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AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements
As of September 30, 2014

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
A s s e t s

	September 30, 2014	September 30, 2013	December 31, 2013
		In €'000	
Non-current assets			
Tangible fixed assets	58,767	68,500	56,227
Investment property	163,743	107,974	118,068
Investment in associates	7,316	-	5,695
Investment in joint ventures	139,530	114,136	128,658
Loans to bank customers	60,468	26,145	50,392
Long-term loans and receivables	103,304	100,299	86,762
Intangible assets and goodwill	22,567	26,622	22,513
Deferred income tax assets	2,574	8,767	3,985
	558,269	452,443	472,300
Current assets			
Inventories, contract work and buildings inventory in progress	133,993	125,190	109,957
Derivatives	-	105	22
Current maturities of long-term loans and receivables	20,191	27,655	29,735
Loans to bank customers	51,100	65,374	48,522
Trade receivables	54,495	53,138	67,259
Income tax receivables	1,930	1,558	1,298
Other receivables and prepayments	54,333	63,460	56,187
Short-term investments	6,431	7,251	14,427
Cash and cash equivalents	96,201	124,946	118,268
	418,674	468,677	445,675
Assets held for sale (Note 9)	35,577	157,636	6,640
Total current assets	454,251	626,313	452,315
Total assets	1,012,520	1,078,756	924,615

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, 2014	September 30, 2013	December 31, 2013
		In €'000	
Equity attributable to equity holders of the parent			
Issued and paid-in capital	23,041	23,041	23,041
Share premium	208,002	208,117	208,117
Foreign currency translation reserve	21,961	408	(4,680)
Property revaluation reserve	37,525	37,761	34,300
Revaluation reserve, other	9,713	6,759	12,296
Non-controlling interest holders transactions reserve	15,968	19,413	21,104
Treasury shares	(2,625)	(2,786)	(2,786)
Accumulated deficit	(239,972)	(229,468)	(225,297)
	73,613	63,245	66,095
Non-controlling interests	4,451	7,556	5,655
Total equity	78,064	70,801	71,750
Non-current liabilities			
Interest-bearing loans and borrowings	92,378	72,353	70,423
Banking customers accounts	276	-	128
Other long-term liabilities	4,342	2,233	6,887
Options	1,482	4,208	4,317
Debentures	254,223	329,534	327,240
Deferred income tax liabilities	14,966	13,073	12,584
Accrued severance pay, net	1,012	1,760	1,488
	368,679	423,161	423,067
Current liabilities			
Advances from customers in respect of contracts	51,043	32,069	40,214
Banking customers accounts	161,200	139,328	137,593
Trade payables	19,003	24,554	21,296
Current maturities of debentures	85,339	84,915	67,409
Interest-bearing loans and borrowings	104,834	154,697	47,786
Income tax payables	2,599	3,031	1,419
Advances from apartment buyers	28,705	23,568	5,667
Derivatives	308	213	273
Other payables and accrued expenses	90,815	122,419	108,141
	543,846	584,794	429,798
Liabilities associated with assets held for sale (Note 9)	21,931	-	-
Total Current liabilities	565,777	584,794	429,798
Total liabilities	934,456	1,007,955	852,865
Total equity and liabilities	1,012,520	1,078,756	924,615

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

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
Contract revenues	122,240	109,123	38,420	33,001	153,010
Retail lending activities	24,510	18,047	6,124	6,452	24,406
Sale of apartments	9,150	-	411	-	23,984
Management fee and other revenues	5,045	4,919	1,919	1,619	6,595
Total revenues	160,945	132,089	46,874	41,072	207,995
Contract costs	95,786	86,101	28,950	25,456	121,342
Costs of retail lending activities	18,550	20,740	6,321	7,917	25,182
Cost of sale of apartments	7,606	-	372	-	19,697
Other expenses, net	4,023	1,840	1,587	547	3,358
Total expenses	125,965	108,681	37,230	33,920	169,579
Gross margin	34,980	23,408	9,644	7,152	38,416
Selling and marketing expenses	5,741	5,279	2,010	1,679	7,912
General and administration expenses	17,080	18,975	5,882	6,049	25,513
Profit (loss) from operations before fair value adjustments, disposal of assets and investment and other income	12,159	(846)	1,752	(576)	4,991
Adjustment to fair value of investment property	4,346	5,196	1,148	1,619	8,802
Impairment losses on goodwill	-	(3,406)	-	(3,406)	(3,926)
Gain (loss) on disposal of assets and other income, net	990	(3,817)	586	(13,305)	(8,947)
Profit (loss) from fair value adjustments, disposal of assets	5,336	(2,027)	1,734	(15,092)	(4,071)
Profit (loss) from operations	17,495	(2,873)	3,486	(15,668)	920
Financial income	7,776	13,101	2,718	3,502	6,185
Financial expenses	(30,430)	(53,229)	(10,133)	(13,984)	(51,803)
Total financial expenses, net	(22,654)	(40,128)	(7,415)	(10,482)	(45,618)
Profit (loss) before share of profit (loss) from investments accounted for using the equity method	(5,159)	(43,001)	(3,929)	(26,150)	(44,698)
Share of profit (loss) of investments accounted for using the equity method, net	(531)	3,985	(1,499)	3,158	12,345
Profit (loss) before income taxes	(5,690)	(39,016)	(5,428)	(22,992)	(32,353)
Income tax expenses (tax benefit)	5,702	9,324	2,059	(272)	14,443
Profit (loss) for the year from continuing operations	(11,392)	(48,340)	(7,487)	(22,720)	(46,796)
Net loss from discontinued operations	-	(78,698)	-	(43,230)	(75,177)
Net profit (loss) for the period	(11,392)	(127,038)	(7,487)	(65,950)	(121,973)
Attributable to:					
Equity holders	(11,450)	(106,515)	(7,520)	(65,628)	(101,333)
Non-controlling interest holders	58	(20,523)	33	(322)	(20,640)
	(11,392)	(127,038)	(7,487)	(65,950)	(121,973)
Earnings (loss) per share attributable to shareholders:					
Basic from continuing operations	(0.1)	(0.25)	(0.07)	(0.33)	(0.42)
Basic from discontinued operations	-	(0.71)	-	(0.20)	(0.50)
	(0.1)	(0.96)	(0.07)	(0.53)	(0.92)
Diluted from continuing operations	(0.1)	(0.26)	(0.07)	(0.40)	(0.42)
Diluted from discontinued operations	-	(0.71)	-	(0.20)	(0.50)
	(0.1)	(0.97)	(0.07)	(0.60)	(0.92)

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,
	2014	2013	**2014**	2013	2013
	In €'000				
Net profit (loss) for the period	(11,392)	(127,038)	(7,487)	(65,950)	(121,973)
Foreign currency translation differences	26,654	(786)	25,407	(8,966)	(4,596)
Change in hedge reserve, net of tax (1)	(2,684)	6,966	(1,986)	(1,157)	6,677
Other comprehensive income (expense) for the period to be reclassified to profit or loss in subsequent periods (2)	23,970	6,180	23,421	(10,123)	2,081
Total comprehensive income (expenses)	12,578	(120,858)	15,934	(76,073)	(119,892)
Attributable to:					
Equity holders	12,507	(102,495)	15,797	(75,738)	(101,409)
Non-controlling interests holders	71	(18,363)	137	(335)	(18,483)
	12,578	(120,858)	15,934	(76,073)	(119,892)

(1) Including reclassification of hedge reserve of €981 thousand and €334 thousand for the nine and three months period ended September 30, 2014 respectively, €2,248 thousand and €1,549 thousand for the nine and three months period ended September 30, 2013 respectively and €2,201 thousand for the year ended December 31, 2013.

The amounts presented are net of tax amounting to €327 thousand and €111 thousand for the nine and three ended September 30, 2014 respectively, €517 thousand and €263 thousand for the nine and three months period ended September 30, 2013 respectively and €662 thousand for the year ended December 31, 2013.

(2) Including impact resulted from associates and joint ventures of €10,077 thousand and €3,328 thousand for the nine months ended September 30, 2014 and 2013 respectively, €9,901 thousand and €(274) thousand for the three months ended September 30, 2014 and 2013 respectively and €(1,059) thousand for the year 2013.

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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	Accumulated deficit	Total	Non-controlling Interests	Total equity
	In €'000										
Balance as of January 1, 2014	23,041	208,117	34,300	12,296	(4,680)	21,104	(2,786)	(225,297)	66,095	5,655	71,750
Other comprehensive profit (loss)	-	-	-	(2,684)	26,641	-	-	-	23,957	13	23,970
Profit (loss) for the period	-	-	-	-	-	-	-	(11,450)	(11,450)	58	(11,392)
Total comprehensive income (loss)	-	-	-	(2,684)	26,641	-	-	(11,450)	12,507	71	12,578
Share-based payment	-	-	-	147	-	-	-	-	147	384	531
Transactions with non-controlling interest holders (refer to Note 7B, 7C and 8B)	-	-	-	-	-	(5,136)	-	-	(5,136)	(1,659)	(6,795)
Issuance of treasury shares	-	(115)	-	(46)	-	-	161	-	-	-	-
Reclassification according to the Netherlands civil code requirements law (*)	-	-	3,225	-	-	-	-	(3,225)	-	-	-
Balance as of September 30, 2014	23,041	208,002	37,525	9,713	21,961	15,968	(2,625)	(239,972)	73,613	4,451	78,064

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve(*)	Non-controlling interest holders transactions reserve	Treasury shares	Accumulated deficit	Total	Non-controlling Interests	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.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve(*)	Non-controlling interest holders transactions reserve	Treasury shares	Accumulated deficit	Total	Non-controlling Interests	Total equity
	In €'000										
Balance as of July 1, 2014	23,041	208,002	36,763	11,658	(3,342)	15,968	(2,625)	(231,690)	57,775	4,063	61,838
Other comprehensive income (loss)	-	-	-	(1,986)	25,303	-	-	-	23,317	104	23,421
Profit (loss) for the period	-	-	-	-	-	-	-	(7,520)	(7,520)	33	(7,487)
Total comprehensive income (loss)	-	-	-	(1,986)	25,303	-	-	(7,520)	15,797	137	15,934
Share-based payment	-	-	-	41	-	-	-	-	41	251	292
Reclassification according to the Netherlands civil code requirements law (*)	-	-	762	-	-	-	-	(762)	-	-	-
Balance as of September 30, 2014	23,041	208,002	37,525	9,713	21,961	15,968	(2,625)	(239,972)	73,613	4,451	78,064

(*) 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

	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	Accumulated deficit	Total	Non-controlling Interests	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.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the parent										
	Issued and paid-in capital	Share premium	Property revaluation reserve (*)	Revaluation reserve, other (*)	Foreign currency translation reserve (*)	Non-controlling interest holders transactions reserve	Treasury shares	Accumulated deficit (*)	Total	Non-controlling interests	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)	-	-	-	4,142	(4,218)	-	-	-	(76)	2,157	2,081
Loss for the period	-	-	-	-	-	-	-	(101,333)	(101,333)	(20,640)	(121,973)
Total comprehensive income (loss)	-	-	-	4,142	(4,218)	-	-	(101,333)	(101,409)	(18,483)	(119,892)
Share-based payment	-	-	-	295	-	1,766	-	-	2,061	(4,207)	(2,146)
Issuance of treasury shares	-	(48)	-	(13)	-	-	61	-	-	-	-
Transactions with non controlling interest holders	-	-	-	-	-	(790)	-	-	(790)	622	(168)
Disposal of a subsidiary	-	-	-	(343)	-	-	-	343	-	(514,810)	(514,810)
Other reserves	-	-	-	59	-	-	-	-	59	79	138
Reclassification according to the Netherlands civil code requirements law (*)	-	-	(23,502)	-	-	-	-	23,502	-	-	-
Balance as of December 31, 2013	23,041	208,117	34,300	12,296	(4,680)	21,104	(2,786)	(225,297)	66,095	5,655	71,750

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

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

CONSOLIDATED CASH FLOW STATEMENT

	For nine months period ended September 30,		For three months period ended September 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
Cash flow from operating activities					
Profit (loss) from continuing operations before taxes on income	(5,690)	(39,016)	(5,428)	(22,992)	(32,353)
Loss from discontinued operations before taxes on income	-	(73,054)	-	(43,230)	(69,531)
Adjustments to reconcile net profit (loss) from operation activities to net cash (see A below)	25,327	9,437	(2,527)	23,467	(20,235)
Adjustments on operating activities from discontinued operations	-	85,239	-	43,230	81,720
Net cash provided by (used in) operating activities	19,637	(17,394)	(7,955)	475	(40,399)
Cash flow from investing activities					
Acquisition of tangible fixed assets and investment property	(36,503)	(25,030)	(13,780)	(9,357)	(36,128)
Investments and collection (granting) of loans from (to) companies accounted for using the equity method, net	(1,651)	522	(770)	617	471
Change from sale (purchase) of assets and investments	115	15,682	(529)	2,456	18,439
Change in loans to bank customers, net	7,641	(33,776)	2,317	(10,779)	(41,965)
Change in long-term loans and receivables	(19,338)	(2,740)	(3,790)	(24,533)	26,174
Change in short-term investments	576	743	26	444	(286)
Change from full consolidation to equity method (see B below)	-	-	-	-	1,223
Disposal of a previously consolidated subsidiary due to bankruptcy (see C below)	-	-	-	-	(22)
Change from equity method to full consolidation (see D below)	-	-	-	-	208
Change in deferred brokerage fees and other assets	22	(1,963)	22	(3,123)	(1,990)
Net cash provided by (used in) investing activities from continuing operations	(49,138)	(46,562)	(16,504)	(44,275)	(33,876)
Change from full consolidation to equity method (see E below) (discontinued operations)	-	(197,151)	-	-	(197,151)
Disposal of an investment accounted for using the equity method (discontinued operations)	-	-	-	-	157,349
Net cash provided by (used in) investing activities from discontinued operations	-	(8,181)	-	-	(8,181)
Net cash used in investing activities	(49,138)	(251,894)	(16,504)	(44,275)	(81,859)

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

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For nine months period ended September 30,		For three months period ended September 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
Cash flows from financing activities					
Issuance of debentures	2,155	-	-	-	-
Repayment and repurchase of debentures	(68,538)	(49,933)	-	(845)	(58,390)
Change in loans from bank customers	23,755	99,034	32,567	48,930	69,401
Proceeds from long-term loans	86,372	34,582	2,485	6,285	30,849
Repayment of long-term loans	(16,085)	(28,796)	(7,129)	(991)	(132,045)
Change in short-term loans and borrowings	(1,390)	(8,269)	(46)	(5,941)	(8,432)
Release of pledged deposit	8,017	-	-	-	-
Repayment of long term liability	(8,031)	-	-	-	-
Change in short term deposits	(350)	-	-	-	(8,029)
Proceeds from sale of a hedge instrument	-	11,634	-	11,634	11,634
Costs related to issuance of loans	(267)	-	-	-	-
Transactions with non controlling interest holders (See note 7B)	(3,279)	(514)	-	(514)	(356)
Net cash provided by (used in) financing activities from continuing operations	22,359	57,738	27,877	58,558	(95,368)
Net cash used in financing activities from discontinued operations	-	(31,707)	-	-	(31,707)
Net cash provided by (used in) financing activities	22,359	26,031	27,877	58,558	(127,075)
Foreign exchange differences relating to cash and cash equivalents	6,616	(1,038)	5,672	(1,202)	(1,640)
Increase (decrease) in cash and cash equivalents	(526)	(244,295)	9,090	13,556	(250,973)
Cash and cash equivalents classified as assets held for sale	(21,541)	131	(21,541)	-	131
Cash and cash equivalents at the beginning of the period	118,268	369,110	108,652	111,390	369,110
Cash and cash equivalents at the end of the period	96,201	124,946	96,201	124,946	118,268

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CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For nine months period ended September 30,		For three months period ended September 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
A. Adjustments to reconcile profit (loss) before tax to net cash flows:					
Share of loss (profit) of investments accounted for using the equity method	531	(3,985)	1,499	(3,158)	(12,345)
Impairment of investment	-	8,179	-	8,179	8,254
Impairment of goodwill and other intangible assets	233	9,914	-	9,191	13,588
Share-based payment	675	1,613	321	297	1,804
Depreciation and amortization	3,806	3,799	1,248	1,086	7,196
Fair value adjustments of investment property	(4,346)	(5,196)	(1,148)	(1,619)	(8,802)
Financial expense and exchange differences, net	33,779	56,276	10,788	13,908	54,277
Capital loss (gain) from sale property plant and equipment, net	92	(7,908)	45	745	(7,886)
Decrease (increase) in fair value of securities held for trading and hedge instruments, net	-	(1,386)	-	(1,585)	(1,736)
Increase in provision for bad debts in the banking and retail lending segment	5,644	4,616	4,638	2,030	7,026
Changes in operating assets and liabilities:					
Change in trade and other receivables	(7,227)	(46,194)	(4,058)	1,051	(71,225)
Change in inventories and in contract work in progress, net of advances from customers	12,053	2,540	(7,063)	5,806	2,368
Change in trade and other payables and others	(5,310)	(2,118)	(3,026)	(8,352)	16,461
Increase of concession finance receivables	(5,144)	3,831	(876)	3,701	(4,854)
Movement in pledged deposit	(1,645)	-	(154)	-	-
Interest paid	(22,192)	(30,468)	(7,543)	(10,817)	(54,746)
Interest received	17,517	19,466	5,203	3,825	36,412
Income taxes paid	(3,139)	(3,542)	(2,401)	(821)	(6,027)
	25,327	9,437	(2,527)	23,467	(20,235)

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

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For nine months period ended September 30,		For three months period ended September 30,		For the year ended December 31
	2014	2013	**2014**	2013	2013
	In €'000				
B. Change from full consolidation to equity method					
Working capital (excluding cash and cash equivalents)	-	-	-	-	(475)
Receivable from sale of an investment in a subsidiary	-	-	-	-	(3,759)
Non-current assets	-	-	-	-	10,768
Investment in an associate accounted using	-	-	-	-	(5,681)
Gain on disposal of investment	-	-	-	-	370
Total	-	-	-	-	1,223

	For nine months period ended September 30,		For three months period ended September 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
C. Disposal of a previously consolidated subsidiary due to bankruptcy					
Working capital (excluding cash and cash	-	-	-	-	(2,921)
Non-current assets	-	-	-	-	2,571
Deferred tax	-	-	-	-	328
	-	-	-	-	(22)

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

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For nine months period ended September 30,		For three months period ended September 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
D. Change from equity method to full consolidation					
Working capital (excluding cash and cash equivalents)	-	-	-	-	254
Non-current assets	-	-	-	-	(2)
Investment in an associate accounted using the equity method	-	-	-	-	(94)
Goodwill	-	-	-	-	(1,241)
Option granted to non-controlling interest	-	-	-	-	667
Deferred tax liability	-	-	-	-	50
Non-controlling interest	-	-	-	-	(94)
Gain on disposal of investment	-	-	-	-	668
	-	-	-	-	208

	For nine months period ended September 30,		For three months period ended September 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
E. Change from full consolidation to equity method					
Working capital (excluding cash and cash equivalents)	-	(161,058)	-	-	(161,058)
Non-current assets	-	1,689,273	-	-	1,689,273
Non-current liabilities	-	(1,012,011)	-	-	(1,012,011)
Non-controlling interests	-	(514,810)	-	-	(514,810)
Recycling of reserves to the income	-	4,501	-	-	4,501
Loss from revaluation of formally	-	(30,208)	-	-	(30,208)
Bargain gain	-	31,868	-	-	31,868
Investment in company accounted for at	-	(204,706)	-	-	(204,706)
	-	(197,151)	-	-	(197,151)

	For nine months period ended September 30,		For three months period ended September 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
F. Material non cash transaction					
Liability to purchase shares from non-controlling interest holders	6,535	-	-	-	-
	6,535	-	-	-	-

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2014

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 30, 2014.

Going concern

As of September 30, 2014 the Company had, on a consolidated and stand-alone basis, a working capital deficit of €111,526 thousand and €103,471 thousand, respectively, which is mainly due to the current maturities of the Company's debentures.

The Company, together with GTC RE, 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 principal and interest of debentures (series A and B) in February 2015 and 2016 in the total amounts of €101.8 million and €97.8 million respectively, as well as a bank loan for an amount of €28.7 million (including interest) in December 2014 and €5 million in December 2015, and its other liabilities and to finance its operations.

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 and dividend distribution 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. More specifically, the Company is currently in advanced processes with various parties regarding the sale of its indirect 50% interest in the commercial centre Galleria Chengdu, which is held through Kardan Land China, a 100% subsidiary and KWIG, a wholly owned subsidiary of TGI, which is active in water treatment in China. In addition, the Company announced an agreement to sell TBI Credit (see Note 9 below) and is also in a process for obtaining a convertible loan against shares of another subsidiary.

In September 2014 the Company's Board of Directors decided to comply with the request of the trustees and the joint representatives of the debenture holders (Series A and B) of the Company (the 'Debenture Holders') to enter into discussions. The purpose is to examine the possibility to come to an agreement with the Debenture Holders, on postponing or rescheduling the installments that are payable by the Company, with the commitment to repay the debt in full.
The Company presented an initial framework regarding debt arrangement, mainly focusing on postponing or rescheduling of payments, while repaying the debt in full. In addition, it included elements such as a higher interest payable on the debentures and allocation of up to 10% of the Company's shares.

During October and November 2014 the Company held a number of meetings with the trustees and the joint representatives during which the preliminary layout of a debt arrangement was discussed. In October 2014, the Company signed a letter of undertaking towards the trustees for the period of the negotiations (‘interim period’), whereby during this interim period, the Company will cooperate and provide information to the trustees, and will avoid certain actions, including transactions with controlling shareholders and their relatives and making a "distribution" (as defined in the Israeli Companies Law, 1999) and give the trustees notice, 21 days before the execution of certain activities or transactions, which are defined in the letter of undertaking.

The Company believes that it is probable that at least one transaction described above will mature in time to allow the Company to meet its financial obligations towards the Bank. In addition, the Company believes it is probable that one additional transaction will mature before February 2015 which, would allow the Company depending on the transaction size and if needed in combination with either a convertible loan or a settlement with the debenture holders, as described above, to pay its liabilities and continue its operations .

The proceeds from the realization of these above mentioned plans will serve the Company within the limitations of the deed of trust of the debentures and the loan agreement with Discount Bank, as disclosed in Note 28 and 41 to the annual financial statements and in Note 8 to these condensed interim consolidated financial statements.

The Company believes that, in light of the value of its total assets which remains 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, and in light of the current state of the discussions with the trustees and representative of the debenture holders there are good chances that it will be able to realize its plans and that it will be able to repay its liabilities as they mature, or according to a revised repayment schedule if so agreed with the debenture holders, in the foreseeable future. However, 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 and realizing an agreement with the debenture holders 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.
These factors, and other factors set forth above, in particular the fact that the Company should materialize significant transactions in a short time frame, raise significant doubts about the Company's ability to repay its liabilities and continue as a going concern. The financial statements have been prepared under the assumption that the Company continues as a going concern. Hence, the financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company was unable to continue as a going concern.

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, 2014 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, 2013.

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, 2013 - except for the adoption of new standards and interpretations as of January 1, 2014 as set forth below.

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

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of `currently has a legally enforceable right to set-off` The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not impact the Group’s financial position.

C. New and amended standards and Interpretations, effective for financial years starting after 1 January 2014 or later

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 has no material impact on the Group’s financial position and performance. IFRIC 21 is endorsed by the EU.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 (‘the Standard’) was issued by the IASB in May 2014.

IFRS 15 replaces IAS 18, "Revenue", IAS 11, "Construction Contracts, and the related Interpretations: IFRIC 13, "Customer Loyalty Programs", IFRIC 15, "Agreements for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers" and SIC-31, "Revenue - Barter Transactions Involving Advertising Services".

The Standard introduces the following five-step model that applies to revenue from contracts with customers:

Step 1: Identify the contract(s) with a customer, including reference to contract consolidation and accounting for contract modifications.

Step 2: Identify the distinct performance obligations in the contract

Step 3: Determine the transaction price, including reference to variable consideration, financing components that are significant to the contract, non-cash consideration and any consideration payable to the customer.

Step 4: Allocate the transaction price to the separate performance obligations on a relative stand-alone selling price basis using observable information, if it is available, or by making estimates and assessments.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation over time or at a point in time.

IFRS 15 also establishes the accounting treatment of incremental costs involving obtaining a contract and the costs directly related to fulfilling a contract.

The Standard will apply retrospectively to annual periods beginning on or after January 1, 2017. Early adoption is permitted. The Standard may be applied to existing contracts beginning with the current period and thereafter. No restatement of the comparative periods will be required as long as comparative disclosures about the current period's revenues under existing IFRS are included.

The IFRS 15 was not yet adopted by the EU and the Company is evaluating the possible impact of the adoption of IFRS 15 but is presently unable to assess their effect, if any, on the financial statements.

IFRS 9 Financial Instruments

In keeping with the matters discussed in Note 5 to the annual financial statements as of December 31, 2013 regarding disclosure of new IFRS Standards in the period prior to their adoption in the issue of IFRS 9, in July 2014, the IASB issued the final and complete version of IFRS 9, "Financial Instruments" (‘the Final Standard’) which includes the following elements: classification and measurement, impairment and hedge accounting.

The main changes between the Final Standard and the previously published phases of the Standard are:

Classification and measurement:

The final version of IFRS 9 includes another category for the classification and measurement of financial assets that represent debt instruments. Financial assets classified in this category will be measured at fair value through other comprehensive income ("FVOCI") and the differences previously carried to other comprehensive income as above will be reclassified to profit or loss under specific conditions such as when the asset is derecognized. Finance income, exchange rate differences and impairment losses on financial assets, however, will be recognized in profit or loss. The classification in this category is allowed for debt instruments that meet the following tests on a cumulative basis:

- Based on the financial asset's contractual terms and on specific dates, the entity is entitled to receive cash flows that represent solely principal payments and interest payments on the principal balance.

- The asset is held in the context of a business model whose aim is both to collect the contractual cash flows generated from the asset and to dispose of the asset.

Impairment:

The final Standard addresses the issue of impairment of financial assets by introducing the expected credit loss impairment model to replace the incurred loss model prescribed in IAS 39. The expected credit loss model applies to debt instruments measured at amortized cost or at FVOCI and to trade receivables. The model introduces a simpler and economic approach for measuring impairment:

- General approach - credit losses due to default which are expected to occur in the subsequent 12-month period will be recognized provided that there has not been a significant increase in credit risk since the date of initial recognition of the instrument. On the other hand, if there has been a significant increase in credit risk since the date of initial recognition of the instrument, a provision should be recognized for credit losses that are expected to occur over the remaining life of the exposure in respect of said instrument.

- A simpler approach (applies in certain cases and for certain groups of assets only, including trade receivables) - according to this approach, the credit losses that are expected to occur over the remaining life of the exposure in respect of said instrument should be recognized, regardless of the occurrence of credit risk changes since the date of initial recognition of said instrument.

The final Standard will be applied retrospectively, subject to certain exemptions stipulated therein, in the financial statements for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The IFRS 15 was not yet adopted by the EU

Amendments to IFRS 10 and IAS 28 regarding sale or transfer of assets between an investor and an investee or its joint venture:

In September 2014, the IASB issued amendments to IFRS 10 and IAS 28 (‘the Amendments’) regarding the accounting treatment of the sale or transfer of assets (an asset, a disposal group or subsidiary) between an investor and an investee or the investee's joint venture.

According to the Amendments, when the investor loses control over a subsidiary or a disposal group which does not constitute a business in a transaction with an investee or its joint venture, the gain will be partially eliminated so that the gain that will be recognized is the gain from the sale to external entities only. Also according to the Amendments, if the remaining rights held by the investor represent a financial asset as defined in IFRS 9, the gain will be fully recognized.

If the transaction with an investee or its joint venture involves loss of control in a subsidiary of a disposal group that constitutes a business, the gain will be fully recognized.

The Amendments are to be applied prospectively for transactions that occur in annual periods beginning on January 1, 2016 or thereafter.

The Company believes that the Amendments are not expected to have a material impact on the financial statements. The amendments to IFRS 10 and IAS 28 have not been endorsed by the EU.

IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations

The amendments are applied prospectively and require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 'Business Combinations' principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. in, and other IFRSs, that do not conflict with the guidance in IFRS 11 In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments will have no impact on the Group's financial position and performance. The amendments become effective for financial years beginning on or after 1 January 2016. Early adoption is permitted. The IFRS 11 amendment was not yet adopted by the EU

Improvements to IFRSs 2012-2014 Cycle (Issued September 2014)

The IASB issued the 2012-2014 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements cover the following standards and subjects.

- IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations': Changes in methods of disposal
- IFRS 7 'Financial Instruments: Disclosures':
- Servicing contracts
- Applicability of the amendments to IFRS 7 to condensed interim financial statements.
- IAS 19 'Employee Benefits': Regional market issue
- IAS 34 'Interim Financial Reporting': Disclosure of information "elsewhere in the interim financial report"

The improvements become effective for financial years beginning on or after 1 January 2016.

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 (in Israel)
September 30, 2014	0.79	0.22	7,80	132.6
September 30, 2013	0.74	0.21	8,30	133.0
December 31, 2013	0.73	0.21	8.42	133.0
Change in 2014 (9 months)	9.51%	2.87%	(7.29%)	(0.29%)
Change in 2014 (3 months)	8.52%	0.97%	(7.02%)	-
Change in 2013 (9 months)	(2.33%)	3.08%	(0.23%)	1.78%
Change in 2013 (3 months)	(3.34%)	(1.12%)	3.04%	0.45%
Change in 2013 (12 months)	(4.32%)	2.9%	(1.22%)	1.81%

E. Reclassifications

The comparative information in the income statement as of September 30, 2013 was reclassified to conform to current period's presentation. The reclassifications were not material in relation to the total assets and liabilities.

3. Segment information

For the nine months ended September 30, 2014:

	Real Estate Asia	Banking and Retail lending	Water Infrastructure Projects	Water Infrastructure Assets	Other (**)	Total
				In €'000		
Revenue	12,538	26,167	98,137	24,103	-	160,945
Other income (expense) (*)	4,401	959	(397)	41	(199)	4,805
Total Income	16,939	27,126	97,740	24,144	(199)	165,750
Segment result	1,729	6,391	7,013	5,957	(199)	20,891
Unallocated expenses						(3,927)
Profit from operations and share in profit of investment accounted using the equity method before finance expenses, net						16,964
Finance expenses, net						(22,654)
Loss before income tax						(5,690)
Income tax expenses						(5,702)
Loss for the period						(11,392)

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

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

For the nine months ended September 30, 2013:

	Real Estate Asia	Banking and Retail lending	Water Infrastructure Projects	Water Infrastructure Assets	Other (**)	Total
			In €'000			
Revenue	3,511	19,453	86,396	22,729	-	132,089
Other income (expense) (*)	11,991	(9,848)	(666)	(115)	596	1,958
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)
Profit from operations and share in profit of investment accounted using the equity method 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 property, goodwill impairment, equity earnings, gains from disposal of assets and investments and other adjustments.

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

For the three months ended September 30, 2014:

	Real Estate Asia	Banking and Retail lending	Water Infrastructure Projects	Water Infrastructure Assets	Other (**)	Total
				In €'000		
Revenue	1,628	6,826	30,072	8,348	-	46,874
Other income (expense) (*)	(215)	549	(54)	69	(114)	235
Total Income	1,413	7,375	30,018	8,417	(114)	47,109
Segment result	(1,645)	240	2,688	2,083	(114)	3,252
Unallocated expenses						(1,265)
Profit from operations and share in profit of investment accounted using the equity method before finance expenses, net						1,987
Finance expenses, net						(7,415)
Loss before income tax						(5,428)
Income tax expenses						(2,059)
Loss for the period						(7,487)

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

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

For the three months ended September 30, 2013:

	Real Estate Asia	Banking and Retail lending	Water Infrastructure Projects	Water Infrastructure Assets	Other (**)	Total
				In €'000		
Revenue	1,152	6,917	23,872	9,131	-	41,072
Other income (expense) (*)	3,990	(7,931)	(8,521)	(225)	753	(11,934)
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)
Profit from operations and share in profit of investment accounted using the equity method before finance expenses, net						(12,510)
Finance expenses, net						(10,482)
Loss before income tax						(22,992)
Tax benefit						272
Loss from continuing operations						(22,720)
Loss from discontinued operations						(43,230)
Loss for the period						(65,950)

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

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

For the year ended December 31, 2013:

	Real Estate Asia	Banking and Retail lending	Water Infrastructure Projects	Water Infrastructure Assets	Other (**)	Total
	In €'000					
Revenue	28,917	26,065	122,043	30,970	-	207,995
Other income (expense) (*)	23,422	(14,998)	(985)	(29)	864	8,274
Total Income	52,339	11,067	121,058	30,941	864	216,269
Segment result	22,130	(16,359)	3,972	8,455	864	19,062
Unallocated expenses						(5,797)
Profit from operations and share in profit of investment accounted using the equity method before finance expenses, net						13,265
Finance expenses, net						(45,618)
Loss before income tax						(32,353)
Income tax expenses						(14,443)
Loss from continuing operations						(46,796)
Loss from discontinued operations						(75,177)
Loss for the year						(121,973)

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

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

Segments assets

	September 30, **2014**	September 30, 2013	December 31, 2013
	In €'000		
Real estate - Asia	443,412	363,418	354,101
Real estate – Europe (*)	-	255,656	-
Banking and Retail lending	279,610	162,577	254,829
Infrastructure - Assets	180,273	130,375	165,182
Infrastructure - Projects	106,869	150,613	110,458
	1,010,164	1,062,639	884,570
Unallocated assets	2,356	16,117	40,045
	1,012,520	1,078,756	924,615

(*) The assets and liabilities of the 'Real Estate – Europe' segment for September 30, 2013, are presented net and represent the investment balance in GTC SA.

(**) During the second quarter of 2014, Kardan Land Dalian (which is the main activity in 'Real estate – Asia' segment) raised an additional bank loan in the amount of RMB 400 million (approximately €48 million). As of September 30, 2014 and December 31, 2013 the outstanding liability amounts to RMB 900 million (approximately €115 million) and RMB 500 million (approximately €60 million), respectively.

4. Share capital

A. Composition

	September 30, 2014		December 31, 2013	
	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	111,848,583

5. Financial Instruments

Further to Note 39 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, 2014**		September 30, 2013		December 31, 2013	
		In € 000’					
		Carrying amount(*)	Fair value(**)	Carrying amount(*)	Fair value(**)	Carrying amount(*)	Fair value(**)
Liabilities							
Debentures issued by the Company	1	351,992	221,164	423,855	202,791	395,278	253,770

(*) Including accrued interest.
(**) Price on 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, 2014	Fair Value gain (loss) recorded in P&L	Fair value gain in OCI	Settlements	As of September 30, 2014
	In €'000				
Derivative assets	22	(22)	-	-	-
Total assets	22	(22)	-	-	-
Derivative liabilities	(273)	234	(256)	(13)	(308)
Warrants and call options	(4,317)	(65)	-	2,900 (*)	(1,482)
Total liabilities	(4,590)	169	(256)	2,887	(1,790)

(*) For additional information refer to Note 8(b) below.

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 property and the above mentioned financial assets and liabilities, for additional information on fair value refer to Note 39 to the annual financial statements.

C. Further to Note 7 to the annual financial statements, below are the significant assumptions used in the valuations of the investment property under construction:

	September 30, 2014
DCF method	
Estimated rental value per sqm per month (in €)	20
Discount rate	10.5%
Rental growth	5%-15%
Residual method	
Remaining construction cost (in € millions)	30
Remaining construction period (in months)	4
Development profit	12%

6. Joint Ventures

The requirements of the Israeli Securities Regulations stipulate that if the net results of a joint venture or an associated company exceed 10% of the net results of the Company for the reported period, a summary of financial information will be disclosed in the interim financial statements. The above criterion was met by Kardan Land Chengdu (HK) Ltd., whose summary of financial information is presented below:

Kardan Land Chengdu (HK) LTD.

Summary of financial data from the statement of financial position:

	September 30, 2014	September 30, 2013	December 31, 2013
		In €'000	
Current assets (not including cash and cash equivalent)	910	746	988
Cash and cash equivalent	5,609	2,708	4,296
Non-current assets	150,170	138,304	139,269
Current liabilities (not including current financial liabilities (*))	(46,935)	(45,540)	(46,405)
Current financial liabilities (*)	(4,202)	(3,374)	(3,326)
Non-current liabilities (not including non current financial liabilities (*))	(18,212)	(15,977)	(16,700)
Non-current financial liabilities (*)	(16,724)	(19,686)	(19,361)
Total equity attributed to the owners	70,616	57,181	58,761
% held in the joint venture	50	50	50
	35,308	28,591	29,380
Goodwill	6,257	5,885	5,801
Total investment in joint venture	41,565	34,476	35,181

(*) Excluding trade and other payables and provisions

Summary of financial data from the income statement:

	For the nine months period ended September 30,		For the three months period ended September 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	In €'000				
Revenues from operations	7,554	6,904	2,604	2,339	9,499
Cost of operations	(1,035)	(1,046)	(378)	(350)	(1,849)
Selling and marketing, other income (expenses), and administrative expenses (*))	(599)	(742)	(298)	(323)	(819)
Valuation gains (losses)	(91)	(50)	(26)	(29)	2,954
Interest Income	30	35	-	6	44
Interest expenses	(1,059)	(1,349)	(355)	(511)	(1,602)
Other financial income (expenses), net	(84)	8	(14)	89	(160)
Profit before tax	4,716	3,760	1,533	1,221	8,067
Income tax expenses	(1,000)	(948)	(346)	(314)	(2,211)
Profit for the year attributed to equity holders	3,716	2,812	1,187	907	5,856
% held of the joint venture	50	50	50	50	50
Group's share of profit for the year	1,858	1,406	593	453	2,928
Total other comprehensive income (expenses) attributed to equity holders	8,138	184	7,842	(112)	(1,278)
% held of the joint venture	50	50	50	50	50
Group share of the total other comprehensive income (expenses) before the other comprehensive impact relating to the holding company	4,069	92	3,921	(56)	(639)
Other comprehensive relating to the holding company	456	14	440	(2)	(70)
Group share of the total other comprehensive income (expenses)	4,525	106	4,361	(58)	(709)

(*) Including depreciation and amortization for the nine and three months ended September 30, 2014 amounting to €32 thousand and €10 thousand, respectively (in 2013: €36 thousand and €17 thousand, respectively), and for the year ended December 31, 2013: €48 thousand.

7. Significant transactions

A. Kardan NV

Early repayment of debentures

On January12 and February 14, 2014, the Company has early repaid NIS 136,918,906 par value Debentures Series A (net of debentures held by subsidiaries) – for additional information refer to Note 24 to the annual financial statements.

B. GTC RE

Exercise and repurchase of shares in Kardan Land China

Further to Note 19B(2)A to the annual financial statements, in February 2014, KLC signed an agreement with the senior executive under which the senior executive shall exercise his options using an exercise price which reflects the cost of the Company's investments in Kardan Land China and afterwards KLC shall acquire the resulting shares in three equal tranches during February, June and December 2014.

The purchase amount of the shares in the first and second tranches was agreed in advance and is equal, as for the third tranche, the purchase price will be agreed in December 2014. In the event the parties will not agree on the value of the shares, their fair value will be determined by an independent appraiser. The agreement essentially governs the exercise dates of the options which had already vested, which the senior executive has the right to exercise. The commitment to purchase the shares replaced the put option agreement which was signed between the Company and the senior executive in the past.

As a result of the Agreement, the Company recorded a negative movement in the ‘Non-controlling interest holders transaction reserve’ of €4.9 million, a negative movement in the ‘Non-controlling interest’ of €4.9 million, and recognized a financial liability amounting to €6.5 million which represents the estimated net future purchase amount of the last two tranches. The financial liability was revaluated to reflect changes in foreign currency rates and amounts to €7.1 million as of September 30, 2014. There is no changes in the fair value of the underlining Company.

In February 2014 the first tranche was finalized and net proceeds of approximately €3.3 million were paid. The second tranche was not exercised as of the date of signing these financial statements.

C. TGI

(1) In February 2014, TGI Group, being the majority shareholder, converted approximately €17 million of shareholders loans to Foodyard in exchange for 2 additional shares. The ownership and voting rights of TGI Group in the (negative) equity of Food-Yard did not significantly increase. Since Food-Yard losses in previous periods have been split between the Company and the non-controlling interest holders, the conversion of the loans resulted in a decrease in the 'Non-controlling interest holders transaction reserve' in the shareholders equity attributable to equity holders of the Company by approximately €3.2 million, and increased of the 'Non-controlling Interests' by the same amount.

(2) In January 2014, TCE sold its entire amount of the Company's debentures (NIS 11,955,355 par value) for a total consideration of approximately €2 million.

(3) Executive employees options in TGI

In August 2014, the board of directors of TGI decided to grant five of its executive management options to purchase 1.9% of TGI's share capital (fully diluted). The total benefit of the grant is approximately USD 1 million (approximately €0.7 million) which will be recognized in the income statements as part of the 'General and administration expenses', and was calculated using the Black & Scholes model, based on the following assumptions:

Expected volatility (%)	35%
Risk-free interest rate (%)	0.429%
Expected term of options (years)	4
Weighted average share exercise price ($)	6,044
Weighted average share value ($)	6,360

D. Discontinued operations

Discontinued operations related to loss of effective control and sale of GTC SA:

As described in Note 5C to the 2013 annual financial statements, on November 22, 2013, GTC RE completed the sale of its investment in GTC SA. Accordingly, the activities of GTC SA are classified as discontinued operations. These activities were clearly distinguishable, operationally and for financial reporting purposes as GTC SA represented a separate business and major geographical area of operations.

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

	For the nine months period ended September 30,		For the three months period ended September 30,		For the year ended December 31,
	2014	2013	2014	2013	2013
	In €'000				
Income	-	31,409	-	-	31,409
Expenses	-	(52,066)	-	-	(52,066)
Loss before tax	-	(20,657)	-	-	(20,657)
Equity earnings (*)	-	(22,190)	-	(43,230)	(22,190)
Income tax expenses, net	-	(5,644)	-	-	(5,644)
Loss from discontinued operations before revaluation and release of capital reserves(**)	-	(48,491)	-	(43,230)	(48,491)
Loss from revaluation of investment(**)	-	(25,707)	-	-	(25,707)
Release of capital reserves due to deconsolidation(**)	-	(4,501)	-	-	(4,501)
	-	(78,699)	-	(43,230)	(78,699)
Discontinued operation items related to the November 2013 sale of GTC SA:					
Capital gain	-	-	-	-	3,586
Release of capital reserves due to sale	-	-	-	-	(64)
Net loss from discontinued operations	-	(78,699)	-	(43,230)	(75,177)
Attributable to:					
Equity holders	-	(58,825)	-	(43,230)	(55,303)
Non-controlling interest holders	-	(19,874)	-	-	(19,874)
	-	(78,699)	-	(43,230)	(75,177)

(*) Including equity losses from Q2 and Q3 2013, bargain gain (in the amount of €31.8 million) and impairments (in the amount of €43.9 million).

(**) The net loss from discontinued operations before revaluation and release of capital reserves relates to 100% results of GTC SA, including the share attributable to the non-controlling interest holders, while the loss from revaluation of investment and release of capital reserves only reflects the 27.75% interest held by the Company.

2) Composition of other comprehensive income (expenses) items related to discontinued operations:

	For the nine months period ended September 30,		For the three months period ended September 30,		For the year ended December 31,
	2014	2013	2014	2013	2013
	In €'000				
Change in fair value of hedge instrument, net of tax(*)	-	3,467	-	-	3,467
Foreign currency translation differences	-	(1,875)	-	-	(1,875)
Recycling to the income statement of the hedge reserve due to loss of control over a subsidiary(*)	-	5,782	-	-	5,782
	-	7,374	-	-	7,374
Attributable to:					
Equity holders	-	5,276	-	-	5,276
Non-controlling interest holders	-	2,098	-	-	2,098
	-	7,374	-	-	7,374

(*) includes 100% results of 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.

8. Financial Commitments and Covenants

A. In January 2014, GTC RE signed a financing agreement with Israel Discount Bank for providing a loan in the amount of €33 million. The loan bears an interest of 6 months Libor + 5.5% per annum. Most of the loan, in the amount of €28 million, will mature in December 2014, and the rest will mature in December 2015.

As security to the loan, the Company pledged shares of KFS and TGI in favor of the bank, and GTC RE pledged 51% of the shares of KLC (according to the agreed limitations with the debenture holders, as described in Note 28 to the annual financial statements).
At the date of signing the detailed loan agreement, GTC RE repaid the bank a liability of approximately €8 million.

The financing agreement includes the following main financial covenants:

- The equity attributed to the shareholders of GTC RE will not be less than €150 million and following the first installment of the loan, will not be less than €50 million;

- The equity attributed to the shareholders of Kardan Land China will not be less than €200 million (subject to exchange rate adjustments) and following the first installment of the loan, will not be less than €50 million;

- Until the first installment of the loan, the total equity to balance sheet ratio of Kardan Land China will not be less than 50% and following the first installment will not be less than 30%;

- The tangible equity attributed to the shareholders of TGI will not be less than €90 million (subject to exchange rate adjustments), and the equity to consolidated balance sheet ratio of TGI will not be less than 28%;

- Value of the pledged shares and shareholders loans will be at any time at least 750% of the liability balance.

As of September 30, 2014 all financial covenants in relation to this loan were met.

In addition, the agreement states that if in any period, the financial statements of the Company includes a “Going Concern” paragraph, than GTC RE shall be required to present to the bank, within 7 business days of the date of publication of the statements that include such a paragraph, a plan to the Bank's satisfaction, establishing on a high level of probability that it is able to repay the First Payment in time. If such a plan is not presented to the Bank's full satisfaction this shall be considered as if the GTC RE failed to comply with its foregoing undertaking. In September 2014, such plan was presented to the bank.

B. In January 2014, a call option given to Discount Capital Markets to buy back a 5% stake in KFS was cancelled. As a result the Company recorded an increase in shareholder’s equity (under ‘Non-controlling interest holders transaction reserve’) of €2.9 million. For additional information, see Note 23 to the annual consolidated financial statements.

9. Subsequent events

A. Sale of TBI Credit

Subsequent to the balance sheet date, in October 2014, TBIF (a wholly owned subsidiary of the Company) signed as an agreement to sell its investment in TBI Credit EAD (a fully owned subsidiary of TBIF which is a part of the Retail and lending segment), for a total consideration of approximately €8.9 million (subject to agreed adjustments that may reach approximately EUR 0.5-1 million as specified in the contract, which include among other things the expected profits of the subsidiary from July 1, 2014 up to the date of closing).
The transaction is subject to various regulatory approvals and is expected to be finalized in the next few months. Upon closing, the Company is expected to recognize a gain of approximately €0.5-€1 million.

In accordance with the requirements of IFRS 5, as of September 30, 2014 the Company presents the assets investment in TBI Credit as 'Assets held for sale' and the liabilities as 'Liabilities associated with assets held for sale'

The below table represents the assets and liabilities of TBI Credit EAD presented as held for sale:

	September 30, 2014
	In €'000
Assets	
Cash and cash equivalents	21,541
Trade receivables	63
Other receivables and prepayments	6,896
Current maturities of long-term loans and receivables	1,965
Long-term loans and receivables	42
Tangible fixed assets	324
Total assets (*)	30,831
Liabilities	
Trade payables	721
Interest-bearing loans and borrowings	2,840
Other payables and accrued expenses	18,370
Total liabilities	21,931

(*) Additional assets held for sale in the amount of €4.7 million which are not included in the above table are repossessed assets held for sale in TBIF group.

B. Provision on loan to VAB Bank

Subsequent to the balance sheet date, on November 21, 2014, TBIF learned, from a press release of the National Bank of Ukraine ('NBU'),that the NBU declared VAB Bank insolvent and has instructed to appoint an administrator to VAB Bank as the VAB Bank is not able to achieve plans to strengthen its equity. TBIF has an outstanding subordinating loan to VAB Bank which is due on December 15, 2014. As a result, the Company decided to fully provide for the remaining outstanding debt of VAB Bank to TBIF amounting to EUR 2.8 million (net of a provision of EUR 2.1 million) in the third quarter of 2014.

Review report

To: the shareholders of Kardan N.V.

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Kardan N.V., Amsterdam (the "Company") as at September 30, 2014 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 IAS 34 Interim Financial Reporting 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 including Dutch standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and 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.

Conclusion

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 Interim Financial Reporting as adopted by the European Union.

Emphasis of uncertainty with respect to the going concern assumption

We draw attention to Note 1 to the condensed interim consolidated financial statements which indicate that the Company had, on a stand-alone basis, and on the consolidated statements a working capital deficit of €103.5 million and €111.5 million, respectively, per September 30, 2014 and that the Company, together with GTC RE, has to repay € 28.7 million in December 2014 and € 101.8 million and € 97.8 million in February 2015 and 2016, respectively. According to the Company's plans, these 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 and dividend distribution by some of the Company's subsidiaries. The Company presented an initial framework regarding debt arrangement with debenture holders, mainly focusing on postponing or rescheduling of payments, while repaying the debt in full. 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, making a debt arrangement with debenture holders and raising debt, 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. These conditions, along with other matters as set forth in note 1, in particular the fact that the Company should materialize significant transactions in a short time frame, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

Amsterdam, November 30, 2014

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, 2014

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

September 30, 2014

	September 30, 2014	September 30, 2013	December 31, 2013
	€ in thousand		
A s s e t s			
Non-current assets			
Property and equipment	131	149	147
Financial fixed assets			
Investments in consolidated subsidiaries	439,789	512,580	467,937
Loans to consolidated subsidiaries	20	20	20
	439,809	512,600	467,957
Current assets			
Cash and cash equivalents	232	15,374	16,224
Short-term investments	277	-	853
Other receivables and derivatives	543	1,729	1,109
	1,052	17,103	18,186
Total assets	440,992	529,852	486,290
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	208,002	208,117	208,117
Foreign currency translation reserve	21,961	408	(4,680)
Property revaluation reserve	37,525	37,761	34,300
Other reserves	9,713	6,759	12,296
Non-controlling interest holders transactions reserve	15,968	19,413	21,104
Treasury shares	(2,625)	(2,786)	(2,786)
Accumulated deficit	(239,972)	(229,468)	(225,297)
	73,613	63,245	66,095
Long-term liabilities			
Debentures	262,856	345,168	344,363
Options and other long term liabilities	-	2,900	2,900
	262,856	348,068	347,263
Current liabilities			
Current maturities of long term loans and debentures	92,293	103,830	71,238
Other payables	12,230	14,709	1,694
	104,523	118,539	72,932
Total equity and liabilities	440,992	529,852	486,290

ADDITIONAL INFORMATION FROM THE COMPANY’S INCOME STATEMENT

	For the nine months ended September 30,		For the three months ended September 30,		For the year ended December 31,
	2014	2013	**2014**	2013	2013
	€ in thousand				
Net result from investments for the period	15,252	(66,654)	2,362	(59,778)	(56,931)
General and administrative expenses, net	3,506	2,957	1,153	1,125	3,982
Income (loss) from operations before financing expenses	11,746	(69,611)	1,209	(60,903)	(60,913)
Financing income (expenses), net	(22,858)	(33,556)	(8,617)	(4,987)	(37,177)
Income (loss) before tax expenses (benefit)	(11,112)	(103,167)	(7,408)	(65,890)	(98,090)
Income tax expense (benefit)	338	3,348	112	(262)	3,243
Net Income (loss) for the period	(11,450)	(106,515)	(7,520)	(65,628)	(101,333)

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,
	2014	2013	**2014**	2013	2013
	€ in thousand				
Net result for the period	(11,450)	(106,515)	(7,520)	(65,628)	(101,333)
Foreign currency translation differences	26,641	(411)	25,303	(8,953)	(4,218)
Change in hedge reserve, net	(2,684)	4,431	(1,986)	(1,157)	4,142
Other comprehensive income (loss) for the period	23,957	4,020	23,317	(10,110)	(76)
Total comprehensive income (expenses)	12,507	(102,495)	15,797	(75,738)	(101,409)

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,
	2014	2013	**2014**	2013	2013
	€ in thousands				
Cash flow from operating activities of the Company					
Profit (loss) for the period	(11,450)	(106,515)	(7,520)	(65,628)	(101,333)
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)	-	(1,381)	(1,510)
Financial expenses	26,154	43,489	8,718	6,068	36,406
Share-based payment	147	200	41	74	276
Equity (earnings) loss	(15,252)	66,654	(2,362)	59,778	56,931
Dividend received	75,452	18,654	880	1,510	75,474
Changes in working capital of the Company					
Change in receivables	(152)	(600)	(351)	(112)	22
Change in payables	368	(516)	627	(2,764)	(821)
Cash amounts paid and received during the year					
Interest received	10	-	-	-	151
Interest paid	(2,997)	(20,256)	-	-	(37,167)
Net cash provided by (used in) operating activities of the company	**72,280**	**123**	**33**	**(2,455)**	**28,429**
Cash flow from investing activities of the company					
Short term investments, net	576	567	26	446	(286)
Collecting (granting) of loans from (to) subsidiaries, net	-	13,950	-	9,450	-
Investments in subsidiaries	(21,059)	(18,096)	-	(10,987)	(24,127)
Net cash provided by (used in) investing activities of the company	**(20,483)**	**(3,579)**	**26**	**(1,091)**	**(24,413)**
Cash flow from financing activities					
Investment in shares in a subsidiary	-	(126)	-	(126)	(126)
Proceeds from sale of hedge instruments	-	11,634	-	11,634	11,634
Repayment of long-term debt	(67,789)	(43,915)	-	-	(50,537)
Net cash used in financing activities of the company	**(67,789)**	**(32,407)**	**-**	**11,508**	**(39,029)**
Increase (decrease) in cash and cash equivalents of the company	**(15,992)**	**(35,863)**	**59**	**7,962**	**(35,013)**
Cash and cash equivalents at beginning of the period of the company	16,224	**51,237**	173	**7,412**	51,237
Cash and cash equivalents at end of the period of the company	**232**	**15,374**	**232**	**15,374**	**16,224**

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, 2013 and the accompanying notes, and in conjunction to the consolidated interim financial statements for the nine and three months ended September 30, 2014.

2. Going concern

As of September 30, 2014 the Company had, on a consolidated and stand-alone basis, a working capital deficit of €111,526 thousand and €103,471 thousand, respectively, which is mainly due to the current maturities of the Company's debentures.

The Company, together with GTC RE, 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 principal and interest of debentures (series A and B) in February 2015 and 2016 in the total amounts of €101.8 million and €97.8 million respectively, as well as a bank loan for an amount of €28.7 million (including interest) in December 2014 and €5 million in December 2015, and its other liabilities and to finance its operations.

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 and dividend distribution 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. More specifically, the Company is currently in advanced processes with various parties regarding the sale of its indirect 50% interest in the commercial centre Galleria Chengdu, which is held through Kardan Land China, a 100% subsidiary and KWIG, a wholly owned subsidiary of TGI, which is active in water treatment in China. In addition, the Company announced an agreement to sell TBI Credit (see Note 9 to the condensed interim consolidated financial statements) and is also in a process for obtaining a convertible loan against shares of another subsidiary.

In September 2014 the Company's Board of Directors decided to comply with the request of the trustees and the joint representatives of the debenture holders (Series A and B) of the Company (the 'Debenture Holders') to enter into discussions. The purpose is to examine the possibility to come to an agreement with the Debenture Holders, on postponing or rescheduling the installments that are payable by the Company, with the commitment to repay the debt in full.
The Company presented an initial framework regarding debt arrangement, mainly focusing on postponing or rescheduling of payments, while repaying the debt in full. In addition, it included elements such as a higher interest payable on the debentures and allocation of up to 10% of the Company's shares.
During October and November 2014 the Company held a number of meetings with the trustees and the joint representatives during which the preliminary layout of a debt arrangement was discussed. In October 2014, the Company signed a letter of undertaking towards the trustees for the period of the negotiations ('interim period'), whereby during this interim period, the Company will cooperate and provide information to the trustees, and will avoid certain actions,

including transactions with controlling shareholders and their relatives and making a "distribution" (as defined in the Israeli Companies Law, 1999) and give the trustees notice, 21 days before the execution of certain activities or transactions, which are defined in the letter of undertaking.

The Company believes that it is probable that at least one transaction described above will mature in time to allow the Company to meet its financial obligations towards the Bank. In addition, the Company believes it is probable that one additional transaction will mature before February 2015 which, would allow the Company depending on the transaction size and if needed in combination with either a convertible loan or a settlement with the debenture holders, as described above to pay its liabilities and continue its operations .

The proceeds from the realization of these above mentioned plans will serve the Company within the limitations of the deed of trust of the debentures and the loan agreement with Discount Bank, as disclosed in Note 28 and 41 to the annual financial statements and in Note 8 to the condensed interim consolidated financial statements.

The Company believes that, in light of the value of its total assets which remains 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, and in light of the current state of the discussions with the trustees and representative of the debenture holders there are good chances that it will be able to realize its plans and that it will be able to repay its liabilities as they mature, or according to a revised repayment schedule if so agreed with the debenture holders, in the foreseeable future. However, 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 and realizing an agreement with the debenture holders 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.

These factors, and other factors set forth above, in particular the fact that the Company should materialize significant transactions in a short time frame, raise significant doubts about the Company's ability to repay its liabilities and continue as a going concern. The financial statements have been prepared under the assumption that the Company continues as a going concern. Hence, the financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company was unable to continue as a going concern.