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AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements
As of September 30, 2013

CONTENTS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

page

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A s s e t s

	September 30, 2013	September 30, 2012(*)	December 31, 2012(*)
		In €'000	
Non-current assets			
Tangible fixed assets	68,500	68,957	69,377
Investment properties	107,974	1,610,770	1,565,044
Investment in associates	114,136	238,429	227,886
Other financial assets	-	4,780	-
Loans to bank customers	26,145	17,380	20,553
Long-term loans and receivables	100,299	103,785	106,273
Intangible assets and goodwill	26,622	40,562	36,695
Long term inventory	-	113,485	98,985
Deferred income tax assets	8,767	17,595	18,767
	452,443	2,215,743	2,143,580
Current assets			
Inventories, contract work and buildings inventory in progress	125,190	180,109	182,661
Derivatives (Note 5)	105	12,261	12,895
Current maturities of long-term loans and receivables	27,655	53,880	47,340
Loans to bank customers	65,374	38,642	40,242
Trade receivables	53,138	58,679	58,718
Income tax receivables	1,558	2,433	2,353
Other receivables and prepayments	63,460	56,126	55,205
Short-term investments	7,251	35,567	23,705
Cash and cash equivalents	124,946	309,660	369,110
	468,677	747,357	792,229
Assets held for sale (Note 6)	157,636	194,280	50,839
Total current assets	626,313	941,637	843,068
Total assets	1,078,756	3,157,380	2,986,648

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications (Note 2)

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

	September 30, 2013	September 30, 2012(*)	December 31, 2012(*)
		In €'000	
Equity attributable to equity holders of the parent			
Issued and paid-in capital	23,041	23,041	23,041
Share premium	208,117	208,165	208,165
Foreign currency translation reserve	408	4,903	(462)
Property revaluation reserve	37,761	55,112	57,802
Other reserves	6,759	7,624	8,156
Non-controlling interest holders transactions reserve	19,413	21,287	20,128
Treasury shares	(2,786)	(2,847)	(2,847)
Accumulated deficit	(229,468)	(119,261)	(147,809)
	63,245	198,024	166,174
Non-controlling interests	7,556	576,011	542,454
Total equity	70,801	774,035	708,628
Non-current liabilities			
Interest-bearing loans and borrowings	72,353	933,472	885,521
Derivatives	-	40,669	33,490
Other long-term liabilities	2,233	21,471	20,365
Options	4,208	7,652	5,446
Debentures	329,534	553,690	543,909
Deferred income tax liabilities	13,073	126,856	121,059
Accrued severance pay, net	1,760	1,391	1,485
	423,161	1,685,201	1,611,275
Current liabilities			
Advances from customers in respect of contracts	32,069	15,143	16,441
Banking customers accounts	139,328	55,681	68,262
Trade payables	24,554	29,129	31,882
Current maturities of debentures	84,915	139,912	130,307
Interest-bearing loans and borrowings	154,697	239,800	165,614
Income tax payables	3,031	5,608	5,244
Advances from apartment buyers	23,568	4,279	12,936
Derivatives	213	40,210	32,362
Other payables and accrued expenses	122,419	140,532	176,229
	584,794	670,294	639,277
Liabilities associated with assets held for sale	-	27,850	27,468
Total current liabilities	584,794	698,144	666,745
Total liabilities	1,007,955	2,383,345	2,278,020
Total equity and liabilities	1,078,756	3,157,380	2,986,648

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications (Note 2)

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CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2013	**2012**(*)	**2013**	**2012(*)**	2012(*)
	In €'000				
Contract revenues	107,844	104,818	32,543	46,087	142,967
Retail lending activities	18,047	8,044	6,452	6,450	10,966
Management fee and other revenues	4,919	4,842	1,619	1,670	7,845
Total revenues	130,810	117,704	40,614	54,207	161,778
Contract costs	86,101	88,787	25,456	39,667	121,962
Costs of retail lending activities	20,740	16,778	7,917	4,985	23,601
Other expenses, net	1,840	4,668	547	2,575	5,353
Total expenses	108,681	110,233	33,920	47,227	150,916
Gross margin	22,129	7,471	6,694	6,980	10,862
Selling and marketing expenses	5,279	5,466	1,679	2,002	8,210
General and administration expenses	18,975	21,161	6,049	6,127	27,757
Profit (loss) from operations before fair value adjustments, disposal of assets and financial expenses	(2,125)	(19,156)	(1,034)	(1,149)	(25,105)
Adjustment to fair value of investment properties	5,196	-	1,619	-	10,383
Impairment losses on goodwill	(3,406)	(850)	(3,406)	(400)	(3,850)
Gain (loss) on disposal of assets and other income (expenses)	(2,538)	30	(12,847)	(364)	(1,816)
Profit (loss) from fair value adjustments and on disposal of assets and investments	(748)	(820)	(14,634)	(764)	4,717
Profit (loss) from operations before finance expenses and income taxes	(2,873)	(19,976)	(15,668)	(1,913)	(20,388)
Other financial income	13,101	67,922	3,502	49,067	62,370
Other financing expenses	(53,229)	(45,050)	(13,983)	(19,044)	(53,687)
Adjustment to fair value of other financial instruments	-	(1,480)	-	(480)	1,073
Total financial expenses, net	(40,128)	21,392	(10,481)	29,543	9,756
Loss from operations	(43,001)	1,416	(26,149)	27,630	(10,632)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	3,985	913	3,158	(1,055)	4,662
Profit (loss) before income taxes	(39,016)	2,329	(22,991)	26,575	(5,970)
Income tax expenses (benefit)	9,324	1,101	(272)	2,062	938
Profit (loss) for the period from continuing	(48,340)	1,228	(22,719)	24,513	(6,908)
Net profit (loss) for the period from discontinued operations (Note 6B)	(78,698)	(43,166)	(43,231)	(24,340)	(131,948)
Gain (loss) for the period	(127,038)	(41,938)	(65,950)	173	(138,856)
Attributable to:					
Equity holders	(106,515)	(5,324)	(65,628)	20,234	(32,852)
Non-controlling interest holders	(20,523)	(36,614)	(322)	(20,061)	(106,004)
Earnings (loss) per share attributable to shareholders					
Basic from continuing operations	(0.25)	0.34	(0.33)	0.41	0.89
Basic from discontinued operations	(0.71)	(0.39)	(0.20)	(0.22)	(1.19)
	(0.96)	(0.05)	(0.53)	(0.19)	(0.30)
Diluted from continuing operations	(0.26)	0.34	(0.40)	0.38	0.89
Diluted from discontinued operations	(0.71)	(0.39)	(0.20)	(0.22)	(1.19)
	(0.97)	(0.05)	(0.60)	0.19	(0.30)

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications (Note 2)

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31,
	2013	**2012(*)**	**2013**	**2012(*)**	2012(*)
	In €'000				
Loss for the period	(127,038)	(41,938)	(65,950)	173	(138,856)
Foreign currency translation differences (Note 6B)	(786)	(3,722)	(8,966)	(15,139)	(5,931)
Change in hedge reserve, net of tax (1)	6,966	438	(1,157)	(3,247)	10,123
Other comprehensive income for the period) to be reclassified to profit or loss in subsequent periods (2)	6,180	(3,284)	(10,123)	(18,386)	4,192
Total comprehensive income (loss	(120,858)	(45,222)	(76,073)	(18,213)	(134,664)
Attributable to:					
Equity holders	(102,495)	(6,817)	(75,738)	3,159	(37,641)
Non-controlling interest holders	(18,363)	(38,405)	(335)	(21,372)	(97,023)
	(120,858)	(45,222)	(76,073)	(18,213)	(134,664)

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications (Note 2)

(1) Including reclassification of reserve of €1,783 thousand for the nine months ended September 30, 2013, €5,822 thousand for the nine months period ended September 30, 2012 and €3,204 thousand for the year ended December 31, 2012.
The amounts presented are net of tax amounting to €517 thousand, €2,017 thousand and €2,207 thousand for the nine months and the year ended September 30, 2013, September 30, 2012 and December 31, 2012 respectively;

(2) Including impact resulted from associates of less than €1 million for all the reported periods.

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve(*)	Non controlling interest holders transactions reserve	Treasury shares	Accumulate deficit	Total	Non-controlling Interest	Total equity
	In €'000										
Balance as of January 1, 2013	23,041	208,165	57,802	8,156	(462)	20,128	(2,847)	(147,809)	166,174	542,454	708,628
Other comprehensive income (loss)	-	-	-	4,431	(411)	-	-	-	4,020	2,160	6,180
Loss for the period	-	-	-	-	-	-	-	(106,515)	(106,515)	(20,523)	(127,038)
Total comprehensive income /loss	-	-	-	4,431	(411)	-	-	(106,515)	(102,495)	(18,363)	(120,858)
Share-based payment	-	-	-	222	-	-	-	-	222	(2,323)	(2,101)
non-controlling interest holders	-	-	-	-	-	(715)	-	-	(715)	518	(197)
Issuance of treasury shares	-	(48)	-	(13)	-	-	61	-	-	-	-
Disposal of a subsidiary	-	-	-	(314)	-	-	-	314	-	(514,810)	(514,810)
Other reserves	-	-	-	59	-	-	-	-	59	80	139
Reclassification according to the Netherlands civil code requirements law(*)	-	-	(20,041)	(5,782)	1,281	-		24,542	-	-	-
Balance as of September 30, 2013	23,041	208,117	37,761	6,759	408	19,413	(2,786)	(229,468)	63,245	7,556	70,801

(*) In accordance with the Netherlands civil code, part of the retained earnings is restricted for distribution.

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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 (*)	Non controlling interest holders transactions reserve	Treasury Shares	Accumulate deficit	Total	Non-controlling interest	Total equity
	In €'000										
Balance as of January 1, 2012	23,041	208,165	52,169	5,328	6,868	18,765	(2,847)	(109,324)	202,165	533,137	735,302
Other comprehensive income (loss)	-	-	-	472	(1,965)	-	-	-	(1,493)	(1,791)	(3,284)
Loss for the period	-	-	-	-	-	-	-	(5,324)	(5,324)	(36,614)	(41,938)
Total comprehensive loss for the period	-	-	-	472	(1,965)	-	-	(5,324)	(6,817)	(38,405)	(45,222)
Share-based payment	-	-	-	51	-	-	-	-	51	2,606	2,657
Expired option plan for shares in a subsidiary	-	-	-	-	-	1,127	-	-	1,127	(3,262)	(2,135)
Issuance of shares in consolidated subsidiary	-	-	-	-	-	-	-	-	-	72,403	72,403
Shares purchased in consolidated subsidiaries	-	-	-	-	-	1,395	-	-	1,395	9,572	10,967
Other	-	-	-	103	-	-	-	-	103	(40)	63
Reclassification according to the Netherlands civil code requirements (*)	-	-	2,943	1,670	-	-	-	(4,613)	-	-	-
Balance as of September 30, 2012	23,041	208,165	55,112	7,624	4,903	21,287	(2,847)	(119,261)	198,024	576,011	774,035

(*) In accordance with the Netherlands civil code, part of the equity is restricted for distribution.
(**) reclassified – see note 2E

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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(*)	Non controlling interest holders transactions reserve	Treasury shares	Accumulate deficit	Total	Non-controlling Interest	Total equity
	In €'000										
Balance as of July 1, 2013	23,041	208,117	38,332	7,843	9,361	19,871	(2,786)	(164,411)	139,368	7,981	147,349
Other comprehensive income (loss)	-	-	-	(1,157)	(8,953)	-	-	-	(10,110)	(13)	(10,123)
Loss for the period	-	-	-	-	-	-	-	(65,628)	(65,628)	(322)	(65,950)
Total comprehensive income /loss	-	-	-	(1,157)	(8,953)	-	-	(65,628)	(75,738)	(335)	(76,073)
Share-based payment	-	-	-	73	-	-	-	-	73	164	237
Exercise option plans in a subsidiary	-	-	-	-	-	(458)	-	-	(458)	(254)	(712)
Reclassification according to the Netherlands civil code requirements law(*)	-	-	(571)	-	-	-	-	571	-	-	-
Balance as of September 30, 2013	23,041	208,117	37,761	6,759	408	19,413	(2,786)	(229,468)	63,245	7,556	70,801

(*) In accordance with the Netherlands civil code, part of the equity is restricted for distribution.

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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(*)	Non controlling interest holders transactions reserve	Treasury shares	Accumulate deficit	Total	Non-controlling Interest	Total equity
	In €'000										
Balance as of July 1, 2012	23,041	208,165	57,321	9,542	18,420	20,741	(2,847)	(140,034)	194,349	596,889	791,238
Other comprehensive income (loss)	-	-	-	(3,558)	(13,517)	-	-	-	(17,075)	(1,311)	(18,386)
Loss for the period	-	-	-	-	-	-	-	20,234	20,234	(20,061)	173
Total comprehensive income /loss	-	-	-	(3,558)	(13,517)	-	-	20,234	3,159	(21,372)	(18,213)
Share-based payment	-	-	-	(27)	-	-	-	-	(27)	2,515	2,488
Issuance of shares in consolidated subsidiary	-	-	-	-	-	-	-	-	-	(2,135)	(2,135)
Shares purchased in consolidated subsidiaries	-	-	-	-	-	630	-	-	630	-	630
Other reserves	-	-	-	(3)	-	(84)	-	-	(87)	114	27
Reclassification according to the Netherlands civil code requirements law(*)	-	-	(2,209)	1,670	-	-	-	539	-	-	-
Balance as of September 30, 2012	23,041	208,165	55,112	7,624	4,903	21,287	(2,847)	(119,261)	198,024	576,011	774,035

(*) In accordance with the Netherlands civil code, part of the equity is restricted for distribution.
(**) reclassified – see note 2E

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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(*)	Non controlling interest holders transactions reserve	Treasury Shares	Accumulate deficit	Total	Non-controlling interest	Total equity
	In €'000										
Balance as of January 1, 2012	23,041	208,165	52,169	5,328	6,868	18,765	(2,847)	(109,324)	202,165	533,137	735,302
Other comprehensive income (loss)	-	-	-	2,541	(7,330)	-	-	-	(4,789)	8,981	4,192
Net result for the year	-	-	-	-	-	-	-	(32,852)	(32,852)	(106,004)	(138,856)
Total comprehensive income /loss	-	-	-	2,541	(7,330)	-	-	(32,852)	(37,641)	(97,023)	(134,664)
Share-based payment	-	-	-	287	-	-	-	-	287	2,627	2,914
Issuance of shares to non-controlling interest holders	-	-	-	-	-	-	-	-	-	72,403	72,403
Shares purchased in consolidated and newly consolidated subsidiaries	-	-	-	-	-	1,233	-	-	1,233	33,061	34,294
Expired option plans for shares in a subsidiary	-	-	-	-	-	130	-	-	130	(1,751)	(1,621)
Reclassification according to the Netherlands civil code requirements and Chinese law (*)	-	-	5,633	-	-	-	-	(5,633)	-	-	-
Balance as of December 31, 2012	23,041	208,165	57,802	8,156	(462)	20,128	(2,847)	(147,809)	166,174	542,454	708,628

(*) In accordance with the Netherlands civil code, part of the retained earnings is restricted for distribution.
(**) reclassified – see note 2E

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CONSOLIDATED CASH FLOW STATEMENT

	For nine months period ended September 30,		For three months period ended September 30,		For the year ended December 31,
	2013	2012(*)	**2013**	2012(*)	2012(*)
	In €'000				
Cash flow from operating activities					
Profit (loss) from continuing operations before taxes	(39,016)	2,329	(22,991)	26,575	(5,970)
Profit (loss) from discontinued operations before taxes on income	(73,053)	(38,917)	(43,230)	(24,048)	(125,852)
Adjustments required to present cash flow from operating activities (**see A below**)	87,114	(1,936)	66,696	(1,040)	80,828
Net cash provided by (used in) operating activities	(24,955)	(38,524)	475	1,487	(50,994)
Cash flow from investing activities					
Acquisition of tangible fixed assets and investment properties	(32,783)	(60,286)	(9,357)	(20,765)	(77,916)
Investments and Collection (granting) loans from (to) associated companies and joint ventures, net	1,909	4,867	20	1,336	13,583
Proceeds from sale of assets and investments property	48,221	1,324	2,456	227	146,234
Change in loans term deposits	-	-	-	(177)	177
Change in loans to bank customers	(33,776)	(30,135)	(10,779)	(20,911)	(40,530)
Change in long-term loans and receivables	(2,143)	38,137	(23,941)	25,174	49,336
Change in short-term investments	743	2,501	444	2,110	2,492
Change from consolidation to equity method , net of cash disposed (see appendix B below)	(197,151)	-	-	-	-
Disposal of an investment accounted for using the equity method	-	84,694	-	-	84,694
Change from equity method to full consolidation, net of cash acquired (see appendix C below)	-	(13,888)	-	(13,888)	(13,888)
VAT and tax received (paid) on disposal of investment properties	(35,719)	-	-	-	22,888
Capital withdrawal from investment in joint ventures	-	952	-	-	952
Change in deferred brokerage fees and other assets	(1,966)	(552)	(3,118)	(541)	411
Net cash provided by (used in) investing activities	(252,665)	27,614	(44,275)	(27,435)	188,433

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications (Note 2)

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CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the nine months period ended September 30,		For the three months period ended September 30,		For the year ended December 31,
	2013	2012(*)	**2013**	2012(*)	2012(*)
	In €'000				
Cash flows from financing activities					
Proceeds from issuance and sale of shares in subsidiaries to non controlling interest holders	-	72,403	-	-	72,403
Issuance of debentures	-	1,026	-	160	866
Repayment and repurchase of debentures	(49,933)	(100,381)	(845)	(54,414)	(100,381)
Change in loans from bank customers	99,034	45,263	48,930	19,353	57,883
Proceeds from long-term loans	30,564	101,463	2,077	39,051	198,353
Repayment of long-term loans	(44,805)	(216,503)	(1,249)	(55,114)	(426,510)
Change in short-term loans and borrowings, net	(11,598)	41,871	(1,475)	7,573	53,676
Cost related to issuance of debt and shares	(19)	(758)	-	(34)	(1,414)
Proceeds from sale of hedge instruments	11,634	52,155	11,634	40,359	52,155
Transaction with non controlling interest holders	(514)	(4,080)	(514)	(4,080)	(2,872)
Net cash (used in) provided by financing activities	34,363	(7,541)	58,558	(7,146)	(95,841)
Foreign exchange differences relating to cash and cash equivalents	(1,038)	792	(1,202)	(2,274)	800
Increase (decrease) in cash and cash equivalents	(244,295)	(17,659)	13,556	(35,368)	42,398
Increase (decrease) of cash of assets held for sale	131	320	-	(208)	(287)
Cash and cash equivalents at the beginning of the period	369,110	326,999	111,390	345,236	326,999
Cash and cash equivalents at the end of the period	124,946	309,660	124,946	309,660	369,110

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications (Note 2)

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CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the nine months period ended September 30,		For the three months period ended September 30,		For the year ended December 31,
	2013	2012(*)	**2013**	2012(*)	2012(*)
	In €'000				
A. Adjustments to reconcile net profit (loss) to net cash					
Charges / (credits) to profit / loss not affecting operating cash flows:					
Bargain gain from investment in formally consolidated company	(31,868)	-	-	-	-
Impairment of held for sale associate	43,897	-	43,897	-	-
Impairment of investment in investee	8,179	-	8,179	-	-
Share of profit of associated companies and joint ventures accounted for using the equity method	5,765	3,318	(3,823)	1,062	3,368
Impairment of goodwill and Intangible assets	9,914	890	9,191	440	4,005
Loss from revaluation of investment in formally consolidated company	25,707	-	-	-	-
Release of capital reserves	4,501	-	-	-	-
Loss on disposal of investments in subsidiary, net	185	-	(20)	-	-
Share-based payment	(725)	4,191	297	2,292	7,075
Depreciation and amortization	3,929	5,301	1,086	2,658	9,297
Fair value adjustments of investment properties	20,160	36,537	(1,619)	28,075	90,814
Financial expense and exchange differences, net	68,875	68,280	13,923	17,889	106,550
Change in fair value of options and share appreciation rights	-	1,482	-	8,578	1,480
Capital loss (gain) from sale of property plant and equipment	(7,908)	(23)	745	(29)	(421)
Capital loss from realization of investment in companies	-	(528)	-	-	(528)
Decrease (increase) in fair value of securities held for trading and hedge instruments, net	(1,386)	(8,699)	(1,585)	421	(12,697)
Increase in provision for bad debts in the financial services	4,616	10,427	2,030	647	14,077
Provision for impairment of inventory	110	2,446	-	986	13,434
Gain from early repayment of loans and debentures	-	(43,035)	-	(32,658)	(43,035)
Loss on disposal of investment property	-	-	-	-	215
Changes in operating assets and liabilities:					
Change in trade and other receivables	(48,071)	(48,665)	1,647	(37,313)	(129,987)
Change in inventories and in contract work in progress, net of advances from customers	4,678	10,629	5,806	12,528	15,963
Change in trade and other payables	(884)	4,030	(4,651)	7,408	46,774
Interest paid	(38,800)	(79,951)	(10,817)	(16,734)	(133,551)
Interest received	20,237	20,891	3,825	3,262	79,833
Income taxes paid	(3,776)	(2,260)	(821)	(552)	(3,009)
Dividend received from joint ventures	-	12,803	-	-	12,803
Other	(221)	-	(594)	-	(1,632)
	87,114	**(1,936)**	**66,696**	**(1,040)**	**80,828**

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications (Note 2)

The accompanying Notes are an integral part of these IFRS Consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the nine months period ended September 30,		For the three months period ended September 30,		For the year ended December 31,
	2013	2012	**2013**	2012	2012
	In €'000				
B. Change from consolidation to equity method , net of cash disposed (Note 6B)					
Working capital (excluding cash and cash equivalents)	(161,058)	-	-	-	-
Non-current assets	1,689,273	-	-	-	-
Non-current liabilities	(1,012,011)	-	-	-	-
Non-controlling interests	(514,810)	-	-	-	-
Recycling of reserves to the income statement	4,501	-	-	-	-
Loss from revaluation of formally consolidated subsidiary	(30,208)	-	-	-	-
Bargain gain	31,868	-	-	-	-
Investment in company accounted for according to the equity method	(204,706)	-	-	-	-
Change in cash balance due to change from consolidation to the equity method	(197,151)	**-**	**-**	**-**	**-**

C. Change from equity method to full consolidation

Working capital	-	1,030	-	1,030	1,030
Investment property	-	(26,355)	-	(26,355)	(26,355)
Investment in company accounted for at equity	-	11,299	-	11,299	11,299
Total purchase price	-	(14,026)	-	(14,026)	(14,026)
Less – cash in subsidiaries acquired	-	138	-	138	138
	-	(13,888)	-	(13,888)	(13,888)

The accompanying Notes are an integral part of these IFRS Consolidated financial statements

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2013

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 operating holding company which is engaged in the development of real estate, (water) infrastructure projects, (water) infrastructure assets and banking and lending 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 Board of Directors on November 27, 2013.

Going concern

As at September 30, 2013 the Company had, on a stand-alone basis, a working capital deficit of €101,436 thousand, which is mainly due to the current maturities of the Company's debentures. In addition, in the first nine months of 2013 the Company incurred a loss attributable to the equity holders in the amount of €106,515 thousand, which resulted in a decline in shareholders' equity to €63,245 thousand. The Company also reported negative consolidated cash flows from operations of €24,955 thousand in the nine months ended September 30, 2013. The cash balance of the Company as at September 30, 2013 amounted to €15,374 thousand.

The Company's consolidated financial statements as of September 30, 2013 have been prepared under the assumption that the Company will continue as a going concern. This is based, among others, on the Company's current cash balances and the estimated cash flow that will derive from raising loans (against pledge of free assets) and the sale of assets and/or repayment of shareholder's loans or dividend distribution by some of the Company's subsidiaries

The Company has prepared a liquidity analysis for the next two years as of the balance sheet date, which addresses the required liquidity for the Company to be able to repay the principle and interest of debentures (series A and B) in the first quarter of February 2014 and 2015 in the total amount of €103 million and €99 million, respectively and its other liabilities and to finance its operations.

The repayments in 2014 are likely to be funded by existing cash balances of the Company, from the net cash generated through the realized sale of GTC SA in November 2013 and by cash expected from raising loans against pledge of free assets (see also in this note below) and by the repayment of certain shareholder's loans or dividend distribution by some of the Company's subsidiaries. In 2015 the repayments are likely to be funded mostly by cash to be generated through the sale of certain assets, including the sale of investments in shares of certain subsidiaries, by raising loans (against pledge of free assets) and / or repayment of certain shareholder's loans by some of the Company's subsidiaries. In this context it should be noted that the Company is engaged directly and through its subsidiaries in a number of negotiations - in various stages – regarding materialization of such assets. The Company and its subsidiaries are also conducting negotiations with respect to refinancing and debt financing. The proceeds from the realization of these above mentioned plans will serve the Company within the limitations of the agreement reached with debentures holders, as disclosed in Note 6 to these financial statements.

Subsequent to the balance sheet date, in November 2013, a subsidiary of the Company (GTC RE) completed the sale of its entire holding in GTC SA (see note 6B). Following this transaction, the Company repaid loans in the amount of €101 million provided by a lending bank mainly against the pledge of GTC SA shares. Regarding the amount to be repaid to debenture holders in February 2014, it should be taken into account that an amount of €35 million was already transferred to a trust account in November 2013 and is expected to be early repaid in December 2013.

In addition, GTC Holding signed a conditional agreement for providing credit with the lending bank in the amount of up to €33 million (see Note 7).

The realization, the price and the timing of the Company's plans in relation to the sale of assets, repayment of shareholder's loans by certain subsidiaries, raising debt as well as meeting future loan covenants, are uncertain and depend also on factors that are not wholly within the Company's control and on the willingness of third parties to invest and grant credit. The Company believes that, in light of her financial resources in hand, the value of its total assets which is considerably higher than its total liabilities and in light of the current indications regarding the ability to realize a sale of assets and/or obtain credit in the required timeframe, it will be able to realize its plans and that it will be able to repay its liabilities as they mature in the foreseeable future.

ISA Letter

Further to Note 7 to the annual financial statements, on May 20, 2013 and as updated on October 9, 2013, the Company received a letter from the Israeli Securities Authority (hereafter - ISA), further to the letter dated 15 March 2012 and earlier discussions and correspondence between the ISA and the Company, in light of a sample audit conducted by the ISA regarding the audited financial statements of the Company as at December 31, 2009 and included, among other things, an examination of the carrying amount of five investment properties (three income generating properties and two land plots) owned by a former subsidiary (GTC SA). According to this letter, "The purpose of the audit was to examine the accounting treatment for investment property presented in the financial statements of the Company at their fair value and investment property presented in the financial statements at cost for which impairment testing was performed."

The findings of ISA specified in the letter, show that according to the ISA staff some of the assumptions, estimates and methodology used by the Company in estimating the fair value and the recoverable amount as at December 31, 2009, of the properties and lands that were sampled, as applicable, were outside the reasonability range. In light of these findings, the ISA staff believes that the sampled value of the assets as stated in the financial statements did not reflect adequately the fair value (or their recoverable amount, as applicable) as of December 31, 2009, as required by International Financial Reporting Standards (IFRS).

Note that these valuations performed by the Company and its subsidiaries, and in particular GTC SA, for most investment property included in the financial statements of the Company are carried out at least twice a year by independent external appraisers of leading international firms in their fields. Likewise, it should be noted that the financial statements of the former subsidiary (GTC SA) are audited by the accounting firm Ernst & Young.

The Company examined, during the discussions with the ISA staff, the audit results received and also obtained the view of leading experts in the field as to the reasonableness of estimates, assumptions and methodology used by the former subsidiary to estimate the fair value or recoverable amount of the real estate assets.

On October 23, 2013, the Company, following the request of ISA, has published an immediate report regarding the said audit, which included ISA's full audit report as well as the Company's detailed response. In addition, the Company has examined the validity of the findings of the ISA in relation to the book value of its investment property which were not included in the sample and examined the need to amend the financial statements. In the management opinion, the values of the properties tested are reasonable and the Company disputed the ISA's consultation.

2. Basis of presentation and preparation

A. Basis of preparation

The condensed interim consolidated financial statements for the nine and three months ended September 30, 2013 have been prepared in accordance with International Accounting Standard (IAS) 34 as defined by the International Accounting Standards Board and as endorsed by the European Union to be used for the preparation of interim consolidated financial statements.

The condensed interim 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, 2012.

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2012 - except for the adoption of new standards and interpretations as of January 1, 2013:

B. New standards, interpretations and amendments adopted by the Company:

The Group early adopted certain standards and amendments that require restatement of comparative numbers which were reported in previous financial statements. These include IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements. Additionally the Group applies for the first time IFRS 13 'Fair Value Measurement', IAS 27 'Separate Financial Statements', IAS 28 'Investment in Associates and Joint Ventures', IFRS 12 'Disclosure of Interests in Other Entities' and amendments to IAS 1 'Presentation of Financial Statements'.
In addition, the application of IFRS 12 'Disclosure of Interest in Other Entities' would result in additional disclosures in the annual consolidated financial statements.
Several other new standards and amendments apply for the first time in 2013. However, they do not materially impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.
The nature and the impact of each new standard/amendment is described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that will be reclassified (recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will not be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment.

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognized in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. In case of the Group, the transition to IAS 19R had no impact on the net defined benefit plan obligations.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IAS 27R replaces IAS 27 and addresses the separate financial statements only. Existing guidance for separate financial statements remained unchanged in IAS 27R. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:
(a) an investor has power over an investee;
(b) the investor has exposure, or rights, to variable returns from its involvement with the investee;
(c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.
IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 - 'Interests in Joint Ventures' and SIC-13 'Jointly-controlled Entities — Non-monetary Contributions by Venturers'. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.
The application of this new standard impacted the statement of financial position and the income statement of the Company by replacing proportionate consolidation of the joint venture in several entities with the equity method of accounting.

IAS 28R replaces IAS 28, the main changes relate to equity method accounting treatment for investments in joint ventures. IAS 28R also states to apply the requirements of IFRS 5 and only in respect of the part that is reclassified as held for sale; the remaining part of the investment continues to be accounted for by the equity method. The amendment of IAS 28R had no impact on the consolidated financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Consolidated financial statements, Joint arrangements and Disclosure of Interests in Other Entities

In July 2012, the IASB published amendments to the standards allowing to adjust the comparatives of one year only. The adjustment of prior comparatives is possible, but not mandatory. The amendments also eliminated the requirement to present comparative information for prior periods in relation to non-consolidated structured entities.

Impact of IFRS 11 on the income statement

	For the nine months ended September 30, 2012	For the three months ended September 30, 2012	For the year ended December 31, 2012
		In €'000	
Total decrease in revenues	66,069	22,160	82,141
Total decrease in expenses	45,994	14,414	54,414
Decrease in Gross margin	20,075	7,746	27,727
Decrease in Selling and marketing and general and administration expenses	6,074	1,389	7,800
Decrease in profit (loss) from operations before fair value adjustments, disposal of assets and financial expenses	14,001	6,357	19,927
Decrease in Profit (loss) from fair value adjustments and on disposal of assets and investments	3,108	3,904	(1,871)
Decrease in profit (loss) from operations before finance expenses and income taxes	10,893	2,453	21,798
Total decrease (Increase) in financial expenses, net	3,822	405	4,322
Increase (Decrease) in loss from operations	7,071	2,048	17,476
Decrease in Share of profit (loss) of associates accounted for using the equity method	2,462	(452)	10,638
Increase(decrease) in loss before income taxes	4,609	2,500	(6,838)
Income tax expenses (benefit)	4,340	1,456	(6,399)
Decrease in profit (loss) for the period from continuing operations	269	1,044	(439)
Decrease in profit (loss) for the period from discontinuing operations	-	(951)	-
Net profit (loss) for the period	269	93	(439)
Attributable to:			
Equity holders	263	120	(146)
Non-controlling interest holders	6	(27)	(293)

Impact of IFRS 11 on the statement of financial position

	September 30, 2012	December 31, 2012
	In €'000	
Non-current assets		
Decrease in investment properties	(183,736)	(183,061)
Increase in investment in associates	188,345	184,988
Decrease in intangible assets and goodwill	(12,151)	(12,472)
Decrease in other assets	(58,068)	(50,150)
	(65,610)	(60,695)
Current assets		
Decrease in inventories, contract work and buildings inventory in progress	(151,965)	(156,775)
Decrease in other assets	(52,998)	(60,192)
Decrease in cash and cash equivalents	(15,064)	(13,860)
	(220,027)	(230,827)
Decrease in assets held for sale	(9,723)	(3,821)
Total decrease in current assets	(229,750)	(234,648)
Total decrease in assets	(295,360)	(295,343)

	September 30, 2012	December 31, 2012
	In €'000	
Decrease in equity attributable to equity holders of the parent	(1,348)	(1,356)
Decrease in non-controlling interests	(4,330)	(4,443)
Total impact on equity	(5,678)	(5,799)
Non-current liabilities		
Decrease in interest-bearing loans and borrowings	(81,066)	(71,504)
Decrease in other long-term liabilities	(2,984)	(3,200)
Decrease in deferred income tax liabilities	(19,631)	(19,994)
	(103,681)	(94,698)
Current liabilities		
Decrease in interest-bearing loans and borrowings	(13,465)	(18,089)
Decrease in other liabilities	(110,366)	(65,763)
Decrease in advances from apartment buyers	(62,170)	(110,994)
	(186,001)	(194,846)
Increase in liabilities associated with assets held for distribution	-	-
Total decrease in liabilities	(289,682)	(289,544)
Total decrease in equity and liabilities	(295,360)	(295,343)

Impact of IFRS 11 on the cashflow statement

	For the nine months ended September 30,2012	For the three months ended September 30,2012	For the year ended December 31,2012
	In €'000		
From operating activities	4,476	2,487	(15,976)
From investing activities	(61,614)	(435)	24,281
From financing activities	(3,541)	(3,146)	635
	(60,679)	(1,094)	8,940

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Company provided disclosures for those significant transactions in Note 6.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defined fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 5.

C. Disclosures of new IFRS standards prior to their implementation

IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets

The amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment losses have been recognised or reversed during the period. The amendment becomes effective for financial years beginning on or after 1 January 2014. The standard will affect disclosure only and will have no impact on the Group’s financial position or performance.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 becomes effective for financial years beginning on or after 1 January 2014. This interpretation will have no material impact on the Group’s financial position and performance.

D. Foreign currency translation

Following are the representative exchange rates of the USD, NIS and RMB in relation to the EUR and the Israeli Consumer Price Index (CPI) in points:

	USD	NIS	RMB	CPI
September 30, 2013	0.741	0.209	0.120	133.0
September 30, 2012	0.772	0.197	0.123	131.3
December 31, 2012	0.758	0.202	0.120	130.7
Change in 2013 (9 months)	(2.33%)	3.08%	(0.35%)	(1.79%)
Change in 2013 (3 months)	(3.34%)	(1.12%)	(3.21%)	0.48%
Change in 2012 (9 months)	(0.18%)	(2.50%)	1.18%	2.09%
Change in 2012 (3 months)	(2.90%)	(2.63%)	(2.42%)	1.14%
Change in 2012 (12 months)	(1.96%)	0.36%	(1.28%)	1.63%

E. Reclassifications

The comparative information in the statement of financial position as of September 30, 2012 was reclassified to conform to current period's presentation. The reclassifications were not material in relation to the total assets and liabilities.

The comparative information in the income statement and cash flow statement for the period of nine and three months ended on September 30, 2012 and for the year ended December 31, 2012 was reclassified to conform to current period's presentation. In addition for the year ended December 31, 2012, the Company reclassified the investment in GTC Investments B.V. out of Assets Held for Sale. All the reclassifications were not material.

3. Segment information

As a result of the sale of GTC SA (see also note 6B) subsequent to the balance sheet date, which presents the main company included in 'Real Estate – Europe' segment, the results of GTC SA have been presented as discontinued operation and thus no longer form an operating segment. The comparative information has been amended accordingly.

Segments results

For nine months ended September 30, 2013:

	Real Estate Asia	Banking and Retail lending	Infrastructure Projects	Infrastructure Assets	Other(**)	Total
			In €'000			
Revenue	3,511	19,453	86,396	21,450	-	130,810
Other income (expense) (*)	11,991	(9,848)	(666)	1,164	596	3,237
Total Income	15,502	9,605	85,730	22,614	596	134,047
Segment result	8,206	(12,351)	2,573	6,122	596	5,146
Unallocated expenses						(4,034)
Gain from operations and share in profit of associates companies before finance expenses, net						1,112
Finance expenses, net						(40,128)
Loss before income tax						(39,016)
Income tax expenses						(9,324)
Loss from continuing operations						(48,340)
Loss from discontinued operations						(78,698)
Loss for the period						(127,038)

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

(**) includes the results of GTC Investments B.V.

For three months ended September 30, 2013:

	Real Estate Asia	Banking and Retail lending	Infrastructure Projects	Infrastructure Assets	Other(**)	Total
	In €'000					
Revenue	1,152	6,917	23,872	8,673	-	40,614
Other income (expense) (*)	3,990	(7,931)	(8,521)	233	753	(11,476)
Total Income	5,142	(1,014)	15,351	8,906	753	29,138
Segment result	2,757	(9,124)	(7,674)	2,344	753	(10,944)
Unallocated expenses						(1,566)
Loss from operations and share in profit of associates companies before finance expenses, net						(12,510)
Finance expenses, net						(10,481)
Loss before income tax						(22,991)
Income tax expenses						272
Loss from continuing operations						(22,719)
Loss from discontinued operations						(43,231)
Loss for the period						(65,950)

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

(**) includes the results of GTC Investments B.V.

For nine months ended September 30, 2012:

	Real Estate Asia	Banking and Retail lending	Infrastructure Projects	Infrastructure Assets	Other(**)	Total
	In €'000					
Revenue	3,414	9,465	78,561	26,264	-	117,704
Other income (expense) (*)	5,797	(639)	(254)	999	(5,810)	93
Total Income	9,211	8,826	78,307	27,263	(5,810)	117,797
Segment result	2,749	(11,483)	(4,918)	6,056	(5,810)	(13,406)
Unallocated expenses						(5,657)
Loss from operations and share in profit of associates companies before finance expenses, net						(19,063)
Finance expenses, net						21,392
Loss before income tax						2,329
Income tax expenses						(1,101)
Loss from continuing operations						1,228
Loss from discontinued operations						(43,166)
Loss for the period						(41,938)

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

(**) includes the results of GTC Investments B.V.

For three months ended September 30, 2012:

	Real Estate Asia	Banking and Retail lending	Infrastructure Projects	Infrastructure Assets	Other(**)	Total
	In €'000					
Revenue	1,180	6,966	36,985	9,076	-	54,207
Other income (expense) (*)	2,847	(486)	(245)	371	(4,306)	(1,819)
Total Income	4,027	6,480	36,740	9,447	(4,306)	52,388
Segment result	1,652	(527)	(195)	2,435	(4,306)	(941)
Unallocated expenses						(2,027)
Loss from operations and share in profit of associates companies before finance expenses, net						(2,968)
Finance expenses, net						29,543
Loss before income tax						26,575
Income tax expenses						(2,062)
Loss from continuing operations						24,513
Loss from discontinued operations						(24,340)
Gain for the period						173

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

(**) includes the results of GTC Investments B.V.

For the year ended December 31, 2012:

	Real Estate Asia	Banking and Retail lending	Infrastructure Projects	Infrastructure Assets	Other(**)	Total
	In €'000					
Revenue	4,937	13,871	107,351	35,619	-	161,778
Other income (expense) (*)	20,035	(4,118)	(872)	531	(6,197)	9,379
Total Income	24,972	9,753	106,479	36,150	(6,197)	171,157
Segment result	15,289	(18,198)	(6,149)	6,755	(6,197)	(8,500)
Unallocated expenses						(7,226)
Loss from operations and share in profit of associates companies before finance expenses, net						(15,726)
Finance expenses, net						9,756
Loss before income tax						(5,970)
Income tax expenses						(938)
Loss from continuing operations						(6,908)
Loss from discontinued operations						(131,948)
Loss for the period						(138,856)

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

(**) includes the results of GTC Investments B.V.

Segments assets

	September 30, **2013**	September 30, 2012	December 31, 2012
	In €'000		
Real estate – Asia	363,418	283,290	315,373
Banking and Retail lending	255,656	233,936	230,139
Infrastructure – Assets	162,577	165,985	155,477
Infrastructure - Projects	130,375	125,804	131,394
Others (*)	150,613	219,585	204,059
	1,062,639	1,028,600	1,036,442
Unallocated assets	16,118	63,768	67,708
	1,078,757	1,092,368	1,104,150

(*) The 'Others' segment includes the 'Real estate – Europe' activity, that is presented in the balance sheet as assets held for sale (for additional information see note 6).

Segments liabilities

	September 30, **2013**	September 30, 2012	December 31, 2012
	In €'000		
Real estate – Asia	112,276	45,846	69,734
Banking and Retail lending	249,008	122,518	121,952
Infrastructure – Assets	106,153	115,032	67,931
Infrastructure - Projects	112,017	105,622	86,509
	579,454	389,018	346,126
Unallocated liabilities	428,501	506,039	585,115
	1,007,955	895,057	931,241

4. Share capital

A. Composition

	September 30, 2013		December 31, 2012	
	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	111,848,583	225,000,000	111,824,638

A. In March 2013, the Company purchased 27,832 shares from its wholly owned subsidiary GTC Holding. The shares were transferred to a former officer of the Company. The transaction was accounted for as issuance of shares to settle a share based payment transaction and had no material impact.

B. Following note 18B to the annual financial statements, with respect to grant of shares to managements, in April 2013 the Company issued 23,945 shares to one of the group managers. The shares will remain unreleased according to the plan.

5. Financial Instruments

Further to note 38 to the annual consolidated financial statements, below are presented additional information regarding financial instruments:

A. Set out below is a comparison by class of the differences between the carrying amounts and fair values of the Group's financial instruments.

Fair value schedule

	Level	September 30, 2013 € 000' Carrying amount(*)	Fair value(**)
Liabilities			
Debentures issued by the Company	1	423,855	202,791

(*) Including accrued interest.
(**) Price in the Tel-Aviv Stock Exchange.

Financial instruments for which fair value could not be determined are immaterial.

B. Level 3 financial assets and liabilities reconciliation

Level 3 reconciliation:

	As of January 1, 2013	Additions	Fair Value gain (loss) recorded in P&L	Fair value gain in OCI	Deconsolidation	Settlements	As of September 30, 2013
Derivative assets	12,895	105	2,035	53	-	(14,983)	105
Total assets	12,895	105	2,035	53	-	(14,983)	105
Derivative liabilities	(65,852)	(213)	(5,288)	4,267	66,873	-	(213)
Warrants and call options	(5,446)	-	1,238	-	-	-	(4,208)
Total liabilities	(71,298)	(213)	(4,050)	4,267	66,873	-	(4,421)

There were no material changes in the valuation processes, the valuation methods used, and the assumptions applied and (narrative) sensitivities, for recurring fair value measurements of investment properties and the above mentioned financial assets and liabilities.

In August 2013, the Company sold its derivative asset for a consideration of €11.6 million.

6. Significant transactions

A. Kardan N.V.

A. In March 2013, the Company signed an amendment to the agreement with the trustees of the holders of debentures series A and B. The amendment included among other the following:

(1) Commitment not to pledge 51% of the Company's shares in Kardan Land China (a fully owned subsidiary of the Company) till the repayment of the debentures in February 2014 (principal and interest) and a not to pledge 49% of Kardan Land China shares till the repayment of the debentures in February 2015 (principle and interest).

(2) The Company committed to give a prior notice before pledging part of Kardan Land China shares (which may be pledged subject to the restriction in section 1 above) and/or the pledge of the Company's shares in Tahal Group International BV. The notification is required till the repayment of the debentures (principle and Interest) in February 2015. The Company's shares in Kardan Land China and Tahal Group International will be referred to as the "Target assets".

(3) 80% of the credit received against the pledge of the Target Assets will be used to repay the debentures payment in February 2014. From the repayment in February 2014 and till the repayment in February 2015 the Company committed that 60% of such credit received against the pledge of the Target Assets will be used to reduce the debentures debt, provided that: (a) only half of the above mentioned 60% credit will be used to reduce the debt trough a repurchase of the Company debentures; (b) From funds that are used to repurchase the debentures, the amount used to purchase one of the debentures series will not exceed 80% of the total purchase.

(4) 50% of the proceeds received from the sale of assets or any part of them, will be used to repay the debentures payment in February 2014. The commitment will not apply to amounts that are less than €15 million.

(5) The Company is allowed, at any time, to early repay the next debenture payment, provided that the amount of each early repayment will not be less than €10 million.

(6) The Company committed not to distribute dividends until the debenture payment (principle and interest) in February 2015 and in any case not before the Company publishes the financial statements for the year 2013.

(7) Limitations on pledge of repurchased debentures and on sale of repurchased debentures to third parties.

B. GTC Holding – investment in GTC SA: Sale and presentation

The Company, through GTC Holding, had a 27.75% stake in GTC SA, whose results were included in ‘Real Estate - Europe’ segment.

Classification of GTC SA as Held for Sale

As of September 30, 2013 the Company, through GTC Holding, has a 27.75% investment in GTC SA, in the past the results of GTC SA were included in the (former) ‘Real Estate – Europe’ segment.

During 2013, as part of the Company’s plans to finance its future obligations the Company’s Board of Directors has approved management to explore possible transactions to sell GTC SA. For this purpose, GTC Holding has engaged an investment bank and actively marketed GTC SA directly and through a broker.

Considering the development of this process, management estimated, as of September 30, 2013, it is highly probable that the investment in GTC SA will be recovered principally through a sale transaction rather than through continuing use, within a period of one year.

As a result, in accordance with IFRS 5, as of September 30 2013, the investment in GTC SA is presented as ‘Assets held for sale’. The carrying value of GTC SA prior to the classification (according to the equity method) amounted to €194.5 million as of September 30, 2013 while the fair value (which was determined using the share price of GTC SA on the Warsaw Stock Exchange as at September 30, 2013), less costs to sell amounted to €150.6 million. Accordingly GTC Holding recorded a revaluation loss in the amount of €43.9 million which is presented in the income statement, along with its past results of GTC SA as part of ‘Net profit (loss) for the period from discontinued operations’.

Until the beginning of 2013, GTC SA was accounted as a subsidiary of GTC Holding, and its results were fully consolidated in the Company’s financial statements. In February 2013, due to changes in the composition of the supervisory board of GTC SA, the Company concluded that its accounting effective control (de facto control) over GTC SA ceased to exist and accordingly it stopped consolidating the financial statements of GTC SA on February 22, 2013. As of that date and until applying IFRS 5, as described above, the Company accounted for its investment in GTC SA according to the equity method. For details regarding the impact of the deconsolidation, please see below in the paragraph “Loss of control – Purchase Price Allocation”.

Sale of the investment in GTC SA

Subsequent to the balance sheet date, in November 2013, GTC Holding signed an agreement to sell its shares in GTC SA to an investment fund for a consideration of €160 million. An amount of €150 million was paid on the Closing date, and an amount of €10 million will be placed in an escrow account.
According to the agreement, until December 13, 2013, the investment fund may opt – under certain conditions – to replace the € 10 million of the total consideration (partly or in total) with debentures (series A) and debentures (series B) of the Company (in a 80% - 20% ratio) with a total pari value of € 14 million, which will then be transferred to GTC Holding.

In addition, the share purchase agreement contains a ‘claw back clause’ which is conditional upon GTC SA achieving two specific business targets, one by March 31, 2015 and one by December 31, 2015. If a target is not met in time, the investment fund has the right to receive an amount of €3.15 million per target.

The balance of the capital reserve as of September 30 2013 relating to the investment in GTC SA which will be classified to the income statement in the fourth quarter of 2013 is immaterial. In light of the completion of the sale transaction, the Company currently expects to recognize a gain in the fourth quarter of 2013 in the amount between €4 million to €6 million.

As the GTC SA shares are pledged to a lending bank as security for a loan of approximately €100.6 million, the consideration is expected to be use to repay this loan (in whole or in part). The net proceeds, after repayment of the loan, will amount to approximately €57 million and will be used to repay the debentures in February 2014. In addition, the remaining balance of intangible asset that is attributed to a benefit related to the loan, in the amount of €5.4 million was fully amortized due to the expected repayment of the loan.

Loss of control - Purchase Price Allocation

As a result of the loss of control in GTC SA, and based on the requirements of IFRS 10, the Company re-measured the investment in GTC SA at fair value upon the date when control was lost based on the market price of its shares in the Warsaw Stock Exchange. As a result of the re-measurement of the investment in GTC SA the Company recognized a loss of €30 million. In addition, the Company reclassified to the Income Statement foreign currency translation reserve and hedge reserve, net of tax, amounting to €1.3 million gain and €5.8 million loss, respectively. These amounts were included in 'Net profit/loss from discontinued operations’ in the income statement.

As a result of the loss of control the Company ceased consolidating the financial statements of GTC SA and accounts for the retained investment using the equity method as defined in IAS 28. The Company did not yet finalize the full purchase price allocation according to the acquisition method as described in IFRS 3, however, based on a provisional purchase price allocation, the Company recognized a bargain gain of approximately €31.8 million which was included in ‘Net profit (loss) for the period from discontinued operations’ in the Income Statement.

The Company used the following assumptions for and methods for the determination of the net asset value of its share in GTC SA:

For assets which are presented at fair value or which have been impaired below their cost, which accounts for the vast majority of GTC SA balance sheet, the Company has obtained update letters from external valuators as at the deconsolidation date. No change was recognized for these assets. For other assets the Company assumed the book value is not materially different from the fair value.

For the liabilities, the Company has analyzed the portfolio of loans and debentures at the level of GTC SA. For short term loans and recently refinanced loans the Company has estimated that there is no material difference between the book value and the fair value; For other loans and debentures the Company has analyzed the rates and terms of each loan and according to the available information to it, determined that the interest rates of the loans are either equal or lower than the market rates. The Company continues to analyze the fair value of those loans and debentures. For other liabilities the Company has provisionally assumed there is no material difference between the book value and the fair value.

<u>Discontinued operations related to loss of effective control and sale of GTC SA:</u>

The activities of GTC SA are classified as discontinued operations. These activities are clearly distinguishable, operationally and for financial reporting purposes as GTC SA represent a separate business and major geographical area of operations.

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

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2013	2012**	2013	2012**	2012**
	€ 000'				
Income	31,409	102,904	-	37,507	130,814
Expenses	(52,065)	(142,346)	-	(61,551)	(257,190)
Loss before tax	(20,656)	(39,442)	-	(24,044)	(126,376)
Equity earnings(***)	(22,190)	-	(43,231)	-	-
Income tax benefit (expenses), net	(5,644)	(4,250)	-	(294)	(6,097)
Net profit (loss) from discontinued operations before revaluation and release of capital reserves*	(48,490)	(43,692)	(43,231)	(24,338)	(132,473)
Loss from revaluation of Investment*	(25,707)	-	-	-	-
Release of capital reserves*	(4,501)	-	-	-	-
Net profit (loss) from discontinued operations	(78,698)	(43,692)	(43,231)	(24,338)	(132,473)
Attributable to:					
Equity holders	(58,824)	(7,600)	(43,231)	(4,372)	(26,948)
Non-controlling interest holders	(19,874)	(36,092)	-	(19,966)	(105,525)
	(78,698)	(43,692)	(43,231)	(24,338)	(132,473)

* The net loss from discontinued operations before revaluation and release of capital reserves includes the 100% results from GTC SA, including the share attributable to the non-controlling interest holders, while the result from revaluation of investment and release of capital reserves only reflects the 27.75% interest held by the Company. In 2012, includes an immaterial amount from the Banking and Retail lending.

** In 2012 income statement, include an immaterial amount for the banking and retail lending activities.

*** Including equity losses from Q2 and Q3, barging gain and impairments.

Composition of the net cash flows related to discontinued operations:

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2013	2012	2013	2012	2012
	€ 000'				
Net cash flow from operating activities	12,292	52,195	-	20,136	71,606
Net cash flow from investing activities (*)	(205,332)	(49,384)	-	(20,620)	113,072
Net cash flow from financing activities	(31,707)	26,302	-	(8,894)	(126,580)
Net cash flows from discontinued operations	(224,747)	29,113	-	(9,378)	58,098

(*) Including cash disposed from deconsolidation of GTC SA.

Composition of other comprehensive income items related to discontinued operations:

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2013	2012	2013	2012	2012
	€ 000'				
Change in fair value of hedge instrument, net of tax(*)	3,467	449	-	582	10,967
Adjustments arising from translating financial statements of foreign operations	(1,939)	228	(18)	(318)	(295)
Recycling to the income statement of the hedge reserve due to loss of control over a subsidiary(*)(**)	5,782	-	-	-	-
	7,310	677	(18)	264	10,672
Attributable to:					
Equity holders	5,212	576	(18)	192	3,338
Non-controlling interest holders	2,098	101	-	72	7,334
	7,310	677	(18)	264	10,672

(*) includes 100% results from GTC SA, including the share attributable to the non-controlling interest holders, while the release of capital reserves only reflects the 27.75% interest held by the Company.

(**)Future changes in the hedge reserves will be recycled to the income statements as part of 'Net profit (loss) for the period from discontinued operations'.

The provisional fair values of the identifiable assets and liabilities of GTC SA at the deconsolidation date were as follows:

	Provisional Fair Value	Carrying value
	€ 000’	
Assets:		
Property, plant and equipment	1,728	1,728
Investment properties	1,466,063	1,466,063
Residential land bank	98,047	98,047
Investment in associates and joint ventures	116,759	116,759
Long term deposits and receivables	3,066	3,066
Deferred tax assets	7,081	7,081
Other non-current assets	49	49
Inventory	67,088	67,088
Trade receivables	5,512	5,512
VAT receivables	3,533	3,533
Income tax receivables	1,440	1,440
Other receivables and prepayments	4,992	4,992
Short-term deposits and restricted cash	25,375	25,375
Cash and cash equivalents	197,151	197,151
Assets held for sale	7,878	7,878
	2,005,762	2,005,762
Liabilities:		
Interest bearing loans and borrowings (current and non-current)	(802,943)	(802,943)
Debentures (current and non-current)	(237,019)	(237,019)
Other non- current liabilities	(9,279)	(9,279)
Derivatives financial instrument (long and short term)	(66,873)	(66,873)
Deferred tax liabilities	(111,402)	(111,402)
Trade payables	(10,458)	(10,458)
Other payables	(16,357)	(16,357)
Advances from apartment buyers	(3,264)	(3,264)
VAT payable	(1,229)	(1,229)
Income tax payables	(2,338)	(2,338)
Liabilities to be repaid upon sale	(27,078)	(27,078)
	(1,288,240)	(1,288,240)
Non controlling interests on the level of GTC SA	20,074	20,074
Net identifiable assets	737,596	737,596
Company’s share (27.75%)	204,706	
Market value of retained investment	172,838	
Bargain Gain	31,868	

Revaluation of land plot in Romania

In March 2013, the Romanian Chamber of Deputies has approved an Ordinance no. 114/2007 ('the Ordinance'), which provides that it will not be possible to designate for other use any lands that are currently classified as green areas. This Ordinance is pending upon promulgation by the Romanian President and publishing in the Official Journal. For as long as the Ordinance is valid in its current adopted version it does not allow GTC SA to develop land plot in Bucharest, that was intended for shopping mall project (Galleria Bucharest) and is currently classified as green area. As a result, GTC SA recorded an impairment loss of € 15.1 million which is presented in the income statements as part of 'Net profit (loss) for the period from discontinued operations'. The green area land plot recoverable amount mainly represents the future expected expropriation compensation, on the assumption that an average market participant is willing to pay this amount for the land plot based on the future expected expropriation compensation.

C. **<u>TGI</u>**

1. On January 17, 2013, a subsidiary of the Company, TCE, completed the sale of its rights in a leased real estate asset in Tel Aviv, Israel to an unrelated third party for a consideration of €15 million. The full consideration has been received in cash. The net profit on the transaction amounting to €8.3 million is presented as 'Gain (loss) on disposal of assets and other income (expenses)'in the income statement.

2. In March 2013, TGI granted three senior employees stock options totaling, after issuance, to 2.2% of the shares of TGI (equity settled). The fair value of the options granted is estimated at the date of grant using the Black & Scholes pricing model. The total fair value of the options at the time of grant was €0.6 million which will be recognized over a period of 4 years. In addition, option plan to one senior employee was extended for 1 year, valued at approximately €0.2 million.

   The following table lists the inputs to the models used to determine the fair value of the equity-settled share-based payments:

Expected volatility (%)	46.4%
Risk-free interest rate (%)	0.7%
Expected term of options (years)	5
Stock price (EUR)	3.495
Model used	Black & Scholes

3. On March 6, 2013, TGI, issued 578 shares relating to options which were issued to the a former position holder in TGI, following a written notice on behalf of the former position holder given on December 16, 2012, stating his wish to exercise the options into shares of TGI in accordance with the option agreement. A loan in the amount of €502 thousand relating to the exercise price of the options was granted by a subsidiary of TGI., in July, 2013, the Company bought from the inheritors of the former position holder 185 of TGI's shares in return of €663 thousand. The proceeds received were used to settle the loan and the tax liability resulting from the sale of the shares. Following the transaction an amount of €211 thousand was recorded in the Company's equity statement as 'Non controlling interest holders transaction reserve'.

4. During July and August 2013, 2 material contracts of Watek Polska SP ("Watek"), a wholly owned subsidiary of TGI were terminated by the clients. In September 2013, after examining Watek's financial position, TGI decided not to provide any additional financial support to Watek. As a result in September 2013, Watek filed a declaration of bankruptcy to the district court in Poland. TGI fully impaired its equity investment in Watek of approximately €5.8 million and created a provision of €2.4 million due to a guarantee which was provided to the insurance company in Poland. The amount are presented in the income statements as part of the 'Gain (loss) on disposal of assets and other income (expenses)'

KFS

Sale of Avis Ukraine

During the second quarter of 2013, TBIF (a subsidiary of the Company) entered into an agreement to sell its holding in Avis Ukraine (of which it holds 67%) to Kardan Vehicle Ltd. ('the Purchaser'), which is owned in part by controlling shareholders of the Company, for a consideration of €10.3 million (approximately $13.6 million). The transaction is subject to various approvals, including the approval of Avis Europe and the General meetings of the Company and the Purchaser. Following the agreement, TBIF impaired its investment in Avis Ukraine in approximately €4 million which was included as part of the income statement in 'Share of profit (loss) of associates and joint ventures accounted for using the equity method'.

Subsequent to the balance sheet date, the Purchaser received notice that Avis Europe does not endorse the transaction.

Impairment of Goodwill in TBI Romania

In the third quarter of 2013 an impairment of €3.4 million relating to the Company's Romanian operations. The recognition of the goodwill impairment in the Romanian operations in the third quarter of 2013 was triggered by indications that result for 2013 will be lower than originally forecasted in management's projections, mostly due to higher expenses.
The impairment is presented in the income statement as part of 'Impairment losses on goodwill'.

7. Covenants

As described in Note 6B above, subsequent to the balance sheet date, the shares of GTC SA, which were pledged in favor of the lending bank, were sold. GTC Holding, the borrower, has transferred to the lending bank funds which were used to fully repay the loan, which amounts to €101 million.

In addition, subsequent to the balance sheet date, GTC Holding signed a conditional agreement with the bank for providing credit in the amount of up to €33 million. The credit amount will bear interest of 6 months Euribor + 5.5% (subject to adjustments). Most of the credit facility, in the amount of €28 million, will mature in December 2014, and the rest in December 2015.
As security to the credit facility, the Company will pledge in favor of the bank shares of KFS and TGI, and GTC Holding will pledge shares of KLC (according to the limitations as agreed with the debenture holders, as described in Note 6A above).

The credit facility is subject to certain conditions in order to sign a detailed financing agreement. The financing agreement will include acceptable financial covenants and it was agreed it will be signed no later than January 15, 2014. At the date of signed the detailed financing agreement, GTC Holding will repay the bank a liability of approximately €8 million.

With respect to covenants in relation to bank loans amounting to €107 million, of which an amount of €101 million was repaid, as described above, and following Note 27 to the annual financial statements, , the Group has committed to maintain certain covenants, including minimum equity of the Company of €160 million.

In May 2013, the Company and GTC Holding reached a formal understanding with the lending bank with respect to the loan covenants and obtained a waiver for the minimum equity covenant.

The understandings include, among others, the following covenants for the period till November 30, 2013 (‘the determining period’):

- The equity attributed to the shareholders of the Company will not be less than €120 million, and the equity to stand-alone balance sheet ration of the Company remained at 21%;
- During the determining period the financial statements of the Company and/or GTC Holding will not include an emphasis of matter paragraph related to significant doubts in the companies’ ability to continue as a going concern.
- The Company or GTC Holding will not perform any transaction related to GTC SA's shares which are not pledged to the bank (2.75% of GTC SA's shares);
- During the determining period the interest margin on the loan will increase to 4.3%;
- The market value of GTC SA shares held by the Company will be at least 125% of the outstanding debt;
- 50% of the proceeds from sale of assets by KLC and from repayment of loans by KFS will be deposited in a bank account in the lending bank, and will be subject to the bank rights with respect to the borrower account, all in line with the commitments made to the debenture holders;
- Certain conditions and clarifications upon which ‘steering the activities of GTC SA’.

In addition, due to the deconsolidation of GTC SA, certain covenants in connection with equity/balance sheet ratios and total consolidated equity were amended.

As of September 30, 2013 the said loans are presented within the short-term liabilities, as the pledged asset – GTC SA – is presented as an asset held for sale, and the waiver is for a period which is shorter than one year.

To the Board of Directors and Shareholders of Kardan N.V.

Review report

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Kardan N.V., Amsterdam (the "Company") as at September 30, 2013 and the related condensed interim consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the three and nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated 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 condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Emphasis of uncertainty with respect to the going concern assumption

We draw attention to Note 1 to the consolidated financial statements which indicate that the Company had, on a stand-alone basis, a working capital deficit of €101 million and that the Company has to repay €103 million and €99 million in February 2014 and 2015, respectively. According to the Company's plans, these repayments are to be funded by existing cash balances of the Company and the Group holding companies, repayment of certain shareholder's loans or dividend distributions by some of the Company's subsidiaries, cash generated through the sale of certain assets, or by raising loans (against pledge of free assets). The realization, the price and the timing of the Company's plans in relation to the sale of assets, repayment of shareholder's loans by certain subsidiaries, raising debt as well as to meeting future loan covenants, are uncertain and depend also on factors that are not wholly within the Company's control and on the willingness of third parties to invest and grant credit. However, the company believes that it will be able to repay its liabilities as they mature in the foreseeable future. Our opinion is not qualified in respect of this matter.

Amsterdam, November 27, 2013

Ernst & Young Accountants LLP

Signed by: W.P. de Pater

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 separate financial data included annexed to the

Consolidated financial statements related to the Company

As of September 30, 2013

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

September 30, 2013

	September 30, 2013	September 30, 2012(*)	December 31, 2012(*)
	€ in thousand		
A s s e t s			
Non-current assets			
Tangible fixed assets	149	142	156
	149	142	156
Financial fixed assets			
Investments in consolidated subsidiaries	512,580	425,512	575,633
Loans to consolidated subsidiaries	20	172,541	19
	512,600	598,053	575,652
Current assets			
Cash and cash equivalents	15,374	35,286	51,237
Short-term investments	-	558	567
Other receivables and derivatives	1,729	23,713	13,980
	17,103	59,557	65,784
Total assets	529,852	657,752	641,592
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 capital	23,041	23,041	23,041
Share premium	208,117	208,165	208,165
Foreign currency translation reserve	408	4,903	(462)
Property revaluation reserve	37,761	55,112	57,802
Other reserves	6,759	7,624	8,156
Non-controlling interest holders transactions reserve	19,413	21,287	20,128
Treasury shares	(2,786)	(2,847)	(2,847)
Accumulated deficit	(229,468)	(119,261)	(147,809)
	63,245	198,024	166,174
Long-term liabilities			
Debentures	345,168	399,005	408,256
Options and other long term liabilities	2,900	2,900	2,900
	348,068	401,905	411,156
Current liabilities			
Current maturities of long term loans and debentures	103,830	42,746	43,710
Other payables	14,709	15,077	20,552
	118,539	57,823	64,262
Total equity and liabilities	529,852	657,752	641,592

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications

ADDITIONAL INFORMATION FROM THE COMPANY'S INCOME STATEMENT

Period ended September 30, 2013

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2013	2012(*)	2013	2012(*)	2012(*)
	€ in thousands				
Net result from investments	(66,654)	(57,097)	(59,778)	(33,844)	(70,456)
Gain from repurchase of debentures by a subsidiary	-	40,764	-	32,685	40,764
Total revenues	(66,654)	(16,333)	(59,778)	(1,159)	(29,692)
General and administrative expenses	(2,957)	4,225	(1,125)	1,508	5,396
Loss from operations before financing expenses	(69,611)	(20,558)	(60,903)	(2,667)	(35,088)
Financing income (expenses), net	(33,556)	14,383	(4,987)	24,008	1,419
Loss from operations before tax expense (benefit)	(103,167)	(6,175)	(65,890)	(21,341)	(33,669)
Income tax expense (benefit)	3,348	(851)	(262)	1,107	(817)
Profit (loss) for the period	(106,515)	(5,324)	(65,628)	20,234	(32,852)

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications

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

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2013	2012(*)	2013	2012(*)	2012(*)
	€ in thousands				
Net result for the period	(106,515)	(5,324)	(65,628)	20,234	(32,852)
Foreign currency translation differences	(411)	(1,965)	(8,953)	(13,517)	(7,330)
Change in hedge reserve, net	4,431	472	(1,157)	(3,558)	2,541
Other comprehensive income for the period	4,020	(1,493)	(10,110)	(17,075)	(4,789)
Total comprehensive income (expense)	(102,495)	(6,817)	(75,738)	3,159	(37,641)

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications

ADDITIONAL INFORMATION FROM THE COMPANY'S CASH FLOW STATEMENT

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2013	2012(*)	2013	2012(*)	2012(*)
	€ in thousands				
Cash flow from operating activities of the Company					
Loss for the period	(106,515)	(5,324)	(65,628)	20,234	(32,852)
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	(987)	(8,525)	(1,381)	397	(9,992)
Financial expense	43,489	(6,906)	6,068	(23,327)	7,589
Gain from early repurchase of debentures by a subsidiary	-	(40,764)	-	(32,685)	(40,764)
Share-based payment	200	51	74	(27)	287
Equity loss (earnings)	66,654	57,097	59,778	33,844	70,456
Dividend received	18,654	-	1,510	-	20,681
Changes in working capital of the Company					
Change in receivables	(600)	509	(112)	210	877
Change in payables	(516)	(220)	(2,764)	73	(474)
Cash amounts paid and received during the year					
Interest received	-	3,000	-	-	3,000
Interest paid	(20,256)	(28,549)	-	-	(28,549)
Net cash provided by (used in) operating activities of the company	**123**	**(29,631)**	**(2,455)**	**(1,281)**	**(9,741)**
Cash flow from investing activities of the company					
Short term investments, net	567	5,001	446	2,110	4,992
Collecting (granting) of loans from (to) subsidiaries, net	13,950	61,211	9,450	47,184	69,030
Investments in subsidiaries	(18,096)	-	(10,987)	-	(11,310)
Net cash provided by (used in) investing activities of the company	**(3,579)**	**66,212**	**(1,091)**	**49,294**	**62,712**
Cash flow from financing activities					
Repurchase of debentures	-	(76,387)	-	(76,387)	(76,387)
Investment in shares of a subsidiary	(126)	-	(126)	-	-
Proceeds from sale of hedge instruments	11,634	52,155	11,634	40,359	52,155
Repayment of long-term debt	(43,915)	(5,317)	-	-	(5,756)
Net cash provided by (used in) financing activities of the company	**(32,407)**	**(29,549)**	**11,508**	**(36,028)**	**(29,988)**
Increase (decrease) in cash and cash equivalents of the company	**(35,863)**	**7,032**	**7,962**	**11,985**	**22,983**
Cash and cash equivalents at beginning of the period of the company	**51,237**	**28,254**	**7,412**	**23,301**	**28,254**
Cash and cash equivalents at end of the period of the company	**15,374**	**35,286**	**15,374**	**35,286**	**51,237**

(*) Retrospectively adjusted due to the impact of new accounting standard and reclassifications

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 consolidated financial statements should be read in conjunction with the additional financial information for the year ended December 31, 2012 and the accompanying notes, and in conjunction to the consolidated interim financial statements for the nine and three months ended September 30, 2013.

2. Going concern

As at September 30, 2013 the Company had, on a stand-alone basis, a working capital deficit of €101,436 thousand, which is mainly due to the current maturities of the Company's debentures. In addition, in the first nine months of 2013 the Company incurred a loss attributable to the equity holders in the amount of €106,515 thousand, which resulted in a decline in shareholders' equity to €63,245 thousand. The Company also reported negative consolidated cash flows from operations of €24,955 thousand in the nine months ended September 30, 2013. The cash balance of the Company as at September 30, 2013 amounted to €15,374 thousand.

The Company's consolidated financial statements as of September 30, 2013 have been prepared under the assumption that the Company will continue as a going concern. This is based, among others, on the Company's current cash balances and the estimated cash flow that will derive from raising loans (against pledge of free assets) and the sale of assets and/or repayment of shareholder's loans or dividend distribution by some of the Company's subsidiaries

The Company has prepared a liquidity analysis for the next two years as of the balance sheet date, which addresses the required liquidity for the Company to be able to repay the principle and interest of debentures (series A and B) in the first quarter of February 2014 and 2015 in the total amount of €103 million and €99 million, respectively and its other liabilities and to finance its operations.

The repayments in 2014 are likely to be funded by existing cash balances of the Company, from the net cash generated through the realized sale of GTC SA in November 2013 and by cash expected from raising loans against pledge of free assets (see also in this note below) and by the repayment of certain shareholder's loans or dividend distribution by some of the Company's subsidiaries. In 2015 the repayments are likely to be funded mostly by cash to be generated through the sale of certain assets, including the sale of investments in shares of certain subsidiaries, by raising loans (against pledge of free assets) and / or repayment of certain shareholder's loans by some of the Company's subsidiaries. In this context it should be noted that the Company is engaged directly and through its subsidiaries in a number of negotiations - in various stages – regarding materialization of such assets. The Company and its subsidiaries are also conducting negotiations with respect to refinancing and debt financing. The proceeds from the realization of these above mentioned plans will serve the Company within the limitations of the agreement reached with debentures holders, as disclosed in Note 6 to the consolidated interim financial statements.

Subsequent to the balance sheet date, in November 2013, a subsidiary of the Company (GTC RE) completed the sale of its entire holding in GTC SA (see note 6B to the consolidated interim financial statements). Following this transaction, the Company repaid loans in the amount of

€101 million provided by a lending bank mainly against the pledge of GTC SA shares. Regarding the amount to be repaid to debenture holders in February 2014, it should be taken into account that an amount of €35 million was already transferred to a trust account in November 2013 and is expected to be early repaid in December 2013.

In addition, the Company signed a conditional agreement for providing credit with the lending bank in the amount of up to €33 million (see Note 7 to the consolidated interim financial statements).

The realization, the price and the timing of the Company's plans in relation to the sale of assets, repayment of shareholder's loans by certain subsidiaries, raising debt as well as meeting future loan covenants, are uncertain and depend also on factors that are not wholly within the Company's control and on the willingness of third parties to invest and grant credit. The Company believes that, in light of her financial resources in hand, the value of its total assets which is considerably higher than its total liabilities and in light of the current indications regarding the ability to realize a sale of assets and/or obtain credit in the required timeframe, it will be able to realize its plans and that it will be able to repay its liabilities as they mature in the foreseeable future.