



PRESS RELEASE

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KARDAN HALF YEAR 2007 RESULTS: STRONG ASSET GROWTH

- High level of investments lead to sharp increase total assets to EUR 3.4 billion
- Net profit in second quarter increased significantly to EUR 38.5 million (Q2 2006: EUR 6.1 million)
- Strong second quarter resulted in net profit for the first half of EUR 34.1 million attributable to equity holders
- Significant funds raised to finance further expansion: EUR 150 million in debentures raised on Kardan NV level and over EUR 400 million on group level
- Restructuring of holdings in financial services activities bears fruit
- Continued expansion in most countries of operations; new countries entered: Turkey, Albania, Macedonia and Kosovo

Key figures	30 June 2007	31 Dec. 2006	Change (%)
Total assets (x EUR million)	3,380.9	2,224.6	52%
Shareholders' equity (x EUR million)	304.1	266.7	14%
Return on Equity	11.2%	14.4%	(22%)
Net Debt / (Net Cash) (x EUR million) ¹	82	48	71%

(x EUR 1,000)	H1 2007	H1 2006
Net profit (loss) attributable to equity holders²	34,053	31,407
Of which:		
Main businesses		
Real Estate	(5,961)	41,798
Financial Services – Insurance & Pension	18,974	2,289
Financial Services – Banking & Retail lending	3,787	665
Infrastructure	413	207
Other businesses	1,194	1,370
Other (mainly corporate activities)	15,646	(14,922)

"We are pleased with the developments and results of the second quarter. In line with our plans we have increased the pace of our investments and we have made several acquisitions. Highlights of this have been the merger of our Russian lending operations with Sovcom Bank, the acquisition of the Turkish Insurance company Ray Sigorta, the fourth real estate project in China and the establishment of a joint venture to invest in, develop and operate water related infrastructure in China." according to Mr. Ickovics of the Management Board of Kardan N.V.

¹ The definition of Net Debt as presented in this press release is broadened to include interest bearing loans, borrowings and (convertible) debentures, less cash and cash equivalents and interest bearing receivables.

² The table shows the contribution of each of the businesses to the results of Kardan. As profits attributable to minority shareholders have already been deducted, these figures do not represent the full net profit realized in each segment.

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Financial overview

International investment company **Kardan N.V.** (Kardan) generated **total revenues** in the first half 2007 of EUR 291.8 million (H1 2006: EUR 313.6 million). Main operations (Real Estate, Financial Services and Infrastructure) contributed EUR 250.5 million (H1 2006: EUR 286.8 million). The decrease in revenues was due to the decrease in rental revenues related to the sale last year of two buildings in the real estate segment and the decrease of Kardan's stake in the insurance activities, as a result of which these are no longer fully consolidated. Furthermore, revaluation gains of investment properties and equity gains realised in the first half of 2007 were lower than in the first half of 2006.

In line with the decrease in revenues, the **total operating result** for the first half of 2007 decreased to EUR 154.0 million from EUR 173.7 million in the first half of 2006. Main businesses contributed EUR 142.4 million to the total operating result (H1 2006: EUR 171.2 million). All businesses had a very strong second quarter.

Financial expenses, net for the first half of 2007 amounted to EUR 35.0 million (H1 2006: EUR 41.6 million). Financial expenses in the first half of 2007 mainly include expenses resulting from the appreciation of option rights and higher interest expenses on long-term borrowings due to the issuance of new debentures in Kardan, GTC Real Estate N.V. (GTC RE), GTC SA and VAB Bank. The appreciation of option rights is attributable to the share price increases for Kardan and its listed group companies during the first half of 2007. According to IFRS, the increase in the value of options held by third parties must be taken in to the profit and loss. Due to the increased value of the shares, this appreciation amounts to EUR 22.0 million in the first half of 2007 (H1 2006: EUR 27.4 million). The largest part of this loss is attributable to the appreciation of the options in the real estate segment. **Taxes** for the first half of 2007 amounted to EUR 24.6 million, compared to EUR 25.9 million in the first half of 2006.

As a result of the above, the first half of 2007 resulted in a total **net profit** of EUR 88.2 million, compared to EUR 102.4 million for the first half of 2006. Minorities' share in the net result decreased to EUR 54.1 million. (H1 2006: EUR 71.0 million). In contrast, **net result attributable to equity holders** for the first half of 2007 increased slightly to a profit of EUR 34.1 million (H1 2006: EUR 31.4 million). This represents a **net profit per share** of EUR 0.42, compared to EUR 0.45 for the first half of 2006.

The negative contribution from the real estate division to the Kardan net profit is the result of the revaluation of options, as explained above. The contribution of financial services increased sharply due the EUR 19.5 million gain from the sale of 60% of TBIH and the full consolidation of TBIF. Contribution from corporate activities (other) includes the equity gain on the issuance and sale of shares in Kardan Israel.

Group value

Total assets grew by 52% during the first half, from EUR 2.2 billion year-end 2006 to EUR 3.4 billion per 30 June 2007. The increase in total assets was mainly the result of the completion of the transaction with Wiener Städtische (WS) in the financial services segment, leading to full consolidation of TBIF, the investments done during the period under review and the issuance of debentures in Kardan, GTC RE and GTC SA.

As at 30 June 2007, shareholders' equity increased by 14% to EUR 304.1 million, compared to EUR 266.7 million at year-end 2006, mainly as a result of the net profit and the exercise of options held by third parties.

During the half year under review, Kardan raised approximately EUR 150 million through a private placement of non convertible debentures to Israeli institutional investors. After the balance sheet date, Kardan issued an additional EUR 60 million of debentures. Kardan will use the majority of the funds for further expansion of its activities. Approximately EUR 38 million was used to refinance existing

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debt. On group level, more than EUR 400 million in debentures was raised during the period under review.

During the second quarter of 2007, Kardan has further accelerated its investments. The operations have developed positively during the first half of the year and the significant funds raised year-to-date has positioned Kardan for further expansion. During the half year under review, Kardan was able to announce significant transactions, such as the merger of its Russian lending operations with a Russian bank, the fourth real estate development project in China, the completion of the restructuring of the financial services segment, the acquisition of an insurance company in Turkey, and the establishment of an infrastructure investment platform in China. This forms a strong basis for Kardan to capitalize on the growth opportunities it foresees and to further increase the value of the group.

Second Quarter

Second quarter revenues almost doubled to EUR 204.2 million compared to EUR 117.8 million for the second quarter of last year. This increase is due to higher asset revaluation gains in Q2 this year, and the full consolidation of the retail lending and banking activities following the completion of the transaction with WS. In line with the increase in revenues, operating results for the second quarter of 2007 increased and amounted to EUR 133.5 million (Q2 2006: EUR 41.0 million).

In the second quarter of 2007 net profit increased significantly to EUR 38.5 million compared to EUR 6.1 million in Q2 2006. This improvement was due to the revaluation gains and to gains Kardan has recognized following the transaction with WS (EUR 19.7 million) and the issuance of shares in Kardan Israel (EUR 8.5 million).

Divisional review³

Real Estate

(x EUR million)	H1 2007	H1 2006	Change (%)	Q2 2007	Q2 2006	Change (%)
Revenues	137.6	206.1	(33%)	105.4	58.7	80%
Operating result	113.9	168.0	(32%)	97.0	37.3	160%

The results of the real estate segment are not comparable to the first half of last year, because of two major divestments during last year (50% of Galeria Kazimierz and 100% of Mokotów Business Park). Total revaluation gains in the first half of this year were EUR 101.4 million on the completion of the Newton office building in Krakow and the Avenue Mall shopping center in Zagreb, GTC's first project in Croatia. The first half of 2006 included revaluation gains in the amount of EUR 112.8 million connected to the completion of three new office buildings. Furthermore, a EUR 34.5 million gain from the capital increase in GTC SA was included in the first half of last year.

During the first half of 2007, GTC SA further increased its investment pace in Central and Eastern Europe. GTC SA is developing more than 150,000 sq.m. of net office space, a regional shopping centre and 4 residential projects in Poland. Two new sites for the development of an office project and a mixed office and retail project were purchased in Hungary. In Romania construction of three shopping centres was started. After the period under review, GTC SA announced approval of the sale of the shares in the subsidiary holding the America House office building in Bucharest, for a price to be based on an asset value of EUR 120.3 million, subject to adjustments and certain conditions precedent.

³ All figures in the review of operations are presented before minority interests thus represent 100% of the results of each sector and therefore cannot be compared to the figures presented in the table on the first page. In that table the contribution of each of the businesses to the results of Kardan is presented.

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GTC SA raised EUR 212 million through the issuance of bonds in April 2007, which will be used for the purchase of land and the construction of new real estate projects in Central and Eastern Europe. This diversifies GTC SA's sources of financing and allows for greater flexibility in the allocation of capital to regional projects.

In China, GTC RE started the fourth real estate project; the development of a phased residential project totalling 920,000 sq.m. and a total estimated investment of approximately EUR 183 million. In the beginning of 2007, GTC RE raised approximately EUR 100 million through an issue of non convertible debentures to Israeli institutional investors. GTC RE will use these funds for further expansion of its activities, primarily in China.

GTC Real Estate N.V. (GTC RE) is active in Europe through GTC SA and GTC Investments B.V., and in China through GTC Real Estate China Ltd. Kardan holds (directly and indirectly) a 61.6% stake in GTC RE. Kardan holds indirectly a 28% stake in GTC SA.

GTC RE's net debt position as per 30 June 2007 amounted to EUR 135 million.

Financial Services

(x EUR million)	H1 2007	H1 2006	Change (%)	Q2 2007	Q2 2006	Change (%)
Revenues – Insurance & Pension	45.1	41.3	9%	31.1	21.0	48%
Revenues – Banking & Retail lending	32.8	8.4	290%	23.7	4.2	464%
Operating result – Insurance & Pension	20.1	(0.4)	5,125%	19.7	1.0	1,870%
Operating result – Banking & Retail lending	6.5	1.7	282%	5.6	0.8	600%

The revenues over the first half 2007 increased compared to first half 2006, with a strong increase in the operating result. To further increase its focus on the banking, retail lending and asset management activities, Kardan closed several transactions with WS changing its holdings in the financial services segment. These transactions were completed in the first half of 2007 and lead to a gain of approximately EUR 19.7 million to Kardan. With these transactions, Kardan has separated its banking, retail lending and asset management activities (TBIF) in which Kardan now has an 80% indirect stake, and its insurance and pension activities (TBIH) in which Kardan has a 35.8% indirect stake.

The first result of the increased focus on banking and retail lending activities, was the merger of TBIF's Russian lending operations with those of Sovcom Bank in Russia. This merger will strengthen the retail and SME lending activities of the group as a result of clear geographic and operational synergies. The merger was completed in August 2007 and TBIF now owns 50% of the merged entity.

Furthermore, TBIF signed an agreement to purchase a majority stake in a Ukrainian car rental and operational leasing company that operates under the Avis brand (VIP Rent Foreign Enterprise). This acquisition will either be done by TBIF on a stand alone basis, or in cooperation with a partner (Dan Vehicle & Transportation DRT Ltd.) This acquisition will strengthen TBIF's presence in the leasing market in the Ukraine.

During the first half of 2007, TBIF's Ukrainian group company VAB Bank raised EUR 93 million (USD 125 million) through the issuance of bonds. VAB Bank will use the proceeds to expand its loan portfolio.

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In line with TBIH's strategy to enter new countries with a low level of insurance penetration, it has acquired a Turkish insurance company and is in the process of acquiring an Albanian insurance company. TBIH acquired a 58% stake in Ray Sigorta, a Turkish listed company with a 3% market share in the Turkish non-life insurance market. The Turkish market is very attractive due to its size (population of 70 million), and is one of the fastest growing insurance markets in Europe with a low level of penetration. The consideration related to this acquisition was approximately EUR 61.2 million. TBIH also made the first steps to enter Albania, by signing an MOU to purchase a controlling interest in Sigma Albania, the second largest insurance company in Albania with operations in Macedonia and Kosovo, primarily active in non-life insurance.

Kardan Financial Services (KFS) is the holding company of TBIF and TBIH. Kardan holds a direct stake of 89% in KFS, which in turn holds 89% and 40% in TBIF and TBIH respectively.

KFS had a net debt position as per 30 June 2007 of EUR 101 million.

Infrastructure

(x EUR million)	H1 2007	H1 2006	Change (%)	Q2 2007	Q2 2006	Change (%)
Revenues	34.9	31.0	13%	19.4	17.8	9%
Operating result	1.9	1.8	6%	1.8	1.2	50%

The 2007 first half revenues increased compared to the same period last year while the operational results remained stable.

Tahal is developing its asset ownership and investment activities. During the half year under review a Chinese joint venture, Kardan Water International Group Ltd (KWIG), was established. KWIG will invest in and manage, operate and maintain water related infrastructure projects in China together with local partners. The focus of the investments will be waste water treatment plants. KWIG plans to invest EUR 63.7 million during the next 24 months in selected projects.

In addition, Tahal won 2 tenders for turnkey water related infrastructure projects in Turkey and Botswana. During the second quarter of 2007, Tahal has agreed to transfer its share in the project in Turkey to its partners.

Tahal is 100% owned by Kardan. Approximately 90% of Tahal's activities are directly related to water and sewage systems. Tahal's net cash as per 30 June 2007 amounted to EUR 1 million.

Other operations

The revenues of the other operations (Automotive & Consumer Goods and Communication & Technologies) increased from EUR 10.4 million in the first half of 2006 to EUR 15.3 million in the first half of 2007. Other operations contributed EUR 3.7 million to operating profits (H1 2006: EUR 2.8 million).

Kardan's other operations are held through its 72% subsidiary Kardan Israel. Kardan Israel's net debt position amounted to EUR 9 million as per 30 June 2007.

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About Kardan

Kardan is an international investment company with a focus on three sectors: Real Estate, Financial Services and Infrastructure. Kardan is primarily active in Central and Eastern Europe, where it conducts most of its activities. Kardan holds controlling interests in its main businesses and is actively involved in the definition and implementation of their strategy. Total assets per December 31, 2006 amounted to EUR 2.2 billion, with revenues of EUR 588.0 million. The number of employees engaged by the group is approximately 7,980 as of December 31, 2006. Kardan is listed on Euronext Amsterdam and the Tel-Aviv Stock Exchange.

The condensed interim financial statements according to IFRS can be found on the website of Kardan at www.kardan.com.

Enclosed:

- P&L (drawn up according to IFRS)
- Balance sheet (drawn up according to IFRS)

For further information please contact:

Citigate First Financial

Floor van Maaren phone +31 (0) 20 575 40 78 / mobile +31 (0)6 29 59 77 46

Uneke Dekkers phone +31 (0) 20 575 40 21 / mobile +31(0)6 50 26 16 26

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Condensed Balance Sheet

(x EUR 1,000)

	30 June 2007 unaudited	31 Dec 2006 audited
ASSETS		
Non-current assets	1.874.988	1.250.667
Current assets	727.017	565.371
Cash and cash equivalents	778.870	408.561
	-----	-----
	3.380.875	2.224.599
	=====	=====
 LIABILITIES AND EQUITY		
Shareholders' equity	304.094	266.740
Minority interest	562.204	490.825
Non-current liabilities	1.832.859	881.569
Current liabilities	681.718	585.465
	-----	-----
	3.380.875	2.224.599
	=====	=====

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Condensed profit & loss account

(x EUR 1,000)

UNAUDITED

	H1 2007	H1 2006
Net Revenues	291.822	313.619
Expenses	137.850	139.923

Results from operations	153.972	173.696
Unallocated expenses	6.157	3.714
Financing result	35.003	41.609

Income / loss before taxes	112.812	128.373
Taxes on income	24.642	25.947

Income / loss after taxes	88.170	102.426
Minority interest	54.117	71.019

Net income	34.053	31.407
	=====	