KARDAN N.V.
AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements
As of September 30, 2009

CONTENTS

Condensed Interim Consolidated Financial Statements page

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

A s s e t s

	September 30, 2009	September 30, 2008	December 31, 2008
	€ in millions		
Non-current assets			
Tangible fixed assets	107	117	111
Property under construction	-	558	-
Rental vehicles	198	-	-
Investment properties (see Note 5)	2,228	1,244	1,987
Investments in associates	140	154	152
Available-for-sale and held-to-maturity financial assets	15	83	119
Loans to bank customers	186	294	288
Long-term loans and receivables	319	319	406
Deferred acquisition costs (insurance companies)	6	16	6
Intangible assets and goodwill	251	414	241
Deferred income tax assets	19	16	18
	3,469	3,215	3,328
Current assets			
Inventories, contract work and buildings inventory in progress	443	441	477
Current maturities of long-term loans and receivables	167	294	292
Loans to bank customers	342	211	167
Trade receivables	91	69	62
VAT and income tax receivables	52	49	52
Insurance premium receivables	28	49	27
Other receivables and prepayments	128	247	129
Reinsurance receivables and insurance companies	30	30	25
Short-term investments	350	138	69
Cash and cash equivalents	428	506	540
	2,059	2,034	1,840
Assets held for sale	3	-	83
Total assets	5,531	5,249	5,251

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

Equity and liabilities

	September 30, 2009	September 30, 2008	December 31, 2008
	€ in millions		
Equity attributable to equity holders of the parent			
Issued and paid-in capital	23	17	23
Share premium	234	176	230
Foreign currency translation reserve	(63)	(15)	(43)
Property revaluation reserve	126	133	140
Revaluation reserve, other	(17)	(1)	(35)
Retained earnings	22	52	53
	325	362	368
Minority interests	737	837	744
Total equity	1,062	1,199	1,112
Non-current liabilities			
Interest-bearing loans and borrowings	1,619	1,084	1,128
Banking customers accounts	138	93	127
Other long-term liabilities	97	18	91
Warrants and options	35	130	55
Convertible debentures	-	35	29
Other debentures	908	949	806
Insurance provisions	73	147	71
Deferred income tax liabilities	171	136	172
Accrued severance pay, net	2	1	2
	3,043	2,593	2,481
Current liabilities			
Advances from customers in respect of contracts	18	17	22
Banking customers accounts	408	474	469
Income tax payables	16	7	16
Trade payables	105	116	112
Interest-bearing loans and borrowings	588	525	673
Advances from buyers	84	134	123
Other payables and accrued expenses	207	184	183
	1,426	1,457	1,598
Total liabilities	4,469	4,050	4,079
Liabilities held for sale	-	-	60
Total equity and liabilities	5,531	5,249	5,251

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

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2009	2008	**2009**	2008	2008
	€ in millions				
Sales and services	125	58	42	32	97
Contract revenues	120	108	46	36	149
Insurance activities	45	47	15	16	67
Banking and retail lending activities	60	86	25	30	96
Rental revenues	73	55	25	20	80
Revenues from renting and sale of vehicles	124	-	42	-	-
Management fees	1	1	-	-	3
Total revenues	548	355	195	134	492
Cost of sales and services	98	47	33	26	77
Contract costs	97	91	38	32	126
Operating expenses of insurance activities	48	45	17	17	63
Costs of banking and lending activities	95	85	30	33	120
Costs of rental operations	16	13	6	5	20
Cost of rental and sale of vehicles	97	-	30	-	-
Other expenses, net	12	2	1	1	5
Total expenses	463	283	155	114	411
Gross margin	85	72	40	20	81
Selling and marketing expenses	17	16	6	6	20
General and administration expenses	44	34	14	7	27
Profit (loss) from operations before fair value adjustments, disposal of assets and financial expenses	24	22	20	7	34
Adjustment to fair value of investment properties (see Note 5b)	(62)	140	(44)	69	196
Impairment losses on goodwill	-	(6)	-	(6)	(89)
Gain on issuance of shares in associate companies and subsidiaries to third parties	1	2	-	-	2
Gain on disposal of assets and other income	18	5	12	2	121
Profit (loss) on disposal of assets and investments	19	7	12	2	123

Profit (loss) from operations before finance expenses and income taxes	(19)	163	(12)	72	264
Other financial income	55	146	10	60	177
Other financing expenses	(153)	(167)	(48)	(50)	(247)
Adjustment to fair value of other financial instruments	3	6	3	(20)	58
Total financial expenses, net	(95)	(15)	(35)	(10)	(12)
Profit (loss) from operations	(114)	148	(47)	62	252
Equity in net earnings (losses) of associated companies	1	3	(1)	-	3
Net profit (loss) before income taxes	(113)	151	(48)	62	255
Income taxes	10	(34)	16	(15)	(81)
Net profit (loss) for the period from continuing operations	(103)	117	(32)	47	174
Net profit (loss) for the period from discontinued operations	21	(7)	5	(2)	1
Net profit (loss) for the period	(82)	110	(27)	45	175
Attributable to:					
Equity holders	(45)	23	(12)	7	52
Minority interest holders	(37)	87	(15)	38	123
	(82)	110	(27)	45	175
Earnings (loss) per share attributable to shareholders					
Basic from continuing operations	(0.66)	0.28	(0.17)	0.09	0.63
Basic from discontinued operations	0.21	-	0.05	-	-
	(0.45)	0.28	(0.12)	0.09	0.63
Diluted from continuing operations	(0.66)	(0.01)	(0.17)	(0.03)	0.28
Diluted from discontinued operations	0.21	-	0.05	-	-
	(0.45)	(0.01)	(0.12)	(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 nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2009	2008	**2009**	2008	2008
	€ in millions				
Result for the period	(82)	110	(27)	45	175
Foreign currency translation differences	(25)	21	(11)	39	(12)
Change in hedge reserve, net of tax (1)	15	1	-	(34)	(65)
Unrealized revaluations, net of tax (2)	(1)	-	-	-	-
Other comprehensive income (expense) for the period (3)	(11)	22	(11)	5	(77)
Total comprehensive income (expense)	(93)	132	(38)	50	98
Attributable to:					
Equity holders	(47)	37	(22)	3	4
Minority interest holders	(46)	95	(16)	47	94
	(93)	132	(38)	50	98

(1) Presented net of tax which amounted to €7.7 million for the year ended December 31, 2008; for the nine months and three months periods ended on September 30, 2009 - €1.6 million; 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) Other comprehensive income (expenses) includes the following amounts resulting from associates: for the nine months and three months periods ended on September 30, 2009 - €(1.0) million and €(0.4) million, respectively; for the nine and three months periods ended on September 30, 2008 - €(8.1) million and €(3.0) million, respectively; and for the year ended December 31, 2008 - €(8.8) 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
Balance as of January 1, 2009	23	230	140	(35)	(43)	53	368	744	1,112
Other comprehensive income (expense)	-	-	-	18	(20)	-	(2)	(9)	(11)
Net result for the period	-	-	-	-	-	(45)	(45)	(37)	(82)
Total comprehensive income /expense for the period	-	-	-	18	(20)	(45)	(47)	(46)	(93)
Share-based payment	-	1	-	-	-	-	1	3	4
Issuance shares to minority shareholders	-	-	-	-	-	-	-	25	25
Issuance of shares due to conversion of debentures	-	3	-	-	-	-	3	-	3
Shares purchased in consolidated and newly consolidated subsidiaries	-	-	-	-	-	-	-	12	12
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(1)	(1)
Reclassification according to statutory requirements (*)	-	-	(14)	-	-	14	-	-	-
Balance as of September 30, 2009	23	234	126	(17)	(63)	22	325	737	1,062

(*) 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							Minority interests	Total equity
	Issued and paid-in capital	Share premium	Property revaluation reserve	Revaluation reserve, other	Foreign currency translation reserve	Retained earnings	Total		
	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions
Balance as of January 1, 2008	17	176	109	(5)	(25)	71	343	730	1,073
Other comprehensive income (expense)	-	-	-	4	10	-	14	8	22
Net result for the period	-	-	-	-	-	23	23	87	110
Total comprehensive income /expense for the period	-	-	-	4	10	23	37	95	132
Dividend	-	-	-	-	-	(18)	(18)	-	(18)
Share based payments	-	-	-	-	-	-	-	1	1
Issuance and sale of shares in subsidiaries	-	-	-	-	-	-	-	11	11
Reclassification according to statutory requirements (*)	-	-	24	-	-	(24)	-	-	-
Balance as of September 30, 2008	17	176	133	(1)	(15)	52	362	837	1,199

(*) 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							Minority interests	Total equity
	Issued and paid-in capital	Share premium	Property revaluation reserve	Revaluation reserve, other	Foreign currency translation reserve	Retained earnings	Total		
	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions
Balance as of July 1, 2009	23	230	134	(17)	(53)	26	343	720	1,063
Other comprehensive income (expense)	-	-	-	-	(10)	-	(10)	(1)	(11)
Net result for the period	-	-	-	-	-	(12)	(12)	(15)	(27)
Total comprehensive income /expense for the period	-	-	-	-	(10)	(12)	(22)	(16)	(38)
Share-based payment	-	1	-	-	-	-	1	-	1
Issuance and sale of shares to minority shareholders	-	-	-	-	-	-	-	39	39
Issuance of shares due to conversion of debentures	-	3	-	-	-	-	3	-	3
Shares purchased in consolidated and newly consolidated subsidiaries	-	-	-	-	-	-	-	(6)	(6)
Reclassification according to statutory requirements (*)	-	-	(8)	-	-	8	-	-	-
Balance as of September 30, 2009	23	234	126	(17)	(63)	22	325	737	1,062

(*) 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							Minority interests	Total equity
	Issued and paid-in capital	Share premium	Property revaluation reserve	Revaluation reserve, other	Foreign currency translation reserve	Retained earnings	Total		
	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions
Balance as of July 1, 2008	17	176	124	23	(35)	54	359	787	1,146
Other comprehensive income (expense)	-	-	-	(24)	20	-	(4)	9	5
Net result for the period	-	-	-	-	-	7	7	38	45
Total comprehensive income /expense for the period	-	-	-	(24)	20	7	3	47	50
Share-based payment	-	-	-	-	-	-	-	1	1
Issuance and sale of shares in subsidiaries				-	-	-	-	2	2
Reclassification according to statutory requirements (*)	-	-	9	-	-	(9)	-	-	-
Balance as of September 30, 2008	17	176	133	(1)	(15)	52	362	837	1,199

(*) 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)

	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
Balance as of January 1, 2008	17	176	109	(5)	(25)	71	343	730	1,073
Other comprehensive income (expense)	-	-	-	(30)	(18)	-	(48)	(29)	(77)
Net result 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)	-	-	-
Balance as of December 31, 2008	23	230	140	(35)	(43)	53	368	744	1,112

(*) 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

	Nine months period ended September 30,		Three months period ended September 30,		For the year ended December 31,
	2009	2008	**2009**	2008	2008
	€ in millions				
Cash flow from operating activities					
Net profit (loss) before income taxes	(113)	151	(48)	62	255
Adjustments required to present cash flow from operating activities (see A below)	158	(193)	100	(43)	(446)
Net cash provided by (used in) operating activities	45	(42)	52	19	(191)
Cash flow from investing activities					
Acquisition of tangible fixed assets and investment properties	(262)	(362)	(81)	(141)	(422)
Investments in companies and partnerships	(87)	(47)	(17)	(19)	(46)
Collecting (granting) of loans to associated companies, net	(1)	(18)	(5)	(11)	(2)
Proceeds from disposal of assets and selling of investments	58	1	52	-	6
Granting of long-term loans	(129)	(357)	(38)	(65)	(502)
Change in loans to bank customers	(156)	(62)	(132)	(32)	(48)
Collecting of long-term loans and receivables	292	200	149	34	341
Change in short-term investments	(217)	(96)	(109)	(36)	(3)
Acquisition of newly consolidated subsidiaries, net of cash acquired (see B below)	3	(88)	-	(3)	(30)
Increase in cash resulting from sale of investments in formerly consolidated subsidiaries (see C below)	19	2	(24)	-	7
Change in deferred brokerage fees	-	(2)		-	(2)
Decrease of cash of assets held for sale	-	-		-	(6)
Net cash used in investing activities	(480)	(829)	(205)	(273)	(707)

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Nine months period ended September 30,		Three months period ended September 30,		For the year ended December 31,
	2009	2008	**2009**	2008	2008
	€ in millions				
Cash flows from financing activities					
Proceeds from issuance of shares in subsidiaries to third parties, net	2	5	-	1	5
Dividend to minority shareholders in subsidiaries	(1)	-	-	-	(1)
Dividend distributed	-	(18)	-	(18)	(18)
Issuance of debentures	22	103	1	-	103
Issuance of shares to minority (net of issuance expenses)	3	-	(1)	-	-
Repayment of debentures	(41)	-	(1)	-	(77)
Change in loans from bank customers	22	66	69	40	(44)
Change in deposits from tenants	1	-	1	-	1
Proceeds from long-term loans	801	620	224	195	921
Repayment of long-term loans	(652)	(335)	(169)	(202)	(384)
Costs related to issuance of debt and shares	(2)	(2)	(1)	-	(3)
Change in short-term loans and borrowings, net	175	46	82	48	25
Net cash provided by financing activities	330	485	205	64	528
Foreign exchange differences relating to cash and cash equivalents	(7)	(1)	-	(3)	17
Increase (Decrease) in cash and cash equivalents	(112)	(387)	52	(193)	(353)
Cash and cash equivalents at the beginning of the period	540	893	376	699	893
Cash and cash equivalents at the end of the period	428	506	428	506	540

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Nine months period ended September 30,		Three months period ended September 30,		For the year ended December 31,
	2009	2008	**2009**	2008	2008
	€ in millions				
A. Adjustments required to present cash flow from operating activities					
Charges / (credits) to profit / loss not affecting operating cash flows:					
Equity (earnings) losses of associated companies	(1)	(3)	1	-	(3)
Dividend received from associated companies	5	8	2	2	9
Gain on issuance of shares in associated companies and subsidiaries to third parties, net	(1)	(2)	-	-	(2)
Gain from release of negative goodwill	(2)	-	(2)	-	(77)
Impairment of goodwill	2	-	1	-	83
Gain on disposal of investments in companies, tangible fixed assets, net	(6)	-	(3)	-	(27)
Purchase of rental vehicles	(51)	-	(22)	-	-
Proceeds from sale of rental vehicles	41	-	14	-	-
Share-based payment	4	1	1	1	5
Depreciation and amortization	59	10	21	5	16
Fair value adjustments of investment properties	62	(140)	44	(69)	(196)
Exchange differences, net	70	75	57	51	34
Change in fair value of options and share appreciation rights	(4)	(31)	(3)	(19)	(94)
Decrease (increase) in fair value of securities held for trading, and hedge instruments, net	20	7	5	5	43
Increase in provision for bad debts in the financial services segment	93	-	29	-	45
Gain from early repayment of loans	-	-	-	-	(15)
Change in severance pay, net	-	-	2	-	-
Changes in operating assets and liabilities					
Change in insurance provisions and deferred acquisition costs, net	(3)	18	-	6	7
Change in outstanding insurance premiums,	-	(14)	-	(1)	(11)

reinsurance receivables and insurance companies					
Change in trade and other receivables	(16)	(81)	(21)	(24)	(47)
Change in inventories and in contract work in progress, net of advances from customers	(14)	(145)	7	(58)	(152)
Change in trade and other payables	(71)	106	(41)	58	(116)
Interest paid	(188)	(151)	(47)	(60)	(175)
Interest received	168	153	60	60	232
Income taxes paid	(9)	(4)	(5)	-	(5)
	158	(193)	100	(43)	(446)

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Nine months period ended September 30,		Three months period ended September 30,		For the year ended December 31,
	2009	2008	**2009**	2008	2008
	€ in millions				
B. Acquisition of newly consolidated subsidiaries, net of cash acquired					
Working capital (including cash)	17	6	-	3	19
Non-current assets	(287)	(138)	-	(5)	(104)
Goodwill on acquisition	(1)	(54)	-	(1)	(38)
Gain on disposal of investment	-	-	-	-	3
Minority interests	18	2	-	-	-
Long-term liabilities	255	74	-	-	-
Total purchase price	2	(110)	-	(3)	(120)
Less – cash in subsidiaries acquired	1	9	-	-	-
Payable on account of investment	-	13	-	-	90
Cash used in acquisition, net of cash acquired	3	(88)	-	(3)	(30)
C. Increase in cash resulting from sale of investments in formerly consolidated subsidiaries					
Working capital (including cash)	51	(18)	37	-	(30)
Non-current assets	19	21	18	-	21
Goodwill	16	2	-	-	19
Long-term liabilities	(49)	-	(47)	-	(3)
Minority interests	(7)	-	-	-	-
Gain on disposal of investments	19	-	(3)	-	-
Total consideration	49	5	5	-	7
Cash of subsidiary which ceased to be consolidated	(29)	(2)	(29)	-	-
Investment in associates	-	(1)	-	-	-

Release of capital reserves	(1)	-	-	-	-
Cash flows from disposal, net of cash disposed	19	2	(24)	-	7

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	43	33	15	15	55
Payable on account of investment	-	13	-	-	-
Acquisition of subsidiary shares from minority shareholders against loan assignment	7	-	7	-	-
Conversion of debentures into company shares	3	-	3	-	-
Conversion of debentures into shares in subsidiaries	-	6	-	1	6
Exercise of options into Company's shares	-	-	-	-	2
Payables on accounts of purchase of rental vehicles	8	-	8	-	-

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 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 November 30, 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 September 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
- IAS 39 and IFRS 7 reclassification- *effective date and transition*
- 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 (*)*
- IFRS 9 – *Financial instruments (*) – effective from 1 January 2013*

- 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 nine and three months period ended on September 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:

	USD	NIS	CPI
September 30, 2009	0.682	0.181	121.9
September 30, 2008	0.684	0.200	118.6
December 31, 2008	0.718	0.189	117.9
Change in 2009 (9 months)	(5.0%)	(4.2%)	3.4%
Change in 2009 (3 months)	(3.7%)	-	1.0%
Change in 2008 (9 months)	0.7%	13.2%	4.4%
Change in 2008 (3 months)	7.9%	5.7%	2.0%
Change in 2008 (12 months)	5.6%	6.8%	3.8%

3. Segment information

	Financial Services		Real	Infrastructure		Rental &	Sale of	All other	Total
	Insurance & Pension	Banking & Lending	Estate	Assets	Projects	leasing of vehicles	vehicles	segments	
	€ in millions								
For nine months ended September 30, 2009									
Segment revenues	48	60	195	38	67	124	-	16	548
Adjustment to fair value of investment properties	-	-	(62)	-	-	-	-	-	(62)
Gain on disposal of assets and investments	8	-	5	3	-	2	-	-	18
Equity in net earnings of associates	-	-	-	-	-	-	4	(3)	1
Segment income	56	60	138	41	67	126	4	13	505
Segment results	5	(36)	(2)	(3)	3	20	4	(3)	(12)
Finance expenses									(95)
Unallocated expenses									(6)
Profit (loss) before taxes									(113)
Income taxes									10
Net profit (loss) from continuing operations									(103)
Net profit from discontinuing operations	21								21
Net profit (loss) for the period									(82)

	Financial Services		Real	Infrastructure		Rental &	Sale of	All other	Total
	Insurance & Pension	Banking & Lending	Estate	Assets	Projects	leasing of vehicles	vehicles	segments	
	€ in millions								
For nine months ended September 30, 2008									
Segment revenues	50	86	109	29	63	-	-	18	355
Adjustment to fair value of investment properties	-	-	140	-	-	-	-	-	140
Gain on disposal of assets and investments	-	-	5	-	-	-	-	-	5
Equity in net earnings of associates	-	-	(2)	-	-	-	6	(1)	3
Segment income	50	86	252	29	63	-	6	17	503
Segment results	(11)	8	168	(3)	(1)	-	6	-	167
Finance expenses									(15)
Unallocated expenses									(1)
Profit (loss) before taxes									151
Income taxes									(34)
Net profit (loss) from continuing operations									117
Net profit (loss) from discontinuing operations	(7)								(7)
Net profit (loss) for the period									110

	Financial Services		Real	Infrastructure		Rental &	Sale of	All other	Total
	Insurance & Pension	Banking & Lending	Estate	Assets	Projects	leasing of vehicles	vehicles	segments	
	€ in millions								
For three months ended September 30, 2009									
Segment revenues	16	25	66	14	27	42	-	5	195
Adjustment to fair value of investment properties	-	-	(44)	-	-	-	-	-	(44)
Gain on disposal of assets and investments	8	(3)	5	-	-	2	-	-	12
Equity in net earnings of associates	-	-	(2)	-	-	-	1	-	(1)
Segment income	24	22	25	14	27	44	1	5	162
Segment results	7	(8)	(23)	1	1	10	1	(1)	(12)
Finance expenses									(35)
Unallocated expenses									(1)
Profit (loss) before taxes									(48)
Income taxes									16
Net profit (loss) from continuing operations									(32)
Net profit from discontinuing operations	5								5
Net profit (loss) for the period									(27)

	Financial Services		Real	Infrastructure		Rental &	Sale of	All other	Total
	Insurance & Pension	Banking & Lending	Estate	Assets	Projects	leasing of vehicles	vehicles	segments	
	€ in millions								
For three months ended September 30, 2008									
Segment revenues	17	30	49	12	20	-	-	6	134
Adjustment to fair value of investment properties	-	-	69	-	-	-	-	-	69
Gain on disposal of assets and investments	(1)	-	3	-	-	-	-	-	2
Equity in net earnings of associates	-	-	(1)	-	-	-	2	(1)	-
Segment income	16	30	120	12	20	-	2	5	205
Segment results	(12)	5	78	(3)	-	-	2	(1)	69
Finance expenses									(10)
Unallocated expenses									3
Profit before taxes									62
Income taxes									(15)
Net profit from continuing operations									47
Net profit (loss) from discontinuing operations	(2)								(2)
Net profit for the period									45

	Financial Services		Real	Infrastructure		Rental &	Sale	All other	Total
	Insurance & Pension	Banking & Lending	Estate	Assets	Projects	leasing of vehicles	of vehicles	segments	
	€ in millions								
For the year ended December 31, 2008									
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
Segment income	105	96	451	46	83	-	10	21	812
Segment results	18	(60)	323	(9)	(3)	-	10	(1)	278
Finance expenses									(12)
Unallocated expenses									(11)
Profit before taxes									255
Income taxes									(81)
Net profit from continuing operations									174
Net profit from discontinuing operations	1								1
Net profit for the period									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 €245 million as of September 30, 2009.

4. Share capital

A. Composition

	September 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	111,824,638	225,000,000	110,976,911

B. Changes in share capital:

a) 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.

b) During the first nine months of 2009 the Company issued 759,252 ordinary shares as a result of the conversion of NIS 13,575,424 (€2.5 million) par value of convertible debentures. The remaining 2,328,668 NIS (€0.4 million) par value were paid to the debentures holders.

The conversion of the debentures resulted in an addition of approximately €3 million to the Company’s shareholders’ equity.

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:

	September 30, 2009	September 30, 2008	December 31, 2008
	€ in millions		
Completed investment properties	1,454	1,244	1,243
Investment properties under construction carried at fair value	340	- (*)	370
Investment properties under construction carried at cost	434	- (*)	374
	2,228	1,244	1,987

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

B. Fair value adjustments comprise:

	For the nine months ended September 30, 2009	For the nine months ended September 30, 2008	For the three months ended September 30, 2009	For the three months ended September 30, 2008	For the year ended December 31, 2008
	€ in millions				
Adjustment to fair value of newly completed properties, net of goodwill released	30	140	18	69	73
Adjustment to fair value of newly properties completed in prior years	(99)	-	(44)	-	32
Adjustment to fair value of investment property under construction, net of goodwill released	7	-	(18)	-	91
	(62)	140	(44)	69	196

- Fair value adjustments for the nine months period ended September 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.

- In September 2009, GTC SA completed the construction of Galeria Jurajska shopping center. The building was recognized as Investment Property in Q3 2009 and reclassified from IPUC to completed investment properties, the adjustment to fair value, as included in these financial statements, amounted to a profit of €20.5 million. According to the valuation report, the value of the Galeria Jurajska shopping center amounts to €186 million, and is included in these interim condensed consolidated financial statements.

C. Significant assumptions

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

	Western Europe		CEE	
	September 30, 2009	December 31, 2008	**September 30, 2009**	December 31, 2008
Completed investment properties				
Average rental rate per sqm per month (in €)	9.9	10.3	22.1	24.0
Reversionary yield	6.1%	6%	7.7%	7.3%
ERV per sqm per month (in €)	9.8	9.7	22.0	24.6
Vacancy	7.3%	4.9%	10.1%	9.1%
Assets under construction (only assets at fair value)				
Average risk-adjusted yield used in capitalizing the net future income stream	n/a	n/a	8.3%	7.97%
Average % complete	n/a	n/a	74.6%	42%
Estimated average development profit ((Fair value upon completion / Total budgeted costs)- 1)	n/a	n/a	30%	33%
Effective average development profit on executed part, accumulatively ((Current fair value /Total costs spent) -1)	n/a	n/a	29%	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 €11 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.

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 was 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 Kardan 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 also 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.

   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 recognized a gain of €1.7 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 ILS 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.

   Furthermore, in July 2009, KIL has signed loan agreements with third parties for an amount of NIS 140 million (€25 million) for a 5 years period.
   In addition KIL has granted to the third parties options to purchase 3% of KIL equity shares in a price of NIS 6 per share. The loans are linked to the Israeli CPI, and secured by pledging UMI shares, held indirectly by KIL. The effective interest calculated, taking into account the options value is 9.6% p.a.

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 September 30, 2009 some of TBIF companies were in breach of covenants relating to two loans amounting to €19 million (of which €0.1 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 €19 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.

I. In August 2009, GTC SA and Unibail Rodamco S.E. ("UR"), finalized a EUR 205 million loan agreement, partly used for refinancing for their jointly owned shopping mall, Galleria Mokotow. The net proceeds from the loan, after repayment of the existing loan amount to approximately EUR 120 millions.

   GTC S.A. and UR, each of them holding 50% of Galeria Mokotów, secured the financing loan with a consortium of German banks. The term of the loan is 5 years, with the Borrower's prolongation option for an additional 2 years. The loan will bear interest of Euribor +2.25% p.a., with maturity of 5-7 years.

J. In September 2009, the company through its subsidiary GTC RE Holding B.V. ("GTC RE") sold 3% of its holding in GTC SA. After the sale the company is holding 43.14% in GTC SA and will remain the controlling shareholder.

   GTC RE has sold 6.7 million shares of GTC SA in consideration for approximately EUR 38 millions at a price of PLN 24 per share (approximately EUR 5.75). The transaction was led by a bank who is acting as the placement agent. The capital gain of the Company from the sale ,amounts to approximately EUR 4 million.

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.
During the third quarter of 2009 the Romanian pension activity was sold. The profit Kardan recognized from the sale was €5 million. Please see below the relevant financial data:

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

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2009	2008	**2009**	2008	2008
	€ in millions				
Total income	24	46	-	16	62
Total expenses	(24)	(53)	-	(18)	(71)
Profit (loss) before tax	-	(7)	-	(2)	(9)
Income tax expenses	(1)	-	(1)	-	-

Net profit (loss) from discontinuing operations before capital gains	(1)	(7)	(1)	(2)	(9)
Capital gain (loss) from sale	28	-	6	-	12
Release of goodwill	(6)	-	-	-	(2)
Net profit (loss) from discontinued operations	21	(7)	5	(2)	1

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

	September 30, 2009 (*)	September 30, 2008	December 31, 2008
	€ in millions		
Assets			
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
Total assets	-	-	83
Liabilities			
Insurance contract liabilities	-	-	48
Other financial liabilities	-	-	3
Insurance payables	-	-	5
Trade and other payables	-	-	4
Total liabilities	-	-	60

(*) Assets and liabilities held for sale as presented in the balance sheet as of September 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 nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2009	2008	**2009**	2008	2008
	€ in millions				
Net cash flow from operating activities	(1)	(14)	(1)	(9)	(4)
Net cash flow from investing activities	47	(6)	4	(4)	(1)
Net cash flow from financing activities	1	2	1	2	(2)
Net cash flows from discontinued operations	47	(18)	4	(11)	(7)

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

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

5) Balances of capital reserves related to discontinued operations:

	September 30,		December 31,
	2009	2008	2008
	€ in millions		
Foreign currency translation reserve	-	-	2
Revaluation reserve, other	-	3	1

8. Subsequent events

1) In October 2009, a subsidiary of GTC SA has purchased the remaining 33% of the share of Galeria Burgas JSC in consideration of Euro 6.3 Million. As a result all the shares of Galeria Burgas JSC are held by GTC SA.

2) In October 2009, a subsidiary of GTC SA purchased 15% of the shares of City Gate Bucharest S.R.L and City Gate S.R.L that were held by the minority in consideration of Euro 9.8 Million.

Please refer also to subsequent events in Note 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 September 30, 2009 and the related interim condensed statements of income, changes in equity and cash flows for the nine 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.

Zwolle, November 30, 2009

Ernst & Young Accountants LLP

Signed by: A.J. Buisman