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AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements
As of June 30, 2011

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Condensed Interim Consolidated Financial Statements page

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Assets

	June 30, 2011	June 30, 2010	December 31, 2010
	€ in millions		
Non-current assets			
Tangible fixed assets	102	125	105
Rental vehicles	405	239	245
Investment properties (Note 5)	2,023	2,249	2,344
Investments in associates	145	249	157
Other financial assets	11	44	26
Loans to bank customers	126	385	96
Long-term loans and receivables	176	239	171
Derivatives	102	107	120
Intangible assets and goodwill	170	212	184
Long term real estate inventory	223	198	231
Deferred income tax assets	25	39	22
	3,508	4,086	3,701
Current assets			
Inventories, contract work and buildings inventory in progress	486	367	384
Derivatives	2	-	2
Current maturities of long-term loans and receivables	131	158	159
Loans to bank customers	210	571	159
Trade receivables	112	114	111
Income tax receivables	7	9	6
Other receivables and prepayments	159	199	140
Short-term investments	231	339	254
Cash and cash equivalents	356	515	498
	1,694	2,272	1,713
Assets held for sale (Note 6A)	376	93	585
Total current assets	2,070	2,365	2,298
Total assets	5,578	6,451	5,999

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

E q u i t y a n d l i a b i l i t i e s

	June 30, 2011	June 30, 2010	December 31, 2010
		€ in millions	
Equity attributable to equity holders of the parent			
Issued and paid-in capital	23	23	23
Share premium	235	235	235
Foreign currency translation reserve	(13)	22	9
Property revaluation reserve	67	112	114
Revaluation reserve, other	3	(10)	-
Non-controlling interest holders transaction reserve	19	1	(1)
Treasury shares	(27)	(26)	(27)
Retained earnings (accumulated deficit)	(6)	11	(19)
	301	368	334
Non-controlling interests	879	731	733
Total equity	1,180	1,099	1,067
Non-current liabilities			
Interest-bearing loans and borrowings	1,417	1,722	1,582
Banking customers accounts	82	168	76
Derivatives	43	89	55
Other long-term liabilities	34	22	26
Options	21	28	29
Convertible debentures	15	15	15
Other debentures	1,093	1,064	1,016
Deferred income tax liabilities	174	174	182
Accrued severance pay, net	5	2	2
	2,884	3,284	2,983
Current liabilities			
Advances from customers in respect of contracts	16	17	17
Banking customers accounts	304	833	302
Trade payables	160	128	120
Interest-bearing loans and borrowings	466	709	509
Income tax payables	4	6	8
Advances from apartment buyers	189	131	158
Derivatives	11	24	16
Other payables and accrued expenses	204	202	232
	1,354	2,050	1,362
Liabilities associated with assets held for sale (Note 6A)	160	18	587
Total current liabilities	1,514	2,068	1,949
Total liabilities	4,398	5,352	4,932
Total equity and liabilities	5,578	6,451	5,999

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

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	For the six months ended June 30, 2011	For the six months ended June 30, 2010	For the three months ended June 30, 2011	For the three months ended June 30, 2010	For the year ended December 31, 2010
	€ in millions				
Sales of goods	38	45*)	18	20*)	109
Contract revenues	93	98	45	52	203
Retail lending activities	55	17	34	8	35
Property rental and service recharge revenues	72	65*)	38	40*)	134
Revenues from renting vehicles	82	56	48	30	113
Revenues from sale of rental vehicles	53	35	30	16	71
Services and management fees	2	1	1	1	2
Total revenues	395	317	214	167	667
Cost of goods sold	34	40	16	20	96
Contract costs	77	78	40	47	162
Costs of banking and retail lending activities	39	18	20	9	47
Costs of property rental and service recharge operations	21	14	11	7	32
Cost of rental of vehicles	67	41	40	21	83
Cost of sale of rental vehicles	51	32	29	15	65
Other expenses, net	18	3	17	(1)	9
Total expenses	307	226	173	118	494
Gross margin	88	91	41	49	173
Selling and marketing expenses	16	14	9	7	32
General and administration expenses	47	34	28	19	78
Profit from operations before fair value adjustments, disposal of assets and financial expenses	25	43	4	23	63
Adjustment to fair value of investment properties	(5)	28	(26)	17	73
Impairment losses on goodwill (note 6D(3))	(22)	(3)	(22)	(3)	(28)
Gain (loss) on disposal of assets and other income (Note 6	2	13	7	12	16
Profit (loss) from fair value adjustments and on disposal of assets and investments	(25)	38	(41)	26	61
Profit (loss) from operations before finance expenses and income taxes	-	81	(37)	49	124
Other financial income	17	21	4	8	26
Other financing expenses	(92)	(102)	(47)	(58)	(178)
Adjustment to fair value of other financial instruments	1	1	-	3	3
Total financial expenses, net	(74)	(80)	(43)	(47)	(149)
Profit (loss) from operations	(74)	1	(80)	2	(25)
Share of profit of associates accounted for using the equity method	2	7	1	4	13
Profit (loss) before income taxes	(72)	8	(79)	6	(12)
Income tax expenses (benefit)	5	16	(3)	10	25
Profit (loss) for the period from continuing operations	(77)	(8)	(76)	(4)	(37)
Net profit for the period from discontinued operations (Note 6)	5	10	-	15	8
Net profit (loss) for the period	(72)	2	(76)	11	(29)
Attributable to:					
Equity holders	(36)	1	(36)	14	(27)
Non-controlling interest holders	(36)	1	(40)	(3)	(2)
	(72)	2	(76)	11	(29)
Earnings (loss) per share attributable to shareholders					
Basic from continuing operations	(0.41)	(0.09)	(0.36)	(0.01)	(0.34)
Basic from discontinued operations	0.05	0.10	-	0.15	0.07
	(0.36)	0.01	(0.36)	0.14	(0.27)
Diluted from continuing operations	(0.44)	(0.10)	(0.38)	(0.02)	(0.34)
Diluted from discontinued operations	0.05	0.10	-	0.15	0.07
	(0.39)	-	(0.38)	0.13	(0.27)

*) Reclassified

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
Net profit (loss) for the period	(72)	2	(76)	11	(29)
Foreign currency translation differences	(22)	90	(2)	33	73
Change in hedge reserve, net of tax (1)	8	(6)	(9)	1	11
Unrealized revaluations, net of tax (2)	(1)	-	-	-	1
Other comprehensive income (loss) for the period (3)	(15)	84	(11)	34	85
Total comprehensive income (loss)	(87)	86	(87)	45	56
Attributable to:					
Equity holders	(60)	79	(49)	42	48
Non-controlling interest holders	(27)	7	(38)	3	8
	(87)	86	(87)	45	56

(1) Net of tax amounting to € (1) million and nil for the six and three months period ended June 30, 2011, respectively; €3 million for the year ended December 31, 2010; and €6.7 million and €2.7 million for the six and three months period ended June 30, 2010, respectively.
(2) Net of tax amounting to less than €1 million in all presented periods.
(3) Including impact resulted from associates of less than €1 million for the six and three months period ended June 30, 2011 and June 30, 2010, and an impact of € (1) million for the year ended December 31, 2010.

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(*)	Other reserves(*)	Foreign currency translation reserve (*)	Non controlling interest holders transactions reserve	Treasury Shares (**)	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	€ in millions
Balance as of January 1, 2011	23	235	114	-	9	(1)	(27)	(19)	334	733	1,067
Other comprehensive income (loss)	-	-	-	(3)	(21)	-	-	-	(24)	9	(15)
Loss for the period	-	-	-	-	-	-	-	(36)	(36)	(36)	(72)
Total comprehensive loss for the period	-	-	-	(3)	(21) -	-	-	(36)	(60)	(27)	(87)
Share-based payment	-	-	-	-	-	-	-	-	-	7	7
Issuance shares to non-controlling shareholders	-	-	-	6	(1)	22	-	-	27	162	189
Shares purchased in consolidated and newly consolidated subsidiaries (refer to note 6E5)	-	-	-	-	-	-	-	-	-	13	13
Deconsolidation of proportionally consolidated enteties	-	-	-	-	-	(2)	-	2	-	(5)	(5)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(4)	(4)
Reclassification according to the Netherlands civil code requirements (*)	-	-	(47)	-	-	-	-	47	-	-	-
Balance as of June 30, 2011	23	235	67	3	(13)	19	(27)	(6)	301	879	1,180

(*) 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

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve(*)	Other reserves(*)	Foreign currency translation reserve (*)	Non controlling interest holders transactions reserve	Treasury Shares (**)	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	€ in millions
Balance as of January 1, 2010	23	235	93	(14)	(52)	-	(21)	29	293	695	988
Other comprehensive income	-	-	-	4	74	-	-	-	78	6	84
Net profit for the period	-	-	-	-	-	-	-	1	1	1	2
Total comprehensive income for the period	-	-	-	4	74	- -	-	1	79	7	86
Share-based payment	-	-	-	-	-	-	-	-	-	2	2
Issuance shares to non-controlling shareholders	-	-	-	-	-	1	-	-	1	22	23
Shares purchased in newly consolidated subsidiaries	-	-	-	-	-	-	-	-	-	9	9
Shares purchased in consolidated subsidiaries	-	-	-	-	-	-	-	-	-	(3)	(3)
Deconsolidation of proportionally consolidated entities	-	-	-	-	-	-	-	-	-	(2)	(2)
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	-	2	2
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1)	(1)
Purchase of treasury shares	-	-	-	-	-	-	(5)	-	(5)	-	(5)
Reclassification according to the Netherlands civil code requirements (*)	-	-	19	-	-	-	-	(19)	-	-	-
Balance as of June 30, 2010	23	235	112	(10)	22	1	(26)	11	368	731	1,099

(*) 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

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve(*)	Other reserves(*)	Foreign currency translation reserve (*)	Non controlling interest holders transactions reserve	Treasury shares(**)	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	€ in millions
Balance as of April 1, 2011	23	235	60	11	(8)	20	(27)	37	351	909	1,260
Other comprehensive income (loss)	-	-	-	(8)	(5)	-	-	-	(13)	2	(11)
Loss for the period	-	-	-	-	-	-	-	(36)	(36)	(40)	(76)
Total comprehensive loss for the period	-	-	-	(8)	(5)	-	-	(36)	(49)	(38)	(87)
Share-based payment	-	-	-	-	-	-	-	-	-	5	5
Issuance shares to non-controlling shareholders	-	-	-	-	-	-	-	-	-	1	1
Shares purchased in consolidated and newly consolidated subsidiaries (refer to note 6)	-	-	-	-	-	(1)	-	-	(1)	2	1
Deconsolidation of proportionally consolidated subsidiaries	-	-	-	-	-	-	-	-	-	1	1
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1)	(1)
Reclassification according to the Netherlands civil code requirements (*)	-	-	7	-	-	-	-	(7)	-	-	-
Balance as of June 30, 2011	23	235	67	3	(13)	19	(27)	(6)	301	879	1,180

(*) 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

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve(*)	Other reserves(*)	Foreign currency translation reserve (*)	Non controlling interest holders transactions reserve	Treasury shares(**)	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	€ in millions
Balance as of April 1, 2010	23	235	101	(12)	(4)	1	(21)	8	331	728	1,059
Other comprehensive income	-	-	-	2	26	-	-	-	28	6	34
Net profit (loss) for the period	-	-	-	-	-	-	-	14	14	(3)	11
Total comprehensive loss for the period	-	-	-	2	26	-	-	14	42	3	45
Share-based payment	-	-	-	-	-	-	-	-	-	1	1
Shares purchased in consolidated subsidiaries	-	-	-	-	-	-	-	-	-	(1)	(1)
Deconsolidation of proportionally consolidated subsidiaries	-	-	-	-	-	-	-	-	-	(2)	(2)
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	--	-	2	2
Purchase of treasury shares	-	-	-	-	-	-	(5)	-	(5)	-	(5)
Reclassification according to the Netherlands civil code requirements (*)	-	-	11	-	-	-	-	(11)	-	-	-
Balance as of June 30, 2010	23	235	112	(10)	22	1	(26)	11	368	731	1,099

(*) 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.

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 (*)	Other reserves(*)	Foreign currency translation Reserve(*)	Non controlling interest holders transactions reserve	Treasury shares	Retained Earnings	Total	Non-controlling interest	Total equity
	€ in millions										
Balance as of January 1, 2010	23	235	93	(14)	(52)	-	(21)	29	293	695	988
Other comprehensive income	-	-	-	14	61	-	-	-	75	10	85
Loss for the period	-	-	-	-	-	-	-	(27)	(27)	(2)	(29)
Total comprehensive income /loss	-	-	-	14	61	-	-	(27)	48	8	56
Share-based payment	-	-	-	-	-	-	-	-	-	10	10
Issuance of shares to non-controlling interest holders	-	-	-	-	-	1	-	-	1	22	23
Shares purchased in consolidated and newly consolidated subsidiaries	-	-	-	-	-	-	-	-	-	29	29
Deconsolidation of a subsidiary	-	-	-	-	-	-	-	-	-	(31)	(31)
Deconsolidation of proportionally consolidated group companies	-	-	-	-	-	-	-	-	-	(2)	(2)
Other transactions with non-controlling shareholders	-	-	-	-	-	(2)	-	-	(2)	4	2
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(2)	(2)
Purchase of treasury shares	-	-	-	-	-	-	(6)	-	(6)	-	(6)
Reclassification according to the Netherlands civil code requirements (*)	-	-	21	-	-	-	-	(21)	-	-	-
Balance as of December 31, 2010	23	235	114	-	9	(1)	(27)	(19)	334	733	1,067

(*) 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.

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

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
Cash flow from operating activities					
Net profit (loss) from continuing operations befor taxes on income	(72)	8	(79)	6	(12)
Profit (loss) from discontinuing operations before taxes on income	5	10	-	14	2
Adjustments required to present cash flow from operating activities (see A below)	30	(48)	103	(10)	8
Net cash provided by (used in) operating activities	(37)	(30)	24	10	(2)
Cash flow from investing activities					
Acquisition of tangible fixed assets and investme properties	(114)	(118)	(45)	(48)	(196)
Collecting of loans to associated companies and joint ventures, net	33	4	34	1	5
Investment in companies and partnerships	-	-	-	-	(14)
Proceeds from sale of assets and investments	2	11	-	5	237
Granting of long-term loans	(1)	(1)	-	-	(1)
Change in loans to bank customers	(92)	(93)	(65)	(86)	(124)
Change in long-term loans and receivables	-	1	(25)	(12)	36
Change in short-term investments	4	52	52	13	12
Acquisition of newly proportionally consolidated joint venture, net of cash acquired	(4)	-	(4)	-	-
Acquisition of newly consolidated subsidiaries, net of cash acquired (see B below) (refer to note 6A)	(6)	(2)	(3)	-	(3)
Disposal of formerly consolidated subsidiaries, net of cash disposed (see C below) (refer to note 6E2)	22	-	22	-	69
Change from proportional consolidation to full consolidation (see D below)	10	28	-	-	28
Change from proportional consolidation to equity method	-	(30)	-	(30)	(30)
Tax paid on disposal of investment properties	(18)	-	(1)	-	(5)
Change in deferred brokerage fees	(1)	(1)	(1)	-	(1)
Change in other assets	(16)	(8)	(1)	(5)	(29)
Net cash used in investing activities	(181)	(157)	(37)	(162)	(16)

Condensed Interim consolidated cash flow statement (continued)

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
Cash flows from financing activities					
Dividend paid to non-controlling interests	(4)	(1)	(1)	-	(2)
Proceeds from issuance of shares in subsidiaries to third parties, net	189	23	1	2	23
Issuance of debentures	83	70	65	-	70
Repayment and early repayment of debentures	(39)	(54)	(32)	(50)	(83)
Change in loans from bank customers	5	106	24	106	275
Change in deposits from tenants	-	(1)	-	(1)	-
Proceeds from long-term loans	134	168	59	38	464
Repayment of long-term loans	(289)	(87)	(84)	(19)	(448)
Change in short-term loans and borrowings, net	12	(59)	(49)	(1)	(184)
Costs related to issuance of debt and shares	-	-	-	-	(5)
Proceeds from sale of hedge instruments	-	29	-	29	29
Purchase of treasury shares	-	(5)	-	(5)	(6)
Acquisition of non controlling interests	-	-	-	-	(13)
Investments in companies and partnerships	(2)	(1)	(2)	(1)	-
Net cash provided by (used in) financing activiti	89	188	(19)	98	120
Foreign exchange differences relating to cash and cash equivalents	(7)	40	3	12	18
Increase (decrease) in cash and cash equivalent	(136)	41	(29)	(42)	120
Decrease of cash of assets held for sale (refer to note 6E)	(6)	-	(3)	-	(96)
Cash and cash equivalents at the beginning of th period	498	474	388	557	474
Cash and cash equivalents at the end of the period	356	515	356	515	498

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
A. Adjustments to reconcile net profit (loss) to net cash					
Charges / (credits) to profit / loss not affecting operating cash flows:					
Share of loss of associates accounted for using the equity method	(2)	(7)	(1)	(4)	(13)
Dividend from associated companies	7	5	5	4	9
Gain on issuance of shares in associated companies to third parties, net	-	-	-	-	(9)
Impairment of goodwill	22	3	22	3	28
Loss (gain) on disposal of assets and investments, net	4	(58)	-	(53)	(85)
Share-based payment	9	2	7	1	14
Depreciation and amortization	46	31	27	15	66
Fair value adjustments of investment properties	5	(28)	26	(17)	(73)
Financial (income)/expense and exchange rate differences, net	81	58	53	30	94
Change in fair value of options and share appreciation rights	(3)	17	-	23	11
Decrease in fair value of securities held for trading, and hedge instruments, net	11	5	5	23	3
Increase in provision for bad debts in the financial services segment	17	37	4	18	118
Loss (gain) from early repayment of loans	2	-	2	-	(9)
Impairment of assets	2	-	2	-	3
Changes in operating assets and liabilities					
Purchase of rental vehicles	(80)	(55)	(54)	(32)	(121)
Proceeds from sale of rental vehicles	51	32	28	15	65
Change in insurance provisions and deferred acquisition costs, net	-	5	-	4	5
Change in trade and other receivables	(65)	(183)	48	(96)	(271)
Change in inventories and in contract work in progress, net of advances from customers	(102)	(43)	(86)	(30)	(59)
Change in trade and other payables	72	150	32	91	262
Interest paid	(112)	(143)	(51)	(71)	(286)
Interest received	74	138	38	76	279
Income taxes paid	(9)	(14)	(4)	(10)	(23)
	30	(48)	103	(10)	8

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
B. Acquisition of newly consolidated subsidiaries, net of cash acquired					
Working capital (excluding cash)	(21)	-	(3)	-	1
Non-current assets	21	(2)	-	-	(5)
Goodwill on acquisition	(8)	(1)	(2)	-	(1)
Long-term liabilities	2	-	2	-	1
Total purchase price	(6)	(3)	(3)	-	(4)
Payable on account of investment	-	1	-	-	1
Cash used in acquisition, net of cash acquired	(6)	(2)	(3)	-	(3)
C. Disposal of formerly consolidated subsidiaries, net of cash disposed					
Cash	-	-	-	-	22
Working capital	29	-	29	-	135
Non-current assets	-	-	-	-	253
Goodwill	2	-	2	-	(40)
Change in capital reserves	(2)	-	(2)	-	(31)
Long-term liabilities	(4)	-	(4)	-	(307)
Gain on disposal of investment	1	-	1	-	59
Total consideration	26	-	26	-	91
Cash of subsidiary which ceased to be consolidated	(4)	-	(4)	-	(22)
Cash flows from disposal, net of cash disposed	22	-	22	-	69

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

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
D. Change from proportional consolidation to full consolidation					
Working capital	(3)	(1)	-	-	(1)
Investment property	55	(33)	-	-	(33)
Other non-current assets	(185)	(242)	-	-	(242)
Goodwill on acquisition	(4)	(11)	-	-	(11)
Intangible assets	(3)	6	-	-	6
Gain on disposal of investment					
Non-controlling interests	11	9	-	-	9
Long-term **liabilities**	139	265	-	-	265
Total purchase price	10	(7)	-	-	(7)
Less – cash in subsidiaries acquired	-	35	-	-	35
Cash used in acquisition, net of cash acquired	10	28	-	-	28
E. Significant non-cash transactions					
Sale of associate against long term debt	-	3	-	3	3
Sale of associate against traded shares	-	3	-	3	3

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011

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, banking and retail lending, water infrastructure projects, water 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 interim condensed consolidated financial statements were approved by the management board on August 30, 2011.

2. Basis of presentation and preparation

A. Basis of preparation

The interim condensed consolidated financial statements for the six and three months ended June 30, 2011 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 interim consolidated financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2010.

It should be noted that following the sale of 16% of GTC SA shares in January 2011, the indirect interest of the Company in GTC SA decreased to 27.14%. Nevertheless and as further described in Note 6D below, the Company retained effective control over GTC SA and continues consolidating its financial statements.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2010 - except for the adoption of new standards and interpretations as of January 1, 2011 are noted below:

IFRS 3 (Revised) Business Combinations:

1. **Measurement options available for non-controlling interest:** The measurement options available for non-controlling interest ('NCI') have been amended. Only components of NCI that constitute a present ownership that entitles their holder to proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the

present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

2. Clarifies un-replaced and voluntarily replaced share-based payment awards and its accounting treatment within a business combination.

3. **Contingent consideration arising from business combination** – Clarification that contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008) is accounted for in accordance with IFRS 3 (2005).

The adoption of the amendment did not have any impact on the financial position or performance of the Company.

IAS 1 Presentation of Financial Instruments: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of change in equity or in the notes to the financial statements. The adoption of the amendment will result in a change in the Company's disclosures.

IAS 24 Related Party Transactions (Amendment)
The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption will result in a change of disclosures.

IAS 34 Interim Financial Statements: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements. The adoption will result in a change in of disclosures.

New IFRS Standards that have been issued but are not yet effective:

In May 2011, the IASB issued four new standards: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities" ("the New Standards") and IFRS 13, "Fair Value Measurement", and amended two existing standards, IAS 27R (Revised 2011), "Separate Financial Statements", and IAS 28R (Revised 2011), "Investments in Associates and Joint Ventures".

The New Standards are to be applied retrospectively in financial statements for annual periods commencing on January 1, 2013 or thereafter. Earlier application is permitted. However, if a company chooses early adoption, it must adopt all the New Standards as a whole (excluding the disclosure requirements of IFRS 12 which may be adopted separately). The New Standards prescribe transition provisions with certain modifications upon initial adoption.

The main provisions of the New Standards and their expected effects on the Company are as follows:

IFRS 10 - Consolidated Financial Statements:

IFRS 10 supersedes IAS 27 regarding the accounting treatment of consolidated financial statements and includes the accounting treatment for the consolidation of structured entities previously accounted for under SIC 12, "Consolidation - Special Purpose Entities".

IFRS 10 does not prescribe changes to the consolidation procedures but rather modifies the definition of control for the purpose of consolidation and introduces a single consolidation model. According to IFRS 10, in order for an investor to control an investee, the investor must have power over the investee and exposure, or rights, to variable returns from the investee. Power is defined as the ability to influence and direct the investee's activities that significantly affect the investor's return.

According to IFRS 10, when assessing the existence of control, potential voting rights should be considered only if they are substantive, as opposed to the provisions of IAS 27 prior to its amendment which required consideration of potential voting rights only if they could be exercised immediately while disregarding management's intentions and financial ability to exercise such rights.

IFRS 10 also prescribes that an investor may have control even if it holds less than a majority of the investee's voting rights (de facto control), as opposed to the provisions of the existing IAS 27 which permits a choice between two consolidation models - the de facto control model and the legal control model.

The Company is evaluating the possible impact of the adoption of IFRS 10 but at present is unable to assess the effects, if any, on its financial statements.

IFRS 11 - Joint Arrangements:

IFRS 11 supersedes IAS 31 regarding the accounting treatment of interests in joint ventures and SIC 13 regarding the interpretation of the accounting treatment of non-monetary contributions by venturers.

IFRS 11 defines joint arrangements as contractual arrangements over which two or more parties have joint control.

IFRS 11 distinguishes between two types of joint arrangements:

- Joint ventures in which the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires joint ventures to be accounted for solely by using the equity method, as opposed to the provisions of IAS 31 which allowed the Company to make an accounting policy choice whether to apply proportionate consolidation or the equity method for entities under joint control.

- Joint operations in which the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. IFRS 11 requires the joint operator to recognize a joint operation's assets, liabilities, revenues and expenses in proportion to its relative share of the joint operation as determined in the joint arrangement, similar to the current accounting treatment for proportionate consolidation.

The Company is evaluating the possible impact of the adoption of IFRS 11 but at present is unable to assess the effects on its financial statements.

IAS 28R - Investments in Associates and Joint Ventures:

IAS 28R supersedes IAS 28. The principal changes in IAS 28R compared to IAS 28 relate to the application of the equity method of accounting for investments in joint ventures, as a result of the issuance of IFRS 11, and the guidance for transition from proportionate consolidation to the equity method of accounting for these investments.
IAS 28R states that in case of realization of an associate or joint venture or part of a joint venture, the provisions of IFRS 5 should be applied on the part which meets the conditions of classification as held for sale, for the remaining part, the equity method should still be applied up until such time as the actual realization. In addition, in case of an associate which become a joint venture vice versa, the company should continue to apply the equity method and it should not re-measure the remaining investment.

IAS 28R is to be applied retrospectively in financial statements for annual periods commencing on January 1, 2013 or thereafter. Earlier application is permitted. However, if a company chooses early adoption, it must adopt IFRS 10, IFRS 11, IFRS 12 and IAS 27R 2011 as a whole

The Company is evaluating the possible impact of the adoption of IAS 28R but at present is unable to assess the effects on its financial statements.

IFRS 12 - Disclosure of Interests in Other Entities:

IFRS 12 prescribes disclosure requirements for the Company's investees, including subsidiaries, joint arrangements, associates and structured entities. IFRS 12 expands the disclosure requirements to include the judgments and assumptions used by management in determining the existence of control, joint control or significant influence over investees, and in determining the type of joint arrangement. IFRS 12 also provides disclosure requirements for material investees.

The required disclosures will be included in the Company's financial statements upon initial adoption of IFRS 12.

IFRS 13 - Fair Value Measurement:

IFRS 13 establishes guidance for the measurement of fair value, to the extent that such measurement is required according to IFRS. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 also specifies the characteristics of market participants and determines that fair value is based on the assumptions that would have been used by market participants. According to IFRS 13, fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

IFRS 13 requires an entity to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. IFRS 13 also includes a fair value hierarchy based on the inputs used to determine fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs (valuation techniques that do not make use of observable inputs).

IFRS 13 also prescribes certain specific disclosure requirements.

The appropriate disclosures will be included in the Company's financial statements upon initial adoption of IFRS 13.

The Company is evaluating the possible impact of the adoption of IFRS 13 but at present is unable to assess the effects, if any, on its financial statements.

IAS 19R - Employee Benefits:

In June 2011 the IASB issued the revised IAS 19. The main changes in the standard are as follows:

- Actuarial gains and losses should be recognized only in other comprehensive income and not recognized as profit or loss.
- The “corridor” approach which allowed deferring actuarial gains or losses was canceled.
- The return on the plans assets shall be recognized in profit or loss based on the discount rate used to measure the liabilities of the employee benefit plan, regardless of the actual composition of the portfolio.
- The distinction between short-term employee benefits and long-term employee benefits will be based on the expected payment date and not on the entitlement date.
- Past service cost arising from changes in the program, will be recognized immediately in profit or loss.

IAS 19R is to be applied retrospectively in financial statements for annual periods commencing on January 1, 2013 or thereafter.

The Company is evaluating the possible impact of the adoption of IAS 19R but at present is unable to assess the effects, if any, on its financial statements.

B. 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
June 30, 2011	0.69	0.20	128.6
June 30, 2010	0.81	0.21	123.4
December 31, 2010	0.75	0.21	125.4
Change in 2011 (6 months)	(7.8%)	(4.2%)	2.2%
Change in 2011 (3 months)	(1.8%)	0.1%	1.5%
Change in 2010 (6 months)	17.4%	14.4%	0.7%
Change in 2010 (3 months)	8.0%	4.7%	1.5%
Change in 2010 (12 months)	8.0%	14.9%	2.3%

3. Segment information

Segments results

For six months ended June 30, 2011:

	Real Estate	Retail lending	Infrastructure Projects	Infrastructure Assets	Rental and leasing of vehicles	Sale of vehicles	Others	Total
Revenue	104	55	43	36	135	-	22	395
Other income/expense (*)	(6)	(22)	-	3	(7)	6	2	(24)
Total Income	98	33	43	39	128	6	24	371
Segment result	6	(6)	(5)	4	2	6	2	9
Unallocated expenses								7
Profit from operations and share in profit of associates companies before finance expenses, net								2
Finance expenses, net								74
Loss before income tax								(72)
Income tax expenses								5
Loss from continuing operations								(77)
Profit from discontinued operations								5
Loss for the period								(72)

For six months ended June 30, 2010:

	Real Estate	Retail lending	Infrastructure Projects	Infrastructure Assets	Rental and leasing of vehicles	Sale of vehicles	Others	Total
Revenue	98	17	51	31	91	1	28	317
Other income/expense (*)	28	(4)	1	-	-	7	10	42
Total Income	126	13	52	31	91	8	38	359
Segment result	58	(4)	4	1	12	7	14	92
Unallocated expenses								5
Profit from operations and share in profit of associates companies before finance expenses, net								87
Finance expenses, net								79
Profit before income tax								8
Income tax expenses								16
Loss from continuing operations								(8)
Profit from discontinued operations								10
Profit for the period								2

For three months ended June 30, 2011:

	Real Estate	Retail lending	Infrastructure Projects	Infrastructure Assets	Rental and leasing of vehicles	Sale of vehicles	Others	Total
Revenue	55	34	21	18	77	-	9	214
Other income/expense (*)	(25)	(21)	-	3	-	3	(1)	(41)
Total Income	30	13	21	21	77	3	8	173
Segment result	(28)	(7)	(7)	3	4	3	-	(32)
Unallocated expenses								4
Profit from operations and share in profit of associates companies before finance expenses, net								(36)
Finance expenses, net								43
Loss before income tax								(79)
Tax Benefit								(3)
Loss from continuing operations								(76)
Loss for the period								(76)

For three months ended June 30, 2010:

	Real Estate	Retail lending	Infrastructure Projects	Infrastructure Assets	Rental and leasing of vehicles	Sale of vehicles	Others	Total
Revenue	54	6	28	16	46	-	17	167
Other income/expense (*)	18	(1)	-	-	-	4	9	30
Total Income	72	5	28	16	46	4	26	197
Segment result	34	(4)	2	-	6	4	13	55
Unallocated expenses								2
Profit from operations and share in profit of associates companies before finance expenses, net								53
Finance expenses, net								47
Profit before income tax								6
Income tax expenses								10
Loss from continuing operations								(4)
Profit from discontinued operations								15
Profit for the period								11

For the year ended December 31, 2010:

	Real Estate	Retail lending	Infrastructure Projects	Infrastructure Assets	Rental and leasing of vehicles	Sale of vehicles	Others	Total
Revenue	218	35	112	65	183	1	53	667
Other income/expense (*)	74	(25)	2	3	-	10	10	74
Total Income	292	10	114	68	183	11	63	741
Segment result	128	(38)	8	5	26	11	13	153
Unallocated expenses								16
Profit from operations and share in profit of associates companies before finance expenses, net								137
Finance expenses, net								149
Loss before income tax								(12)
Income tax expenses								25
Loss from continuing operations								(37)
Profit from discontinued operations								8
Loss for the period								(29)

(*) Other income/expense includes fair value adjustments of investment properties, goodwill impairment, equity earnings, gains from disposal of assets and investments and other adjustments:

Following to the acquisition of additional shares in AVIS Israel, which resulted in obtaining control, as described in note 6C below, a total of €489 million of assets and €381 million of liabilities were consolidated into the ‘Rental and leasing of vehicles’ segment. Likewise, as a result of the disposal of the investment in VAB Bank, as describe in note 6D below, assets amounting to €585 million and liabilities amounted to €587 million were deconsolidated from the ‘Retail lending’ segment.

4. Share capital

A. Composition

	June 30, 2011		December 31, 2010	
	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 first quarter of 2011 the Company repurchased 20,000 shares which are held by the Company’s liquidity provider.

Subsequent to the balance sheet date, in July and August 2011 the Company purchased 421,384 Kardan shares on the TASE and Euronext at an average share price of € 3.1 per share for a total amount of € 1.3 million. On August 17, 2011 392,846 shares were transferred to an officer in one of Kardan's subsidiaries, in exchange for his shares in the subsidiary.

5. Investment properties

Further to Note 8 to the 2010 consolidated financial statements, below we present updated information regarding investment properties:

A. Investment properties can be split up as follows:

	June 30,		December 31,
	2011	2010	2010
	€ in millions		
Completed investment properties	1,570	1,654	1,876
Investment properties under construction carried at fair value	176	300	201
Investment properties under construction carried at cost	277	295	267
	2,023	2,249	2,344

B. Fair value adjustments comprise:

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
Adjustment to fair value of newly completed properties, net of goodwill released	1	(6)	(4)	(6)	25
Adjustment to fair value of properties completed in prior years	16	16	(5)	17	35
Adjustment to fair value of investment property under construction, net of goodwill released	(10)	23	(5)	11	11
Impairment adjustments to investment properties under construction measured at cost	(12)	(5)	(12)	(5)	2
	(5)	28	(26)	17	73

During the second quarter of 2011 substantially all investment properties were externally valued. Market trends and decrease in rental rates resulted in negative revaluations of investment properties and impairment of long term inventory in the amount of €12 million which were included in 'other expenses, net', mainly in CEE countries. This negative impact was mitigated by two material positive revaluations of Galeria Chengdu and Galeria Mokotow triggered by sale agreements (for additional information refer to note 6). The aggregate negative adjustment to fair value of investment properties amounted to €26 million and €5 million in the three and six months ended June 30, 2011.

C. Significant assumptions

	China		Western Europe		CEE	
	June 30, 2011	December 31, 2010	**June 30, 2011**	December 31, 2010	**June 30, 2011**	December 31, 2010
Completed investment properties						
Average rental rate per sqm per month (in €) (**)	(*)	17	9.8	9.8	18	19.7
Average Yield	-	9.5%	6.4%	6.4%	8%	7.8%
Average ERV per sqm per month (in €) (**)	-	20	9.3	9.3	17.5	19.1
Average Vacancy	-	5%	3.8%	3.8%	16%	17%
Assets under construction (only assets at fair value)						
Average risk-adjusted yield used in capitalizing the net future income stream	N/A	N/A	N/A	N/A	8.6%	9%
Average % complete	N/A	N/A	N/A	N/A	68%	62%

(*) Galeria Chengdu, the only completed investment property in China, was revaluated as of June 30, 2011 according to its sale price. For further details about this transaction and the sale of Galeria Mokotow (Poland), please refer to Notes 6A and 6E below.

(**) Apart from basic rent, includes income from parking, add on factors and other income.

6. Significant transactions, business combinations and commitments

A. Discontinued operations:

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

	Six months period ended June 30,		Three months period ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
Total income	*-	83	-	40	64
Total expenses	*-	(87)	-	(49)	(137)
Loss before tax	-	(4)	-	(9)	(73)
Income tax expenses	-	-	-	1	6
Net loss from discontinuing operations before capital gains	-	(4)	-	(8)	(67)
Capital gain from sale	5	14	-	23	95
Release of capital reserves	-	-	-		(29)
Release of goodwill/deferred gain	-	-	-		9
Net profit from discontinued operations	5	10	-	15	8

Discontinued operations for comparatives periods presented include the results of TBIH, VAB Bank and Sovcom Bank, as detailed in Note 5 to the 2010 financial statements.

* The sale of VAB Bank was completed in January 2011; therefore, total income and expenses from these activities in the first half of 2011 were immaterial.

Capital gain of €5 million relates to the completion of the sale of VAB Bank, as described below.

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

	Six months period ended June 30, **2011**	Six months period ended June 30, 2010	Three months period ended June 30, **2011**	Three months period ended June 30, 2010	For the year ended December 31, 2010
	€ in millions				
Net cash flow from operating activities	-	(19)	-	15	(55)
Net cash flow from investing activities	(1)	(2)	(1)	(2)	148
Net cash flow from financing activities	-	-	-	-	44
Net cash flows from discontinued operations	(1)	(21)	(1)	13	137

As a result of the sale of VAB Bank (as described below), €96 million of cash and cash and cash equivalents, which were included in assets held for sale as of December 31, 2010, were disposed of.

For all presented periods, other comprehensive income items relating to discontinued operations are immaterial.

Assets Held for sale and liabilities associated with assets held for sale

As of June 30, 2011 the assets held for sale relate primarily to 2 disposal groups held for sale (€370 million out of €376 million), (refer also to note 6E) liabilities associated with assets held for sale relate primarily to interest bearing loans and borrowings included with these disposal groups (€149 million out of €160 million).

As of June 30, 2010 the assets held for sale relate primarily to 2 investment properties held for sale (refer to note 5 in the 2010 annual financial statement).

As of December 31, 2010 the assets held for sale and liabilities associated with assets held for sale relate primarily to VAB bank.

B. Kardan N.V.

1. Repurchase Company's debentures

In June 2011 Kardan's subsidiary GTC Real Estate Holding B.V. ('GTC RE') announced its intention to purchase debentures of Kardan, listed on the Tel-Aviv Stock Exchange ('TASE'), up to an amount of €25 million ('the Purchase Plan'). According to the Purchase Plan, in June 2011, GTC RE has purchased NIS 38,082,346 par value Debentures Series B issued by Kardan in 2008 at an average price of NIS 1.12, totaling NIS 42.8 million (approximately € 8.7 million), and NIS 3,626,484 par value Debentures Series A issued by Kardan in 2007 at an average price of NIS 1.14, totaling NIS 4.1 million (approximately € 830 thousand).

Subsequent to the balance sheet date, in July and August 2011, GTC RE purchased additional debentures of Kardan, as further described in Note 8 below.

The Company accounted for the transaction as early repayment of the purchased debentures, which resulted in an immaterial gain.

2. Spin-off of Kardan's Israeli activities

In June 2011, the Supervisory Board of the Company approved the initiation of a transaction according to which Kardan will spin-off its 73.7% holdings in Kardan Israel Ltd. ('Kardan Israel') and its indirect 97% holdings in Milgam Municipal Services Ltd. ('Milgam', through Kardan Municipal Services Ltd., formerly known as Tahal Assets Israel Ltd.). The structure of the spin-off includes the transfer of Kardan's shares in Kardan Israel and in Milgam to a newly incorporated Israeli 100% held subsidiary of the Company, Kardan Yazamut (2011) Ltd. ('Kardan Yazamut'). Following the transfer of the shares of Kardan Israel and Milgam, the Company will distribute Kardan Yazamut's shares to its shareholders and intends to list all Kardan Yazamut shares for trade on the TASE.

The contemplated spin off is subject to, amongst others, the approval of Kardan Yazamut prospectus by the Israeli Securities Authority, approval of the listing of Kardan Yazamut shares on the TASE, as well as formal approval of the supervisory board of the Company and its shareholders, following the receipt of such approvals to the Company will reclassify the assets and liabilities of Kardan Yazamut as 'Assets/Liabilities held for distribution'.

Subsequent to the balance sheet date, in August 2011 the Company has convened an extraordinary shareholders meeting to be held on September 15, 2011 in order to approve the spin-off.

The accounting implications of the transaction are being explored, however at this stage it is estimated that it will result in with a positive impact on Kardan's equity of approximately €5 million. The impact of the transaction is influenced by the financing structure of Kardan Yazamut and the re-issuance of Kardan's treasury shares (shares in Kardan N.V. currently held by Kardan Israel). The assumptions are based on the equity of the Company and of KIL and the pro-forma equity of Kardan Yazamut as of June 30, 2011, the share price of the Company and of Kardan Israel as of August 23, 2011, and the NIS/EUR exchange rate as of the same date.

C. Kardan Israel

1. Obtaining control over Avis Israel and Sale of Emed

Kardan Israel holds 100% of the share capital of Kardan Emed Properties Ltd ('Emed Properties').

Prior to the completion of the transactions described below, Emed Properties held 50% of Emed Real Estate and Investments Developments Ltd. ('Emed'), a proportionately consolidated company (50%), which was engaged both in real estate investments in Israel and in rental and lease of vehicles through a 54% stake in Dan Vehicle and Transportation D.R.T Ltd. ('Avis Israel').
In addition, Kardan Israel directly held approximately 14% of Avis Israel.

In January 2011, two agreements were signed with the partner in Emed in connection with the holding in Emed and Avis Israel.

According to the first agreement, Emed Properties sold to its former partner its shares in Emed, reflecting 50% of Emed's issued and paid in capital.

According to the second agreement, Kardan Israel would purchase from Emed, through Emed Properties, all of its holdings in Avis Israel, reflecting 54.25% of Avis Israel's issued and paid in capital.

The transaction was finalized in March 2011, after fulfillment of all conditions precedent. Through Emed Properties, Kardan Israel purchased, from Emed all its shares in Avis Israel in consideration of €68 million (NIS 336 million). Following the acquisition, Kardan Israel obtained control over Avis Israel by holding, directly and indirectly, 68.27% of its shares. In addition, Emed Properties sold all its shares in Emed, in consideration of €73 million (NIS 361 million).

According to IFRS 3R, regarding business combination achieved in stages, as a result of the transactions, Kardan Israel recorded a loss of approximately €7 million (NIS 34.9 million).

Kardan Israel has allocated the excess of purchase price over the carrying value of Avis Israel to goodwill and intangible assets and liabilities on a temporary basis, subject to final purchase price allocation.

From the date which the transaction was finalized, Avis Israel contributed revenues in the amount of €104 million and a profit of €0.2 million (not including amortization of intangibles) which were included in the condensed interim consolidated income statement.

Had the transaction been closed on the first day of the reporting period, the consolidated revenues of the Company would have been €417 million and the consolidated loss would have been €32 million.

The fair values and the carrying value of the identifiable assets and liabilities of Avis Israel at acquisition date were as follows:

	Fair Value	Carrying value
	€ in millions	
Cash and cash equivalents	12	12
Trade receivables	31	31
Other accounts receivables	12	12
Inventory	22	22
Rental vehicles	404	398
Intangible assets	8	2
Goodwill	-	1
Other non-current assets	11	11
Deferred Tax	1	-
	501	489
Current liabilities (not including current maturities of long term bank loans or debentures)	78	78
Interest bearing loans and borrowings (including current maturities)	106	105
Other debentures (including current maturities)	176	164
Deferred income tax liabilities	23	23
Advances from customers	11	11
Non-controlling interest holders (*)	33	-
	427	381
Net identifiable assets	74	108
Goodwill from the acquisition	4	
Purchase price	78	

(*) The proportional part of non-controlling interest holders in the fair value of the net identifiable assets.

Net cash generated from (used in) the increase in equity in Avis Israel

	€ in millions
Cash and cash equivalents of the acquired company	12
Cash paid	(68)
Net cash	(56)

Cost of acquisition

	€ in millions
Cash paid (not including cash paid for existent investment at the acquisition date)	34
Fair value of the existing share in Avis Israel as of the acquisition date	44
Total cost of acquisition	78

In July 2011 an agreement to sell 50% of Kardan Israel's stake in Avis Israel was signed. Please refer to Note 8 B for additional information.

2. Sale of Sintec Media

Further to Note 48(d) to the 2010 consolidated financial statements, in March 2011 Kardan Communication Ltd. (which is included in the Company's 'others' segment), a fully owned subsidiary of Kardan Israel, sold all of its holdings in Sintec Media (accounted for as a financial asset at fair value through profit and loss), reflecting 16.63% (fully diluted) of Sintec Media's share capital, in consideration of €13.2 million ($18.9 million).

In April 2011, an amount of €12 million ($17 million) was transferred to Kardan Communication Ltd. The remainder of the consideration ($1.9 million) was deposited in a trust and will be transferred within 18 months subsequent to the completion of the transaction.

3. Early repayment of a loan

In March 2011, a subsidiary of Kardan Israel purchased half of a loan that was due by Kardan Israel for an amount of €11.5 million (NIS 57 million). Kardan Israel repaid this loan to the subsidiary leading to a loss of approximately €1.6 million (NIS 7.9 million)

4. Option plan - Avis Israel

In March 2011, the Board of Directors of Avis Israel approved an option plan to its executives. According to the option plan, a maximum of 671,811 options, exercisable to up to 671,811 ordinary shares of Avis Israel (reflecting 4%) would be granted. The options were granted in May 2011.

The executives will be entitled to exercise the options after vesting periods as follows: 50% after two years from the date grant, 25% after three years and the remaining 25% after four years from the date of grant. Options are exercisable until six years from the date of grant.

The exercise price per option is €6 (NIS 29.71), reflecting the average closing price of Avis Israel’s share on the Tel Aviv Stock Exchange seven days prior to the date of grant.

The fair value of per option is estimated at €2.8 (NIS 13.86) at the grant date (reflecting a total benefit of €2.8 Million), using the binomial model and taking into account the terms and conditions upon which the share options were granted. The option plan is accounted for as in equity.

5. Holyland

As stated in Note 33 C (11) to the 2010 consolidated financial statements, Kardan Real Estate (a subsidiary included in the Company's Real Estate segment, effectively 49% held) holds a 30% stake in Holyland Park Ltd. (‘Holyland’), which is the owner of the Holyland project in Jerusalem (intended for residential building and a hotel) (‘the Holyland Project’). As of the date of approval of these financial statements the Holyland Project is in various stages of construction, including buildings for which construction has not yet begun.

In their review report for the interim financial statements of Holyland dated June 30, 2011 (‘the Interim Accounts’), Holyland's auditors drew attention to the notes of Holyland’s Interim Accounts where it is stated that there is a significant uncertainty which relates to the extent of the future implications of the matters detailed hereunder and in Note 33C(11) to the Kardan’s 2010 financial statements on the Holyland project. The auditors also drew attention to Holyland’s financial position and also to the uncertainty regarding the realization of Holyland’s management future plans.

In March 2011, notices were received from the Tel Aviv District Attorney's Office regarding indictments which are being considered against former officers of Holyland and Kardan Real Estate for alleged bribery charges. Filing the indictments is subject to a preliminary hearing.

In May 2011 Holyland received a notice regarding indictments which are being considered against it for alleged suspicion concerning certain offenses relating to the period before 2007. Filing the indictment is subject to a hearing which was held in July 2011, but the matter has not been decided yet.

In light of the very preliminary stage in which the said proceedings against Holyland are found, and the fact that the evidence related to that matter were not yet examined, it is in the opinion of Holyland’s management, that it is impossible to estimate at this point in time, the effects of such proceedings, if any, on Holyland’s financial position and results in the future.

In May 2011 the Jerusalem District Planning and Construction Committee (' the Regional Committee') approved the minutes of the meeting dated April 2011 which provides that the Regional Committee is convinced that the planning of the Holyland project contradicts the planning policy of the Regional Committee.

The Regional Committee also announced that it is considering new planning alternatives which include changes in the approved construction permits for buildings not yet built; the preferred alternative will be selected pursuant to filing of a new building plan. These decisions and others, have direct impact over all the plots in the Holyland Project for which the construction has not yet been completed. The Regional Committee exercised its authority to issue a statement calling for the preparation of a new building plan for the entire Holyland Project and also set restrictions for the issuance of any new building permits.

Holyland's management estimates that the new building plan may adversely impact the current scope of approved construction, but it cannot reasonably and reliably determine its share in the renewed building plan. Holyland's management estimates that the period in which the new building plan be completed is approximately 5-7 years. Holyland's management also estimates, based on the opinions of its legal counsels, that the chance of Holyland receiving compensation due to these changes in planning are higher than 50%.

Following the above, Holyland's management reviewed, among other, with the assistance of independent external appraisers, the net realizable value of the land it owns, based on its fair value, and the need for impairment.

Following the aforesaid review Holyland's management incurred a provision for impairment of its inventory and land. Kardan Real Estate share in the losses of Holyland for the six and three months period ended June, 2011 amounts to approximately €3 million (NIS 15 million) and € 0.5 million (NIS 2.5 million), respectively, of which the Company's share amounts to approximately €1.6 million and € 0.3 million respectively. As of June 30, 2011 the carrying value of the investment in Holyland in Kardan Real Estate's financial statements amounts to about €0.5 million.

As mentioned in the 2010 consolidated financial statements, Kardan Real Estate guarantees 30% of Holyland's bank loans.

As of June 30, 2011 the loans balance of Holyland was approximately €28 million (€26 million on the date of signing Holyland's interim financial statements) scheduled to be repaid on March 31, 2012. Holyland also has subordinated shareholders' loans in the amount of €47 million for which the shareholders agreed not to ask for repayment before January 2013.
Holyland will use the future positive operational cash-flow from sale of residential units, and the sale of some of its land plots to repay the bank loans. Holyland's management estimates, it is likely that if required to do so, it will be able to extend the credit framework agreement with the bank, in whole or in part, from time to time after March 31, 2012.

These assessments of Holyland's management are based, inter alia, on the rate of actual sales of apartments and the proceeds received, the fact that credit utilized by Holyland under the framework agreement is reducing and the collateral available to the bank. Holyland's management also relied on the valuations of an external real estate appraiser regarding the expected consideration to be received from a sale of Holyland's entire land and land rights if implemented in a very short time. However, there is no certainty that Holyland's management estimations be fully realized, since its realization does not depend exclusively on Holyland.

These interim condensed consolidated financial statements include the effects of the above mentioned on the operations of Holyland, according to the best estimates of the management of Kardan Real Estate and Holyland, based on the information and data known to them at the date of approval of these interim condensed consolidated financial statements, and based on the opinions of their legal counsels in this matter. However, at the date of approval of these interim condensed consolidated financial statements, there is still uncertainty regarding the full implications of all of the aforesaid on the Holyland Project as a whole, by which the management of Kardan Real Estate and Holyland cannot reasonably and reliably estimate, as of the date of approving these interim condensed consolidated financial statements, whether there are any additional effects of all the above on the financial position and results of operations of Kardan Real Estate in the future, beyond those already disclosed in these interim condensed consolidated financial statements.

D. KFS (Retail Lending)

1. Disposal of the investment in VAB Bank and VAB Leasing

In December 2010 TBIF Financial Services B.V. ('TBIF') (the holding company of the retail lending segment) entered into a series of agreements with international entities ("the Purchaser") whereby it was agreed that TBIF would sell to the Purchaser its stake in VAB Bank (the "Sale Transaction"). As part of this Sale Transaction it was agreed that the Purchaser would pay a purchase price, which was equal to the amount placed in the capital increase in December 2010 by TBIF (€ 52 million, UHA 550 million).

Following the capital increase, TBIF's shares in VAB Bank (84%) were transferred to the Purchaser and the Sale Transaction was completed on January 28, 2011.

On December 9, 2010, TBIF also entered into an agreement with VAB Bank to sell to the Bank its holdings in VAB Leasing (100%) in consideration of $ 4.5 million. The transaction was completed on February 2, 2011.

Following the completion of both transactions in the first quarter of 2011, TBIF recorded a net gain of € 3.9 million, of which € 5.5 million gain relate to VAB Bank and € 1.6 million loss relate to VAB Leasing.

2. Acquisition of NLB Banka Sofia

In April 2011 TBIF has signed an agreement to acquire the Bulgarian Bank, NLB Banka Sofia AD in consideration of €15 million. As of December 31, 2010, Banka Sofia had total assets of €101 million, of which a loan portfolio of €91 million and equity of €12 million.

Closing is subject to certain conditions precedent such as approval of Bulgarian National Bank and the Bulgarian Competition Authority.

Subsequent to the balance sheet date, in July 2011, the acquisition of NLB Banka Sofia was completed.

3. Sovcom Bank

<u>Sale of 50% Sovcom Bank</u>

In June 2011 TBIF signed an agreement with Sovco Capital Partners B.V. (TBIF's partner in Sovcombank) to sell the shares in Sovcom bank owned by TBIF (a total of 50% of the share capital of the bank) in consideration of €123 million. The closing of the transaction is subject to various conditions precedent, including regulatory approvals, and therefore the assets and liabilities of Sovcom were not reclassified as 'Held for sale'. The closing may take place up to September 1, 2012.

Based on the June 30, 2011 statement of financial position, the carrying value of Sovcom bank was higher than the value derived from this transaction by € 21 million. This amount was recorded as impairment of goodwill and is included as such in the interim condensed consolidated income statement.

In line with the agreement, subsequent to the balance sheet date, in July 2011, TBIF received €7.3 million of dividend from Sovcom bank, and €25.4 million as initial payment from Sovco Capital Partners B.V..

Purchase price allocation

In the second quarter of 2011 TBIF finalized the purchase price allocation related to the loss of full control to joint control in Sovcom bank in September 2010. The amounts before and after reclassification due to the purchase price allocation as of September 30, 2010 are as follows:

	Before	Reclassification	After
	€ million	€ million	€ million
Goodwill	64	(11)	53
Other intangible assets(*)	3	10	13
Bank loans granted	653	4	657
Deposits from companies and individuals	(656)	(1)	(657)
Deferred tax liabilities	(3)	(2)	(5)
	61	–	61

(*) The useful life of other intangible assets ranges from 3 years to indefinitely.
(**) The purchase price allocation was implemented prospectively due to immateriality.

E. GTC (Real Estate)

1. Sale of Shares - GTC S.A

In January 2011 GTC Holding (which is included in the Company's Real Estate segment) sold 35,100,000 shares of Globe Trade Centre S.A. ('GTC S.A.'), constituting 16% of GTC S.A.'s share capital. The shares were sold at a price of PLN 21.50 per share. Gross proceeds amounted to approximately €195 million (PLN 754,650,000); net proceeds amounted to approximately €187 million.

Following the transaction, GTC Holding holds 59,529,180 shares in GTC S.A., representing an interest of 27.14% in GTC S.A.

Even though that GTC Holding holds 27.14% of the shares of GTC S.A., it retained the power to govern the financial and operating policies of GTC S.A under its statute as it has appointed the majority of the supervisory board members. That fact, in combination with the spread of the other shareholders of GTC S.A., as well as the historical voting patterns at the general meeting, result in retaining effective control over GTC S.A. Accordingly, GTC Holding continues consolidating the financial statements of GTC S.A.

As a result of retaining control over GTC S.A, the transaction was accounted in accordance to IAS27 as an equity transaction. As such, the difference between the consideration received and the increase in the balance of non controlling interest which increased the Company's equity, considering the partial disposal of goodwill and reattribution of amounts were previously recognized in other comprehensive income, to non controlling interest holders transactions reserve.

The Company will keep monitoring any change in facts and circumstances, in order to confirm there are no triggers for loss of control.

2. Sale of HIFC project in China

In April 2011, GTC Real Estate China Ltd. ('GTC China') sold all its interests in the joint venture company - Hangzhou International Financial Center Co. Ltd. ('HIFC') to a Chinese real estate and investment company, (Rich Holding Group Co. Ltd.) for a consideration of approximately €30 million (RMB 269 million). The transaction resulted in a gain for the Company of approximately €5 million recognized in 'Gain (loss) on disposal of assets and other income' .

3. Sale of Galeria Mokotow

On May 26, 2011, GTC S.A. (which is included in the company's real estate segment) signed an agreement with an affiliate of Unibail Rodamco S.E. to sell its 50% stake in the company holding the shopping center Galeria Mokotów in Warsaw, for a total consideration of €138.4, subject to post-closing adjustments. An expense in amount of €4 million, which relates to this transaction, is included within general and administration expenses.

As of 30 June 2011, the Company ceased to proportionately consolidate the assets and liabilities of the abovementioned company, which are presented as assets/liabilities "held for sale" as of the period end. The related amounts are €244 which is attributed primarily to Investment property and €105 million which is relates mainly to an interest bearing loan.

In line with its intention to realize its investment in Galeria Mokotow by way of selling the the shares and not by sale of the investment property itself, GTC S.A. updated its estimate regarding the expected reversal of the temporary difference associated with its investment in Galeria Mokotow, and recognized a tax benefit in the amount of €12 million (The Company's share is €3 millions).

In August 2011 the final sale agreement was signed and the transaction was completed.

4. Sale of 50% of Galeria Chengdu

On June 9, 2011, GTC China has entered into share purchase agreement with MGP Spicy (BVI) Limited, to sell 50% of the shares of in GTC Chengdu (HK) Real Estate Development Limited, a subsidiary which owns the Galeria Chengdu shopping center. The consideration amount is estimated to be RMB 422 million (€42 million), which will be calculated based on the June 30, 2011 financial statements of the sold company. The closing of the transaction is subject to standard closing conditions and is expected to be completed in the third quarter of 2011. As of June 30, 2011, 100% of the assets and liabilities of GTC Chengdu (HK) Real Estate Development Limited was classified as a disposal group held for sale. The related amounts are €126 million and €44 million respectively. Subsequent to the sale the remaining 50% will be proportionally consolidated, under a joint control agreement.

Subsequent to the balance sheet date, in August 2011, the transaction was finalized.

5. Employee Share Option Plan

On June 30 2011, agreements for the grant of 2,539 share options to senior executives under the Senior Executive Plan (SEP) of GTC China were signed. The exercise price of the options shall be an amount equal to the per-share equity investments provided to GTC China by its shareholders as of each exercisable date. The options vest immediately upon the grant. Options that are not exercised by the end of the exercise period shall expire. The fair value of the options granted was estimated at the date of grant, using a Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is seven years.

The fair value of options granted on June 30, 2011 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	0.00
Expected volatility (%)	60.50
Risk-free interest rate (%)	1.85
Expected life (years)	3.791
Fair value per share (€)	3,956.76

Accordingly an expense of €4.7 million was recognized in the reported period. The Company accounted for these options as an equity share based payment transaction.
Simultaneously, a Put option agreement was signed between the senior executive and the Company allowing Kardan NV to pay the senior executive cash or shares of Kardan NV upon exercise of the options.

F. <u>TGI</u>

1. Amendment to agreement with FIMI

On 28 June 2011 Tahal Group International B.V. ('TGI') signed an amendment to the loan agreement with FIMI. The amendment includes: (i) the drawdown period for the additional loan in an aggregate amount of USD 25 million is extended with one year; (ii) the repayment date of the aggregated total loan is extended with one year; (iii) the exercise period reflected in the corresponding warrant agreement is extended with one year. As a result, the warrants and the Call option held by the Company were revalued; the change in terms did not result in a material change to the value of the options or the loan.

2. Efficiency plan

A subsidiary of TGI has initiated an efficiency plan, including the dismissal of several (senior) employees. TGI estimates the related retirement costs in approximately €2.2 million, which have been included in the reported period.

3. Sale of shares in Pango

In January 2011, an agreement was signed between Milgam (a subsidiary of the company, which is included in the Infrastructure Assets segment) and Unicell Ltd ('Unicell', an associated company which is included in the 'others' segment), a company specialized in content for cellular devices, for selling part of Milgam's cellular parking company ('Pango'). According to the agreement, Unicell will pay Milgam a total of € 0.3 million and will transfer to Pango an amount of €0.2 million as consideration for 16.67% of Pango's shares, which will be proportionally consolidated under a joint venture agreement.

According to the agreement Unicell has 2 options, which are exercisable as from February 2012 for a period of three years, to buy additional 16.67% (each) of Pango's shares, according to the same terms used the first acquisition. The 2 options are considered to be financial derivatives. The fair value of these financial derivatives is immaterial as of June 30, 2011.

If Unicell does not exercise the options, the joint control agreement will no longer prevail and the control over Pango will be restored to Milgam (each party will maintain its shares in Pango based on the actual share acquisition).

In April 2011, the transaction was finalized after all conditions precedent were fulfilled. In the second quarter of 2011 the Company recognized a gain from the sale and from the revaluation of the remaining investment in Pango in the amount of €3.9 million.

7. Loan covenants

As of June 30, 2011 TBIF companies were in breach of one loan at the amount of € 4.3 million, € 1.9 million of which were due for repayment within one year after the balance sheet date. A waiver was obtained for the breached loan before the balance sheet date. The Company reclassified the amount of €2.4 million as a current liability.

The TGI group is committed towards banks, in respect of long and short-term loans and guarantees, to maintain certain financial covenants relating to minimum equity, the ratio of total current assets and total current liabilities, the ratio of equity and total credit and loans from financial institutions and the ratio of financial debt to operating income etc. As of the date of the report, additional two covenants were remediated in order to achieve compliance:

- A loan in the amount of €12 million classified as a long term loan for which a waiver was obtained before the balance sheet date.
- A loan in the amount of €4.3 million (USD 6.2 million) classified as a short term loan for which an amendment for the loan agreement was signed after the balance sheet date.

8. Subsequent events

A. During July and August 2011, and according to the Purchase Plan (as described in note 6), GTC Holding purchased additional NIS 66,707,379 par value Debentures Series A at an average price of NIS 1.16 totaling NIS 76.2 million (€ 15.6 million) and NIS 10,229,153 par value Debentures Series B at an average price of NIS 1.14 totaling NIS 11.6 million (€ 2.4 million). As a result of the purchase the company will recognize a profit from early repayment of debentures amounting to €1 million.

B. In July 2011 Kardan Israel signed an agreement to sell 34.13% of its holdings in Avis Israel (out of 68.27%) To Hamizrach company (Kardan Israel's partner in UMI) for a consideration of €41 million plus interest from the date of signing till closing. The transaction is subject to certain conditions precedent, and therefore did not result in the presentation of the assets and liabilities of Avis Israel as held for sale. As a result of the transaction Kardan Israel is expected to recognize a loss amounting to €2 million, subject to the share price of Avis Israel at the TASE at the date of closing. Following the completion of the transaction Kardan Israel will deconsolidate the financial statements of Avis Israel, and will account for the investment in Avis Israel using the equity method. The deconsolidation of the financial statements of Avis Israel is expected to result in a decrease of the total assets of the Group in approximately of €509 million.

C. In August 2011, Formula Vision, a partnership held by Kardan Technologies, a subsidiary of Kardan Israel, which is included in the ‘others’ segment, finalized an agreement to sell its stake in 2 companies. As consideration the partnership will receive shares of Sapiens Ltd. (a company which is traded on the NASDAQ and TASE). The Company’s share in the estimated gain from disposal amounts to €4 million.

A. 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 June 30, 2011 and the related interim condensed consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the three and six 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, August 30, 2011

Ernst & Young Accountants LLP

Signed by: W. Van Hoeven

ADDITIONAL INFORMATION

Required under to rule 38(D) of the Israeli Securities and exchange regulations (Periodic and immediate reports), 1970.

KARDAN N.V.

Presentation of financial data included in

Consolidated financial statements related to the company

As of June 30, 2011

ADDITIONAL FINANCIAL INFORMATION FROM THE COMPANY'S STATEMENT OF FINANCIAL POSITION

June 30, 2011

	June 30, **2011**	June 30, 2010	December 31, 2010
	€ in millions		
A s s e t s			
Non-current assets			
Long-term receivable (mainly fair value of derivatives)	101	107	119
Financial fixed assets			
Investments in consolidated subsidiaries	584	579	601
Loans to consolidated subsidiaries	139	271	277
	723	850	878
Current assets			
Cash and cash equivalents	112	57	10
Short-term investments	7	11	7
Other receivables	6	12	16
	125	80	33
Total assets	949	1,037	1,030
E q u i t y a n d l i a b i l i t i e s			
Equity attributable to equity shareholders			
Issued and paid-in share capital	23	23	23
Share premium	235	235	235
Property revaluation reserve	67	112	114
Revaluation reserve, other	3	(10)	-
Currency translation reserve	(13)	22	9
Non controlling interest holders transaction reserve	19	1	(1)
Treasury shares	(27)	(26)	(27)
Retained earnings (accumulated deficit)	(6)	11	(19)
	301	368	334
Long-term liabilities			
Debentures	589	587	602
Loans from banks and others	30	45	43
Warrants and options	9	8	8
	628	640	653
Current liabilities			
Current maturities of long term loans	-	11	11
Other payables	20	18	32
	20	29	43
Total equity and liabilities	949	1,037	1,030

ADDITIONAL INFORMATION FROM THE COMPANY'S INCOME STATEMENT

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
Net result from investments for the period	(25)	13	(26)	18	-
Other income	-	-	-	-	1
Total revenues	(25)	13	(26)	18	1
General and administrative expenses	2	3	1	2	8
Other expenses	-	1	-	-	1
Total expenses	2	4	1	2	9
Income/(Loss) from operations before financing expenses	(27)	9	(27)	16	(8)
Financing expenses, net	(7)	(10)	(6)	(4)	(22)
Income/(Loss) from operations before tax expense (benefit)	(34)	(1)	(33)	12	(30)
Income tax expense (benefit)	2	(2)	3	(2)	(3)
Net income/(Loss) for the period	(36)	1	(36)	14	(27)

ADDITIONAL INFORMATION FROM THE COMPANY'S STATEMENT OF COMPREHENSIVE INCOME OF THE COMPANY

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
Net result for the period	(36)	1	(36)	14	(27)
Foreign currency translation differences	(21)	74	(5)	26	61
Change in hedge reserve, net	(2)	4	(8)	2	13
Unrealized revaluations, net of tax	(1)	-	-	-	1
Other comprehensive income for the period	(24)	78	(13)	28	75
Total comprehensive income (expense)	(60)	79	(49)	42	48

ADDITIONAL INFORMATION FROM THE COMPANY'S CASH FLOW STATEMENT

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2011	2010	**2011**	2010	2010
	€ in millions				
Cash flow from operating activities of the Company					
Net income/(Loss) for the period	(36)	1	(36)	14	(27)
Adjustments to reconcile net profit to net cash of the Company					
Charges to net loss not affecting operating cash flows:					
Change in fair value of hedge instruments	12	13	14	6	(14)
Financial expense (income)	12	(6)	8	(4)	35
Dividend received	-	12		-	13
Equity loss (earnings)	25	(13)	26	(18)	-
Changes in working capital of the Company					
Change in receivables	(4)	3	(1)	3	2
Change in payables	2	-	-	-	2
Cash amounts paid and received during the year					
Interest paid	(29)	(28)	-	(1)	(29)
Interest received	-	3	-	-	5
Net cash used in operating activities of the company	**(18)**	**(15)**	**11**	**-**	**(13)**
Cash flow from investing activities of the company					
Short term investments, net	1	(5)	-	(5)	(1)
Granting of loans to subsidiaries, net	142	(3)	2	3	(52)
Investments in subsidiaries	-	(1)	-	(1)	-
Net cash provided by (used in) investing activities of the company	**143**	**(9)**	**2**	**(3)**	**(53)**
Cash flow from financing activities					
Share purchased from non-controlling interest	-	-	-	-	(3)
Proceeds from sale of hedge instruments	-	29	-	29	29
Repayment of long-term debt	(23)	(9)	(2)	(5)	(11)
Net cash provided by (used in) financing activities of the company	**(23)**	**20**	**(2)**	**24**	**15**
Increase (decrease) in cash and cash equivalents of the company	**102**	**(4)**	**11**	**21**	**(51)**

Cash and cash equivalents at beginning of the period of the company	10	61	101	36	61
Cash and cash equivalents at end of the period of the company	**112**	**57**	**112**	**57**	**10**

1. General

This interim condensed separate financial information is presented in accordance to rule 38(D) of the Israeli Securities and Exchange Regulations (Periodic and immediate reports), 1970.

The condensed interim separate financial information should be read in conjunction with the additional financial information for the year ended December 31, 2010 and the accompanying notes, and in conjunction to the consolidated interim financial statements for the six and three months ended June 30, 2011.

For the additional financial information for the period ended June 30, 2011 the Company applied the same accounting principles and methods of computation as compared with the additional financial information for the year 2010.