



PRESS RELEASE

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KARDAN THIRD QUARTER 2007 RESULTS: INCREASED REVENUES DUE TO REVALUATION GAINS AND EXPANSION FINANCIAL SERVICES ACTIVITIES

- Net profit increase to EUR 75.2 million (Q3 2006: EUR 55.4 million)
- More than EUR 500 million in debentures raised in first 9 months to fund further expansion
- Equity investment of Israel Discount Bank in KFS reflects significant increase in value of the Financial Services business and an estimated gain for Kardan of EUR 28 million at completion
- Successful merger of banking operations in Russia
- Strong performance of Real Estate activities
- Increase in total assets to EUR 3.7 billion (from EUR 2.2 billion at 31 December 2006)
- Infrastructure business expands in China
- Continued expansion in most countries of operations, several new countries entered

Key figures	30 Sept. 2007	31 Dec. 2006	Change (%)
Total assets (x EUR million)	3,752.3	2,224.6	68.7%
Shareholders' equity (x EUR million)	286.9	266.7	7.6%
Return on Equity	11.9%	14.4%	(17.4%)
Net Debt / (Net Cash) (x EUR million) ¹	132	48	175.0%

(x EUR 1,000)	Q3 2007	Q3 2006	9M 2007	9M 2006
Net profit (loss) attributable to equity holders²	222	10,647	34,277	42,053
Of which:				
Main businesses				
Real Estate	21,933	(2,412)	15,972	39,385
Financial Services – Insurance & Pension	(2,219)	7,963	16,755	10,252
Financial Services – Banking & Retail lending	(15,606)	(1,827)	(11,818)	(1,162)
Infrastructure	(6,712)	39	(6,299)	247
Other businesses	(360)	616	804	1,985
Other (mainly corporate activities)	3,186	6,268	18,863	(8,654)

¹ The definition of Net Debt as presented in this press release includes 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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“There were a number of important transactions this quarter: new investments, several closings and most recently the signing of a term sheet with Israel Discount bank for an equity investment in our Financial Services business. This last transaction will provide significant funds to develop the Financial Services business and confirms a significant increase in value of this part of the Group. In addition, it provides Kardan with a better balance of our real estate and financial services activities in terms of value. We expect the remainder of 2007, in line with our strategy, to be characterized by an increase in investment activities to further fuel our growth” according to Mr. Ickovics of the Management Board of Kardan N.V.

Financial overview

International investment company **Kardan N.V.** (Kardan) generated **total revenues** in the third quarter of 2007 of EUR 253.0 million, an increase of 30.4% compared to EUR 179.7 million in the third quarter of 2006. Main operations (Real Estate, Financial Services and Infrastructure) contributed EUR 225.4 million (Q3 2006: EUR 168.4 million). This increase was the result of higher revaluation gains in the real estate segment as well as the expansion of the financial services activities.

The **total operating result** for the third quarter of 2007 increased to EUR 118.2 million compared to EUR 114.0 million in the same period last year. Most of it was attributable to the main businesses.

Financial expenses, net for the third quarter of 2007 amounted to EUR 26.5 million (Q3 2006: EUR 36.1 million), and mainly consists of expenses resulting from the appreciation of option rights and higher interest expenses on long-term borrowings due to the recent issuance of 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 nine months of 2007. According to IFRS, the increase in the value of certain options held by third parties must be taken in to the profit and loss.

Taxes for the third quarter of 2007 amounted to EUR 11.6 million (Q3 2006: EUR 22.3 million) mainly resulting from tax provisions on revaluation gains.

As a result of the above, the third quarter of 2007 resulted in a **net profit** of EUR 75.2 million, compared to EUR 55.4 million for the third quarter of 2006. Minorities' share in the net result increased to EUR 75.0 million. (Q3 2006: EUR 44.8 million). In contrast, **net result attributable to equity holders** for the third quarter of 2007 decreased to a profit of EUR 0.2 million (Q3 2006: EUR 10.6 million). This represents a **net profit per share** of EUR 0.0, compared to EUR 0.13 for the third quarter of 2006.

The positive contribution from the real estate division to the Kardan net profit is mainly the result of the revaluation of investment properties, which contributed approximately EUR 27 million to Kardan. The decrease in net profit attributable to equity holders was primarily caused by several one-off losses in the financial services and infrastructure segments. The pending transaction with Israel Discount Bank in Kardan Financial Services B.V. confirmed a significant value increase which is not translated into a profit in the income statement, while on the other hand Kardan had to recognize a one-off loss, amounting to EUR 22 million as a result of revaluation of certain put options granted to management. The revaluation of such options following the new value of the financial services subsidiaries as reflected in the Discount transaction is required according to IFRS. Upon completion, the transaction with Israel Discount Bank will contribute to Kardan a gain which is currently estimated at EUR 28 million. The infrastructure segment contributed a loss of EUR 6.7 million as a result of high finance costs following financing of new investments in China, Serbia, Poland and Israel; and some provision for losses on projects due to new estimations of profitability.

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Nine months

Total revenues in the first nine months of 2007 rose 10.4% to EUR 544.8 million, compared to EUR 493.3 million for the first nine months of 2006. Kardan generated an operational result of EUR 272.2 million for the first nine months of 2007, a decrease of 5.4% (nine months 2006: EUR 287.7 million). Net profit for the first nine months of 2007 amounted to EUR 163.4 million, compared to EUR 157.8 million for the same period last year.

Group value

During the third quarter of 2007, total assets grew by 68.7%, from EUR 2.2 billion year-end 2006 to EUR 3.7 billion per 30 September 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 September 2007, shareholders' equity increased to EUR 286.9 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.

Shareholders' equity was adjusted to reflect the impact of the restatement in Kardan Israel amounting to EUR 5.4 million. The adjusted shareholders' equity per 1 January 2007 amounts to EUR 261.4 million.

During the first nine months of 2007, Kardan raised approximately EUR 210 million through a private placement of non convertible debentures to Israeli institutional investors. Kardan will use the majority of the funds for further expansion of its activities.

Subsequent to the balance sheet date, in November 2007, GTC RE has - after raising EUR 123 million as announced on 22 November 2007 - issued additional debentures, bringing the total amount to EUR 142 million. These funds will be used for further expansion of its activities.

During the third quarter of 2007, Kardan has further accelerated its investments. The operations have developed positively during the first nine months of the year and the significant funds raised year-to-date have positioned Kardan for further expansion. During the 9 months under review, Kardan was able to announce significant transactions, such as the merger of its Russian lending operations with a Russian bank, a new real estate development project in China, the completion of restructuring the financial services segment, the acquisition of insurance companies in Turkey and Albania, and the establishment of an infrastructure investment platform in China and the first investment there. Furthermore, during the third quarter Kardan announced a new transaction with Israel Discount bank, who will provide EUR 275 million in debt and equity to the financial services segment. The activities in 9 months under review strengthen the basis for Kardan to capitalize on the growth opportunities it foresees and to further increase the value of the group.

Divisional review³Real Estate

(x EUR million)	Q3 2007	Q3 2006	Change (%)	9M 2007	9M 2006	Change (%)
Revenues	165.2	124.2	33.0%	302.8	330.3	(8.3%)
Operating result	133.0	106.7	24.6%	246.9	274.7	(10.1%)

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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The results of the real estate segment are not comparable to the same period last year, because of two major divestments during last year (50% of Galeria Kazimierz and 100% of Mokotów Business Park). All investment properties of GTC SA and its subsidiaries were revalued to their fair value as of September 30, 2007. In the third quarter of 2007 revaluation gains amounted to EUR 118.7 million. The third quarter of 2006 included revaluation gains of EUR 94.3 million.

In 2007 GTC SA secured projects in Hungary, Romania, Serbia and Bulgaria with total net building rights of 580.000 sq.m. New acquisitions are expected to maintain this rapid pace.

In September the sale of the shares in the subsidiary holding the America House office building in Bucharest, was completed. The agreement valued the subsidiary at EUR 120 million at a record low yield of 5.5%, and resulted in a gain for Kardan of approximately EUR 7 million.

After the period under the review, in October 2007, the sale of Lighthouse building in Prague was concluded at an asset valuation of EUR 76.5 million, reflecting an investment yield of 5.65%.

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 currently holds (directly and indirectly) a 65.7% stake in GTC RE. Kardan holds a 28% indirect stake in GTC SA.

GTC RE's net debt position as per 30 September 2007 amounted to EUR 153 million.

Financial Services

(x EUR million)	Q3 2007	Q3 2006	Change (%)	9M 2007	9M 2006	Change (%)
Revenues – Insurance & Pension	21.1	20.5	2.9%	66.3	61.8	7.3%
Revenues – Banking & Retail lending	23.2	7.2	222.2%	56.1	15.7	257.3%
Operating result – Insurance & Pension	(1.1)	9.1	(112.1%)	19.0	8.7	118.4%
Operating result – Banking & Retail lending	(12.8)	(3.4)	(276.5%)	(6.3)	(1.7)	(270.6%)

In the third quarter of 2007 revenues increased compared to the same period in 2006. To further increase its focus on the banking, retail lending and asset management activities, Kardan closed several transactions in the first half of 2007 with WS, changing its holdings in the financial services segment. 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.

In August 2007, TBIF merged its Russian lending operations with those of Sovcom Bank in Russia, thereby strengthening the retail and SME lending activities of the group as a result of clear geographic and operational synergies. TBIF owns 50% of the merged entity.

In September Kardan and Israel Discount Bank signed a term sheet for an equity investment by Israel Discount Bank of 10% in Kardan Financial Services B.V. (KFS) through a capital increase of EUR 50 million. In addition, Israel Discount Bank will provide KFS with a credit facility of EUR 225 million. The terms of the investment reflect a post-transaction equity valuation of KFS of EUR 500 million. The transaction is not yet accounted for and upon completion is expected to contribute to Kardan a gain which is currently estimated at EUR 28 million.

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In line with its strategy to enter new countries with a low level of insurance penetration, TBIH has acquired Sigma Albania, the second largest insurance company in Albania with operations in Macedonia and Kosovo, primarily active in non-life insurance. After the period under review, TBIH acquired a 62% stake in a Ukrainian insurance company.

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 September 2007 of EUR 103 million.

Infrastructure

(x EUR million)	Q3 2007	Q3 2006	Change (%)	9M 2007	9M 2006	Change (%)
Revenues	15.8	16.5	(4.2%)	50.7	47.5	6.7%
Operating result	(4.5)	(0.6)	(650.0%)	(2.5)	2.4	(204.2%)

Over the third quarter of 2007, revenues slightly decreased compared to the same period last year while the operational results significantly decreased over the same period. In the third quarter of 2007 Tahal has provided for losses in certain projects following reassessment of profitability.

Tahal is developing its asset ownership and investment activities. In April of this year, Kardan Water International Group Ltd (KWIG), a Chinese joint venture with local partners, was established. KWIG invests in and manages, operates and maintains water related infrastructure projects in China. In September KWIG signed an agreement to acquire 88.15% of Tianjin Huanke Water Development Ltd. for a consideration of approximately EUR 12 million. Tianjin Huanke owns long term concession agreements for 6 operational waste water treatment plants in China.

After the period under review, KWIG also signed an acquisition agreement for 100% of Tian He Project Company, which owns concession agreements for water supply and waste water treatment plants in Dazhou City, Sichuan Province, China.

Tahal is fully owned by Kardan. Approximately 90% of Tahal's activities are directly related to water and sewage systems. Tahal's net cash as per 30 September 2007 amounted to EUR 13 million.

Other operations

The revenues of the other operations (Automotive & Consumer Goods and Communication & Technologies) increased from EUR 5.9 million in the third quarter of 2006 to EUR 6.6 million in the third quarter of 2007. Other operations contributed EUR 1.1 million to operating profits (Q3 2006: EUR 1.1 million).

Kardan's other operations are held through its 72% subsidiary Kardan Israel. Kardan Israel's net debt position amounted to EUR 12 million as per 30 September 2007.

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.

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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)

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Condensed profit & loss account**(x EUR 1,000)**

UNAUDITED

	9M 2007	9M 2006	Q3 2007	Q3 2006
Net Revenues	544,779	493,319	252,957	179,701
Expenses	272,626	205,599	134,777	65,678
Results from operations	272,153	287,720	118,180	114,023
Unallocated expenses	11,103	3,927	4,945	210
Financing result	61,468	77,701	26,465	36,093
Income / loss before taxes	199,582	206,092	86,770	77,720
Taxes on income	36,196	48,244	11,554	22,297
Income / loss after taxes	163,386	157,848	75,216	55,423
Minority interest	129,109	115,795	74,994	44,776
Net income	34,277	42,053	222	10,647

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Condensed Balance Sheet

(x EUR 1,000)

	30 Sept 2007 unaudited	31 Dec 2006 audited
ASSETS		
Non-current assets	2,150,022	1,250,667
Current assets	792,995	565,371
Cash and cash equivalents	809,261	408,561
	-----	-----
	3,752,278	2,224,599
	=====	=====
 LIABILITIES AND EQUITY		
Shareholders' equity	286,910	266,740
Minority interest	636,295	490,825
Non-current liabilities	2,087,435	881,569
Current liabilities	741,638	585,465
	-----	-----
	3,752,278	2,224,599
	=====	=====