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Condensed Interim Consolidated Financial Statements  
As of June 30, 2009

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## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

### A s s e t s

	<b>June 30, 2009</b>	June 30, 2008	December 31, 2008
	€in millions		
<b>Non-current assets</b>			
Tangible fixed assets	102	103	111
Property under construction	-	464	-
Rental vehicles	210	-	-
Investment properties (see Note 5)	2,220	1,104	1,987
Investments in associates	143	134	152
Available-for-sale and held-to-maturity financial assets	22	77	119
Loans to bank customers	238	272	288
Long-term loans and receivables	296	307	406
Deferred acquisition costs (insurance companies)	6	14	6
Intangible assets and goodwill	253	422	241
Deferred income tax assets	16	17	18
	<u>3,506</u>	<u>2,914</u>	<u>3,328</u>
<b>Current assets</b>			
Inventories, contract work and buildings inventory in progress	451	389	477
Current maturities of long-term loans and receivables	297	272	292
Loans to bank customers	210	172	167
Trade receivables	80	60	62
VAT and income tax receivables	57	49	52
Insurance premium receivables	29	46	27
Other receivables and prepayments	118	237	129
Reinsurance receivables and insurance companies	28	30	25
Short-term investments	288	117	69
Cash and cash equivalents	376	699	540
	<u>1,934</u>	<u>2,071</u>	<u>1,840</u>
Assets held for sale	<u>7</u>	<u>-</u>	<u>83</u>
<b>Total assets</b>	<u><u>5,447</u></u>	<u><u>4,985</u></u>	<u><u>5,251</u></u>

*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

	<b>June 30, 2009</b>	June 30, 2008	December 31, 2008
	€in millions		
<b>Equity attributable to equity holders of the parent</b>			
Issued and paid-in capital	23	17	23
Share premium	230	176	230
Foreign currency translation reserve	(53)	(35)	(43)
Property revaluation reserve	134	124	140
Revaluation reserve, other	(17)	23	(35)
Retained earnings	26	54	53
	343	359	368
<b>Minority interests</b>	720	787	744
<b>Total equity</b>	1,063	1,146	1,112
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	1,551	1,131	1,128
Banking customers accounts	146	142	127
Other long-term liabilities	112	5	91
Warrants and options	51	167	55
Convertible debentures	-	32	29
Other debentures	875	943	806
Insurance provisions	73	135	71
Deferred income tax liabilities	190	124	172
Accrued severance pay, net	2	1	2
	3,000	2,680	2,481
<b>Current liabilities</b>			
Advances from customers in respect of contracts	18	24	22
Banking customers accounts	386	409	469
Income tax payables	15	9	16
Dividend payable	-	18	-
Trade payables	119	92	112
Interest-bearing loans and borrowings	554	331	673
Advances from buyers	93	138	123
Other payables and accrued expenses	196	138	183
	1,381	1,159	1,598
<b>Total liabilities</b>	4,381	3,839	4,079
Liabilities held for sale	3	-	60
<b>Total equity and liabilities</b>	5,447	4,985	5,251

*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,
	<b>2009</b>	2008	<b>2009</b>	2008	2008
€in millions					
Sales and services	83	26	41	16	97
Contract revenues	74	72	37	39	149
Insurance activities	30	31	15	17	67
Banking and retail lending activities	35	56	23	33	96
Rental revenues	48	35	24	19	80
Revenues from renting and sale of vehicles	82	-	43	-	-
Management fees	1	1	1	1	3
<i>Total revenues</i>	<u>353</u>	<u>221</u>	<u>184</u>	<u>125</u>	<u>492</u>
Cost of sales and services	65	21	32	13	77
Contract costs	59	59	30	33	126
Operating expenses of insurance activities	31	28	17	15	63
Costs of banking and lending activities	65	52	33	29	120
Costs of rental operations	10	8	5	4	20
Cost of rental and sale of vehicles	67	-	34	-	-
Other expenses, net	11	1	7	1	5
<i>Total expenses</i>	<u>308</u>	<u>169</u>	<u>158</u>	<u>95</u>	<u>411</u>
<b>Gross margin</b>	<b>45</b>	<b>52</b>	<b>26</b>	<b>30</b>	<b>81</b>
Selling and marketing expenses	11	10	5	5	20
General and administration expenses	30	27	15	15	27
<b>Profit (loss) from operations before fair value adjustments, disposal of assets and financial expenses</b>	<b>4</b>	<b>15</b>	<b>6</b>	<b>10</b>	<b>34</b>
Adjustment to fair value of investment properties (see Note 5b)	(18)	71	(34)	22	196
Impairment losses on goodwill	-	-	-	-	(89)
Gain on issuance of shares in associate companies and subsidiaries to third parties	1	2	1	-	2
Gain on disposal of assets and other income	6	3	3	3	121
<i>Profit (loss) on disposal of assets and investments</i>	<u>7</u>	<u>5</u>	<u>4</u>	<u>3</u>	<u>123</u>

<b>Profit (loss) from operations before finance expenses and income taxes</b>	(7)	91	(24)	35	264
Other financial income	45	86	8	58	177
Other financing expenses	(105)	(117)	(41)	(59)	(247)
Adjustment to fair value of other financial instruments	-	26	(1)	-	58
<i>Total financial expenses, net</i>	<u>(60)</u>	<u>(5)</u>	<u>(34)</u>	<u>(1)</u>	<u>(12)</u>
<b>Profit (loss) from operations</b>	(67)	86	(58)	34	252
Equity in net earnings (losses) of associated companies	2	3	(1)	2	3
<b>Net profit (loss) before income taxes</b>	<u>(65)</u>	<u>89</u>	<u>(59)</u>	<u>36</u>	<u>255</u>
Income taxes	<u>(6)</u>	<u>(19)</u>	<u>9</u>	<u>(6)</u>	<u>(81)</u>
<b>Net profit (loss) for the period from continuing operations</b>	(71)	70	(50)	30	174
Net profit (loss) for the period from discontinued operations	<u>16</u>	<u>(5)</u>	<u>16</u>	<u>(2)</u>	<u>1</u>
<b>Net profit (loss) for the period</b>	<u>(55)</u>	<u>65</u>	<u>(34)</u>	<u>28</u>	<u>175</u>
Attributable to:					
Equity holders	(33)	16	(15)	3	52
Minority interest holders	<u>(22)</u>	<u>49</u>	<u>(19)</u>	<u>25</u>	<u>123</u>
	<u>(55)</u>	<u>65</u>	<u>(34)</u>	<u>28</u>	<u>175</u>
Earnings (loss) per share attributable to shareholders					
Basic from continuing operations	(0.71)	0.20	(0.50)	0.04	0.63
Basic from discontinued operations	<u>0.16</u>	<u>-</u>	<u>0.16</u>	<u>-</u>	<u>-</u>
	(0.55)	0.20	(0.34)	0.04	0.63
Diluted from continuing operations	(0.71)	0.02	(0.50)	0.03	0.28
Diluted from discontinued operations	<u>0.16</u>	<u>-</u>	<u>0.16</u>	<u>-</u>	<u>-</u>
	(0.55)	0.02	(0.34)	0.03	0.28

*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,
	2009	2008	2009	2008	2008
	€in millions				
<b>Result for the period</b>	<u>(55)</u>	<u>65</u>	<u>(34)</u>	<u>28</u>	<u>175</u>
Foreign currency translation differences	(14)	(18)	(23)	2	(12)
Change in hedge reserve, net of tax (1)	15	35	(1)	29	(65)
Unrealized revaluations, net of tax (2)	(1)	-	1	-	-
Other comprehensive income (expense) for the period (3)	<u>-</u>	<u>17</u>	<u>(23)</u>	<u>31</u>	<u>(77)</u>
<b>Total comprehensive income (expense)</b>	<u><u>(55)</u></u>	<u><u>82</u></u>	<u><u>(57)</u></u>	<u><u>59</u></u>	<u><u>98</u></u>
Attributable to:					
Equity holders	(25)	34	(30)	30	4
Minority interest holders	<u>(30)</u>	<u>48</u>	<u>(27)</u>	<u>29</u>	<u>94</u>
	<u><u>(55)</u></u>	<u><u>82</u></u>	<u><u>(57)</u></u>	<u><u>59</u></u>	<u><u>98</u></u>

(1) Presented net of tax which amounted to €7.7 million for the year ended December 31, 2008; for the six months and three months periods ended on June 30, 2009 - €1.5 million and €1.3 million, respectively; and amounts less than €1 million for the other presented periods.

(2) Presented net of tax which amounted to less than €1 million in all presented period.

(3) Including expenses resulted from associates: for the six months and three months periods ended on June 30, 2009 - €1.3 million and €1.1 million, respectively; for the six and three months periods ended on June 30, 2008 - €4.5 million and €2.5 million, respectively; and for the year ended December 31, 2008 - €2.3 million.

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## 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	Retained earnings	Total	Minority interest	Total equity
	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions
<b>Balance as of January 1, 2009</b>	23	230	140	(35)	(43)	53	368	744	1,112
Other comprehensive income	-	-	-	18	(10)	-	8	(8)	-
Net profit (loss) for the period	-	-	-	-	-	(33)	(33)	(22)	(55)
Total comprehensive income /expense for the period	-	-	-	18	(10)	(33)	(25)	(30)	(55)
Share-based payment	-	-	-	-	-	-	-	3	3
Issuance shares to minority shareholders	-	-	-	-	-	-	-	(14)	(14)
Shares purchased in consolidated and newly consolidated subsidiaries	-	-	-	-	-	-	-	18	18
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(1)	(1)
Reclassification according to statutory requirements (*)	-	-	(6)	-	-	6	-	-	-
<b>Balance as of June 30, 2009</b>	<b>23</b>	<b>230</b>	<b>134</b>	<b>(17)</b>	<b>(53)</b>	<b>26</b>	<b>343</b>	<b>720</b>	<b>1,063</b>

(\*) In accordance with the Dutch law, part of the retained earnings is restricted for distribution, following the regulations to maintain a revaluation reserve in respect of real estate unrealized fair value and other adjustments.

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## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the parent					Retained earnings	Total	Minority interests	Total equity
	Issued and paid-in capital	Share premium	Property revaluation reserve	Revaluation reserve, other	Foreign currency translation reserve				
	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions
<b>Balance as of January 1, 2008</b>	17	176	109	(5)	(25)	71	343	730	1,073
Other comprehensive income (expense)	-	-	-	28	(10)	-	18	(1)	17
Net result for the period	-	-	-	-	-	16	16	49	65
Total comprehensive income /expense for the period	-	-	-	28	(10)	16	34	48	82
Dividend	-	-	-	-	-	(18)	(18)	-	(18)
Issuance and sale of shares in subsidiaries	-	-	-	-	-	-	-	9	9
Rreclassification according to statutory requirements (*)	-	-	15	-	-	(15)	-	-	-
<b>Balance as of June 30, 2008</b>	<u>17</u>	<u>176</u>	<u>124</u>	<u>23</u>	<u>(35)</u>	<u>54</u>	<u>359</u>	<u>787</u>	<u>1,146</u>

(\*) In accordance with the Dutch law, part of the retained earnings is restricted for distribution, following the regulations to maintain a revaluation reserve in respect of real estate unrealized fair value and other adjustments.

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## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the parent					Retained earnings	Total	Minority interests	Total equity
	Issued and paid-in capital	Share premium	Property revaluation reserve	Revaluation reserve, other	Foreign currency translation reserve				
	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	
<b>Balance as of April 1, 2009</b>	23	230	145	(20)	(35)	30	373	760	1,133
Other comprehensive income (expense)	-	-	-	3	(18)	-	(15)	(8)	(23)
Net result for the period	-	-	-	-	-	(15)	(15)	(19)	(34)
Total comprehensive income /expense for the period	-	-	-	3	(18)	(15)	(30)	(27)	(57)
Share-based payment	-	-	-	-	-	-	-	1	1
Issuance and sale of shares in subsidiaries	-	-	-	-	-	-	-	(14)	(14)
Rereclassification according to statutory requirements (*)	-	-	(11)	-	-	11	-	-	-
<b>Balance as of June 30, 2009</b>	<b>23</b>	<b>230</b>	<b>134</b>	<b>(17)</b>	<b>(53)</b>	<b>26</b>	<b>343</b>	<b>720</b>	<b>1,063</b>

(\*) In accordance with the Dutch law, part of the retained earnings is restricted for distribution, following the regulations to maintain a revaluation reserve in respect of real estate unrealized fair value and other adjustments.

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## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the parent					Total	Minority interests	Total equity	
	Issued and paid-in capital	Share premium	Property revaluation reserve	Revaluation reserve, other	Foreign currency translation reserve				Retained earnings
	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	
<b>Balance as of April 1, 2008</b>	17	176	118	-	(39)	75	347	752	1,099
Other comprehensive income (expense)	-	-	-	23	4	-	27	4	31
Net result for the period	-	-	-	-	-	3	3	25	28
Total comprehensive income /expense for the period	-	-	-	23	4	3	30	29	59
Share-based payment	-	-	-	-	-	-	-	6	6
Dividend	-	-	-	-	-	(18)	(18)	-	(18)
Reclassification according to statutory requirements (*)	-	-	6	-	-	(6)	-	-	-
<b>Balance as of June 30, 2008</b>	<b>17</b>	<b>176</b>	<b>124</b>	<b>23</b>	<b>(35)</b>	<b>54</b>	<b>359</b>	<b>787</b>	<b>1,146</b>

(\*) In accordance with the Dutch law, part of the retained earnings is restricted for distribution, following the regulations to maintain a revaluation reserve in respect of real estate unrealized fair value and other adjustments.

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	<i>Attributable to equity holders of the parent</i>								
	Issued and paid-in capital	Share premium	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve (*)	Retained earnings	Total	Minority interest	Total equity
	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions	€in millions
<b>Balance as of January 1, 2008</b>	17	176	109	(5)	(25)	71	343	730	1,073
Other comprehensive income (expense)	-	-	-	(30)	(18)	-	(48)	(29)	(77)
Net profit for the period	-	-	-	-	-	52	52	123	175
Total comprehensive income /expense for the year	-	-	-	(30)	(18)	52	4	94	98
Issuance Company's shares to minority shareholders	6	51	-	-	-	-	57	(112)	(55)
Share-based payment	-	1	-	-	-	-	1	4	5
Issuance of shares to consolidated company	-	-	-	-	-	(21)	(21)	-	(21)
Exercise of warrants and options	-	2	-	-	-	-	2	-	2
Shares purchased in consolidated and newly consolidated subsidiaries	-	-	-	-	-	-	-	29	29
Dividend distributed	-	-	-	-	-	(18)	(18)	-	(18)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(1)	(1)
Reclassification according to statutory requirements (*)	-	-	31	-	-	(31)	-	-	-
<b>Balance as of December 31, 2008</b>	<b>23</b>	<b>230</b>	<b>140</b>	<b>(35)</b>	<b>(43)</b>	<b>53</b>	<b>368</b>	<b>744</b>	<b>1,112</b>

(\*) In accordance with the Dutch law, part of the retained earnings is restricted for distribution, following the regulations to maintain a revaluation reserve in respect of real estate unrealized fair value and other adjustments.

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

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	2009	2008	2009	2008	2008
	€in millions				
<b>Cash flow from operating activities</b>					
Net profit (loss) before taxes on income	(65)	89	(59)	36	255
Adjustments required to present cash flow from operating activities (see A below)	58	(150)	70	(46)	(446)
<b>Net cash provided by (used in) operating activities</b>	<b>(7)</b>	<b>(61)</b>	<b>11</b>	<b>(10)</b>	<b>(191)</b>
<b>Cash flow from investing activities</b>					
Acquisition of tangible fixed assets and investment properties	(181)	(221)	(115)	(143)	(422)
Investments in companies and partnerships	(70)	(28)	(10)	(17)	(45)
Collecting (granting) of loans to associated companies, net	4	(7)	5	(5)	(2)
Proceeds from disposal of assets	6	1	4	1	6
Granting of long-term loans	(91)	(292)	(33)	(169)	(502)
Change in loans to bank customers	(24)	(30)	(10)	(37)	(48)
Collecting of long-term loans and receivables	143	166	69	96	341
Change in short-term investments	(108)	(60)	(49)	(38)	(3)
Acquisition of newly consolidated subsidiaries, net of cash acquired (see B below)	3	(85)	(2)	(33)	(30)
Increase in cash resulting from sale of investments in formerly consolidated subsidiaries (see C below)	43	2	-	2	7
Change in deferred brokerage fees	-	(2)	-	(2)	(2)
Change in other assets	-	-	-	-	(1)
Decrease of cash of assets held for sale	-	-	-	-	(6)
<b>Net cash used in investing activities</b>	<b>(275)</b>	<b>(556)</b>	<b>(141)</b>	<b>(345)</b>	<b>(707)</b>

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT  
(CONTINUED)**

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	<b>2009</b>	2008	<b>2009</b>	2008	2008
	€in millions				
<b>Cash flows from financing activities</b>					
Proceeds from issuance of shares in subsidiaries to third parties, net	6	7	1	6	5
Dividend to minority shareholders in subsidiaries	(1)	-	-	-	(1)
Dividend distributed	-	-	-	-	(18)
Issuance of debentures	21	103	20	103	103
Repayment of debentures	(40)	-	(14)	-	(77)
Change in loans from bank customers	(47)	26	(65)	64	(44)
Change in deposits from tenants	-	-	-	-	1
Proceeds from long-term loans	577	518	251	232	921
Repayment of long-term loans	(483)	(229)	(268)	(104)	(384)
Costs related to issuance of debt and shares	(1)	(2)	-	(2)	(3)
Change in short-term loans and borrowings, net	93	(2)	141	13	25
<b>Net cash provided by financing activities</b>	<b>125</b>	<b>421</b>	<b>66</b>	<b>312</b>	<b>528</b>
<b>Foreign exchange differences relating to cash and cash equivalents</b>	<b>(7)</b>	<b>2</b>	<b>(2)</b>	<b>18</b>	<b>17</b>
<b>Decrease in cash and cash equivalents</b>	<b>(164)</b>	<b>(194)</b>	<b>(66)</b>	<b>(25)</b>	<b>(353)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>540</b>	<b>893</b>	<b>442</b>	<b>724</b>	<b>893</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>376</b>	<b>699</b>	<b>376</b>	<b>699</b>	<b>540</b>

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT  
(CONTINUED)**

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
	€in millions				
<b>A. Adjustments to reconcile net profit (loss) to net cash</b>					
<b>Charges / (credits) to profit / loss not affecting operating cash flows:</b>					
Equity (earnings) losses of associated companies	(2)	(3)	1	(2)	(3)
Dividend received from associated companies	3	6	1	3	9
Gain on issuance of shares in associate companies and subsidiaries to third parties, net	(1)	(2)	(1)	-	(2)
Gain from release of negative goodwill	-	-	-	-	(78)
Impairment of goodwill	1	-	1	-	83
Gain on disposal of investments in companies, tangible fixed assets, net	(3)	-	(3)	-	(27)
Purchase of rental vehicles	(29)	-	(18)	-	-
Proceeds from sale of rental vehicles	27	-	14	-	-
Share-based payment	3	-	1	-	5
Depreciation and amortization	38	5	20	1	16
Fair value adjustments of investment properties	18	(71)	34	(22)	(196)
Exchange differences, net	13	24	45	16	34
Change in fair value of options and share appreciation rights	(1)	(12)	(11)	9	(94)
Decrease (increase) in fair value of securities held for trading, and hedge instruments, net	15	2	(36)	-	43
Increase in provision for bad debts in the financial services segment	64	-	33	-	45
Gain from early repayment of loans	-	-	-	-	(15)
Change in severance pay, net	(2)	-	(2)	-	-
<b>Changes in operating assets and liabilities</b>					
Change in insurance provisions and deferred acquisition costs, net	(3)	12	(1)	12	7
Change in outstanding insurance premiums, reinsurance receivables and insurance companies	-	(13)	-	(9)	(11)

Change in trade and other receivables	5	(57)	72	(36)	(47)
Change in inventories and in contract work in progress,					
net of advances from customers	(21)	(87)	(4)	(50)	(152)
Change in trade and other payables	(30)	54	(69)	24	(115)
Interest paid	(141)	(91)	(50)	(44)	(175)
Interest received	108	87	44	54	232
Income taxes paid	(4)	(4)	(1)	(2)	(5)
	<u>58</u>	<u>(150)</u>	<u>70</u>	<u>(46)</u>	<u>(446)</u>

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
	€in millions				
<b>B. Acquisition of newly consolidated subsidiaries, net of cash acquired</b>					
Working capital (including cash)	17	3	(1)	6	19
Non-current assets	(287)	(126)	(13)	(51)	(104)
Goodwill on acquisition	(1)	(73)	(1)	(5)	(38)
Gain on disposal of investment	-	-	-	-	3
Minority interests	18	2	-	-	-
Long-term liabilities	255	74	12	21	-
Total purchase price	<u>2</u>	<u>(120)</u>	<u>(3)</u>	<u>(29)</u>	<u>(120)</u>
Less – cash in subsidiaries acquired	1	9	1	(8)	-
Payable on account of investment	-	26	-	4	90
<b>Cash used in acquisition, net of cash acquired</b>	<u>3</u>	<u>(85)</u>	<u>(2)</u>	<u>(33)</u>	<u>(30)</u>
<b>C. Disposal of formerly consolidated subsidiaries, net of cash disposed</b>					
Working capital (including cash)	14	(18)	14	(18)	(30)
Non-current assets	1	21	1	21	21
Goodwill	16	2	16	2	19
Long-term liabilities	(2)	-	(2)	-	(3)
Minority interests	(7)	-	(7)	-	--
Gain on disposal of investments	22	-	22	-	-
Total consideration	<u>44</u>	<u>5</u>	<u>44</u>	<u>5</u>	<u>7</u>
Cash of subsidiary which ceased to be consolidated	-	(2)	-	(2)	-
Investment in associates	-	(1)	-	(1)	-
Release of capital reserves	(1)	-	(1)	-	-
Advance received	-	-	(43)	-	-
<b>Cash flows from disposal, net of cash disposed</b>	<u>43</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>7</u>

**D. Significant non-cash transactions**

Acquisition of subsidiary shares from minority shareholders against issuance of Company's shares	-	-	-	-	36
Investment in property under construction against payables	28	18	13	8	55
Payable on account of investment	-	26	-	4	-
Conversion of debentures into shares in subsidiaries	-	5	-	-	6
Exercise of options into Company's shares	-	-	-	-	2
Dividend declared	-	18	-	18	-
Payables on accounts of purchase of rental vehicles	16	-	16	-	-

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2009**

**1. Corporate information**

Kardan N.V. ('Kardan' or 'the Company' or 'the Group') having its legal seat in Amsterdam, The Netherlands, was incorporated on May 2, 2003, and acts as an investment company which is engaged in the development of real estate, insurance and pension, banking and lending, infrastructure projects, infrastructure assets, technology and communications, and automotive and consumer goods through its subsidiaries, joint ventures and associated companies.

These condensed interim financial statements were approved by the management board on August 31, 2009.

**2. Basis of presentation and preparation**

**A. Basis of preparation**

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 as defined by the International Accounting Standards Board to be used for the preparation of the interim consolidated financial statements.

The condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto for the year 2008.

For the condensed interim consolidated financial statements for the period ended on June 30, 2009 the Company applied the same accounting principles and methods of computation as compared with the consolidated financial statements for the year 2008, except for the changes described below.

**B. Changes in accounting policies**

With the effect from 1 January 2009 International Financial Reporting Standards have been revised. Below we summarize the following new or revised IFRS standards and IFRIC interpretations, which are effective from 1 January 2009 and which were adopted by the Group:

- IFRS 2 - *Share-based Payments – Vesting Conditions and Cancellations*
- IFRS 7 – *Financial instruments*: amendments enhancing disclosures about fair value and liquidity risk (\*)
- IFRS 8 - *Operating Segments*: new standard on segment reporting (replaces IAS 14)
- IAS 1 - *Presentations of Financial Statements*: Amendments to structure of financial statements
- IAS 16 – *Property, Plant and Equipment*: Amendments regarding fixed assets held for rental that are routinely sold
- IAS 19 – *Employee benefits*: Amendments with respect to curtailments and negative past service cost, plan administration cost, replacement of term “fall due” and guidance on contingent liabilities
- IAS 23 - *Borrowing costs*: Amendments with respect to capitalization requirements

- Amendments to IAS 32 and IAS 1 - *Puttable Financial Instruments*: The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features.
- IAS 28 – *Investment in associates*
- IAS 32 – *Financial Instruments: presentation*: Certain financial instruments will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities
- IFRIC 15 – *Agreements for the Construction of Real Estate (\*)*: Under IFRIC 15 the percentage of completion method is only allowed if there is transfer of control
- IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation (\*)*: This interpretation provides guidance on identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation.
- Certain other amendments to International Financial Reporting Standards (IFRSs) as included in the *IFRS Improvements Standard dated May 2008*

The amendments have been analyzed by the Group. With the exception of including investment property under construction within the scope of the IAS 40 which requires, if the fair value option is used, investment property under construction to be measured at fair value unless fair value cannot be measured reliably, which amendment was early adopted by the Group in 2008, the changes in the standards and interpretations have no material impact on the financial data presented in these interim condensed financial statements.

With respect to IFRS 8, according to the standard the Company has adopted the “Management Approach” for the reporting of its operating segments. The operating segments are presented according to the way the management internally presents information for evaluating the performance of the different segments and according decision making, except for the presentation of the Rental and leasing of vehicles and Sale of vehicles segments, and are the same as was reported under IAS 14. The impact of the adoption of IFRS 8 is further disclosed in Note 3 below.

(\*) These amendments and interpretations have not yet been endorsed by the EU. However, in terms of disclosure, IFRS 7 amendments (enhancements on fair value disclosure and liquidity risk) have no impact on interim financial statements, IFRIC 16 is not applicable to the Company and as substantial all real estate construction contracts are accounted for under the completed contract method, full application of IFRIC 15 would have no material effect on these financial statements.

The following are standards that were issued but not yet effective:

- IFRS 3 (Revised) – *Business Combinations* and IAS 27 (Revised) – *Consolidated and Separate Financial Statements (\*)*
- IFRIC 17 – *Distribution of Non-Cash Assets to Owners (\*)*. IFRIC 17 stipulates that if non-cash dividend is declared, shareholders must include a liability on the basis of best estimate (in most cases the fair value of the asset to be transferred) in accordance with the provisions of IAS 37. If the dividend is distributed, the difference between the fair value and the carrying amount is recognized in the income statement. IFRIC 17 does not apply to dividend distributed from a subsidiary to the parent company.
- IFRIC 18 – *Transfer of Assets from Customers (\*)*

(\*) These amendments and interpretations have not yet been endorsed by the EU.

**C. Changes in presentation of the income statement**

For the year ended December 31, 2008 the Company has decided to change the presentation of its income statement to the presentation included in these financial statements. The management of the Company believes that the current presentation provides a better view of the Group's financial results. The change in presentation had no impact on the financial position of the Company. Accordingly, the Company has presented the income statement for the six and three months period ended on June 30, 2008 according to the new presentation.

**D. Foreign currency translation**

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

	<u>USD</u>	<u>NIS</u>	<u>CPI</u>
June 30, 2009	0.708	0.181	120.7
June 30, 2008	0.634	0.189	116.3
December 31, 2008	0.718	0.189	117.9
Change in 2009 (6 months)	(1.4%)	(4.2%)	2.4%
Change in 2009 (3 months)	(5.7%)	1.1%	2.3%
Change in 2008 (6 months)	(6.6%)	6.9%	2.4%
Change in 2008 (3 months)	0.2%	6.2%	2.2%
Change in 2008 (12 months)	5.6%	6.8%	3.8%

### 3. Segment information

	Financial Services		Real Estate	Infrastructure		Rental & leasing of vehicles	Sale of vehicles	All other segments	Total
	Insurance & Pension	Banking & Lending		Assets	Projects				
€in millions									
<b>For six months ended</b>									
<b>June 30, 2009</b>									
Segment revenues	32	35	129	24	40	82	-	11	353
Adjustment to fair value of investment properties	-	-	(18)	-	-	-	-	-	(18)
Gain on disposal of assets and investments	-	3	-	3	-	-	-	-	6
Equity in net earnings of associates	-	-	2	-	-	-	3	(3)	2
<b>Segment income</b>	32	38	113	27	40	82	3	8	343
<b>Segment results</b>	(2)	(28)	21	(4)	2	10	3	(2)	-
Finance expenses									(60)
Unallocated expenses									(5)
<b>Profit (loss) before taxes</b>									(65)
Income taxes									(6)
<b>Net profit (loss) from continuing operations</b>									(71)
Net profit from discontinuing operations	16								16
<b>Net profit (loss) for the period</b>									(55)

	Financial Services		Real Estate	Infrastructure		Rental & leasing of vehicles	Sale of vehicles	All other segments	Total
	Insurance & Pension	Banking & Lending		Assets	Projects				
	€in millions								
<b>For six months ended June 30, 2008</b>									
Segment revenues	33	56	60	17	43	-	-	12	221
Adjustment to fair value of investment properties	-	-	71	-	-	-	-	-	71
Gain on disposal of assets and investments	1	-	2	-	-	-	-	-	3
Equity in net earnings of associates	-	-	(1)	-	-	-	4	-	3
<b>Segment income</b>	<u>34</u>	<u>56</u>	<u>132</u>	<u>17</u>	<u>43</u>	<u>-</u>	<u>4</u>	<u>12</u>	<u>298</u>
<b>Segment results</b>	1	3	90	-	(1)	-	4	1	98
Finance expenses									(5)
Unallocated expenses									<u>(4)</u>
<b>Profit (loss) before taxes</b>									89
Income taxes									<u>(19)</u>
<b>Net profit (loss) from continuing operations</b>									70
Net profit (loss) from discontinuing operations	(5)								<u>(5)</u>
<b>Net profit (loss) for the period</b>									<u><u>65</u></u>

	Financial Services		Real Estate	Infrastructure		Rental & leasing of vehicles	Sale of vehicles	All other segments	Total
	Insurance & Pension	Banking & Lending		Assets	Projects				
€in millions									
<b>For three months ended June 30, 2009</b>									
Segment revenues	16	23	65	12	20	43	-	5	184
Adjustment to fair value of investment properties	-	-	(34)	-	-	-	-	-	(34)
Gain on disposal of assets and investments	-	3	-	-	-	-	-	-	3
Equity in net earnings of associates	-	-	2	-	-	-	-	(3)	(1)
<b>Segment income</b>	16	26	33	12	20	43	-	2	152
<b>Segment results</b>	(1)	(6)	(13)	(8)	2	7	-	(3)	(22)
Finance expenses									(34)
Unallocated expenses									(3)
<b>Profit (loss) before taxes</b>									(59)
Income taxes									9
<b>Net profit (loss) from continuing operations</b>									(50)
Net profit from discontinuing operations	16								16
<b>Net profit (loss) for the period</b>									(34)

	Financial Services		Real Estate	Infrastructure		Rental & leasing of vehicles	Sale of vehicles	All other segments	Total
	Insurance & Pension	Banking & Lending		Assets	Projects				
€in millions									
<b>For three months ended June 30, 2008</b>									
Segment revenues	18	33	35	8	24	-	-	7	125
Adjustment to fair value of investment properties	-	-	22	-	-	-	-	-	22
Gain on disposal of assets and investments	1	-	2	-	-	-	-	-	3
Equity in net earnings of associates	-	-	-	-	-	-	2	-	2
<b>Segment income</b>	<b>19</b>	<b>33</b>	<b>59</b>	<b>8</b>	<b>24</b>	<b>-</b>	<b>2</b>	<b>7</b>	<b>152</b>
<b>Segment results</b>	<b>1</b>	<b>3</b>	<b>31</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>38</b>
Finance expenses									(1)
Unallocated expenses									(1)
<b>Profit before taxes</b>									<b>36</b>
Income taxes									(6)
<b>Net profit from continuing operations</b>									<b>30</b>
Net profit (loss) from discontinuing operations	(2)								(2)
<b>Net profit for the period</b>									<b>28</b>

	Financial Services		Real Estate	Infrastructure		Rental & leasing of vehicles	Sale of vehicles	All other segments	Total
	Insurance & Pension	Banking & Lending		Assets	Projects				
€in millions									
<b>For the year ended December 31, 2008</b>									
Segment revenues	71	96	176	43	82	-	1	23	492
Adjustment to fair value of investment properties	-	-	196	-	-	-	-	-	196
Gain on disposal of assets and investments	35	-	83	2	1	-	-	-	121
Equity in net earnings of associates	(1)	-	(4)	1	-	-	9	(2)	3
<b>Segment income</b>	105	96	451	46	83	-	10	21	812
<b>Segment results</b>	18	(60)	323	(9)	(3)	-	10	(1)	278
Finance expenses									(12)
Unallocated expenses									(11)
<b>Profit before taxes</b>									255
Income taxes									(81)
<b>Net profit from continuing operations</b>									174
Net profit from discontinuing operations	1								1
<b>Net profit for the period</b>									175

Starting January 1, 2009 following the first time proportionate consolidation of AVIS, and the first time adoption of IFRS 8, the Company has changed the segmental reporting of the Automotive & Consumer Goods segment. Starting 2009 this segment is split into two segments named “Rental & leasing of vehicles” which includes the activities of AVIS, and “Sale of vehicles” which includes the contribution of Universal Motors Israel Ltd. A subsidiary which was included in the Automotive & Consumer Goods segment, and which is engaged in the import and distribution of consumer goods, was reclassified to the “All other segments” for all presented periods. In addition, the Company combined the “Communication & Technology” segment with “All other segments” for all presented periods due to immateriality of the revenues and result of this segment.

The total allocated assets to the Rental & leasing of vehicles segment amount to €260 million as of June 30, 2009.

#### 4. Share capital

##### A. Composition

	June 30, 2009		December 31, 2008	
	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	111,065,386	225,000,000	110,976,911

##### B. Changes in share capital:

As described in Note 22B to the 2008 consolidated financial statements, due to a technical error 88,475 ordinary shares were issued in January 2009 following the exercise of options in November 2008.

Subsequent to the balance sheet date NIS 13,575,424 (€2.5 million) par value convertible debentures of the Company were converted into 759,252 ordinary shares of the Company. The remaining NIS 2,328,668 (€0.4 million) will be repaid on August 31, 2009.

## 5. Investment properties

Further to Note 8 to the 2008 consolidated financial statements, below we present updated information regarding investment properties:

A. Investment properties can be split up as follows:

	<b>June 30,</b>		December 31,
	<b>2009</b>	2008	2008
	€in millions		
Completed investment properties	1,308	1,104	1,243
Investment properties under construction carried at fair value	492	-	370
Investment properties under construction carried at cost	420	- (*)	374
	<u>2,220</u>	<u>1,104</u>	<u>1,987</u>

(\*) As of June 30, 2008 separately included under “Property under construction”.

B. Fair value adjustments comprise:

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	<b>2009</b>	2008	<b>2009</b>	2008	2008
	€in millions				
Adjustment to fair value of newly completed properties, net of goodwill released	12	71	12	22	73
Adjustment to fair value of newly properties completed in prior years	(55)	-	(42)	-	32
Adjustment to fair value of investment property under construction, net of goodwill released	25	-	(4)	-	91
	<u>(18)</u>	<u>71</u>	<u>(34)</u>	<u>22</u>	<u>196</u>

Fair value adjustments for the six months period ended June 30, 2009 are posted net off an adjustment to fair value as a result of settlement of negotiations to purchase land use rights for €9 million in connection with a property of one of the subsidiaries.

### C. Significant assumptions

Significant assumptions used in the valuations are presented below on the basis of weighted averages:

	Western Europe		CEE	
	<b>June 30, 2009</b>	December 31, 2008	<b>June 30, 2009</b>	December 31, 2008
<u>Completed investment properties</u>				
Average rental rate per sqm per month (in €)	9.1	9.1	21.9	24.0
Reversionary yield	6%	6%	7.44%	7.26%
ERV per sqm per month (in €)	8.6	8.6	22.5	24.6
Vacancy	5.2%	5.2%	11.8%	9.1%
<u>Assets under construction (only assets at fair value)</u>				
Average risk-adjusted yield used in capitalizing the net future income stream	n/a	n/a	8.1%	7.97%
Average % complete	n/a	n/a	67.7%	42%
Estimated average development profit ((Fair value upon completion / Total budgeted costs)- 1)	n/a	n/a	35.7%	33%
Effective average development profit on executed part, accumulatively ( (Current fair value /Total costs spent) -1)	n/a	n/a	43%	42%

Due to the ongoing turmoil in the financial and real estate markets and the lack of comparable transactions in certain property markets, valuation uncertainty continues to exist. Management therefore refers to the sensitivity analysis included in Note 8 to the 2008 financial statements, which is still materially applicable.

## 6. Significant transactions and commitments

- A. In January 2009 one of the minority shareholders in KFS exercised part of his put option and sold the Company 4.4% of the shares in KFS in consideration for €1 million.  
In May 2009, the Company has acquired additional 1.37% in KFS in consideration of €3.1 million following the exercise of put options by other minority shareholders in KFS.

Subsequent to the balance sheet date, in July 2009, the Company has acquired additional 1.53% of the shares of KFS in consideration of €3.5 million.

The related put options were previously accounted for as IFRS3 like transactions under application of the parent extension method. Upon exercise of the option the liability was eliminated against the cash consideration paid. The exercise price equaled to the book value which was the fair value prior to the exercise.

Following these acquisitions and the transaction described in C below, the Company now holds a 98.6% interest in KFS.

- B. In January 2009, GTC SA and a minority shareholder in its subsidiaries signed an agreement according to which the minority shareholder realized his right and sold all his shares in GTC SA's subsidiaries to GTC SA, in consideration of €17.6 million. The related put options were previously accounted for as share appreciation rights. As the option was, as of December 31, 2008, valued at the agreed upon exercise price, the effect on the income statements for the reported period was nil.
- C. In March 2009, the Company has reached an agreement with Israel Discount Bank ("IDB") to buy back the 11% stake IDB holds in KFS. The purchase price amounts to €38.5 million and is payable in two instalments. The first instalment amounting to €30 million is payable upon closing; the second instalment of €8.5 million is due after 7 years and bears no interest. Within the framework of the agreement the Company has granted IDB an option to repurchase a 5% stake in KFS during the next six years, at a price changing gradually reflecting a valuation of KFS of €386 million plus 5% interest from the third year. Furthermore IDB approved new credit facilities for Kardan Group. The agreements were signed on March 30, 2009. In addition, on March 30, 2009 an agreement was signed with IDB according to which, amongst others, KFS early repaid IDB an amount of €50 million, and some of the financial covenants that were agreed between the parties in the past were changed. In addition, the Company and one of its subsidiaries received additional loans from IDB.

The present value of the amounts paid to IDB in consideration for the shares plus the fair value of the option, are estimated by the Company at €37 million. The excess of the purchase price over the carrying value of the acquired shares amounted to €28 million. The part of the excess purchase price related to the difference between the fair value of the acquired shares, as estimated as of December 31, 2008 and the carrying value of the shares, amounting to €14 million, was allocated to goodwill. The remainder, amounting to €14 million, was allocated to financing cost, which will be amortized over the different terms of the loans. Although in principal the share purchase transaction was discussed separately from the additional financing and changes in covenants, and each transaction was discussed separately by the Company, the abovementioned amount was allocated to financing costs.

- D. In January 2009 KIL has acquired additional 10% in Ocif Nichsei Emed Ltd. ('Nichsei Emed'), such way that following the acquisition KIL holds 60% of the shares, and started consolidating the financial statements of Nichsei Emed from the first quarter of 2009. Nichsei Emed holds 50% of the shares of Emed Real Estate Developments and Investments Ltd. ('Emed Real Estate'). Emed Real Estate which is proportionately consolidated and is engaged in real estate activities in Israel holds 54% of the shares of AVIS Israel. The excess of the purchase price over the carrying value of the investment was primarily allocated to debentures (approximately €20 million before tax and minority) due to excess of the market value of the debentures over their amortized value in the books of the acquired company.

Subsequent to the balance sheet date, in July 2009, KIL has acquired the remaining 40% of the shares of Nichsei Emed and became the sole shareholder of that company. In consideration for the shares, KIL has paid the nominal value of the shares and released the seller from guarantee it has provided in connection with a NIS 120 million (€22 million) bank loan. As part of the transaction, KIL has acquired shareholders' loans of €7 million and has granted the seller an option to receive

5 apartments in one of the residential projects it owns at cost price, as stipulated in the agreement. As a result of the transaction, KIL estimates it will recognize a gain of €2 million representing the difference between the fair value of the acquired shares and the consideration paid.

- E. In May 2009 KIL has published a shelf prospectus in Israel. In June 2009 KIL has published a shelf offering report following which KIL has issued to the public in Israel NIS 110 million (€20 million) par value debentures (series D) in consideration for their nominal value. The debentures bear annual interest rate of 7.9% and are linked (principal and interest) to the Israeli CPI. The principal will be repaid in three equal annual instalments in the years 2013-2015.
- F. Part of the machinery in the Bulgarian agriculture business in which the Company has an indirect interest of 34% has been impaired with €6.5 million (in which the Company's share amounts to €2.2 million). The impairment was calculated as the difference between the book value of the equipment and the expected proceeds should the machinery be sold.
- G. As of June 30, 2009 some of TBIF companies were in breach of covenants relating to two loans amounting to €13 million (of which €2.7 million with contractual maturity within the next twelve months after the balance sheet date). The breaches relate to ratios of liquidity, equity and ratios relating to non-performing portfolio in the relevant subsidiaries. As of the date of signing these financial statements, TBIF subsidiaries have obtained waivers for all these exposures. The abovementioned breaches have not triggered cross defaults of other loans in the Group. Since the waivers were obtained after the balance sheet date and for short-term periods, the aforementioned loans, amounting to €13 million, are presented as current liabilities in these financial statements.
- H. As described in Note 3B to the 2008 consolidated financial statements, goodwill is tested for impairment at least once a year and whenever there is an indication that goodwill may be impaired. The Company performed an impairment test on significant CGUs within the Group as of December 31, 2008. During the period of first of January 2009 till the date of signing these interim condensed consolidated financial statements no additional indicators of impairment were found.

## 7. Discontinued operations

During the second quarter of 2009 the transaction, as described in Note 5B2 to the 2008 consolidated financial statements, was completed resulting in a capital gain of €16 million to Kardan. Please see below the relevant financial data:

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

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
	€in millions				
Total income	24	29	11	14	62
Total expenses	(24)	(34)	(11)	(16)	(71)
Profit (loss) before tax	-	(5)	-	(2)	(9)

Income tax expenses	-	-	-	-	-
Net profit (loss) from discontinuing operations before capital gains	-	(5)	-	(2)	(9)
Capital gain (loss) from sale	22	-	22	-	12
Release of goodwill	(6)	-	(6)	-	(2)
Net profit (loss) from discontinued operations	<u>16</u>	<u>(5)</u>	<u>16</u>	<u>(2)</u>	<u>1</u>

## 2) Composition of main groups of assets and liabilities held for sale:

	<b>June 30, 2009 (*)</b>	June 30, 2008	December 31, 2008
	€in millions		
<b>Assets</b>			
Intangible assets	-	-	17
Tangible fixed assets	-	-	9
Financial assets	-	-	18
Reinsurance assets	-	-	7
Insurance receivables	-	-	16
Deferred acquisition costs	-	-	7
Prepayments and accrued incomes	-	-	3
Cash and cash equivalents	-	-	6
<b>Total assets</b>	<u>-</u>	<u>-</u>	<u>83</u>
<b>Liabilities</b>			
Insurance contract liabilities	-	-	48
Other financial liabilities	-	-	3
Insurance payables	-	-	5
Trade and other payables	-	-	4
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>60</u>

(\*) Assets and liabilities held for sale as presented in the balance sheet as of June 30, 2009 are not related to the abovementioned transaction, but to the disposal of a certain real estate asset.

## 3) Composition of the net cash flows related to discontinued operations:

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	<b>2009</b>	2008	<b>2009</b>	2008	2008
	€in millions				
Net cash flow from operating activities	-	(5)	5	(2)	(4)
Net cash flow from					(1)

investing activities	43	(2)	-	(1)	
Net cash flow from financing activities	-	-	-	(1)	(2)
Net cash flows from discontinued operations	43	(7)	5	(4)	(7)

4) Composition of other comprehensive income related to discontinued operations:

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2009	2008	2009	2008	2008
	€in millions				
Foreign currency translation differences	-	-	-	-	1
Unrealized revaluations	-	-	-	-	1
Realization of reserves	-	-	-	-	(1)
Total other comprehensive income	-	-	-	-	1

5) Balances of capital reserves related to discontinued operations:

	June 30,		December 31,
	2009	2008	2008
	€in millions		
Foreign currency translation reserve	-	-	2
Revaluation reserve, other	-	2	1

## 8. Subsequent events

Subsequent to the balance sheet date, on July 30, 2009, a legal claim and a request to approve it as a class action was filed with the District Court in Tel-Aviv, Israel, against Pelephone Communications Ltd., Shamir Systems and Operators Ltd. and Unicell Cellular Solutions Ltd. (an associated company 32% owned by KIL, hereinafter: "Unicell"). In the letter of claim, it has been claimed against the claimants that they collected money illegally from the plaintiff in respect to content services without the plaintiff having requested said services. The cash relief that is being claimed from all of the claimants amounts to approximately NIS 200 million (€36 million). The legal advisors of Unicell estimate that the chances for the claim to be accepted are lower than 50%. The balance of the Company's investment in Unicell as of June 30, 2009 is approximately €3 million.

Please refer to additional subsequent events in Note 4 and 6 above.

## REVIEW REPORT

To the management and shareholders of Kardan N.V.

### Review report

#### *Introduction*

We have reviewed the accompanying interim condensed balance sheet of Kardan N.V., Amsterdam (the “Company”) as at June 30, 2009 and the related interim condensed statements of income, changes in equity and cash flows for the six and three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

#### *Scope*

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

#### *Opinion*

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

Apeldoorn, August 31, 2009

Ernst & Young Accountants LLP

Signed by: A.J. Buisman

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