Consolidated financial statements related to the Company

As of June 30, 2017

ADDITIONAL FINANCIAL INFORMATION FROM THE COMPANY'S STATEMENT OF FINANCIAL POSITION

June 30, 2017

	June 30,		December
	2017	2016	31, 2016
	€ in thousand		
A s s e t s			
Non-current assets			
Property and equipment	83	106	95
Financial fixed assets			
Investments in consolidated subsidiaries	385,663	505,670	406,692
Loans to consolidated subsidiaries	24	22	23
	385,687	505,692	406,715
Current assets			
Cash and cash equivalents	1,422	28,701	1,754
Short-term investments	131	131	131
Other receivables and derivatives	1,386	2,290	1,005
	2,939	31,122	2,890
Total assets	388,709	536,920	409,700
E q u i t y a n d l i a b i l i t i e s			
Equity attributable to equity shareholders			
Issued and paid-in capital	25,276	25,276	25,276
Share premium	206,482	206,482	206,482
Foreign currency translation reserve	7,840	13,878	23,590
Property revaluation reserve	34,183	36,407	34,772
Other reserves	6,107	7,455	6,633
Accumulated deficit	(278,812)	(235,429)	(259,420)
	1,076	54,069	37,333
Long-term liabilities			
Debentures	217,811	328,669	364,159
Option liability	3,107	2,103	3,246
	220,918	330,772	367,405
Current liabilities			
Current maturities of debentures	155,233	138,501	-
Other payables	11,482	13,578	4,962
	166,715	152,079	4,962
Total equity and liabilities	388,709	536,920	409,700

ADDITIONAL INFORMATION FROM THE COMPANY'S INCOME STATEMENT

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	€ in thousand				
Net result from investments for the period	2,248	5,769	(1,635)	4,111	20,049
General and administrative expenses, net	1,667	(1,606)	787	(4,585)	3,379
Income from operations before financing expenses	581	4,163	(2,422)	3,313	16,670
Financing expenses, net	(20,390)	(9,730)	331	(11,175)	(47,426)
Loss before tax expenses (benefit)	(19,809)	(5,567)	(2,091)	(7,862)	(30,756)
Income tax expense (benefit)	(172)	303	(87)	(80)	(574)
Loss for the period	(19,981)	(5,870)	(2,178)	(7,782)	(31,330)

ADDITIONAL INFORMATION FROM THE COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	€ in thousand				
Net result for the period	(19,981)	(5,870)	(2,178)	(7,782)	(31,330)
Foreign currency translation differences*	(15,750)	(10,833)	(14,145)	(1,129)	(1,121)
Change in hedge reserve, net	(528)	(517)	(384)	(300)	(1,365)
Other comprehensive income (loss) for the period	(16,278)	(11,350)	(14,529)	(1,429)	(2,486)
Total comprehensive loss	(36,259)	(17,220)	(16,707)	(9,211)	(33,816)

***** In 2016 including an amount of €4,137 thousand related to reclassification of translation funds due to the sale of TBIF.

ADDITIONAL INFORMATION FROM THE COMPANY'S CASH FLOW STATEMENT

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2017	2016	2017	2016	2016
	€ in thousand				
Cash flow from operating activities of the Company					
Loss for the period	(19,981)	(5,870)	(2,178)	(7,782)	(31,330)
Adjustments to reconcile net profit to net cash of the Company					
Charges to net loss not affecting operating cash flows:					
Financial expenses	20,610	10,273	(226)	11,055	49,020
Share-based payment	(1)	(172)	-	24	(146)
Equity earnings	(2,248)	(5,769)	1,635	(4,111)	(20,049)
Changes in working capital of the Company					
Change in receivables	(369)	(567)	(114)	655	(873)
Change in payables	(202)	(395)	(242)	(553)	548
Cash amounts paid and received during the period					
Dividend received from consolidated companies	11,500	35,652	-	22,442	113,284
Interest received	(4,457)	5	-	2	8
Interest paid	-	(23,326)	-	-	(41,120)
Net cash provided by (used in) operating activities of the Company	**4,852**	**9,831**	**(1,125)**	**21,732**	**69,342**
Cash flow from investing activities of the Company					
Short term investments, net	-	6	-	(1)	6
Investments in subsidiaries	(5,184)	(4,003)	(5,121)	-	-
Net cash provided by (used in) investing activities of the Company	**(5,184)**	**(3,997)**	**(5,121)**	**(1)**	**6**
Cash flow from financing activities					
Investment in shares of a subsidiary					(4,003)
Debentures settlement payment	-	-	-	-	-
Repayment of debentures	-	-	-	-	(86,458)
Net cash used in financing activities of the Company	**-**	**-**	**-**	**-**	**(90,461)**
Increase (decrease) in cash and cash equivalents of the Company	(332)	5,834	(6,246)	21,731	(21,113)
Cash and cash equivalents at beginning of the period of the Company	1,754	22,867	7,668	6,970	22,867
Cash and cash equivalents at end of the period of the Company	**1,422**	**28,701**	**1,422**	**28,701**	**1,754**

ADDITIONAL INFORMATION

1. General

This condensed interim separate financial information is presented in accordance to rule 38(D) of the Israeli Securities and Exchange Regulations (periodic and immediate reports), 1970.

This condensed interim separate financial information should be read in conjunction with the additional separate financial information for the year ended December 31, 2016 and the accompanying notes, and in conjunction to the condensed interim consolidated financial statements for the six and three months ended June 30, 2017..

2. Financial position and going concern

As at June 30, 2017 the Company had, on a stand-alone basis and on a consolidated basis, a working capital deficit of €113 million and €111 million, respectively (excluding debentures held by subsidiaries).

In 2016 the Company completed the sale of TBIF and the sale of the remaining 25% in KWIG. The Company early repaid in full the principal amount of the debentures that was payable in February 2017 using the proceeds from these transactions. The remaining interest of approximately €4 million was paid in February 2017. The next debenture repayment is in February 2018 and currently amounts to €119 million.

Management prepared a two year liquidity analysis as part of its normal course of business which addresses the required liquidity to be able to repay interest and principal of the Company's debentures and all other liabilities in the year 2017 and onwards and to finance its operating activities. Included in this analysis are, among others, the current cash balances and the projected cash from future operations and transactions. The Company is currently conducting processes, directly or through its subsidiaries, and negotiating transactions to sale assets and refinancing of loans with a number of prominent parties which, it is confident will generate adequate resources to meet future liabilities in the next 12 months, as well as strengthening its financial position. These as assets may include the subsidiaries KLC and/or TGI and/or part of their assets. In that respect, refer to Note 3B regarding the classification of TGI as held for sale.

The directors are confident that, taking into account their plans to realize the transactions and the progress which has been made in that respect, the Company has the ability to obtain the required resources for repaying its obligations and continue its business operations in the future. Accordingly, the directors are satisfied that it is appropriate to prepare these condensed interim consolidated financial statements on a going concern basis.

However, the directors are aware that the realization of the Company's plans depends on factors that are not wholly within the Company's control, and therefore there is uncertainty that such transactions will be completed or will generate sufficient resources to meet its liabilities according to their contractual maturities. According to established guidelines, these conditions indicate the existence of a material uncertainty which casts significant doubt regarding the Company's ability to repay its liabilities when they become due and its ability to continue as a going concern.

The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company is unable to continue as a going concern.