KARDAN N.V.
AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements
As of March 31, 2010

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Condensed Interim Consolidated Financial Statements page

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A s s e t s

	March 31, 2010	March 31, 2009	December 31, 2009
	€ in millions		
Non-current assets			
Tangible fixed assets	126	118	109
Rental vehicles	217	204	201
Investment properties (Note 5)	2,271	2,180	2,156
Investments in associates	154	147	146
Other financial assets	19	106	14
Loans to bank customers	415	298	189
Long-term loans and receivables	236	325	258
Deferred acquisition costs (insurance companies)	7	6	7
Derivatives	98	21	48
Intangible assets and goodwill	275	257	257
Long term inventory	163	21	160
Deferred income tax assets	37	13	24
	4,018	3,696	3,569
Current assets			
Inventories, contract work and buildings inventory in progress	340	427	308
Derivatives	-	-	1
Current maturities of long-term loans and receivables	166	268	195
Loans to bank customers	454	163	358
Trade receivables	106	80	96
Income tax receivables	5	7	6
Insurance premium receivables	31	29	27
Other receivables and prepayments	199	148	168
Reinsurance assets	29	25	26
Short-term investments	390	127	388
Cash and cash equivalents	557	442	474
	2,277	1,716	2,047
Assets held for sale	13	97	17
Total current assets	2,290	1,813	2,064
Total assets	6,308	5,509	5,633

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

Equity and liabilities

	March 31, 2010	March 31, 2009	December 31, 2009
	€ in millions		
Equity attributable to equity holders of the parent			
Issued and paid-in capital	23	23	23
Share premium	235	230	235
Foreign currency translation reserve	(4)	(35)	(52)
Property revaluation reserve	101	145	93
Revaluation reserve, other	(12)	(20)	(14)
Non-controlling interest holders transaction reserve	1	-	-
Retained earnings (accumulated deficit)	(13)	30	8
	331	373	293
Non-controlling interests	728	760	695
Total equity	1,059	1,133	988
Non-current liabilities			
Interest-bearing loans and borrowings	1,788	1,286	1,698
Banking customers accounts	156	135	144
Derivatives	62	111	64
Other long-term liabilities	21	23	19
Options	33	52	28
Convertible debentures	14	27	-
Other debentures	1,047	802	866
Insurance provisions	76	69	71
Deferred income tax liabilities	161	203	153
Accrued severance pay, net	2	2	2
	3,360	2,710	3,045
Current liabilities			
Advances from customers in respect of contracts	22	22	23
Banking customers accounts	722	426	483
Trade payables	110	115	125
Interest-bearing loans and borrowings	687	701	640
Income tax payables	10	8	9
Advances from apartment buyers	104	108	88
Derivatives	24	9	18
Other payables and accrued expenses	192	213	191
	1,871	1,602	1,577
Liabilities held for sale	18	64	23
Total current liabilities	1,889	1,666	1,600
Total liabilities	5,249	4,376	4,645
Total equity and liabilities	6,308	5,509	5,633

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

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	For the three months ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
Sales of goods	25	41	145
Contract revenues	46	37	173
Insurance activities	15	15	59
Banking and retail lending activities	35	12	96
Property rental and service recharge revenues	25	24	105
Revenues from renting vehicles	26	26	108
Revenues from sale of rental vehicles	19	13	58
Services and management fees	1	1	9
Total revenues	192	169	753
Cost of goods sold	20	31	114
Contract costs	31	29	138
Operating expenses of insurance activities	15	14	68
Costs of banking and retail lending activities	30	32	124
Costs of property rental and service recharge operations	7	5	24
Cost of rental of vehicles	20	20	78
Cost of sale of rental vehicles	17	13	54
Other expenses, net	5	6	30
Total expenses	145	150	630
Gross margin	47	19	123
Selling and marketing expenses	7	6	24
General and administration expenses	15	15	62
Profit (loss) from operations before fair value adjustments, disposal of assets and financial expenses	25	(2)	37
Adjustment to fair value of investment properties	11	16	(179)
Impairment losses on goodwill	-	-	(1)
Gain on issuance of shares in associated companies and subsidiaries to third parties	-	-	1
Gain (loss) on disposal of assets and other income (Note 6)	(8)	3	30
Profit (loss) from fair value adjustments and on disposal of assets and investments	3	19	(149)

Profit (loss) from operations before financ expenses and income taxes	28	17	(112)
Other financial income	13	37	63
Other financing expenses	(44)	(64)	(186)
Adjustment to fair value of other financial instruments	(2)	1	3
Total financial expenses, net	(33)	(26)	(120)
Profit (loss) from operations	(5)	(9)	(232)
Share of profit of associates accounted for using the equity method	3	3	7
Loss before income taxes	(2)	(6)	(225)
Income tax expenses (benefit)	7	15	(27)
Loss for the period from continuing operations	(9)	(21)	(198)
Net profit for the period from discontinued operations (Note 6)	-	-	22
Net profit (loss) for the period	(9)	(21)	(176)
Attributable to:			
Equity holders	(13)	(18)	(92)
Non-controlling interest holders	4	(3)	(84)
	(9)	(21)	(176)
Earnings (loss) per share attributable to shareholders			
Basic from continuing operations	(0.13)	(0.18)	(1.13)
Basic from discontinued operations	-	-	0.22
	(0.13)	(0.18)	(0.91)
Diluted from continuing operations	(0.13)	(0.18)	(1.14)
Diluted from discontinued operations	-	-	0.22
	(0.13)	(0.18)	(0.92)

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
Result for the period	(9)	(21)	(176)
Foreign currency translation differences (1)	57	9	(12)
Change in hedge reserve, net of tax (2)	(7)	16	21
Unrealized revaluations, net of tax (3)	-	(2)	(1)
Other comprehensive income for the period (4)	50	23	8
Total comprehensive income (expense)	41	2	(168)
Attributable to:			
Equity holders	37	5	(80)
Non-controlling interest holders	4	(3)	(88)
	41	2	(168)

(1) The foreign currency translation differences for the three months period ended March 31, 2010 include the release of €22 million due to the first time consolidation of a previously held joint venture, refer to note 6A.
(2) Net of tax amounting to €4 million for the period ended March 31, 2010 and €1.2 for the period ended December 31, 2009, amounts less than €1 million for the period ended March 31, 2009.
(3) Net of tax amounting to less than €1 million in all presented period.
(4) Including expenses resulted from associates: March 31, 2010 - €(1) million, March 31, 2009 December 31, 2009 - €(2) million amounts less than €1 million for the period ended March 31, 2009.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent									
	Issued and paid-in capital	Share premium	Property revaluation reserve(*)	Revaluation reserve, other (*)	Foreign currency translation reserve (*)	Non controlling interest holders transactions reserve	Retained earnings	Total	Non-controlling interest	Total equity
	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions	€ in millions
Balance as of January 1, 2010	23	235	93	(14)	(52)	-	8	293	695	988
Other comprehensive income	-	-	-	2	48	-	-	50	-	50
Net profit (loss) for the period	-	-	-	-	-	-	(13)	(13	4	(9)
Total comprehensive income /expense for the period	-	-	-	2	48	-	(13)	37	4	41
Share-based payment	-	-	-	-	-	-	-	-	1	1
Issuance shares to non-controlling shareholders	-	-	-	-	-	1	-	1	22	23
Shares purchased in newly consolidated subsidiaries	-	-	-	-	-	-	-	-	9	9
Shares sold in consolidated subsidiaries	-	-	-	-	-	-	-	-	(2)	(2)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(1)	(1)
Reclassification according to the Netherlands civil code requirements (*)	-	-	8	-	-	-	(8)	-	-	-
Balance as of March 31, 2010	23	235	101	(12)	(4)	1	(13)	331	728	1,059

(*) In accordance with the Netherlands civil code,, 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								
	Issued and paid-in capital	Share premium	Property revaluation reserve(*)	Revaluation reserve, other (*)	Foreign currency translation reserve(*)	Retained earnings	Total	Non-controlling 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	-	-	-	15	8	-	23	-	23
Net profit (loss) for the period	-	-	-	-	-	(18)	(18)	(3)	(21)
Total comprehensive income /expense for the period	-	-	-	15	8	(18)	5	(3)	2
Share-based payment	-	-	-	-	-	-	-	2	2
Issuance shares to non-controlling shareholders	-	-	-	-	-	-	-	*)	-
Shares purchased in consolidated and newly consolidated subsidiaries	-	-	-	-	-	-	-	18	18
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(1)	(1)
Reclassification according to the Netherlands civil code requirements (*)	-	-	5	-	-	(5)	-	-	-
Balance as of March 31, 2009	23	230	145	(20)	(35)	30	373	760	1,133

*) amount lower than €1 million

(*) In accordance with the Netherlands civil code, 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								
	Issued and paid-in capital	Share premium	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve (*)	Retained earnings	Total	Non-controlling 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
Total comprehensive income (expense) for the year	-	-	-	21	(9)	-	12	(4)	8
Net profit for the period	-	-	-	-	-	(92)	(92)	(84)	(176)
Comprehensive income /expense for the year	-	-	-	21	(9)	(92)	(80)	(88)	(168)
Share-based payment	-	1	-	-	-	-	1	5	6
Issuance of shares to consolidated company	-	1	-	-	-	-	1	-	1
Exercise of warrants and options	-	3	-	-	-	-	3	-	3
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	15	15
First time consolidation	-	-	-	-	-	-	-	20	20
Dividend distributed to non-controlling			-	-	-	-	-	(1)	(1)
Reclassification according to the Netherlands civil code requirements (*)	-	-	(47)	-	-	47	-	-	-
Balance as of December 31, 2009	23	235	93	(14)	(52)	8	293	695	988

(*) In accordance with the Netherlands civil code, 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 CASH FLOW STATEMENT

	Three months period ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
Cash flow from operating activities			
Net profit (loss) from continuing operations before taxes on income	(2)	(6)	(225)
Adjustments required to present cash flow from operating activities (see A below)	(38)	(12)	276
Net cash provided by (used in) operating activities	(40)	(18)	51
Cash flow from investing activities			
Acquisition of tangible fixed assets and investment properties	(70)	(66)	(313)
Collecting (granting) of loans to associated companies, net	3	(1)	(9)
Investment in companies and partnerships (*)	-	-	(27)
Proceeds from sale of assets and investments (*)	6	2	16
Granting of long-term loans	(1)	(58)	(141)
Change in loans to bank customers	(7)	(14)	(175)
Collecting of long-term loans and receivables	13	74	318
Change in short-term investments	39	(59)	(256)
Acquisition of newly consolidated subsidiaries, net of cash acquired (see B below)	(2)	5	3
Disposal of formerly consolidated subsidiaries, net of cash disposed (see C below)	-	-	24
Change from proportional consolidation to full consolidation (see D below)	28		
Change in deferred brokerage fees	(1)	-	(2)
Change in other assets	(3)	-	(6)
Decrease of cash of assets held for sale	-	-	2
Net cash provided by (used in) investing activities	5	(117)	(566)

(*) Reclassified according to IAS 7

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Three months period ended March 31, **2010**	Three months period ended March 31, 2009	For the year ended December 31, 2009
	€ in millions		
Cash flows from financing activities			
Dividend paid to non-controlling interests	(1)	(1)	(1)
Proceeds from issuance of shares in subsidiaries to third parties, net	21	5	5
Issuance of debentures	70	1	22
Repayment of debentures	(4)	(26)	(92)
Change in loans from bank customers	-	18	95
Change in deposits from tenants	-	-	1
Proceeds from long-term loans	150	326	886
Repayment of long-term loans	(88)	(215)	(585)
Change in short-term loans and borrowings, net	(58)	(48)	178
Costs related to issuance of debt and shares	-	(1)	(5)
Investments in companies and partnerships (*)	-	(60)	(76)
Proceeds from sale of investments in subsidiaries (*)	-	43	44
Net cash provided by financing activities	90	42	472
Foreign exchange differences relating to cash and cash equivalents	28	(5)	(23)
Increase (decrease) in cash and cash equivalents	83	(98)	(66)
Cash and cash equivalents at the beginning of the period	474	540	540
Cash and cash equivalents at the end of the period	557	442	474

(*) Reclassified according to IAS 7

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Three months period ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
A. Adjustments to reconcile net profit (loss) to net cash			
Charges / (credits) to profit / loss not affecting operating cash flows:			
Share of profit (loss) of associates accounted for using the equity method	(3)	(3)	(7)
Dividend from associated companies	1	2	6
Gain on issuance of shares in associated companies and subsidiaries to third parties, net	-	-	(5)
Gain from release of negative goodwill	-	-	(5)
Impairment of goodwill	-	-	1
Loss (gain) on disposal of assets and investments, net	(5)	-	2
Share-based payment	1	2	6
Depreciation and amortization	16	18	74
Fair value adjustments of investment properties	(11)	(16)	179
Financial (income)/expense and exchange rate differences, net	28	(32)	99
Change in fair value of options and share appreciation rights	(6)	10	(14)
Decrease (increase) in fair value of securities held for trading, and hedge instruments, net	(18)	51	(20)
Increase in provision for bad debts in the financial services segment	19	31	116
Purchase of rental vehicles	(23)	(11)	(79)
Proceeds from sale of rental vehicles	17	13	54
Impairment of assets	-	-	19
Changes in operating assets and liabilities			
Change in insurance provisions and deferred acquisition costs, net	1	(2)	-
Change in outstanding insurance premiums, reinsurance receivables and insurance companies	-	-	(1)
Change in trade and other receivables	(87)	(67)	(42)
Change in inventories and in contract work in progress, net of advances from customers	(13)	(17)	(2)
Change in trade and other payables	59	39	(76)
Interest paid	(72)	(91)	(246)
Interest received	62	64	230
Income taxes paid	(4)	(3)	(13)
	(38)	(12)	276

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Three months period ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
B. Acquisition of newly consolidated subsidiaries, net of cash acquired			
Cash	-	-	1
Working capital (excluding cash)	-	18	73
Non-current assets	(2)	(274)	(279)
Goodwill on acquisition	(1)	-	(1)
Non-controlling interests	-	21	20
Long-term liabilities	-	240	192
Capital reserve	-	-	(2)
Total purchase price	(3)	5	4
Less – cash in subsidiaries acquired	-	-	(1)
Payable on account of investment	1	-	-
Cash used in acquisition, net of cash acquired	(2)	5	3
C. Disposal of formerly consolidated subsidiaries, net of cash disposed			
Cash	-	-	29
Working capital (excluding cash)	-	-	30
Non-current assets	-	-	10
Investment properties	-	-	9
Goodwill	-	-	16
Non-controlling interests	-	-	(7)
Long-term liabilities	-	-	(49)
Gain on disposal of investment	-	-	19
Total consideration	-	-	57
Cash of subsidiary which ceased to be consolidated	-	-	(29)
Release of capital reserves	-	-	(1)
Other receivables from disposal of investments	-		(3)
Cash flows from disposal, net of cash disposed	-	-	24

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

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Three months period ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
D. Change from proportional consolidation to full consolidation			
Cash	(35)	-	-
Working capital (excluding cash)	34	-	-
Investment property	(33)	-	-
Other non-current assets	(242)	-	-
Goodwill on acquisition	(11)	-	-
Gain on disposal of investment	6	-	-
Non-controlling interests	9	-	-
Long-term liabilities	265	-	-
Total purchase price	(7)	-	-
Less – cash in subsidiaries acquired	35	-	-
Cash used in acquisition, net of cash acquired	28		
E. Significant non-cash transactions			
Conversion of debentures Company's shares	-	-	3
Purchase shares of subsidiary from non-controlling shareholders against assignment of loans	-	-	7
Purchase of subsidiary shares against contribution – in kind of assets	-	-	17

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2010

1. Corporate information

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

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

These condensed interim financial statements were approved by the management board on May 28, 2010.

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 2009.

For the condensed interim consolidated financial statements for the period ended on March 31, 2010 the Company applied the same accounting principles and methods of computation as compared with the consolidated financial statements for the year 2009, except for the changes described below.

B. Changes in accounting policies

With the effect from January 1, 2010 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 2010 and which were adopted by the Group:

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11.The adoption of this amendment did not have any impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
The Group applies the revised standards from January 1, 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial

recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively and is expected to have a material effect.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.
The Company believes that the new interpretation will not have a material impact on its financial statements, as the Group has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position nor performance of the Group.

Improvements to IFRSs (issued May 2008)
In May 2008, the Board issued its first omnibus of amendments to its standards. All amendments issued are effective for the Group as of December 31, 2009, apart from the following:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and had no impact on the financial position or the financial performance of the Group. The amendment is effective for the Group as of January 1, 2010.

Improvements to IFRSs (issued April 2009)
In April 2009, the IASB issued a second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Revenue
- IAS 36 Impairment of Assets

- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement

Amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or the performance of the Group:

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

New and amended standards and Interpretations, that are effective for financial years starting after 1 January 2010 or later

IFRS 9 Financial Instruments

The IASB has published phase 1 of IFRS 9 Financial Instruments, the accounting standard that will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. Phase 1 establishes a new classification and measurement framework for financial assets. At initial recognition, all financial assets are measured at fair value. For subsequent measurement, financial assets that are debt instruments are classified at amortized cost or fair value through profit and loss on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. All other debt instruments are subsequently measured at fair value through profit and loss. All financial assets that are equity investments are measured at fair value either through profit or loss or other comprehensive income. The Group has taken notice of the new standard and is currently assessing its impact.

C. Reclassifications

Certain amounts in the statement of financial position and income statements were reclassified, within the same group of accounts, in order to conform with current period 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
March 31, 2010	0.744	0.200	121.5
March 31, 2009	0.751	0.179	117.8
December 31, 2009	0.69	0.184	122.6
Change in 2010 (3 months)	7.82%	8.70%	(0.90)%
Change in 2009 (3 months)	4.7%	(4.96)%	(0.1)%
Change in 2009 (12 months)	(3.9)%	(2.6%)	3.9%

3. Segment information

A. Segments revenues

	For the three months ended March 31,		For the year ended December 31,
	2010	2009	**2009**
		€ in millions	
Financial services – insurance and pension	24	16	64
Financial services – banking and retail lending	19	12	110
Real estate	54	75	56
Infrastructure – assets	15	15	61
Infrastructure - projects	24	20	101
Rental and leasing of vehicles	45	39	169
Sale of vehicles	3	3	7
Others	15	11	43
	199	191	611

(*) Segment revenues include fair value adjustments of investment properties, goodwill impairment, equity earnings and gains from disposal of assets and investments.

B. Segments results and reconciliation to net result

	For the three months ended March 31,		For the year ended December 31,
	2010	2009	2009
		€ in millions	
Financial services – insurance and pension	8	(1)	(8)
Financial services – banking and retail lending	(11)	(22)	(16)
Real estate	24	33	(117)
Infrastructure – assets	1	4	8
Infrastructure - projects	2	-	7
Rental and leasing of vehicles	6	3	26
Sale of vehicles	3	3	7
Others	1	2	4
	34	22	(89)
Unallocated expenses	3	2	16
Profit (loss) from operations and share in profit of associates companies before finance expenses, net	31	20	(105)
Finance expenses, net	33	26	120
Loss before income tax	(2)	(6)	(225)
Income tax expenses (benefit)	7	15	(27)
Loss from continuing operations	(9)	(21)	(198)
Profit (loss) from discontinued operations	-	-	22
Loss for the period	(9)	(21)	(176)

4. Share capital

A. Composition

	March 31, 2010		December 31, 2009	
	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	111,824,638

During the three month period ended on March 31, 2010 there were no changes to the share capital of the Company.

5. Investment properties

Further to Note 8 to the 2009 consolidated financial statements, below we present updated information regarding investment properties:

A. Investment properties can be split up as follows:

	March 31,		December 31,
	2010	2009	2009
	€ in millions		
Completed investment properties	1,622	1,287	1,580
Investment properties under construction carried at fair value	249	494	158
Investment properties under construction carried at cost	400	399	418
	2,271	2,180	2,156

B. Fair value adjustments comprise:

	For the three months ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
Adjustment to fair value of newly completed properties, net of goodwill released	-	-	17
Adjustment to fair value of properties completed in prior years	(1)	(13)	(142)
Adjustment to fair value of investment property under construction, net of goodwill released	12	29	(14)
Impairment adjustments to investment properties under construction measured at cost	-	-	(40)
	11	16	(179)

During the first quarter of 2010 substantially all investment properties were subject to an internal update of the December 31, 2009 valuation, with exception of the shopping mall under construction in China, which were externally valued.

C. Significant assumptions

Significant assumptions used in the valuations as of March 31, 2010 and December 31, 2009 are presented below on the basis of weighted averages:

	China		Western Europe		CEE	
	March 31, 2010	December 31, 2009	**March 31, 2010**	December 31, 2009	**March 31, 2010**	December 31, 2009
Completed investment properties						
Average rental rate per sqm per month (in €)	n/a	n/a	10.8	10.8	20.2	20.2
Reversionary yield	n/a	n/a	6%	6%	7.8%	7.8%
ERV per sqm per month (in €)	n/a	n/a	9.8	9.8	20.3	20.3
Vacancy	n/a	n/a	7.3%	7.3%	10.9%	10.9%
Assets under construction (only assets at fair value)						
Average risk-adjusted yield used in capitalizing the net future income stream	9%	n/a	n/a	n/a	9.3%	9.3%
Average % complete	50%	n/a	n/a	n/a	76%	75%
Estimated average development profit ((Fair value upon completion / Total budgeted costs)- 1)	29.8%	n/a	n/a	n/a	6%	6%
Effective average development profit on executed part, accumulatively ((Current fair value /Total costs spent) -1)	20.1%	n/a	n/a	n/a	2.1%	2%

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 2009 financial statements, which is still materially applicable.

6. Significant transactions, business combinations and commitments

A. In October 2009, TBIF (banking and retail lending segment) has signed an agreement with its joint venture partner in VAB Bank whereby TBIF will purchase additional shares in VAB Bank representing 14.1% of the share capital of VAB Bank in consideration of approximately €14 million.

TBIF has received the necessary regulatory approvals and the transaction was completed. Following the completion of the transaction, TBIF holds 63% of the shares of VAB Bank and accordingly became the majority shareholder in VAB Bank and gained control over the bank. As a result, TBIF fully consolidated the balance sheet of VAB Bank as of March 31, 2010 and will start fully consolidating the income statement of VAB Bank as of the second quarter of 2010. Prior to the transaction, VAB Bank was proportionally consolidated,

As a result of the late closing of the transaction, the excess of purchase price over the carrying value of the acquired stake amounting to €8 million was allocated to goodwill on a provisional basis, subject to a final purchase price allocation to be prepared by TBIF in accordance with the requirements of IFRS 3R.

The amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed (representing 100% of each asset or liability) are assumed to have fair values approximating their carrying amounts as follows:

	Provisional amounts
	March 24, 2010
	€ in millions
Property, plant and equipment	20
Deferred tax assets	17
Bank loans granted – gross contractual amounts	589
Bank loans granted – accumulated impairment	(97)
Available for sale financial assets	7
Financial assets at fair value through profit/loss	2
Trade and other receivables	18
Balances with central banks	14
Cash and cash equivalents	69
	639
Loans and deposits from banks	(124)
Deposits from companies and individuals	(303)
Debentures	(97)
Other interest-bearing borrowings	(73)
Other liabilities	(4)
	(601)
Fair value of net assets	38

Fair value of previously held (48.91%) share	(18)
Goodwill on acquisition(*)	8
Non-controlling interest (share in fair value of net assets)	(14)
Net cost of acquisition	14

As a result of the transaction, the accumulated foreign currency translation reserve relating to the investment in VAB Bank was released through 'Gain (loss) on disposal of assets and other income' in the condensed interim consolidated income statement by recognizing a loss of € 22 million. The gain on revaluation of the previously held share in the bank amounted to € 6 million and has been included in 'Gain (loss) on disposal of assets and other income' in the condensed interim consolidated income statement.

(*) Goodwill has been provisionally determined according to the partial goodwill approach according to IFRS 3R.

The gain on revaluation of the previously held share in VAB bank was calculated as follows:

	€ in millions
Fair value of previously held share	18
Carrying value of previously held share	(12)
Gain on revaluation	6

Had the transaction been closed on the first day of the reporting period, the consolidated revenue of Company would have been € 189 million and the consolidated loss of would have been € nil.

Pro-forma information regarding the first time consolidation of VAB bank:

In accordance with the Israeli Securities Authority regulations, we hereby present pro forma information with respect to the business combination of VAB Bank as described in Note 6A above. These combined interim pro forma income statements and statements of comprehensive income are presented as if the acquisition of the additional stake in VAB Bank has occurred on January 1, 2009, after giving effect to purchase accounting adjustments.

The additional pro forma income and comprehensive income statements are presented in accordance to the following guidelines and assumptions:

a) The pro forma income statement and comprehensive income statements are based on the consolidated income statements of the Group, as presented in previous periods, before the date of full consolidation. The results of VAB Bank proportional consolidation which existed before the full consolidation were eliminated.

b) The non-controlling interest share in the results of VAB bank were determined according to the holding percentage in VAB bank after the date of acquisition (37%).
c) The consideration of the acquisition was allocated to the identifiable assets and liabilities of VAB Bank as described in Note 6A of these interim financial statements. The net loss resulting from the business combination (€16 million) is not included in the results of the pro forma income statements.
d) The financial income was reduced by the average interest that TBIF earned on deposits and cash which were used for the acquisition.

Condensed Interim consolidated Pro forma income statement regarding the first time consolidation of VAB bank:

	For the three months ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
Sales of goods	25	41	145
Contract revenues	46	37	173
Insurance activities	15	15	59
Banking and retail lending activities	32	15	92
Property rental and service recharge revenues	25	24	105
Revenues from renting vehicles	26	26	108
Revenues from sale of rental vehicles	19	13	58
Services and management fees	1	1	9
Total revenues	189	172	749
Cost of goods sold	20	31	114
Contract costs	31	29	138
Operating expenses of insurance activities	15	14	68
Costs of banking and retail lending activities	36	37	146
Costs of property rental and service recharge operations	7	5	24
Cost of rental of vehicles	20	20	78
Cost of sale of rental vehicles	17	13	54
Other expenses, net	5	6	30
Total expenses	151	155	652
Gross margin	38	17	97
Selling and marketing expenses	7	6	24
General and administration expenses	15	15	62
Profit (loss) from operations before fair value adjustments, disposal of assets and financial expenses	16	(4)	11
Adjustment to fair value of investment	11	16	(179)

properties			
Impairment losses on goodwill	-	-	(1)
Gain on issuance of shares in associated companies and subsidiaries to third parties	-	-	1
Gain on disposal of assets and other income	8	3	33
Profit (loss) fair value adjustments and on disposal of assets and investments	19	19	(146)
Profit (Loss) from operations before finance expenses and income taxes	35	15	(135)
Other financial income	13	38	62
Other financing expenses	(44)	(64)	(186)
Adjustment to fair value of other financial instruments	(2)	1	3
Total financial expenses, net	(33)	(25)	(121)
Profit (loss) from operations	2	(10)	(256)
Share of profit (loss) of associates accounted for using the equity method	3	3	7
Net profit (loss) before income taxes	5	(7)	(249)
Income tax expenses (benefit)	5	15	(33)
Net profit (loss) for the period from continuing operations	-	(22)	(216)
Net profit (loss) for the period from discontinued operations (note 6)	-	-	22
Net profit (loss) for the period	-	(22)	(194)
Attributable to:			
Equity holders	4	(17)	(97)
Non-controlling interest holders	(4)	(5)	(97)
	-	(22)	(194)
Earnings (loss) per share attributable to shareholders			
Basic from continuing operations	0.04	(0.17)	(1.19)
Basic from discontinued operations	-	-	0.22
	0.04	(0.17)	(0.97)
Diluted from continuing operations	0.04	(0.17)	(1.20)
Diluted from discontinued operations	-	-	0.22
	0.04	(0.17)	(0.98)

Condensed Interim consolidated proforma statement of comprehensive income regarding the first time consolidation of VAB bank

	For the three months ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
Result for the period	-	(22)	(194)
Foreign currency translation differences	80	11	(13)
Change in hedge reserve, net of tax	(7)	16	21
Unrealized revaluations, net of tax	-	(2)	(1)
Other comprehensive income for the period	73	25	7
Total comprehensive income (expense)	73	3	(187)
Attributable to:			
Equity holders	70	5	(91)
Non-controlling interest holders	3	(2)	(96)
	73	3	(187)

B. In March 2010, Kardan Real Estate (which is included in the Group's real estate segment) has completed public offering of shares and convertible debentures on the Tel Aviv Stock Exchange. The total proceeds amounted to approximately €25 million (€24 million, net of transaction costs), as follows:

   1. 23,778,700 ordinary shares in consideration of €10 million
   2. NIS 80,867,000 par value convertible debentures in consideration of €15 million. The debentures are linked to the CPI and bear annual interest of 5.7%. The debentures mature on March 30, 2014. The debentures can be converted into Kardan Real Estate shares until March 14, 2014 at a rate of 3.884 NIS par value debentures per share.

   The balance of the convertible debentures was split into two components: the conversion component was calculated at issue date as financial derivative measured at fair value of NIS 12.7 million (€ 2.5 million); the difference between the proceeds and the conversion component, amounting to NIS 71 million (€14 million) was allocated to the liability component. The effective interest rate of the convertible debentures was calculated as 10.29% p.a.

C. In January 2010, the Company has reissued NIS 150,555,233 par value Debentures series A it has repurchased through its subsidiary (TGI) in November 2008. The consideration received for the debentures amounted to NIS 161 million (€30 million), representing an effective interest rate of 6.8% p.a.

D. In March 2010, GTC Romania has signed an agreement with its Joint Venture partner in relation with its holdings in NCC and NCC's project companies, which develop and operate shopping centers in Romania. The agreement regulates conversion of GTC Romania's over-financing into additional shares in NCC and the project companies. As a result of the agreement, GTC Romania increased its holding in NCC from 50% to 52% and gained control over those subsidiaries.

   As a result of the transaction NCC and the project companies were fully consolidated effective March 2010. The impact on the financial statements is as follows:

   a) Increase total assets by €27 million
   b) Increase interest bearing loans and borrowings by €32 million

   The transaction resulted with a goodwill of € 2.7 million which is supported by a mix of operational synergies, future projects' potential and control premium.

E. In relation to discontinued operations as described in Note 5 to the 2009 consolidated financial statements, please see below the relevant financial data. As the transaction was completed in 2009, no comparative data exists as of and for the three months period ended on March 31, 2010.

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

	For the three months ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
Total income	-	13	24
Total expenses	-	(13)	(24)
Profit (loss) before tax	-	-	-
Income tax expenses	-	-	(1)
Net profit (loss) from discontinuing operations before capital gains	-	-	(1)
Capital gain (loss) from sale	-	-	28
Release of goodwill	-	-	(5)
Net profit (loss) from discontinued operations	-	-	22

2) Composition of main groups of assets and liabilities held for sale as of March 31, 2009:

	March 31, 2009
Assets	
Intangible assets	18
Tangible fixed assets	10
Financial assets	26
Reinsurance assets	10
Insurance receivables	21
Deferred acquisition costs	7
Prepayments and accrued incomes	1
Cash and cash equivalents	1
Total assets	94
Liabilities	
Insurance contract liabilities	51
Other financial liabilities	2
Insurance payables	9
Trade and other payables	2
Total liabilities	64

The assets and liabilities presented as held for sale as of December 31, 2009, do not relate to the discontinued operations.

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

	For the three months ended March 31,		For the year ended December 31,
	2010	2009	2009
	€ in millions		
Net cash flow from operating activities	-	(5)	(1)
Net cash flow from investing activities	-	43	47
Net cash flow from financing activities	-	-	1
Net cash flows from discontinued operations	-	38	47

4) For all relevant periods the other comprehensive income items related to discontinued operations amounted to nil.

5) Balances of capital reserves related to discontinued operations:

	March 31,	
	2010	2009
	€ in millions	
Foreign currency translation reserve	-	2
Revaluation reserve, other	-	1

As of December 31, 2009 no capital reserves relate to discontinued operations.

F. Under a loan agreement between KFS (the Group's financial services segment) and Discount Bank, KFS is required to comply with certain covenants. The covenants relate to minimal equity and equity ratios in KFS, TBIF and TBIH as well as cross defaults relating to certain loans of subsidiaries. As of 31 March 2010, KFS and KNV are compliant with the covenants.

As of March 31, 2010 a subsidiary of TBIF Group was in breach of covenants of one loan amounting of € 21 million, € 4 million of which with contractual maturity within the next twelve months after the statement of financial position date. The breach relates to unhedged open currency position ratio and open loan exposure ratio. As a result the breach, long-term loans amounting to €17 million were reclassified and are presented as short term loans. A waiver is expected to be attained for the above mentioned exposure. The abovementioned breach has not triggered cross defaults of other loans in KFS and KNV Group.

G. Kardan Real Estate (which is included in the Group's real estate segment) holds 30% of the shares of Holyland Park Ltd (hereinafter: "Holyland"), which it purchased at the end of 1999 together with Leumi bank who purchased then a 10% stake in Holyland. The Holyland complex in Jerusalem, is intended for residential and hotel construction (hereinafter: "the Holyland Project"). The Project is currently under construction, including buildings whose construction has not yet begun.

In their review report, Holyland's accountants drew the readers' attention to Holyland's management's inability to reliably assess the additional possible effects of the following on Holyland's financial position and the results of its operations.

In April 2010, Israel Police searched the offices of Kardan Real Estate, Holyland and Polar (the controlling shareholder in Holyland), against the background of what later became known in the media as the Holyland Affair and which deals with bribes. In addition, former officers at Holyland were summoned by the authorities for questioning in connection with suspicions of bribery. As at the date of approval of the financial statements, and to the best of Holyland's management's knowledge, Holyland's involvement in the suspicions as stated is limited to the searches that were conducted, as stated.

In May 2010 Holyland received a letter from the Jerusalem Municipality stating that the Committee has decided to suspend the building permits for excavation work with regard to three planned buildings in the Project, whose construction has not yet begun and which are presented in Holyland's financial statements as non-current real estate, for 100 days, or until another decision is made by the Committee. In the opinion of Holyland's management, based on the opinions of its legal advisors on this matter, there are no grounds for suspending and/or canceling the building permits obtained.

In the wake of the aforesaid, Holyland, with the assistance of external advisors, has examined the net exercise value of the inventory of buildings for sale and real estate in its possession. In light of the aforementioned examination, Holyland included a provision for impairment of value of the inventory and real estate in its possession. The Company's share in Holyland's losses during the three month period ended March 31, 2010 amounts to approximately NIS 13.8 million (€2.6 million of which the Company's share is €1.3 million). Additionally, in light of the foregoing and in accordance with the provisions of IAS 28, Kardan Real Estate re-examined the value of its investment in Holyland shares in its entirety and, in light of this examination, an additional provision for impairment of value of its investment in Holyland was included, in the sum of approximately NIS 1.9 million (€0.4 million of which the Company's share is €0.2 million).

As at the date of approval of these interim financial statements, in light of the preliminary stages of the aforementioned proceedings, there is uncertainty with regard to all the implication of the aforesaid, including what is known in the media as the Holyland Affair, on the Project in its entirety (especially building permits in Holyland's possession and those that it intends to obtain, the projected sales prices of the apartment and the timing of the sale thereof), due to which the management of Kardan Real Estate and Holyland are unable to reliably assess the additional possible effects of all the aforesaid on Holyland's financial position and the results of its operations in the future, beyond those that have already found expression in these interim financial statements. Nevertheless, it should be clarified that the activities of Holyland is continuing normally and the sale of apartments in the Project is continuing.

To guarantee the repayment of the credit extended to Holyland by a lending bank, Holyland's shareholders are guarantors vis-a-vis the bank, for an unlimited sum and on a pro rata basis. As at March 31, 2010, the said credit balance, including guarantees and sales law guarantees, amounts to approximately NIS 475 million (€95 million of which the Company's share is approximately €15 million).

7. Subsequent events

A. Subsequent to the statement of financial position date, in April 2010, TBIF (banking and retail lending segment) received a notice from the 31% co- shareholder in the Russian bank SovCom, expressing its intention to exercise a call option to buy 19% of the shares in SovCom Bank from TBIF. As a result of expressing this intention, according to the call option conditions, the co-shareholders, have the right to pay and exercise the option up until September 3, 2010; the option does not define any penalty in case the co-shareholder will not succeed to fulfill these terms. The transaction is also subject to several conditions, among others the approval of the regulatory authorities and the funding of the acquisition by the option holder. By expressing this intention the co-shareholder has effectively extended the option period.

If the option will be exercised, the cash consideration expected from the sale of the shares will amount to approximately € 39 million. The final purchase price will be determined upon closing. The result of the transaction has not been determined yet.

In case that the option will be exercised and TBIF will proportionally consolidate 50% of SovCom Bank, based on March 31, 2010 positions, the total assets which will be deconsolidated from the Company's consolidated statement of financial position will be € 420 million.

B. Subsequent to the balance sheet date, TGI (infrastructure segment) has signed a Letter of Intent ('LOI') with FIMI an Israeli Private Equity fund, pursuant to which FIMI undertakes to provide a loan in an amount of up to approximately € 40 million (USD 50 million). In exchange, FIMI will receive warrants in an amount up to € 40 million to purchase an equity stake in TGI.
According to the LOI, FIMI will lend TGI an amount of approximately € 20 million (USD 25 million) upon closing of the transaction and provide an additional facility in the same amount which will be available for one year after closing. The loan is to be repaid in four years and bears an interest of 6 month Libor plus 3% (the "Loan"). On the basis of the LOI, TGI will issue warrants to FIMI, which allow FIMI to purchase shares in TGI in the amount of the Loan outstanding based on a 100% value of TGI equal to the lower of (i) USD 250 million increased by 5% annually or (ii) in case of an exit event such as an IPO, at 25% discount of the value of TGI at the time of such exit event. The warrants expire four years from closing of the transaction or upon an exit event. Kardan has the option to buy back 60% of the warrants and repay 60% of the Loan at an IRR of 17.5%, for six months starting two and a half years after closing of the transaction. Upon closing of the transaction, Kardan is required to convert 50% of its shareholders loans to TGI into equity.
The closing of the transaction will be subject to satisfactory completion of business, legal and financial due diligence by FIMI and the receipt of necessary consents and approvals, including corporate approvals.

C. Subsequent to the balance sheet date, on May 26, 2010, the Annual General Meeting of the Company adopted a Share Plan which is meant as an incentive plan for certain (limited) qualified key (management) employees of the Company. According to the Share Plan a maximum of 2% of the issued share capital of the Company (as outstanding on January 1, 2009) will be granted to the qualified employees for the period ending on December 31, 2011. Such selected participants will receive a Notice of Grant which will specify the Date of Grant. The participants being members of the Management Board should achieve certain predefined targets over a Performance Measurement Period of 3 years from the Date of Grant. After attainment of the targets, new non-listed shares of the Company ('the Unreleased Shares') will be issued against payment of the nominal value of the shares. The Unreleased Shares will be held in custody by the Company, and will be released for trade at the later of (i) the expiration of the Performance Measurement Period, or (ii) at the moment the Participant has accumulated (at least) five consecutive years of service with the Company since January 1, 2009. The participants being members of the Management Board can elect to receive up to 50% of this incentive by way of a cash payment, subject to the approval of the Supervisory Board of the Company. For members of the Management Board, the definition of targets to be achieved as well as the parameters of the maximum incentive to be received, takes place in accordance with the general principles of the Remuneration Policy as well as the principles as applied by the remuneration, appointment and selection committee and the Supervisory Board. For other key employees, not being member of the Management Board, the targets will set by the Management Board and may take the form of general performance targets. The Company will account for such shares in accordance with the provisions of IFRS 2.

D. Subsequent to the balance sheet date, in May 2010, GTC SA signed a letter of intent with an international investor for sale of Topaz and Nefryt office buildings in Warsaw. The transaction is subject to due diligence and approval of statutory organs of both the seller and the buyer and is schedule to be completed by the end of June 2010.

To the management and shareholders of Kardan N.V.

Review report

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kardan N.V., Amsterdam (the "Company") as at March 31, 2010 and the related interim condensed consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the 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 Dutch law which include audit standards equivalent to 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.

Amsterdam, May 28, 2010

Ernst & Young Accountants LLP

Signed by: A.J. Buisman