

KARDAN N.V.
AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements
As of March 31, 2016

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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

	Note	March 31, 2016	March 31, 2015	December 31, 2015
In €000				
Non-current assets				
Tangible fixed assets, net		13,092	21,952	24,161
Investment property	6	242,252	206,908	250,310
Investments in associates		9,474	8,553	9,540
Investments in joint ventures	7	95,699	96,205	95,964
Loans to bank customers	8	-	60,071	83,143
Long-term loans and receivables		6,702	16,251	23,570
Intangible assets and goodwill, net		6,071	6,149	6,361
Deferred tax assets		2,989	2,303	3,065
Other financial assets		-	1,109	5,485
		<u>376,279</u>	<u>419,501</u>	<u>501,599</u>
Current assets				
Inventories, contract work, buildings and apartments inventory, and land bank		107,824	125,396	109,818
Current maturities of long-term loans and receivables	8	2,693	17,233	16,749
Loans to bank customers	8	-	58,538	55,112
Trade receivables		66,508	64,939	67,318
Current tax assets		990	1,140	1,155
Other receivables and prepayments		23,986	45,819	40,383
Short-term investments		3,721	7,761	7,787
Cash and cash equivalents		65,926	245,206	143,920
		<u>271,648</u>	<u>566,032</u>	<u>442,242</u>
Assets held for sale	8	295,353	31,139	31,901
Total current assets		<u>567,001</u>	<u>597,171</u>	<u>474,143</u>
Total assets		<u>943,280</u>	<u>1,016,672</u>	<u>975,742</u>

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

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

	Note	March 31, 2016	March 31, 2015	December 31, 2015
In €000				
Equity attributable to equity holders of the parent				
Issued and paid-in capital	5	25,276	23,041	25,276
Share premium		206,482	208,002	206,482
Foreign currency translation reserve		15,007	41,593	24,711
Property revaluation reserve		36,713	21,510	36,713
Revaluation reserve, other		7,731	8,677	8,144
Non-controlling interest holders transactions reserve		15,669	15,078	15,669
Treasury shares		-	(2,625)	-
Accumulated deficit		(243,622)	(215,066)	(245,534)
		63,256	100,210	71,461
Non-controlling interests		3,718	3,954	4,477
Total equity		66,974	104,164	75,938
Non-current liabilities				
Interest-bearing loans and borrowings		62,965	74,787	40,550
Banking customers accounts	8	-	265	129
Other long-term liabilities		3,895	2,582	2,544
Derivative financial instruments		2,473	471	2,495
Debentures		254,576	181,699	356,272
Deferred tax liabilities		12,659	10,765	13,909
Accrued severance pay, net		1,310	1,544	1,415
		337,878	272,113	417,314
Current liabilities				
Liability due to work in progress		41,689	66,882	47,709
Banking customers accounts	8	-	218,348	191,933
Trade payables		20,587	17,622	20,268
Current maturities of debentures		98,191	175,612	-
Interest-bearing loans and borrowings		50,113	73,222	68,448
Current tax liabilities		4,394	9,315	3,933
Advances from apartment buyers		33,189	955	34,263
Advance from customers		11,871	25,864	17,102
Other payables and accrued expenses		66,207	52,575	98,834
		326,241	640,395	482,490
Liabilities associated with assets held for sale	8	212,187	-	-
Total current liabilities		538,428	640,395	482,490
Total liabilities		876,306	912,508	899,804
Total equity and liabilities		943,280	1,016,672	975,742

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

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	For the three months ended		For the year ended
	March 31,		December 31,
	2016	2015	2015
Note	In €000		
Contract revenues	29,639	37,761	167,861
Sale of apartments	133	527	791
Rental revenues	867	-	1,822
Management fees and other revenues	1,052	685	3,398
<i>Total revenues</i>	<u>31,691</u>	<u>38,973</u>	<u>173,872</u>
Contract costs	24,927	32,332	141,930
Cost of sale of apartments	119	472	889
Costs of rental revenues	366	-	1,473
Other expenses, net	1,646	725	7,078
<i>Total expenses</i>	<u>27,058</u>	<u>33,529</u>	<u>151,370</u>
Gross profit	4,633	5,444	22,502
Selling and marketing expenses	1,951	1,766	9,963
General and administration expenses	4,853	6,489	24,202
Profit (loss) from operations before fair value adjustments, disposal of assets and investment and other income	(2,171)	(2,811)	(11,663)
Adjustment to fair value of investment properties	-	636	20,907
Gain (loss) on disposal of assets and other income, net	(36)	354	268
<i>Profit (loss) from fair value adjustments, disposal of assets and investments and other income</i>	<u>(36)</u>	<u>990</u>	<u>21,175</u>
Profit (loss) from operations	(2,207)	(1,821)	9,512
Financial income	264	1,227	1,518
Financial expenses	(2,956)	(30,151)	(66,431)
<i>Total financial income (expenses), net</i>	<u>(2,692)</u>	<u>(28,924)</u>	<u>(64,913)</u>
Profit (loss) before share of profit (loss) from investments accounted for using the equity method	(4,899)	(30,745)	(55,401)
Share of profit of investments accounted for using the equity method, net	7 3,337	436	2,683
Profit (loss) before income taxes	(1,562)	(30,309)	(52,718)
Income tax expenses (benefit)	(796)	709	6,493
Profit (loss) for the year from continuing operations	(766)	(31,018)	(59,211)
Net profit (loss) from discontinued operations	8 2,383	23,575	36,253
Net profit (loss) for the period	<u>1,617</u>	<u>(7,443)</u>	<u>(22,958)</u>
Attributable to:			
Equity holders	1,912	(7,650)	(22,915)
Non-controlling interest holders	(295)	207	(43)
	<u>1,617</u>	<u>(7,443)</u>	<u>(22,958)</u>
Earnings (loss) per share attributable to shareholders			
Basic from continuing operations	(0.01)	(0.28)	(0.51)
Basic from discontinued operations	0.02	0.21	0.31
	0.01	(0.07)	(0.2)
Diluted from continuing operations	(0.01)	(0.28)	(0.51)
Diluted from discontinued operations	0.02	0.21	0.31
	0.01	(0.07)	(0.2)

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

KARDAN N.V., AMSTERDAM

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended March 31,		For the year ended December 31,
	2016	2015	2015
	In €000		
Net profit (loss) for the period	1,617	(7,443)	(22,958)
Foreign currency translation differences (1)	(10,140)	17,755	1,100
Change in hedge reserve, net of tax (2)	(217)	(2,114)	(2,784)
Other comprehensive income (expense) for the period to be reclassified to profit or loss in subsequent periods (3)	(10,357)	15,641	(1,684)
Total comprehensive expenses	(8,740)	8,198	(24,642)
Attributable to:			
Equity holders	(8,009)	7,886	(24,931)
Non-controlling interests holders	(731)	312	289
	(8,740)	8,198	(24,642)

(1) In 2015 including an amount of €3,287 thousand related to reclassification of translation funds due to the sale of KWIG (see also Note 8).

(2) Including reclassification of unwinding of hedges reserve of €(378) thousand for the three months ended March 31, 2016, €(334) thousand for the three months period ended March 31, 2015 and €(1,431) thousand for the year ended December 31, 2015.

The amounts presented are net of tax amounting to €26 thousand for the three months ended March 31, 2016, €11 thousand for the three months ended March 31, 2015 and €477 thousand for the year ended December 31, 2015.

(3) Including impact resulted from associates and joint ventures of €(2,650) thousand and €15,687 thousand for the three months ended March 31, 2016 and March 31, 2015 respectively, and €4,721 thousand for the year 2015.

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent						Total	Non-controlling Interests	Total equity	
	Issued and paid-in capital	Share premium	Foreign currency Translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Non-controlling interest holders transactions reserve				Accumulated deficit (*)
	In €000									
Balance as of January 1, 2016	25,276	206,482	24,711	36,713	8,144	15,669	(245,534)	71,461	4,477	75,938
Other comprehensive (loss) income	-	-	(9,704)	-	(217)	-	-	(9,921)	(436)	(10,357)
Profit for the period	-	-	-	-	-	-	1,912	1,912	(295)	1,617
Total comprehensive income (loss)	-	-	(9,704)	-	(217)	-	1,912	(8,009)	(731)	(8,740)
Share-based payment	-	-	-	-	(196)	-	-	(196)	(28)	(224)
Balance as of March 31, 2016	25,276	206,482	15,007	36,713	7,731	15,669	(243,622)	63,256	3,718	66,974

(*) In accordance with the Netherlands civil code, part of 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								Total	Non-controlling Interests	Total equity
	Issued and paid-in capital	Share premium	Foreign currency Translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Non-controlling interest holders transactions reserve	Treasury shares	Accumulated deficit (*)			
	In €000										
Balance as of January 1, 2015	23,041	208,002	23,943	21,033	10,765	15,178	(2,625)	(206,939)	92,398	5,362	97,760
Other comprehensive (loss) income	-	-	17,650	-	(2,114)	-	-	-	15,536	105	15,641
Profit for the period	-	-	-	-	-	-	-	(7,650)	(7,650)	207	(7,443)
Total comprehensive income (loss)	-	-	17,650	-	(2,114)	-	-	(7,650)	7,886	312	8,198
Share-based payment	-	-	-	-	26	-	-	-	26	491	517
Dividend distributed to minority shareholders	-	-	-	-	-	-	-	-	-	(780)	(780)
Transactions with non-controlling interest holders	-	-	-	-	-	(100)	-	-	(100)	-	(100)
Deconsolidation of subsidiary (Note 8)	-	-	-	-	-	-	-	-	-	(1,431)	(1,431)
Reclassification according to the Netherlands civil code requirements law (*)	-	-	-	477	-	-	-	(477)	-	-	-
Balance as of March 31, 2015	23,041	208,002	41,593	21,510	8,677	15,078	(2,625)	(215,066)	100,210	3,954	104,164

(*) 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						Treasury shares	Accumulated deficit (*)	Total	Non-controlling interest	Total equity
	Issued and paid-in capital	Share premium	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Non-controlling interest holders transactions reserve					
	In €000										
Balance as of January 1, 2015	23,041	208,002	23,943	21,033	10,765	15,178	(2,625)	(206,939)	92,398	5,362	97,760
Other comprehensive income (expense)	-	-	768	-	(2,784)	-	-	-	(2,016)	332	(1,684)
Profit (loss) for the period	-	-	-	-	-	-	-	(22,915)	(22,915)	(43)	(22,958)
Total comprehensive income (expense)	-	-	768	-	(2,784)	-	-	(22,915)	(24,931)	289	(24,642)
Issuance of shares	2,235	789	-	-	-	-	-	-	3,024	-	3,024
Release of treasury shares	-	(2,309)	-	-	-	-	2,625	-	316	-	316
Share-based payment	-	-	-	-	163	-	-	-	163	918	1,081
Dividend distributed to minority shareholders	-	-	-	-	-	-	-	-	-	(780)	(780)
Transaction with non-controlling interest	-	-	-	-	-	491	-	-	491	119	610
Deconsolidation of subsidiary	-	-	-	-	-	-	-	-	-	(1,431)	(1,431)
Reclassification according to the Netherlands civil code requirements law (*)	-	-	-	15,680	-	-	-	(15,680)	-	-	-
Balance as of December 31, 2015	<u>25,276</u>	<u>206,482</u>	<u>24,711</u>	<u>36,713</u>	<u>8,144</u>	<u>15,669</u>	<u>-</u>	<u>(245,534)</u>	<u>71,461</u>	<u>4,477</u>	<u>75,938</u>

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

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CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

	For the three months period ended March 31,		For the year ended December 31,
	2016	2015	2015
	In €000		
Cash flow from operating activities			
Profit (loss) from continuing operations before taxes on income	(1,562)	(30,309)	(52,718)
Profit from discontinued operations before taxes on income	3,267	25,389	40,115
Adjustments to reconcile net profit (loss) to net cash (see A below)	(38,113)	(21,722)	16,469
Net cash provided by (used in) operating activities	(36,408)	(26,642)	3,866
Cash flow from investing activities			
Acquisition of tangible fixed assets and investment properties	(1,775)	(5,176)	(33,276)
Investments and collection (granting) loans from (to) companies accounted for using the equity method, net	-	(34)	(2,489)
Proceeds from sale of assets and investments	298	181	488
Change in loans to bank customers, net	199	4,197	(11,220)
Change in long-term loans and receivables	(693)	(1,774)	(15,612)
Change in short-term investments	100	(65)	(4,322)
Proceeds from sale of subsidiaries (see B below)	-	119,048	119,086
Proceeds from sale of a company accounted for using the equity method	-	331	331
Net cash provided by (used in) investing activities	(1,871)	116,708	52,986

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

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the three months period ended March 31,		For the year ended December 31,
	<u>2016</u>	<u>2015</u>	<u>2015</u>
	In €000		
Cash flows from financing activities			
Repayment and repurchase of debentures	-	(6,725)	(6,725)
Change in loans from bank customers	3,817	29,144	2,593
Proceeds from long-term loans	14,208	2,435	105,004
Repayment of long-term loans	(620)	(29,973)	(162,546)
Change in short-term loans and borrowings	(7)	-	239
Release (increase) of pledged deposit	-	-	(2,317)
Debentures settlement payment	-	-	(750)
Change in other long term liabilities	61	63	65
Dividend to Non-Controlling interest holders of a subsidiary	-	-	(780)
Transactions with non-controlling interest holders	-	-	(4,006)
Net cash provided by (used in) financing activities	<u>17,459</u>	<u>(5,056)</u>	<u>(69,223)</u>
Increase (decrease) in cash and cash equivalents	<u>(20,820)</u>	<u>85,010</u>	<u>(12,371)</u>
Cash relating to assets held for sale (note 8C)	<u>(53,917)</u>	<u>-</u>	<u>-</u>
Foreign exchange differences relating to cash and cash equivalents	<u>(3,257)</u>	<u>11,651</u>	<u>7,746</u>
Cash and cash equivalents at the beginning of the period	<u>143,920</u>	<u>148,545</u>	<u>148,545</u>
Cash and cash equivalents at the end of the period	<u><u>65,926</u></u>	<u><u>245,206</u></u>	<u><u>143,920</u></u>

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

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the three months period ended March 31,	For the year ended December 31,	
	<u>2016</u>	<u>2015</u>	<u>2015</u>
	In €000		
A. Adjustments to reconcile net profit (loss) to net cash charges / (credits) to profit (loss) not affecting operating cash flows:			
Loss (gain) from disposal of investments in subsidiary, net (Note 8A)	747	(21,577)	(21,969)
Share of profit of companies accounted for using the equity method	(3,337)	(436)	(2,683)
Share-based payment	(11)	572	1,039
Depreciation and amortization	1,248	1,228	4,755
Fair value adjustments of investment property	-	(636)	(20,907)
Financial expense and exchange differences, net	3,384	28,733	65,004
(Gain)/loss from sale of property plant and equipment	(31)	(109)	26
Increase in provision for bad debts in the financial services segment	1,921	2,003	6,553
Changes in operating assets and liabilities:			
Change in trade and other receivables	(16,490)	(20,898)	(52,195)
Change in inventories and in contract work in progress, net of advances from customers	(9,917)	4,906	27,585
Change in trade and other payables	2,729	(2,659)	11,954
Movement in pledged time deposit	715	(76)	-
Interest paid	(30,049)	(21,434)	(35,076)
Interest received	11,303	9,999	42,509
Income taxes paid	(325)	(1,338)	(9,434)
Other	-	-	(692)
	<u>(38,113)</u>	<u>(21,722)</u>	<u>16,469</u>

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KARDAN N.V., AMSTERDAM

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For three months period ended March 31,	For the year ended December 31,
	<u>2016</u>	<u>2015</u>
	<u>In €000</u>	
B. Disposal of a previously consolidated subsidiary		
Working capital (excluding cash and cash equivalents)	-	12,771
Non-current assets (excluding fixed assets and concession assets)	-	14,006
Fixed assets	-	39,165
Concession assets	-	86,637
Non-controlling interests	-	(1,431)
Long-term liabilities	-	(14,773)
Release of currency translation reserves	-	(13,287)
Gain on disposal of investment, net of tax	-	20,098
Asset classified as held for sale	-	(24,138)
	<u>-</u>	<u>119,048</u>
	<u>-</u>	<u>119,086</u>
	For three months period ended March 31,	For the year ended December 31,
	<u>2016</u>	<u>2015</u>
	<u>In €000</u>	
C. Material non cash transaction		
Liability to repurchase shares from non-controlling interest holders	-	4,442
Issuance of shares and treasury shares	-	-
Dividend payable to non-controlling interest holders of a subsidiary	-	780
	<u>-</u>	<u>3,340</u>
	<u>-</u>	<u>-</u>

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

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 and assets (see Note 4) and banking and retail lending (discontinued operation) through its subsidiaries, joint ventures and associated companies.

The Company and its subsidiaries are referred to as 'the Group'.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 25, 2016.

2. Financial Position

The Company prepared a two year liquidity analysis as part of its normal course of business which addresses the required liquidity to be able to pay interest and repay the next principal of the debentures in February 2017 and February 2018 and all its other liabilities and to finance its operating activities. Included in this analysis are, among others, the current cash balances and cash from future operations and transactions.

As at March 31, 2016 the Company had, on a stand-alone basis a working capital deficit of €5 million (excluding debentures held by subsidiaries).

In accordance with the provisions of the Amended Deeds of Trust (as described in the 2015 annual consolidated financial statements), the Company paid interest in February 2016 using its available cash balances (€23.3 million). The February 2017 payment (approximately €108 million of principal and interest) is to be funded through existing cash balances, cash generated from the repayment of certain shareholder's loans by some of the Company's subsidiaries, and sale of assets, including proceeds from the sale of the remaining 25% in KWIG and proceeds from the sale of TBIF.

The sale of TBIF is subject to certain conditions precedent, including the receipt of regulatory approvals and the approval of the meetings of Kardan's debenture holders (Series A and Series B, 'Debenture Holders') to certain terms of the agreement (for additional information see Note 8C). The Company continues to explore other avenues for the realization of cash to meet its future liabilities.

The realization of some of the Company's plans depends on factors that are not wholly within the Company's control, and therefore there is no certainty that transactions will be completed, however the Company believes that given the status of the deals and other options it will be able to generate enough funds to repay its liabilities as they mature in the foreseeable future.

The Board and management believe that there is no material uncertainty which may cast significant doubt regarding the Company's ability to repay its liabilities when they become due and its ability to continue as a going concern. The Company's condensed interim consolidated financial

statements as at March 31, 2016 have therefore been prepared on the assumption the Company will continue as a going concern.

3. Basis of presentation and preparation

A. Basis of preparation

The condensed interim consolidated financial statements as at March 31, 2016 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, 2015.

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, 2015.

B. 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:

	<u>USD</u>	<u>NIS</u>	<u>RMB</u>	<u>CPI (in Israel)</u>
March 31, 2016	0.88	0.23	0.14	130.1
March 31, 2015	0.93	0.23	0.15	131.0
December 31, 2015	0.92	0.24	0.14	131.6
	<u>%</u>			
Change in 2016 (3 months)	(4.4)	(0.9)	(3.2)	(0.0)
Change in 2015 (3 months)	13.4	9.5	11.2	(1.3)
Change in 2015 (12 months)	11.6	11.2	5.1	(0.9)

4. Segment information

A. Segments results:

As described in Note 8 below, KFS signed an agreement to sell its holding in TBIF, the holding company of the Banking and Retail Lending segment. As a result, the Company's CODM re-examined the composition of the Company's operating segments. The results of TBIF represent the main activities of the 'Banking and Retail lending' segment. Following the completion of the sale, the Company will substantially no longer be active in the 'Banking and Retail lending' segment. In addition, starting the first quarter of 2016 the results of TBIF are presented as discontinued operation and thus no longer form a reportable operating segment. Therefore, the Company now presents 2 operating segments. The figures of the 'Banking and Retail Lending' segment were adjusted to conform with the current presentation.

(1) For the three months ended March 31, 2016:

	Real Estate Asia	Water Infrastructure	Other	Total
	In €000			
Revenue	1,943	29,639	109	31,691
Other income (expense) (*)	2,938	(165)	528	3,301
Total Income	<u>4,881</u>	<u>29,474</u>	<u>637</u>	<u>34,992</u>
Segment result	<u>785</u>	<u>974</u>	<u>215</u>	<u>1,974</u>
Unallocated expenses				(844)
Gain from operations and share in profit of investment accounted using the equity method before finance expenses, net				1,130
Finance expenses, net				(2,692)
Loss before income tax				(1,562)
Income tax expenses				796
Loss from continuing operations				(766)
Profit from discontinued operations				2,383
Profit for the period				<u>1,617</u>

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

(2) For the three months ended March 31, 2015:

	Real Estate Asia	Water Infrastructure	Other	Total
	In €000			
Revenue	1,335	37,761	(123)	38,973
Other income (expense) (*)	1,310	(273)	389	1,426
Total Income	<u>2,645</u>	<u>37,488</u>	<u>266</u>	<u>40,399</u>
Segment result	<u>(667)</u>	<u>922</u>	<u>(297)</u>	<u>(42)</u>
Unallocated expenses				(1,343)
Gain from operations and share in profit of investment accounted using the equity method before finance expenses, net				(1,385)
Finance expenses, net				(28,924)
Loss before income tax				(30,309)
Income tax expenses				(709)
Loss from continuing operations				(31,018)
Profit from discontinued operations				23,575
Loss for the period				<u>(7,443)</u>

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

(3) For the year ended December 31, 2015:

	Real Estate Asia	Water Infrastructure	Other	Total
	In €000			
Revenue	6,726	167,861	(715)	173,872
Other income (expense) (*)	23,954	(1,241)	1,145	23,858
Total Income	30,680	166,620	430	197,730
Segment result	13,648	6,378	(2,749)	17,277
Unallocated expenses				(5,082)
Gain from operations and share in profit of investment accounted using the equity method before finance expenses, net				12,195
Finance expenses, net				(64,913)
Loss before income tax				(52,718)
Income tax expenses				(6,493)
Loss from continuing operations				(59,211)
Profit from discontinued operations				36,253
Loss for the period				(22,958)

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

B. Segments assets

	March 31,		December 31,
	2016	2015	2015
	In €000		
Real estate - Asia	468,807	489,917	488,944
Water Infrastructure	138,263	187,467	143,504
	607,070	677,384	632,448
Unallocated assets	40,857	29,198	24,152
Discontinued operations	295,353	310,090	319,142
	943,280	1,016,672	975,742

Segments liabilities

	March 31,		December 31,
	2016	2015	2015
	In €000		
Real estate - Asia	202,240	183,061	198,651
Water Infrastructure	99,209	114,753	102,156
	301,449	297,814	300,807
Unallocated liabilities (*)	362,670	365,574	388,182
Discontinued operations	212,187	249,120	210,815
	876,306	912,508	899,804

(*) Most unallocated liabilities relate to the finance on the level of the holding companies.

5. Share capital

Composition

	March 31, 2016		December 31, 2015	
	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	123,022,256	225,000,000	123,022,256

6. Financial Instruments and Risk Management

Further to Note 38 to the 2015 annual consolidated financial statements, below are presented additional information regarding financial instruments and risk management:

- 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	March 31, 2016		March 31, 2015		December 31, 2015		
	Carrying amount(*)	Fair value(**)	Carrying amount(*)	Fair value(**)	Carrying amount(*)	Fair value(**)	
	€000'						
Liabilities							
Debentures issued by the Company	1	356,215	241,999	360,323	259,711	379,767	250,542

(*) 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, 2016	Fair Value gain (loss) recorded in P&L	Fair value gain in OCI	Settlements	As of March 31, 2016
In €000					
Warrants and call options	(2,495)	22	-	-	(2,473)
Other liabilities	(4,000)	-	-	4,000	-
Total liabilities	(6,495)	22	-	4,000	(2,473)

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, for additional information on fair value refer to Note 38 in the annual financial statements.

C. Further to Note 7 to the annual financial statements, as of March 31, 2016 there was no external valuation obtained for the Company investment property, therefore are no changes to the significant assumptions used in the annual financial statements valuation.

D. Risk management following the completion of the sale of TBIF

Further to Note 38C to the annual financial statements, the Company is exposed to a variety of risks. The Group's financial services sector (TBIF) is exposed to risks inherent in the business including financial risk, market risk, credit risk, excessive risk concentration and regulatory capital requirements for which the company focused large rescored to mitigate including keeping capital adequacy and the use of regulatory required capital, analysis of the structure of its portfolios in order to mitigate excessive risk, established a credit quality review process, receiving collaterals and more. Following the completion of the sale of TBIF the Company will ceased to be materially exposed to those risks.

7. Joint Ventures

Additional information for material joint venture companies, Shanxi GTC Lucky Hope Real Estate Development Ltd., Green Power Development Ltd. and VIP Rent (Avis Ukraine) who's summary of financial information is presented below:

Shanxi GTC Lucky Hope Real Estate Development Ltd.

Summary of financial data from the statement of financial position:

	March 31, 2016	March 31, 2015	December 31, 2015
	In €000		
Current assets (not including cash and cash equivalent)	94,350	159,392	120,234
Cash and cash equivalent	6,896	16,130	5,352
Non-current assets	13,478	16,036	20,248
Current liabilities	(62,334)	(139,354)	(95,700)
Current financial liabilities	(6,570)	(9,092)	(6,810)
Non-current liabilities	-	(256)	-
Total equity attributed to the owners	45,820	42,856	43,324
% held in the joint venture	50	50	50
Total investment in joint ventures	<u>22,910</u>	<u>21,428</u>	<u>21,662</u>

Summary of financial data from the income statement:

	For the three months period ended March 31,		For the year ended December 31,
	2016	2015	2015
	In €000		
Revenues from operations	21,192	34,452	71,316
Cost of operations	(14,014)	(23,196)	(49,574)
Selling and marketing, other (income) expenses, and administrative expenses	1,742	2,170	8,542
Interest Income	-	8	26
Profit before tax	5,436	9,094	13,226
Income tax expenses	1,480	2,284	3,310
Profit for the year attributed to equity holders	3,956	6,810	9,916
% held of the joint venture	50	50	50
Group's share of profit for the year	1,978	3,405	4,958
Realizing of deemed cost on projects	-	(121)	(121)
Group's share of profit for the year	<u>1,978</u>	<u>3,284</u>	<u>4,837</u>
Total other comprehensive income (expenses) attributed to equity holders	2,500	3,996	1,360
% held of the joint venture	50	50	50
Group share of the total other comprehensive income (expenses)	<u>1,250</u>	<u>1,998</u>	<u>680</u>

Green Power Development Ltd.

Summary of financial data from the statement of financial position:

	March 31, 2016	March 31, 2015	December 31, 2015
	<u>In €000</u>		
Current assets (not including cash and cash equivalent)	166,128	178,299	148,035
Cash and cash equivalent	8,527	1,236	7,081
Non-current assets	2,048	8,083	8,648
Current liabilities	(128,669)	(71,116)	(114,151)
Current financial liabilities	(34,255)	(99,377)	(36,024)
Non controlling interest holders	(3,260)	(3,657)	(3,353)
Total equity attributed to the owners	10,519	13,468	10,236
% held in the joint venture	50	50	50
Total investment in joint ventures	5,260	6,734	5,118
Deemed cost on projects	596	786	606
Total investment in joint ventures	5,856	7,520	5,724

Summary of financial data from the income statement:

	<u>For the three months period ended March 31,</u>		For the year ended December 31,
	2016	2015	2015
	<u>In €000</u>		
Revenues from operations	3,936	2,591	28,865
Cost of operations	(3,158)	(1,636)	(24,656)
Selling and marketing, other (income) expenses, and administrative expenses	363	891	4,618
Other financial income (expenses)	1,436	(3,763)	(3,353)
Profit (loss) before tax	1,851	(3,699)	(3,762)
Income tax expenses	166	528	972
Profit for the year attributed to equity holders	1,685	(4,227)	(4,734)
% held of the joint venture	50	50	50
Group's share of profit (loss) for the year	843	(2,113)	(2,367)
Realizing of deemed cost on projects	(10)	(4)	(185)
Group's share of profit (loss) for the year	833	(2,117)	(2,552)
Total other comprehensive income (expenses) attributed to equity holders	(1,498)	5,366	2,338
% held of the joint venture	50	50	50
Group share of the total other comprehensive income (expenses)	(749)	2,683	1,169

VIP Rent (Avis Ukraine)

Summary of financial data from the statement of financial position:

	March 31, 2016	March 31, 2015	December 31, 2015
	<u>In €000</u>		
Current assets (not including cash and cash equivalent)	9,478	8,851	9,979
Cash and cash equivalent	2,537	2,454	2,879
Non-current assets	24,319	21,943	25,103
Current liabilities	(2,404)	(2,578)	(2,754)
Current financial liabilities	(2,933)	(3,708)	(3,853)
Non-current liabilities	<u>(16,768)</u>	<u>(15,495)</u>	<u>(17,280)</u>
Total equity attributed to the owners	14,229	11,467	14,074
% held in the joint venture (*)	<u>66</u>	<u>66</u>	<u>66</u>
Total investment in joint ventures	<u>9,391</u>	<u>7,568</u>	<u>9,289</u>

Summary of financial data from the income statement:

	For the three months period ended March 31,	For the year ended December 31,	
	2016	2015	2015
	<u>In €000</u>		
Revenues from operations	2,196	2,026	9,161
Cost of operations	(1,777)	(1,772)	(7,292)
Selling and marketing, other income (expenses), and administrative expenses	817	662	2,591
Other financial expenses	<u>(83)</u>	<u>(40)</u>	<u>(246)</u>
Profit before tax	1,153	876	4,214
Income tax expenses	<u>(327)</u>	<u>(526)</u>	<u>(1,172)</u>
Profit for the year attributed to equity holders	826	350	3,042
% held of the joint venture	<u>66</u>	<u>66</u>	<u>66</u>
Group's share of profit for the year	<u>545</u>	<u>231</u>	<u>2,007</u>
Total other comprehensive income (expenses) attributed to equity holders	(671)	1,629	1,545
% held of the joint venture (*)	<u>66</u>	<u>66</u>	<u>66</u>
Group share of the total other comprehensive income (expenses)	<u>(443)</u>	<u>1,075</u>	<u>1,020</u>

8. Significant transactions

A. TGI

(1) Sale of KWIG

As described in Note 5B(3) to the 2015 annual consolidated financial statements, on January 15 2015, TGA, an indirectly held subsidiary (98.43%) signed a share purchase agreement ('the Agreement') with China Gezhouba Group Investments Holding Co Ltd. ('the Purchaser'), to sell all of its holdings in KWIG.

The sale of KWIG would take place in two phases: in March 2015 the first phase of the transaction in which 75% of KWIG shares were sold was completed; the Purchaser paid 75% of the consideration and all outstanding loans from Group companies were repaid. The second phase of the transaction is expected to be completed in the coming few months. The remaining consideration bears an interest of Libor + 5% p.a.

As a result of the transaction, the Group recorded a net gain of approximately €20.1 million in 2015 mainly due to the release of equity reserves transferred to the statement of income following the sale.

Following the first phase of the transaction, the remaining 25% of KWIG are classified in the consolidated statements of financial position as of March 31, 2016 as an 'Asset held for sale'. Also, since KWIG was considered by management as a distinguishable major geographical and operating line of business, the results of the investment in KWIG (including the gain from the sale of the investment) in all represented periods were classified, in accordance with IFRS 5 to discontinued operations.

Discontinued operations related to loss of control and sale of KWIG:

	For the three months ended March 31,		For the year ended
	2016	2015	December 31,
	€'000		2015
<i>Discontinued operation items related to the sale of KWIG:</i>			
Capital gain*) **)	(1,469)	6,701	6,812
Release of capital reserves due to sale, net of tax *)	-	13,287	13,287
Net profit (loss) from discontinued operations	<u>(1,469)</u>	<u>19,988</u>	<u>20,099</u>
Net profit (loss) from discontinued operations attributed to Non-controlling interest holders	(1,446)	19,674	19,783
Net profit (loss) from discontinued operations attributed to Equity holders	(23)	314	316

*) Net of tax expenses for the three months period ended March 31, 2016 and 2015 and for the year ended December 31, 2015 amounting to €722 thousand, €1,479 thousand and €1,889 thousand, respectively.

***) 2016 - mainly due to foreign exchange rate differences and additional tax provision.

Composition of the cash flow statements related to discontinued operations:

	Three months ended March 31,		Year ended December 31,
	<u>2016</u>	<u>2015</u>	<u>2015</u>
	€'000		
Net cash provided by (used in) operating activities	-	-	-
Net cash provided by (used in) investing activities	-	110,148	91,960
Net cash used in financing activities	-	-	-

There was no OCI impact in all presented periods.

B. GTC RE

Claw back liability re the sale of GTC SA

Further to Note 5 to 2015 consolidated financial statements, in February 2016, the Company, GTC RE and Lone Star Real Estate fund ('the Buyer') signed a settlement agreement, according to which GTC RE paid the Buyer an amount of €4 million, which has been fully provided for as at December 31, 2015, in exchange for a final and absolute waiver by the Buyer of all its existing and future claims and demands towards the Company and GTC RE in relation to the Buyer's demands according to the 'claw-back' clause, and of mutual cancellation and deletion of any proceedings taken in this matter. The settlement did not have an impact on the Company's income statement in 2016.

C. KFS

Sale of TBIF

On February 24, 2016, KFS has signed an agreement to sell its 100% holding in TBIF to a third party ('the Buyer').

The total consideration for the transaction comprises two parts ('the Consideration'). On the completion date ('the Completion date') the Buyer will pay KFS an amount of approximately €69 million. Subsequently, following the Completion date, the Consideration will be adjusted to take into account the audited result of the sold asset in the period January 1, 2016 until the Completion date ('the Adjustment'). To secure payment of the Adjustment, on the Completion date the Buyer will pledge shares of TBIF in favor of KFS. According to the agreement, TBIF will transfer certain non-lending assets with a net value of approximately €23 million to KFS before the Completion date.

The transaction is subject to certain conditions precedent, the main one being the receipt of regulatory approvals.

KFS undertakes to indemnify the Buyer for costs and damages which might occur under circumstances which have been specifically detailed in the agreement, including a breach of the customary representations and warranties given by KFS. Accordingly, on the Completion date

KFS will deposit an amount of € million for a period of two years and pledge this in favor of the buyer as collateral for the indemnification, which amount will be reduced to € million after one year. In addition, Kardan will guarantee KFS's obligation in this respect.

The Company estimates that on the Completion date a gain of approximately €-12 million, after the Adjustment and release of capital reserves, will be recognized.

Considering the development of this process, management estimates, as of March 31, 2016, it is highly probable that the investment in TBIF 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 March 31 2016, the investment in TBIF is presented as 'Assets held for sale' and 'Liabilities associated with assets held for sale'.

Since TBIF is considered by management as a distinguishable major geographical and operating line of business, the results of the investment in TBIF in all represented periods were classified, in accordance with IFRS 5, to discontinued operations.

Assets held for sale and liabilities associated with assets held for sale of TBIF

Assets and liabilities held for sale as of March 31, 2016 represent the assets and liabilities of TBIF and KWIG, in relation to the sale transactions described above. Below are the financial information regarding TBIF:

	March 31, 2016
	<u>€'000</u>
Assets	
Assets held for sale	7,880
Other non-current assets	18,252
Loans to bank customers	137,189
Consumer finance	4,967
Financial leases	12,699
Other current assets	36,437
Cash and cash equivalents	<u>53,917</u>
Total assets	<u>271,341</u>
Liabilities	
Banking customers accounts	195,764
Other liabilities	<u>16,423</u>
Total liabilities	<u>212,187</u>
Net asset value	<u><u>59,154</u></u>

In accordance to IFRS 5, the net asset value of TBIF is presented as held for sale in its carrying amount which is lower than the fair value less costs to sell.

Discontinued operations related to the sale of TBIF:

	<u>For the three months ended March 31,</u>		<u>For the year ended</u>
	<u>2016</u>	<u>2015</u>	<u>December 31,</u>
	<u>€'000</u>		<u>2015</u>
Income	10,237	9,534	42,177
Expenses	6,223	5,612	24,050
Profit before tax	4,014	3,922	18,127
Income tax expenses (benefit), net	162	335	1,973
Profit (loss) from discontinued operations	3,852	3,587	16,154

Composition of the cash flow statements related to discontinued operations:

	<u>Three months ended</u>		<u>Year ended</u>
	<u>March 31,</u>	<u>2015</u>	<u>December 31,</u>
	<u>2016</u>	<u>€'000</u>	<u>2015</u>
Net cash provided by (used in) operating activities	(6,613)	23,653	(11,666)
Net cash provided by (used in) investing activities	(864)	7,440	(1,679)
Net cash used in financing activities	(123)	270	(764)

Composition of other comprehensive income items related to discontinued operations:

	<u>Three months ended</u>		<u>For the year ended</u>
	<u>March 31,</u>	<u>2015</u>	<u>December 31,</u>
	<u>2016</u>	<u>€000'</u>	<u>2015</u>
Adjustments arising from translating financial statements of foreign operations	76	157	(86)
	76	157	(86)

9. Financial Commitments and Covenants

During the first quarter of 2016 and as of March 31, 2016 all Group companies met their financial covenants.

Review report

To: the shareholders of Kardan N.V.

Introduction

We have reviewed the accompanying condensed interim consolidated financial information for the three-month period ended 31 March 2016 of Kardan N.V., Amsterdam, which comprises the condensed interim consolidated statement of financial position as at 31 March 2016, the condensed interim consolidated income statement, the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of changes in equity, the condensed interim consolidated statement of cash flows for the period then ended and the selected explanatory notes. Management is responsible for the preparation and presentation of this (condensed) interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information 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 auditing standards 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 consolidated interim financial information for the three-month period ended 31 March 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Emphasis of matter with respect to the financial position of the company

We draw attention to Note 2 'Financial position' of the condensed interim consolidated financial information, which describes management's analysis with respect to the financial position of the Company and its ability to repay its liabilities. Our conclusion is not qualified in respect of this matter.

Amsterdam, 25 May 2016
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. E. Hartkamp RA

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 March 31, 2016

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

March 31, 2016

	March 31,		December
	2016	2015	31, 2015
	€in thousand		
A s s e t s			
Non-current assets			
Property and equipment	107	120	114
Financial fixed assets			
Investments in consolidated subsidiaries	526,382	451,677	550,493
Loans to consolidated subsidiaries	22	22	22
	<u>526,404</u>	<u>451,699</u>	<u>550,629</u>
Current assets			
Cash and cash equivalents	6,970	24,623	22,867
Short-term investments	130	290	137
Other receivables and derivatives	1,886	661	687
	<u>8,986</u>	<u>25,574</u>	<u>23,691</u>
Total assets	<u>535,497</u>	<u>477,393</u>	<u>574,320</u>
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	25,276	23,041	25,276
Share premium	206,482	208,002	206,482
Foreign currency translation reserve	15,007	41,593	36,713
Property revaluation reserve	36,713	21,510	8,144
Other reserves	7,731	8,677	24,711
Non-controlling interest holders transactions reserve	15,669	15,078	15,669
Treasury shares	-	(2,625)	-
Accumulated deficit	(243,622)	(215,066)	(245,534)
	<u>63,256</u>	<u>100,210</u>	<u>71,461</u>
Long-term liabilities			
Debentures	320,969	182,721	468,407
	2,033	-	2,035
	<u>323,002</u>	<u>182,721</u>	<u>470,442</u>
Current liabilities			
Current maturities of debentures	142,966	189,922	-
Other payables	6,273	4,540	32,417
	<u>149,239</u>	<u>194,462</u>	<u>32,417</u>
Total equity and liabilities	<u>535,497</u>	<u>477,393</u>	<u>574,320</u>

ADDITIONAL INFORMATION FROM THE COMPANY'S INCOME STATEMENT

	For the three months ended March 31,	For the year ended December 31,	
	<u>2016</u>	<u>2015</u>	<u>2015</u>
	<u>€in thousands</u>		
Net result from investments for the period	<u>1,658</u>	<u>30,266</u>	<u>45,827</u>
General and administrative expenses, net	<u>(808)</u>	<u>(1,237)</u>	<u>(4,585)</u>
Profit from operations before financing expenses	850	29,029	41,242
Financing income (expenses), net	<u>1,445</u>	<u>(36,568)</u>	<u>(63,680)</u>
Profit (loss) before tax expenses (benefit)	<u>2,295</u>	<u>(7,539)</u>	<u>(22,438)</u>
Income tax expense	<u>(383)</u>	<u>(111)</u>	<u>(477)</u>
Net Profit (loss) for the period	<u>1,912</u>	<u>(7,650)</u>	<u>(22,915)</u>

ADDITIONAL INFORMATION FROM THE COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended March 31,		For the year ended December 31,
	2016	2015	2015
	€in thousands		
Net result for the period	<u>1,912</u>	<u>(7,650)</u>	<u>(22,915)</u>
Foreign currency translation*	(9,704)	17,650	768
Change in hedge reserve, net	<u>(217)</u>	<u>(2,114)</u>	<u>(2,784)</u>
Other comprehensive income (loss) for the period	<u>(9,921)</u>	<u>15,536</u>	<u>(2,016)</u>
Total comprehensive income	<u>(8,009)</u>	<u>7,886</u>	<u>(24,931)</u>

* In 2015 including an amount of €13,287 thousand related to reclassification of translation funds due to the sale of KWIG.

ADDITIONAL INFORMATION FROM THE COMPANY'S CASH FLOW STATEMENT

	For the three months ended March 31, 2016	2015	For the year ended December 31, 2015
	€in thousands		
Cash flow from operating activities of the Company			
Profit (loss) for the period	1,912	(7,650)	(22,915)
Adjustments to reconcile net profit to net cash of the Company			
Charges to net loss not affecting operating cash flows:			
Financial expenses	(782)	36,968	64,013
Share-based payment	(196)	25	163
Equity earnings	(1,658)	(30,266)	(45,827)
Dividend received from consolidated companies	13,210	50,092	53,742
Changes in working capital of the Company			
Change in receivables	(1,222)	(118)	(138)
Change in payables	158	(17)	(1,154)
Cash amounts paid and received during the period			
Interest received	3	10	20
Interest paid	(23,326)	(18,676)	(18,676)
Net cash provided by (used in) operating activities of the Company	(11,901)	30,368	29,228
Cash flow from investing activities of the Company			
Investment in subsidiary	(4,003)	(131)	(150)
Short term investments, net	7	506	659
Net cash provided by (used in) investing activities of the Company	(3,996)	375	509
Cash flow from financing activities			
Debentures settlement payment	-	-	(750)
Repayment of long-term debt	-	(6,725)	(6,725)
Net cash used in financing activities of the Company	-	(6,725)	(7,475)
Increase (decrease) in cash and cash equivalents of the Company	(15,897)	24,018	22,262
Cash and cash equivalents at beginning of the period of the Company	22,867	605	605
Cash and cash equivalents at end of the period of the Company	6,970	24,623	22,867

ADDITIONAL INFORMATION

1. General

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

This condensed interim separate financial information should be read in conjunction with the additional separate financial information for the year ended December 31, 2015 and the accompanying notes, and in conjunction to the condensed interim consolidated financial statements for the three months ended March 31, 2016.

2. FINANCIAL POSITION

The Company prepared a two year liquidity analysis as part of its normal course of business which addresses the required liquidity to be able to pay interest and repay the next principal of the debentures in February 2017 and February 2018 and all its other liabilities and to finance its operating activities. Included in this analysis are, among others, the current cash balances and cash from future operations and transactions.

As at March 31, 2016 the Company had, on a stand-alone basis a working capital deficit of €5 million (excluding debentures held by subsidiaries).

In accordance with the provisions of the Amended Deeds of Trust (as described in the 2015 annual consolidated financial statements), the Company paid interest in February 2016 using its available cash balances (€3.3 million). The February 2017 payment (approximately €108 million of principal and interest) is to be funded through existing cash balances, cash generated from the repayment of certain shareholder's loans by some of the Company's subsidiaries, and sale of assets, including proceeds from the sale of the remaining 25% in KWIG and proceeds from the sale of TBIF.

The sale of TBIF is subject to certain conditions precedent, including the receipt of regulatory approvals and the approval of the meetings of Kardan's debenture holders (Series A and Series B, 'Debenture Holders') to certain terms of the agreement (for details see Note 8C to the consolidated interim financial statements). The Company continues to explore other avenues for the realization of cash to meet its future liabilities.

The realization of some of the Company's plans depends on factors that are not wholly within the Company's control, and therefore there is no certainty that transactions will be completed, however the Company believes that given the status of the deals and other options it will be able to generate enough funds to repay its liabilities as they mature in the foreseeable future.

The Board and management believe that there is no material uncertainty which may cast significant doubt regarding the Company's ability to repay its liabilities when they become due and its ability to continue as a going concern. The Company's condensed interim consolidated financial statements as at March 31, 2016 have therefore been prepared on the assumption the Company will continue as a going concern.