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AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements
As of June 30, 2014

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A s s e t s

	June 30, 2014	June 30, 2013	December 31, 2013
		In €'000	
Non-current assets			
Tangible fixed assets	55,591	69,846	56,227
Investment property	142,234	102,687	118,068
Investment in associates	6,512	115,511	5,695
Investment in joint ventures	130,460	193,936	128,658
Loans to bank customers	60,528	6,826	50,392
Long-term loans and receivables	96,052	102,094	86,762
Intangible assets and goodwill	22,036	36,080	22,513
Deferred income tax assets	2,774	5,863	3,985
	516,187	632,843	472,300
Current assets			
Inventories, contract work and buildings inventory in progress	115,403	130,469	109,957
Derivatives	45	11,935	22
Current maturities of long-term loans and receivables	27,187	30,742	29,735
Loans to bank customers	45,379	76,685	48,522
Trade receivables	63,581	55,408	67,259
Income tax receivables	1,066	1,384	1,298
Other receivables and prepayments	57,320	57,669	56,187
Short-term investments	8,108	827	14,427
Cash and cash equivalents	108,652	111,390	118,268
	426,741	476,509	445,675
Assets held for sale	5,939	8,116	6,640
Total current assets	432,680	484,625	452,315
Total assets	948,867	1,117,468	924,615

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

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

	June 30, 2014	June 30, 2013	December 31, 2013
		In €'000	
Equity attributable to equity holders of the parent			
Issued and paid-in capital	23,041	23,041	23,041
Share premium	208,002	208,117	208,117
Foreign currency translation reserve	(3,342)	9,368	(4,680)
Property revaluation reserve	36,763	38,332	34,300
Revaluation reserve, other	11,658	7,836	12,296
Non-controlling interest holders transactions reserve	15,968	19,871	21,104
Treasury shares	(2,625)	(2,786)	(2,786)
Accumulated deficit	(231,690)	(164,411)	(225,297)
	57,775	139,368	66,095
Non-controlling interests	4,063	7,981	5,655
Total equity	61,838	147,349	71,750
Non-current liabilities			
Interest-bearing loans and borrowings	91,200	76,431	70,423
Banking customers accounts	124	141	128
Other long-term liabilities	4,249	2,060	6,887
Options	1,362	4,272	4,317
Debentures	250,490	329,419	327,240
Deferred income tax liabilities	13,385	11,056	12,584
Accrued severance pay, net	1,120	1,424	1,488
	361,930	424,803	423,067
Current liabilities			
Advances from customers in respect of contracts	44,901	32,427	40,214
Banking customers accounts	128,784	118,282	137,593
Trade payables	31,037	19,916	21,296
Current maturities of debentures	87,062	84,794	67,409
Interest-bearing loans and borrowings	100,961	152,284	47,786
Income tax payables	1,764	5,877	1,419
Advances from apartment buyers	26,777	17,495	5,667
Derivatives	41	-	273
Other payables and accrued expenses	103,772	114,241	108,141
	525,099	545,316	429,798
Total liabilities	887,029	970,119	852,865
Total equity and liabilities	948,867	1,117,468	924,615

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

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
Contract revenues	83,820	76,122	43,035	41,727	153,010
Retail lending activities	18,386	11,595	9,831	5,897	24,406
Sale of apartments	8,739	-	3,392	-	23,984
Management fee and other revenues	3,126	3,300	1,468	1,722	6,595
Total revenues	114,071	91,017	57,726	49,346	207,995
Contract costs	66,836	60,645	34,360	33,324	121,342
Costs of retail lending activities	12,229	12,823	6,429	6,431	25,182
Cost of sale of apartments	7,234	-	2,795	-	19,697
Other expenses, net	2,436	1,293	1,019	703	3,358
Total expenses	88,735	74,761	44,603	40,458	169,579
Gross margin	25,336	16,256	13,123	8,888	38,416
Selling and marketing expenses	3,731	3,600	2,141	2,052	7,912
General and administration expenses	11,198	12,926	5,984	6,283	25,513
Profit (loss) from operations before fair value adjustments, disposal of assets and investment and other income	10,407	(270)	4,998	553	4,991
Adjustment to fair value of investment property	3,198	3,577	2,209	1,042	8,802
Impairment losses on goodwill	-	-	-	-	(3,926)
Gain (loss) on disposal of assets and other income, net	404	9,488	457	6	(8,947)
Profit (loss) from fair value adjustments, disposal of assets	3,602	13,065	2,666	1,048	(4,071)
Profit (loss) from operations	14,009	12,795	7,664	1,601	920
Financial income	5,058	9,599	3,715	1,641	6,185
Financial expenses	(20,297)	(39,245)	(17,036)	(6,816)	(51,803)
Total financial expenses, net	(15,239)	(29,646)	(13,321)	(5,175)	(45,618)
Profit (loss) before share of profit (loss) from investments accounted for using the equity method	(1,230)	(16,851)	(5,657)	(3,574)	(44,698)
Share of profit (loss) of investments accounted for using the equity method, net	968	827	507	848	12,345
Profit (loss) before income taxes	(262)	(16,024)	(5,150)	(2,726)	(32,353)
Income tax expenses	3,643	9,596	1,762	4,963	14,443
Profit (loss) for the year from continuing operations	(3,905)	(25,620)	(6,912)	(7,689)	(46,796)
Net loss from discontinued operations	-	(35,468)	-	(10,827)	(75,177)
Net profit (loss) for the period	(3,905)	(61,088)	(6,912)	(18,516)	(121,973)
Attributable to:					
Equity holders	(3,930)	(40,887)	(6,962)	(18,444)	(101,333)
Non-controlling interest holders	25	(20,201)	50	(72)	(20,640)
	(3,905)	(61,088)	(6,912)	(18,516)	(121,973)
Earnings (loss) per share attributable to shareholders:					
Basic from continuing operations	(0.04)	(0.05)	(0.06)	(0.05)	(0.42)
Basic from discontinued operations	-	(0.32)	-	(0.10)	(0.50)
	(0.04)	(0.37)	(0.06)	(0.15)	(0.92)
Diluted from continuing operations	(0.04)	(0.06)	(0.06)	(0.07)	(0.42)
Diluted from discontinued operations	-	(0.32)	-	(0.10)	(0.50)
	(0.04)	(0.38)	(0.06)	(0.17)	(0.92)

The accompanying notes are an integral part of these interim condensed 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,
	2014	2013	**2014**	2013	2013
	In €'000				
Net profit (loss) for the period	(3,905)	(61,088)	(6,912)	(18,516)	(121,973)
Foreign currency translation differences	1,247	8,187	3,382	(974)	(4,596)
Change in hedge reserve, net of tax (1)	(698)	8,123	(335)	(310)	6,677
Other comprehensive income (expense) for the period to be reclassified to profit or loss in subsequent periods (2)	549	16,310	3,047	(1,284)	2,081
Total comprehensive expenses	(3,356)	(44,778)	(3,865)	(19,800)	(119,892)
Attributable to:					
Equity holders	(3,290)	(26,750)	(3,986)	(19,709)	(101,409)
Non controlling interests holders	(66)	(18,028)	121	(91)	(18,483)
	(3,356)	(44,778)	(3,865)	(19,800)	(119,892)

(1) Including reclassification of hedge reserve of €647 thousand €334 thousand for the six months period and three months period ended June 30, 2014 respectively, €699 thousand €358 thousand for the six months period and three months period ended June 30, 2013 respectively and €2,201 thousand for the year ended December 31, 2013.
The amounts presented are net of tax amounting to €216 thousand and €111 thousand for the six months period and three months period ended June 30, 2014 respectively, €255 thousand and €154 thousand for the six months period and three months period ended June 30, 2013 respectively and €662 thousand for the year ended December 31, 2013.

(2) Including impact resulted from associates and joint ventures of €176 thousand and €3,602 thousand for the six months ended June 30, 2014 and June 30, 2013 respectively, €903 thousand and €(414) thousand for the three months ended June 30, 2014 and June 30, 2013 respectively and €(1,059) thousand for the year 2013.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve(*)	Non controlling interest holders transactions reserve	Treasury shares	Accumulated deficit	Total	Non-controlling Interests	Total equity
	In €'000										
Balance as of January 1, 2014	23,041	208,117	34,300	12,296	(4,680)	21,104	(2,786)	(225,297)	66,095	5,655	71,750
Other comprehensive profit (loss)	-	-	-	(698)	1,338	-	-	-	640	(91)	549
Profit (loss) for the period	-	-	-	-	-	-	-	(3,930)	(3,930)	25	(3,905)
Total comprehensive income (loss)	-	-	-	(698)	1,338	-	-	(3,930)	(3,290)	(66)	(3,356)
Share-based payment	-	-	-	106	-	-	-	-	106	133	239
Transactions with non-controlling interest holders (refer to Note 7B, 7C and 8(2))	-	-	-	-	-	(5,136)	-	-	(5,136)	(1,659)	(6,795)
Issuance of treasury shares	-	(115)	-	(46)	-	-	161	-	-	-	-
Reclassification according to the Netherlands civil code requirements law (*)	-	-	2,463	-	-	-	-	(2,463)	-	-	-
Balance as of June 30, 2014	23,041	208,002	36,763	11,658	(3,342)	15,968	(2,625)	(231,690)	57,775	4,063	61,838

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve(*)	Non controlling interest holders transactions reserve	Treasury shares	Accumulated deficit	Total	Non-controlling Interests	Total equity
	In €'000										
Balance as of January 1, 2013	23,041	208,165	57,802	8,156	(462)	20,128	(2,847)	(147,809)	166,174	542,454	708,628
Other comprehensive income (loss)	-	-	-	5,588	8,549	-	-	-	14,137	2,173	16,310
Loss for the period	-	-	-	-	-	-	-	(40,887)	(40,887)	(20,201)	(61,088)
Total comprehensive income (loss)	-	-	-	5,588	8,549	-	-	(40,887)	(26,750)	(18,028)	(44,778)
Share-based payment	-	-	-	149	-	-	-	-	149	(2,487)	(2,338)
Issuance of treasury shares	-	(48)	-	(13)	-	-	61	-	-	-	-
Exercise of option plans in a subsidiary	-	-	-	59	-	(257)	-	-	(198)	772	574
Disposal of a subsidiary	-	-	-	(314)	-	-	-	314	-	(514,810)	(514,810)
Other reserves	-	-	-	(7)	-	-	-	-	(7)	80	73
Reclassification according to the Netherlands civil code requirements law(*)	-	-	(19,470)	(5,782)	1,281	-	-	23,971	-	-	-
Balance as of June 30, 2013	23,041	208,117	38,332	7,836	9,368	19,871	(2,786)	(164,411)	139,368	7,981	147,349

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve(*)	Non controlling interest holders transactions reserve	Treasury shares	Accumulated deficit	Total	Non-controlling Interests	Total equity
	In €'000										
Balance as of April 1, 2014	23,041	208,002	35,025	11,950	(6,653)	15,968	(2,625)	(222,990)	61,718	3,898	65,616
Other comprehensive income (loss)	-	-	-	(335)	3,311	-	-	-	2,976	71	3,047
Profit (loss) for the period	-	-	-	-	-	-	-	(6,962)	(6,962)	50	(6,912)
Total comprehensive income (loss)	-	-	-	(335)	3,311	-	-	(6,962)	(3,986)	121	(3,865)
Share-based payment	-	-	-	43	-	-	-	-	43	66	109
Transactions with non-controlling interest holders	-	-	-	-	-	-	-	-	-	(22)	(22)
Reclassification according to the Netherlands civil code requirements law (*)	-	-	1,738	-	-	-	-	(1,738)	-	-	-
Balance as of June 30, 2014	23,041	208,002	36,763	11,658	(3,342)	15,968	(2,625)	(231,690)	57,775	4,063	61,838

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve(*)	Non controlling interest holders transactions reserve	Treasury shares	Accumulated deficit	Total	Non-controlling Interests	Total equity
	In €'000										
Balance as of April 1, 2013	23,041	208,117	41,673	8,053	10,323	19,871	(2,786)	(149,308)	158,984	8,029	167,013
Other comprehensive income (loss)	-	-	-	(310)	(955)	-	-	-	(1,265)	(19)	(1,284)
Loss for the period	-	-	-	-	-	-	-	(18,444)	(18,444)	(72)	(18,516)
Total comprehensive income (loss)	-	-	-	(310)	(955)	-	-	(18,444)	(19,709)	(91)	(19,800)
Share-based payment	-	-	-	72	-	-	-	-	72	28	100
Exercise option plans in a subsidiary	-	-	-	28	-	-	-	-	28	15	43
Other reserves	-	-	-	(7)	-	-	-	-	(7)	-	(7)
Reclassification according to the Netherlands civil code requirements law(*)	-	-	(3,341)	-	-	-	-	3,341	-	-	-
Balance as of June 30, 2013	23,041	208,117	38,332	7,836	9,368	19,871	(2,786)	(164,411)	139,368	7,981	147,349

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

The accompanying notes are an integral part of these interim condensed 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	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve (*)	Non controlling interest holders transactions reserve	Treasury shares	Accumulated deficit (*)	Total	Non-controlling interests	Total equity
	In €'000										
Balance as of January 1, 2013	23,041	208,165	57,802	8,156	(462)	20,128	(2,847)	(147,809)	166,174	542,454	708,628
Other comprehensive income (loss)	-	-	-	4,142	(4,218)	-	-	-	(76)	2,157	2,081
Loss for the period	-	-	-	-	-	-	-	(101,333)	(101,333)	(20,640)	(121,973)
Total comprehensive income (loss)	-	-	-	4,142	(4,218)	-	-	(101,333)	(101,409)	(18,483)	(119,892)
Share-based payment	-	-	-	295	-	1,766	-	-	2,061	(4,207)	(2,146)
Issuance of treasury shares	-	(48)	-	(13)	-	-	61	-	-	-	-
Transactions with non controlling interest holders	-	-	-	-	-	(790)	-	-	(790)	622	(168)
Disposal of a subsidiary	-	-	-	(343)	-	-	-	343	-	(514,810)	(514,810)
Other reserves	-	-	-	59	-	-	-	-	59	79	138
Reclassification according to the Netherlands civil code requirements law (*)	-	-	(23,502)	-	-	-	-	23,502	-	-	-
Balance as of December 31, 2013	23,041	208,117	34,300	12,296	(4,680)	21,104	(2,786)	(225,297)	66,095	5,655	71,750

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

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

CONSOLIDATED CASH FLOW STATEMENT

	For six months period ended June 30,		For three months period ended June 30,		For the year ended December 31.
	2014	2013	**2014**	2013	2013
	In €'000				
Cash flow from operating activities					
Profit (loss) from continuing operations before taxes on income	(262)	(16,024)	(5,150)	(2,726)	(32,353)
Loss from discontinued operations before taxes on income	-	(29,823)	-	(10,827)	(69,531)
Adjustments to reconcile net profit (loss) from operation activities to net cash (see A below)	27,854	(14,030)	34,538	(3,306)	(20,235)
Adjustments on operating activities from discontinued operations	-	42,008	-	10,827	81,720
Net cash provided by (used in) operating activities	27,592	(17,869)	29,388	(6,032)	(40,399)
Cash flow from investing activities					
Acquisition of tangible fixed assets and investment property	(22,723)	(15,673)	(15,102)	(11,347)	(36,128)
Investments and collection (granting) of loans from (to) companies accounted for using the equity method, net	(881)	(95)	(50)	237	471
Proceeds from sale of assets and investments	644	13,226	62	971	18,439
Change in loans to bank customers, net	5,324	(22,997)	4,594	(12,187)	(41,965)
Change in long-term loans and receivables	(15,548)	21,793	(11,918)	7,856	26,174
Change in short-term investments	550	299	(44)	183	(286)
Change from full consolidation to equity method (see B below)	-	-	-	-	1,223
Disposal of a previously consolidated subsidiary due to bankruptcy (see C below)	-	-	-	-	(22)
Change from equity method to full consolidation (see D below)	-	-	-	-	208
Change in deferred brokerage fees and other assets	-	1,160	-	(191)	(1,990)
Net cash provided by (used in) investing activities from continuing operations	(32,634)	(2,287)	(22,458)	(14,478)	(33,876)
Change from full consolidation to equity method (see E below) (discontinued operations)	-	(197,151)	-	-	(197,151)
Disposal of an investment accounted for using the equity method (discontinued operations)	-	-	-	-	157,349
Net cash provided by (used in) investing activities from discontinued operations	-	(8,181)	-	-	(8,181)
Net cash used in investing activities	(32,634)	(207,619)	(22,458)	(14,478)	(81,859)

The accompanying Notes are an integral part of these IFRS Consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For six months period ended June 30,		For three months period ended June 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
Cash flows from financing activities					
Issuance of debentures	2,155	-	-	-	-
Repayment and repurchase of debentures	(68,538)	(49,088)	-	(5,173)	(58,390)
Change in loans from bank customers	(8,812)	50,104	(10,309)	28,813	69,401
Proceeds from long-term loans	83,887	28,297	36,950	20,319	30,849
Repayment of long-term loans	(8,956)	(27,805)	(3,439)	(10,260)	(132,045)
Change in short-term loans and borrowings	(1,344)	(2,328)	(231)	(202)	(8,432)
Release of pledged deposit	8,017	-	-	-	-
Repayment of long term liability	(8,031)	-	-	-	-
Change in short term deposits	(350)	-	-	-	(8,029)
Proceeds from sale of a hedge instrument	-	-	-	-	11,634
Costs related to issuance of loans	(267)	-	(17)	-	-
Transactions with non controlling interest holders (See note 7B)	(3,279)	-	-	-	(356)
Net cash provided by (used in) financing activities from continuing operations	(5,518)	(820)	22,954	33,497	(95,368)
Net cash used in financing activities from discontinued operations	-	(31,707)	-	-	(31,707)
Net cash provided by (used in) financing activities	(5,518)	(32,527)	22,954	33,497	(127,075)
Foreign exchange differences relating to cash and cash equivalents	944	164	734	(980)	(1,640)
Increase Decrease in cash and cash equivalents	(9,616)	(257,851)	30,618	12,007	(250,973)
Change in cash of assets held for sale	-	131	-	-	131
Cash and cash equivalents at the beginning of the period	118,268	369,110	78,034	99,383	369,110
Cash and cash equivalents at the end of the period	108,652	111,390	108,652	111,390	118,268

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CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For six months period ended June 30,		For three months period ended June 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
A. Adjustments to reconcile profit before tax to net cash flows:					
Share of loss (profit) of investments accounted for using the equity method	(968)	(827)	(507)	(848)	(12,345)
Impairment of investment	-	-	-	-	8,254
Impairment of goodwill and other intangible assets	233	723	-	723	13,588
Share-based payment	354	1,316	167	629	1,804
Depreciation and amortization	2,558	2,713	1,250	947	7,196
Fair value adjustments of investment property	(3,198)	(3,577)	(2,209)	(1,042)	(8,802)
Financial expense and exchange differences, net	22,991	42,369	15,557	8,011	54,277
Capital loss (gain) from sale property plant and equipment, net	47	(8,653)	171	(127)	(7,886)
Decrease (increase) in fair value of securities held for trading and hedge instruments, net	-	199	-	(383)	(1,736)
Increase in provision for bad debts in the banking and retail lending segment	1,006	2,586	541	1,106	7,026
Changes in operating assets and liabilities:					
Change in trade and other receivables	(3,169)	(47,620)	2,516	(21,219)	(71,225)
Change in inventories and in contract work in progress, net of advances from customers	19,116	(3,266)	26,843	(8,332)	2,368
Change in trade and other payables and others	(2,284)	6,738	(2,975)	10,152	16,461
Increase of concession finance receivables	(4,268)	-	(2,163)	-	(4,854)
Movement in pledged time deposit	(1,491)	-	(45)	-	-
Interest paid	(14,649)	(19,651)	(8,064)	(476)	(54,746)
Interest received	12,314	15,641	3,819	8,268	36,412
Income taxes paid	(738)	(2,721)	(363)	(715)	(6,027)
	27,854	(14,030)	34,538	(3,306)	(20,235)

The accompanying Notes are an integral part of these IFRS Consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For six months period ended June 30,		For three months period ended June 30,		For the year ended December 31
	2014	2013	**2014**	2013	2013
	In €'000				
B. Change from full consolidation to equity method					
Working capital (excluding cash and cash equivalents)	-	-	-	-	(475)
Receivable from sale of an investment in a subsidiary	-	-	-	-	(3,759)
Non-current assets	-	-	-	-	10,768
Investment in an associate accounted using	-	-	-	-	(5,681)
Gain on disposal of investment	-	-	-	-	370
Total	-	-	-	-	1,223

	For six months period ended June 30,		For three months period ended June 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
C. Disposal of a previously consolidated subsidiary due to bankruptcy					
Working capital (excluding cash and cash	-	-	-	-	(2,921)
Non-current assets	-	-	-	-	2,571
Deferred tax	-	-	-	-	328
	-	**-**	**-**	**-**	(22)

The accompanying Notes are an integral part of these IFRS Consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For six months period ended June 30,		For three months period ended June 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
D. Change from equity method to full consolidation					
Working capital (excluding cash and cash equivalents)	-	-	-	-	254
Non-current assets	-	-	-	-	(2)
Investment in an associate accounted using the equity method	-	-	-	-	(94)
Goodwill	-	-	-	-	(1,241)
Option granted to non-controlling interest	-	-	-	-	667
Deferred tax liability	-	-	-	-	50
Non-controlling interest	-	-	-	-	(94)
Gain on disposal of investment	-	-	-	-	668
	-	-	-	-	208

	For six months period ended June 30,		For three months period ended June 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
E. Change from full consolidation to equity method					
Working capital (excluding cash and cash equivalents)	-	(161,058)	-	-	(161,058)
Non-current assets	-	1,689,273	-	-	1,689,273
Non-current liabilities	-	(1,012,011)	-	-	(1,012,011)
Non-controlling interests	-	(514,810)	-	-	(514,810)
Recycling of reserves to the income	-	4,501	-	-	4,501
Loss from revaluation of formally	-	(30,208)	-	-	(30,208)
Bargain gain	-	31,868	-	-	31,868
Investment in company accounted for at	-	(204,706)	-	-	(204,706)
	-	(197,151)	-	-	(197,151)

	For six months period ended June 30,		For three months period ended June 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
F. Material non cash transaction					
Liability to repurchase shares from non controlling interest holders	6,535	-	-	-	-
	6,535	-	-	-	-

The accompanying Notes are an integral part of these IFRS Consolidated financial statements

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014

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, (water) infrastructure projects, (water) infrastructure assets and banking and lending through its subsidiaries, joint ventures and associated companies.

The Company, its subsidiaries, joint ventures and associates are referred to as 'the Group'.

These condensed interim financial statements were approved by the Board of Directors on August 31, 2014.

Going concern

As of June 30, 2014 the Company had, on a consolidated and stand-alone basis, a working capital deficit of €92,419 thousand and €97,672 thousand, respectively, which is mainly due to the current maturities of the Company's debentures.

In December 2013 and in January and February 2014, the Company repaid the second installment of principal and interest of debentures series A, and the first installment of principal and interest of debentures series B, totaling €102 million (including interest) and a liability in the amount of €8 million using the proceeds from the sale of the investment in GTC SA, repayment of shareholder's loans and receipt of a bank loan in the amount of €33 million by GTC RE.

The Company, together with GTC RE, has prepared a liquidity analysis for the next two years as of the balance sheet date, which addresses the required liquidity for the Company to be able to repay the principal and interest of debentures (series A and B) in February 2015 and 2016 in the total amounts of €100.5 million and €96.6 million respectively, the abovementioned bank loan for an amount of €28 million in December 2014, and its other liabilities and to finance its operations.

The repayments are likely to be funded mostly by cash to be generated through the sale of certain assets, including the sale of investments in shares of certain subsidiaries, by raising loans (against pledge of free assets) and / or repayment of certain shareholder's loans and dividend distribution by some of the Company's subsidiaries. In this context it should be noted that the Company is engaged directly and through its subsidiaries in a number of negotiations - in various stages - regarding materialization of such assets. More specifically, the Company is currently in very advanced negotiations regarding the sale of shares in a subsidiary, and obtaining a convertible loan against shares of another, and has started a process to sell shares in a third subsidiary. Each of these transactions can generate to the Company €60-80 million. The Company believes that it is probable that at least two out of the three transactions described above will mature in time to allow the Company to meet its financial obligations.
The proceeds from the realization of these above mentioned plans will serve the Company within the limitations of the deed of trust of the debentures and the loan agreement with Discount Bank, as disclosed in Note 28 and 41 to the annual financial statements and in Note 8 to these condensed interim consolidated financial statements.

The Company believes that, in light of the value of its total assets which remains considerably higher than its total liabilities, and in light of the current indications regarding the ability to realize a sale of assets and/or obtain credit in the required timeframe, there are good chances that it will be able to realize its plans and that it will be able to repay its liabilities as they mature in the foreseeable future. However, the realization, the price and the timing of the Company's plans in relation to the sale of assets, repayment of shareholder's loans by certain subsidiaries and raising debt are uncertain and depend also on factors that are not wholly within the Company's control and on the willingness of third parties to invest and grant credit.
These factors, and other factors set forth above, in particular the fact that the Company should materialize significant transactions in a short time frame, raise significant doubts about the Company's ability to repay its liabilities and continue as a going concern. The financial statements have been prepared under the assumption that the Company continues as a going concern. Hence, the financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company was unable to continue as a going concern.

The Company believes that notwithstanding the explanatory paragraph regarding significant doubts as to the Company's ability to continue as a going concern, the Company has the ability to continue operating its business and repay its liabilities as they mature.

2. Basis of presentation and preparation

A. Basis of preparation

The condensed interim consolidated financial statements for the six and three months ended June 30, 2014 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, 2013.

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, 2013 - except for the adoption of new standards and interpretations as of January 1, 2014 as set forth below.

B. New standards, interpretations and amendments adopted by the Group:

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of `currently has a legally enforceable right to set-off` The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not impact the Group's financial position.

C. New and amended standards and Interpretations, effective for financial years starting after 1 January 2014 or later

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 has no material impact on the Group’s financial position and performance.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 ("the Standard") was issued by the IASB in May 2014.

IFRS 15 replaces IAS 18, "Revenue", IAS 11, "Construction Contracts, and the related Interpretations: IFRIC 13, "Customer Loyalty Programs", IFRIC 15, "Agreements for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers" and SIC-31, "Revenue - Barter Transactions Involving Advertising Services".

The Standard introduces the following five-step model that applies to revenue from contracts with customers:

Step 1: Identify the contract(s) with a customer, including reference to contract consolidation and accounting for contract modifications.

Step 2: Identify the distinct performance obligations in the contract

Step 3: Determine the transaction price, including reference to variable consideration, financing components that are significant to the contract, non-cash consideration and any consideration payable to the customer.

Step 4: Allocate the transaction price to the separate performance obligations on a relative stand-alone selling price basis using observable information, if it is available, or by making estimates and assessments.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation over time or at a point in time.

IFRS 15 also establishes the accounting treatment of incremental costs involving obtaining a contract and the costs directly related to fulfilling a contract.

The Standard will apply retrospectively to annual periods beginning on or after January 1, 2017. Early adoption is permitted. The Standard may be applied to existing contracts beginning with the current period and thereafter. No restatement of the comparative periods will be required as long as comparative disclosures about the current period's revenues under existing IFRS are included.

The IFRS 15 was not yet adopted by the EU and the Company is evaluating the possible impact of the adoption of IFRS 15 but is presently unable to assess their effect, if any, on the financial statements.

IFRS 9, "Financial Instruments":

In keeping with the matters discussed in Note 5 to the annual financial statements as of December 31, 2013 regarding disclosure of new IFRS Standards in the period prior to their adoption in the issue of IFRS 9, in July 2014, the IASB issued the final and complete version of IFRS 9, "Financial Instruments" ("the final Standard") which includes the following elements: classification and measurement, impairment and hedge accounting.

The main changes between the final Standard and the previously published phases of the Standard are:

Classification and measurement:

The final version of IFRS 9 includes another category for the classification and measurement of financial assets that represent debt instruments. Financial assets classified in this category will be measured at fair value through other comprehensive income ("FVOCI") and the differences previously carried to other comprehensive income as above will be reclassified to profit or loss under specific conditions such as when the asset is derecognized. Finance income, exchange rate differences and impairment losses on financial assets, however, will be recognized in profit or loss. The classification in this category is allowed for debt instruments that meet the following tests on a cumulative basis:

- Based on the financial asset's contractual terms and on specific dates, the entity is entitled to receive cash flows that represent solely principal payments and interest payments on the principal balance.
- The asset is held in the context of a business model whose aim is both to collect the contractual cash flows generated from the asset and to dispose of the asset.

Impairment:

The final Standard addresses the issue of impairment of financial assets by introducing the expected credit loss impairment model to replace the incurred loss model prescribed in IAS 39. The expected credit loss model applies to debt instruments measured at amortized cost or at FVOCI and to trade receivables. The model introduces a simpler and economic approach for measuring impairment:

- General approach - credit losses due to default which are expected to occur in the subsequent 12-month period will be recognized provided that there has not been a significant increase in credit risk since the date of initial recognition of the instrument. On the other hand, if there has been a significant increase in credit risk since the date of initial recognition of the instrument, a provision should be recognized for credit losses that are expected to occur over the remaining life of the exposure in respect of said instrument.

- A simpler approach (applies in certain cases and for certain groups of assets only, including trade receivables) - according to this approach, the credit losses that are expected to occur over the remaining life of the exposure in respect of said instrument should be recognized, regardless of the occurrence of credit risk changes since the date of initial recognition of said instrument.

The final Standard will be applied retrospectively, subject to certain exemptions stipulated therein, in the financial statements for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

D. Foreign currency translation

Following are the representative exchange rates of the USD, NIS and RMB in relation to the EUR and the Israeli Consumer Price Index (CPI) in points:

	USD	NIS	RMB	CPI (In Israel)
June 30, 2014	0.73	0.21	8.3946	132.6
June 30, 2013	0.77	0.21	8.0536	132.4
December 31, 2013	0.73	0.21	8.4189	133.0
Change in 2014 (6 months)	0.91%	1.87%	0.29%	(0.29%)
Change in 2014 (3 months)	1.08%	2.52%	0.79%	0.26%
Change in 2013 (6 months)	1.04%	4.26%	3.28%	1.32%
Change in 2013 (3 months)	(2.05%)	(1.24%)	(0.19%)	1.30%
Change in 2013 (12 months)	(4.32%)	2.9%	(1.22%)	1.81%

E. Reclassifications

The comparative information in the statement of financial position as of June 30, 2013 was reclassified to conform to current period's presentation. The reclassifications were not material in relation to the total assets and liabilities.

3. Segment information

For the six months ended June 30, 2014:

	Real Estate Asia	Banking and Retail lending	Water Infrastructure Projects	Water Infrastructure Assets	Other (**)	Total
				In €'000		
Revenue	10,910	19,341	68,065	15,755	-	114,071
Other income (expense) (*)	4,616	410	(343)	(28)	(85)	4,570
Total Income	15,526	19,751	67,722	15,727	(85)	118,641
Segment result	3,374	6,151	4,325	3,874	(85)	17,639
Unallocated expenses						(2,662)
Profit from operations and share in profit of investment accounted using the equity method before finance expenses, net						14,977
Finance expenses, net						(15,239)
Loss before income tax						(262)
Income tax expenses						(3,643)
Loss for the period						(3,905)

(*) Other income/expense includes fair value adjustments of investment property, goodwill impairment, equity earnings, gains from disposal of assets and investments and other adjustments.

(**) Including the results of GTC Investments B.V.

For the six months ended June 30, 2013:

	Real Estate Asia	Banking and Retail lending	Water Infrastructure Projects	Water Infrastructure Assets	Other (**)	Total
				In €'000		
Revenue	2,359	12,536	62,524	13,598	-	91,017
Other income (expense) (*)	8,001	(1,917)	7,855	110	(157)	13,892
Total Income	10,360	10,619	70,379	13,708	(157)	104,909
Segment result	5,449	(3,226)	10,247	3,776	(157)	16,089
Unallocated expenses						(2,467)
Profit from operations and share in profit of investment accounted using the equity method before finance expenses, net						13,622
Finance expenses, net						(29,646)
Loss before income tax						(16,024)
Income tax expenses						(9,596)
Loss from continuing operations						(25,620)
Loss from discontinued operations						(35,468)
Loss for the period						(61,088)

(*) Other income/expense includes fair value adjustments of investment property, goodwill impairment, equity earnings, gains from disposal of assets and investments and other adjustments.

(**) Including the results of GTC Investments B.V.

For the three months ended June 30, 2014:

	Real Estate Asia	Banking and Retail lending	Water Infrastructure Projects	Water Infrastructure Assets	Other (**)	Total
	In €'000					
Revenue	4,421	10,270	34,427	8,608	-	57,726
Other income (expense) (*)	2,810	612	(352)	134	(31)	3,173
Total Income	7,231	10,882	34,075	8,742	(31)	60,899
Segment result	1,745	3,630	2,200	2,080	(31)	9,624
Unallocated expenses						(1,453)
Gain from operations and share in profit of investment accounted using the equity method before finance expenses, net						8,171
Finance expenses, net						(13,321)
Loss before income tax						(5,150)
Income tax expenses						(1,762)
Loss for the period						(6,912)

(*) Other income/expense includes fair value adjustments of investment property, goodwill impairment, equity earnings, gains from disposal of assets and investments and other adjustments.

(**) Including the results of GTC Investments B.V.

For the three months ended June 30, 2013:

	Real Estate Asia	Banking and Retail lending	Water Infrastructure Projects	Water Infrastructure Assets	Other (**)	Total
			In €'000			
Revenue	1,187	6,432	34,763	6,964	-	49,346
Other income (expense) (*)	5,852	(3,399)	(493)	93	(157)	1,896
Total Income	7,039	3,033	34,270	7,057	(157)	51,242
Segment result	4,171	(4,053)	1,826	1,892	(157)	3,679
Unallocated expenses						(1,230)
Profit from operations and share in profit of investment accounted using the equity method before finance expenses, net						2,449
Finance expenses, net						(5,175)
Loss before income tax						(2,726)
Income tax expenses						(4,963)
Loss from continuing operations						(7,689)
Loss from discontinued operations						(10,827)
Loss for the period						(18,516)

(*) Other income/expense includes fair value adjustments of investment property, goodwill impairment, equity earnings, gains from disposal of assets and investments and other adjustments.

(**) Including the results of GTC Investments B.V.

For the year ended December 31, 2013:

	Real Estate Asia	Banking and Retail lending	Water Infrastructure Projects	Water Infrastructure Assets	Other (**)	Total
	In €'000					
Revenue	28,917	26,065	122,043	30,970	-	207,995
Other income (expense) (*)	23,422	(14,998)	(985)	(29)	864	8,274
Total Income	52,339	11,067	121,058	30,941	864	216,269
Segment result	22,130	(16,359)	3,972	8,455	864	19,062
Unallocated expenses						(5,797)
Profit from operations and share in profit of investment accounted using the equity method before finance expenses, net						13,265
Finance expenses, net						(45,618)
Loss before income tax						(32,353)
Income tax expenses						(14,443)
Loss from continuing operations						(46,796)
Loss from discontinued operations						(75,177)
Loss for the year						(121,973)

(*) Other income/expense includes fair value adjustments of investment property, goodwill impairment, equity earnings, gains from disposal of assets and investments and other adjustments.

(**) Including the results of GTC Investments B.V.

Segments assets

	June 30, **2014**	June 30, 2013	December 31, 2013
	In €'000		
Real estate - Asia	418,555	362,650	354,101
Real estate – Europe (*)	-	193,861	-
Banking and Retail lending	247,418	254,771	254,829
Infrastructure - Assets	166,328	162,933	165,182
Infrastructure - Projects	112,320	123,895	110,458
	944,621	1,098,110	884,570
Unallocated assets	4,246	19,358	40,045
	948,867	1,117,468	924,615

(*) The assets and liabilities of the 'Real Estate – Europe' segment for June 30, 2013, are presented net and represent the investment balance in GTC SA.

(**) During the second quarter of 2014, Kardan Land Dalian (which is the main activity in 'Real estate – Asia' segment) raised an additional bank loan in the amount of RMB 400 million (approximately €48 million). As of June 30, 2014 and December 31, 2013 Dalian Bank loan liability amounts to RMB 900 million (approximately €107 million) and RMB 500 million (approximately €60 million).

4. Share capital

A. Composition

	June 30, 2014		December 31, 2013	
	Authorized	Issued and Paid-in	Authorized	Issued and Paid-in
	Number of shares		Number of shares	
Ordinary shares with nominal value of €0.20 each	225,000,000	111,848,583	225,000,000	111,848,583

5. Financial Instruments

Further to Note 39 to the annual consolidated financial statements, below are presented additional information regarding financial instruments:

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

	Level	**June 30, 2014**		June 30, 2013		December 31, 2013	
		€ 000'					
		Carrying amount(*)	Fair value(**)	Carrying amount(*)	Fair value(**)	Carrying amount(*)	Fair value(**)
Liabilities							
Debentures issued by the Company	1	346,298	220,779	418,092	214,573	395,278	253,770

(*) 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, 2014	Fair Value gain (loss) recorded in P&L	Fair value gain in OCI	Settlements	As of June 30, 2014
	In €'000				
Derivative assets	22	75	(52)	-	45
Total assets	22	75	(52)	-	45
Derivative liabilities	(273)	232	-	-	(41)
Warrants and call options	(4,317)	55	-	2,900(*)	(1,362)
Total liabilities	(4,590)	287	-	2,900	(1,403)

(*) For additional information refer to Note 8(2).

There were no material changes in the valuation processes, the valuation methods used, and the assumptions applied and (narrative) sensitivities, 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 39 in the annual financial statements.

C. Further to Note 7 to the annual consolidated financial statements, below are the significant assumptions used in the valuations of the investment property under construction:

	Asia
	June 30, 2014
DCF method (*)	
Estimated rental value per sqm per month (in €)	20
Discount rate	10.5%
Rental growth	5%-15%
Residual method	
Remaining construction cost (in € millions) (**)	35.2
Remaining construction period (in months)	7
Development profit	12%

6. Joint Ventures

The requirements of the Israeli Securities regulation stipulate that if the net results of a joint venture or an associated company exceed 10% of the net results of the Company for the period, a summary of financial information will be disclosed in the interim financial statements. The above criterion was met by Kardan Land Chengdu, whose summary of financial information is presented below:

Kardan Land Chengdu (HK) LTD.

Summary of financial data from the statement of financial position:

	June 30, 2014	June 30, 2013	December 31, 2013
		In €'000	
Current assets (not including cash and cash equivalent)	969	898	988
Cash and cash equivalent	5,437	2,866	4,296
Non-current assets	139,636	142,583	139,269
Current liabilities (not including current financial liabilities)	(46,059)	(45,186)	(46,405)
Current financial liabilities (*)	(3,907)	(3,328)	(3,326)
Non-current liabilities (not including non current financial liabilities(*))	(16,979)	(16,255)	(16,700)
Non-current financial liabilities (*)	(17,511)	(22,325)	(19,361)
Total equity attributed to the owners	61,586	59,253	58,761
% held in the joint venture	50	50	50
	30,793	29,626	29,380
Goodwill	5,818	6,064	5,801
Total investment in joint ventures	36,611	35,690	35,181

(*) Excluding trade and other payables and provisions

Summary of financial data from the income statement:

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
Revenues from operations	4,950	4,565	2,459	2,271	9,499
Cost of operations	657	696	301	325	1,849
Selling and marketing, other income (expenses), and administrative expenses of which depreciation and amortization for the six and three months ended June is €22 thousand and €10 thousand respectively (2013: €19 thousand and €7 thousand respectively and for the year ended December 31, 2013: €48 thousand)	301	419	177	244	819
Valuation gains (losses)	(65)	(21)	(20)	(5)	2,954
Interest Income	30	29	19	12	44
Interest expenses	(704)	(838)	(353)	(429)	(1,602)
Other financial expenses, net	(70)	(81)	(35)	(40)	(160)
Profit before tax	3,183	2,539	1,592	1,240	8,067
Income tax expenses	654	634	249	304	2,211
Profit for the year attributed to equity holders	2,529	1,905	1,343	936	5,856
% held of the joint venture	50	50	50	50	50
Group's share of profit for the year	1,265	953	672	468	2,928
Total other comprehensive income (expenses) attributed to equity holders	296	3,166	802	(188)	(1,278)
% held of the joint venture	50	50	50	50	50
Group share of the total other comprehensive income (expenses) before the other comprehensive impact relating to the holding company	148	1,583	401	(94)	(639)
Other comprehensive relating to the holding company	16	192	45	(12)	(70)
Group share of the total other comprehensive income (expenses)	164	1,775	446	(106)	(709)

7. Significant transactions

A. Kardan NV

Early repayment of debentures

On January12 and February 14, 2014, the Company has early repaid NIS 136,918,906 par value Debentures Series A (net of debentures held by subsidiaries) – for additional information refer to Note 24 to the annual financial statements.

B. GTC RE

2014

Exercise and repurchase of shares in Kardan Land China

Further to Note 19B(2)A of the annual financial statements, in February 2014, KLC signed an agreement with the senior executive under which the senior executive shall exercise his options using an exercise price which reflects the cost of the Company's investments in Kardan Land China and afterwards KLC shall acquire the resulting shares in three equal tranches during February, June and December 2014.

The purchase amount of the shares in the first and second tranches was agreed in advance and is equal, as for the third tranche, the purchase price will be agreed in December 2014. In the event the parties will not agree on the value of the shares, their fair value will be determined by an independent appraiser. The agreement essentially governs the exercise dates of the options which had already vested, which the senior executive has the right to exercise. The commitment to purchase the shares replaced the put option agreement which was signed between the Company and the senior executive in the past.

As a result of the Agreement, the Company recorded a negative movement in the 'Non-controlling interest holders transaction reserve' of €4.9 million, a negative movement in the 'Non-controlling interest' of €4.9 million, and recognized a financial liability amounting to €6.5 million which represents the estimated net future purchase amount of the last two tranches.

In February 2014 the first tranche was finalized and net proceeds of approximately €3.3 million were paid. The second tranche was not exercised as of the date of signing these financial statements.

2013

a. Discontinued operations related to loss of effective control and sale of GTC SA:

As described in Note 5C to the 2013 annual financial statements, on November 22, 2013, GTC RE completed the sale of its investment in GTC SA. Accordingly, the activities of GTC SA are classified as discontinued operations. These activities were clearly distinguishable, operationally and for financial reporting purposes as GTC SA represented a separate business and major geographical area of operations.

1) Composition of the income and expenses related to discontinued operations:

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2014	2013	2014	2013	2013
	In €'000				
Income	-	31,409	-	-	31,409
Expenses	-	(52,066)	-	-	(52,066)
Loss before tax	-	(20,657)	-	-	(20,657)
Equity earnings (*)	-	21,041	-	(10,827)	(22,190)
Income tax expenses, net	-	(5,644)	-	-	(5,644)
Loss from discontinued operations before revaluation and release of capital reserves(**)	-	(5,260)	-	(10,827)	(48,491)
Loss from revaluation of investment(**)	-	(25,707)	-	-	(25,707)
Release of capital reserves due to deconsolidation(**)	-	(4,501)	-	-	(4,501)
	-	(35,468)	-	(10,827)	(78,699)
Discontinued operation items related to the November 2013 sale of GTC SA:					
Capital gain	-	-	-	-	3,586
Release of capital reserves due to sale	-	-	-	-	(64)
Net loss from discontinued operations	-	(35,468)	-	(10,827)	(75,177)
Attributable to:					
Equity holders	-	(15,594)	-	(10,827)	(55,303)
Non-controlling interest holders	-	(19,874)	-	-	(19,874)
	-	(35,468)	-	(10,827)	(75,177)

(*) Including equity losses from Q2 and Q3 2013, bargain gain (in the amount of €31.8 million) and impairments (in the amount of €43.9 million).

(**) The net loss from discontinued operations before revaluation and release of capital reserves relates to 100% results of GTC SA, including the share attributable to the non-controlling interest holders, while the loss from revaluation of investment and release of capital reserves only reflects the 27.75% interest held by the Company.

2) Composition of other comprehensive income (expenses) items related to discontinued operations:

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2014	2013	2014	2013	2013
	In €'000				
Change in fair value of hedge instrument, net of tax(*)	-	3,467	-	-	3,467
Foreign currency translation differences	-	(1,875)	-	-	(1,875)
Recycling to the income statement of the hedge reserve due to loss of control over a subsidiary(*)	-	5,782	-	-	5,782
	-	7,374	-	-	7,374
Attributable to:					
Equity holders	-	5,276	-	-	5,276
Non-controlling interest holders	-	2,098	-	-	2,098
	-	7,374	-	-	7,374

(*) includes 100% results of GTC SA, including the share attributable to the non-controlling interest holders, while the release of capital reserves only reflects the 27.75% interest held by the Company.

C. **TGI**

(1) In February 2014, TGI Group, being the majority shareholder, converted approximately €17 million of shareholders loans to Foodyard in exchange for 2 additional shares. The ownership and voting rights of TGI Group in the (negative) equity of Food-Yard did not significantly increase. Since Food-Yard losses in previous periods have been split between the Company and the non-controlling interest holders, the conversion of the loans resulted in a decreased in the 'Non-controlling interest holders transaction reserve' in the shareholders equity attributable to equity holders of the Company by approximately €3.2 million, and increased of the 'Non-controlling Interests' by the same amount.

(2) In January 2014, TCE sold its entire amount of the Company's debentures (NIS 11,955,355 par value) for a total consideration of approximately €2 million.

8. Financial Commitments and Covenants

1. In January 2014, GTC RE signed a financing agreement with Discount bank for providing a loan in the amount of €33 million. The loan bears an interest of 6 months Libor + 5.5% per annum. Most of the loan, in the amount of €28 million, will mature in December 2014, and the rest will mature in December 2015.

As security to the loan, the Company pledged shares of KFS and TGI in favor of the bank, and GTC RE pledged 51% of the shares of KLC (according to the agreed limitations with the debenture holders, as described in Note 28 to the annual financial statements).
At the date of signing the detailed loan agreement, GTC RE repaid the bank a liability of approximately €8 million.

The financing agreement includes the following main financial covenants:

- The equity attributed to the shareholders of GTC RE will not be less than €150 million and following the first installment of the loan, will not be less than €50 million;

- The equity attributed to the shareholders of Kardan Land China will not be less than €200 million (subject to exchange rate adjustments) and following the first installment of the loan, will not be less than €50 million;

- Until the first installment of the loan, the total equity to balance sheet ratio of Kardan Land China will not be less than 50% and following the first installment will not be less than 30%;

- The tangible equity attributed to the shareholders of TGI will not be less than €90 million (subject to exchange rate adjustments), and the equity to consolidated balance sheet ratio of TGI will not be less than 28%;

- Value of the pledged shares and shareholders loans will be at any time at least 750% of the liability balance.

As of June 30, 2014 all financial covenants in relation to this loan were met.

In addition, the agreement states that if in any period, the financial statements of the Company includes a “Going Concern” paragraph, than GTC RE shall be required to present to the bank, within 7 business days of the date of publication of the statements that include such a paragraph, a plan to the Bank's satisfaction, establishing on a high level of probability that it is able to repay the First Payment in time. If such a plan is not presented to the Bank's full satisfaction this shall be considered as if the GTC RE failed to comply with its foregoing undertaking.

2. In January 2014, the call option given to Discount Capital Markets to buy back a 5% stake in KFS was cancelled. As a result the Company recorded an increase in shareholder’s equity (under ‘Non-controlling interest holders transaction reserve’) of €2.9 million, for additional information see Note 23 to the annual consolidated financial statements.

9. Subsequent events

Executive employees options in TGI

Subsequent to the balance sheet date, in August 2014, the board of directors of TGI decided to grant five of its executive management options to purchase 1.9 % of TGI's share capital (fully diluted). The total benefit of the grant is approximately USD 1 million and was calculated using the Black & Scholes model, based on the following assumptions:

Expected volatility (%)	35%
Risk-free interest rate (%)	0.429%
Expected term of options (years)	4
Weighted average share exercise price ($)	6,044
Weighted average share value ($)	6,360

Review report

To: the shareholders of Kardan N.V.

Introduction
We have reviewed the accompanying condensed interim consolidated statement of financial position of Kardan N.V., Amsterdam (the “Company”) as at June 30, 2014 and the related condensed interim consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the three and six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

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

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

Emphasis of uncertainty with respect to the going concern assumption
We draw attention to Note 1 to the condensed interim consolidated financial statements which indicate that the Company had, on a stand-alone basis, and on the consolidated statements a working capital deficit of €98 million and €92 million, respectively, per June 30, 2014 and that the Company, together with GTC RE, has to repay € 28 million in December 2014 and € 100.5 million and € 96.6 million in February 2015 and 2016, respectively. According to the Company’s plans, these repayments are likely to be funded mostly by cash to be generated through the sale of certain assets, including the sale of investments in shares of certain subsidiaries, by raising loans (against pledge of free assets) and / or repayment of certain shareholder’s loans and dividend distribution by some of the Company’s subsidiaries. The realization, the price and the timing of the Company’s plans in relation to the sale of assets, repayment of shareholder’s loans by certain subsidiaries, and raising debt, are uncertain and depend also on factors that are not wholly within the Company’s control and on the willingness of third parties to invest and grant credit. These conditions, along with other matters as set forth in note 1, in particular the fact that the Company should materialize significant transactions in a short time frame, indicate the existence of a

material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

Amsterdam, August 31, 2014

Ernst & Young Accountants LLP

Signed by: W.P. de Pater

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, 2014

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

June 30, 2014

	June 30, 2014	June 30, 2013	December 31, 2013
	€ in thousand		
A s s e t s			
Non-current assets			
Property and equipment	134	155	147
Financial fixed assets			
Investments in consolidated subsidiaries	414,658	571,236	467,937
Loans to consolidated subsidiaries	20	20	20
	414,678	571,256	467,957
Current assets			
Cash and cash equivalents	173	7,412	16,224
Short-term investments	303	446	853
Other receivables and derivatives	529	13,414	1,109
	1,005	21,272	18,186
Total assets	415,817	592,683	486,290
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	23,041	23,041	23,041
Share premium	208,002	208,117	208,117
Foreign currency translation reserve	(3,342)	9,368	(4,680)
Property revaluation reserve	36,763	38,332	34,300
Other reserves	11,658	7,836	12,296
Non-controlling interest holders transactions reserve	15,968	19,871	21,104
Treasury shares	(2,625)	(2,786)	(2,786)
Accumulated deficit	(231,690)	(164,411)	(225,297)
	57,775	139,368	66,095
Long-term liabilities			
Debentures	259,365	344,499	344,363
Options and other long term liabilities	-	2,900	2,900
	259,365	347,399	347,263
Current liabilities			
Current maturities of long term loans and debentures	91,134	94,247	71,238
Other payables	7,543	11,669	1,694
	98,677	105,916	72,932
Total equity and liabilities	415,817	592,683	486,290

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,
	2014	2013	**2014**	2013	2013
	€ in thousand				
Net result from investments for the period	12,890	(6,876)	8,825	(11,758)	(56,931)
General and administrative expenses, net	2,353	1,832	1,289	1,131	3,982
Income (loss) from operations before financing expenses	10,537	(8,708)	7,536	(12,889)	(60,913)
Financing income (expenses), net	(14,241)	(28,569)	(14,387)	(2,692)	(37,177)
Income (loss) before tax expenses (benefit)	(3,704)	(37,277)	(6,851)	(15,581)	(98,090)
Income tax expense (benefit)	226	3,610	111	2,863	3,243
Net Income (loss) for the period	(3,930)	(40,887)	(6,962)	(18,444)	(101,333)

ADDITIONAL INFORMATION FROM THE COMPANY'S STATEMENT OF COMPREHENSIVE INCOME OF THE COMPANY

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	€ in thousand				
Net result for the period	(3,930)	(40,887)	(6,962)	(18,444)	(101,333)
Foreign currency translation differences	1,338	8,549	3,311	(955)	(4,218)
Change in hedge reserve, net	(698)	5,588	(335)	(310)	4,142
Other comprehensive income (loss) for the period	640	14,137	2,976	(1,265)	(76)
Total comprehensive loss	(3,290)	(26,750)	(3,986)	(19,709)	(101,409)

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,
	2014	2013	**2014**	2013	2013
	€ in thousands				
Cash flow from operating activities of the Company					
Profit (loss) for the period	(3,930)	(40,887)	(6,962)	(18,444)	(101,333)
Adjustments to reconcile net profit to net cash of the Company					
Charges to net loss not affecting operating cash flows:					
Change in fair value of hedge instruments	-	394	-	(268)	(1,510)
Financial expenses	17,436	37,421	14,382	2,905	36,406
Share-based payment	106	126	43	49	276
Equity (earnings) loss	(12,890)	6,876	(8,825)	11,758	56,931
Dividend received	74,572	17,144	300	1,283	75,474
Changes in working capital of the Company					
Change in receivables	199	(488)	18	728	22
Change in payables	(259)	2,248	(109)	1,880	(821)
Cash amounts paid and received during the year					
Interest received	10	-	1	-	151
Interest paid	(2,997)	(20,256)	-	-	(37,167)
Net cash provided by (used in) operating activities of the company	**72,247**	**2,578**	**(1,152)**	**(109)**	**28,429**
Cash flow from investing activities of the company					
Short term investments, net	550	121	(44)	5	(286)
Collecting (granting) of loans from (to) subsidiaries, net	-	4,500	-	4,500	-
Investments in subsidiaries	(21,059)	(7,109)	-	(1,834)	(24,127)
Net cash provided by (used in) investing activities of the company	**(20,509)**	**(2,488)**	**(44)**	**2,671**	**(24,413)**
Cash flow from financing activities					
Investment in shares in a subsidiary	-	-	-	-	(126)
Proceeds from sale of hedge instruments	-	-	-	-	11,634
Repayment of long-term debt	(67,789)	(43,915)	-	-	(50,537)
Net cash used in financing activities of the company	**(67,789)**	**(43,915)**	**-**	**-**	**(39,029)**
Increase (decrease) in cash and cash equivalents of the company	**(16,051)**	**(43,825)**	**(1,196)**	**2,562**	**(35,013)**
Cash and cash equivalents at beginning of the period of the company	16,224	51,237	1,369	4,850	51,237
Cash and cash equivalents at end of the period of the company	**173**	**7,412**	**173**	**7,412**	**16,224**

1. General

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

The condensed interim consolidated financial statements should be read in conjunction with the additional financial information for the year ended December 31, 2013 and the accompanying notes, and in conjunction to the consolidated interim financial statements for the six and three months ended June 30, 2014.

2. Going concern

As of June 30, 2014 the Company had, on a consolidated and stand-alone basis, a working capital deficit of €92,419 thousand and €97,672 thousand, respectively, which is mainly due to the current maturities of the Company's debentures.

In December 2013 and in January and February 2014, the Company repaid the second installment of principal and interest of debentures series A, and the first installment of principal and interest of debentures series B, totaling €102 million (including interest) and a liability in the amount of €8 million using the proceeds from the sale of the investment in GTC SA, repayment of shareholder's loans and receipt of a bank loan in the amount of €33 million by GTC RE.

The Company, together with GTC RE, has prepared a liquidity analysis for the next two years as of the balance sheet date, which addresses the required liquidity for the Company to be able to repay the principal and interest of debentures (series A and B) in February 2015 and 2016 in the total amounts of €100.5 million and €96.6 million respectively, the abovementioned bank loan for an amount of €28 million in December 2014, and its other liabilities and to finance its operations.

The repayments are likely to be funded mostly by cash to be generated through the sale of certain assets, including the sale of investments in shares of certain subsidiaries, by raising loans (against pledge of free assets) and / or repayment of certain shareholder's loans and dividend distribution by some of the Company's subsidiaries. In this context it should be noted that the Company is engaged directly and through its subsidiaries in a number of negotiations - in various stages - regarding materialization of such assets. More specifically, the Company is currently in very advanced negotiations regarding the sale of shares in a subsidiary, and obtaining a convertible loan against shares of another, and has started a process to sell shares in a third subsidiary. Each of these transactions can generate to the Company €60-80 million. The Company believes that it is probable that at least two out of the three transactions described above will mature in time to allow the Company to meet its financial obligations.
The proceeds from the realization of these above mentioned plans will serve the Company within the limitations of the deed of trust of the debentures and the loan agreement with Discount Bank, as disclosed in Note 28 and 41 to the annual financial statements and in Note 8 to the condensed interim consolidated financial statements.

The Company believes that, in light of the value of its total assets which remains considerably higher than its total liabilities, and in light of the current indications regarding the ability to realize a sale of assets and/or obtain credit in the required timeframe, there are good chances that it will be able to realize its plans and that it will be able to repay its liabilities as they mature in the foreseeable future. However, the realization, the price and the timing of the Company’s plans in relation to the sale of assets, repayment of shareholder’s loans by certain subsidiaries and raising debt are uncertain and depend also on factors that are not wholly within the Company’s control and on the willingness of third parties to invest and grant credit.

These factors, and other factors set forth above, in particular the fact that the Company should materialize significant transactions in a short time frame, raise significant doubts about the Company's ability to repay its liabilities and continue as a going concern. The financial statements have been prepared under the assumption that the Company continues as a going concern. Hence, the financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company was unable to continue as a going concern.

The Company believes that notwithstanding the explanatory paragraph regarding significant doubts as to the Company's ability to continue as a going concern, the Company has the ability to continue operating its business and repay its liabilities as they mature.