KARDAN N.V.
AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements
As of June 30, 2017

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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	Note	**June 30, 2017**	June 30, 2016	December 31, 2016
		Unaudited		Audited
		In €'000		
Non-current assets				
Tangible fixed assets, net		661	11,329	13,689
Investment property	4	225,950	240,407	240,461
Investments in associates accounted using the equity method		-	11,138	12,888
Investments in joint ventures accounted using the equity method	5	78,238	92,979	96,039
Long-term loans and receivables		8,814	6,680	11,695
Intangible assets and goodwill, net		101	6,041	6,156
Deferred tax assets		510	2,310	2,452
		314,274	370,884	383,380
Current assets				
Inventories, buildings and apartments inventory and contract work in progress		103,797	107,715	119,421
Current maturities of long-term loans and receivables		-	4,821	-
Trade receivables		5,721	63,730	66,447
Current tax assets		1,268	1,096	1,345
Other receivables and prepayments		9,538	20,228	26,773
Short-term investments		7,590	2,863	10,218
Cash and cash equivalents		22,096	84,899	57,783
		150,010	285,352	281,987
Assets held for sale	6	172,973	264,092	-
Total current assets		322,983	549,444	281,987
Total assets		637,257	920,328	665,367

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

Equity and liabilities

	Note	June 30, 2017	June 30, 2016	December 31, 2016
		Unaudited		Audited
		In €'000		
Equity attributable to equity holders of the parent company				
Issued and paid-in capital		25,276	25,276	25,276
Share premium		206,482	206,482	206,482
Foreign currency translation reserve		7,840	13,878	23,590
Property revaluation reserve		34,183	36,407	34,772
Revaluation reserve, other		6,107	7,455	6,633
Accumulated deficit		(278,812)	(235,429)	(259,420)
		1,076	54,069	37,333
Non-controlling interests		4,327	4,500	3,850
Total equity		5,403	58,569	41,183
Non-current liabilities				
Interest-bearing loans and borrowings		2,529	62,510	419
Other long-term liabilities		945	3,860	4,004
Derivative financial instruments		967	2,552	3,966
Debentures		190,179	260,749	288,978
Deferred tax liabilities		3,141	7,110	4,763
Accrued severance pay, net		-	1,114	1,090
		197,761	337,895	303,220
Current liabilities				
Liability due to work in progress		-	37,140	38,889
Trade payables		2,478	17,471	20,440
Current maturities of debentures		105,893	94,517	-
Interest-bearing loans and borrowings		103,231	49,641	126,816
Current tax liabilities		1,359	5,159	6,734
Advances from apartment buyers		47,442	33,519	50,011
Advances from customers		-	14,673	15,814
Other payables and accrued expenses		48,418	69,612	62,260
		308,821	321,732	320,964
Liabilities associated with assets held for sale	6	125,272	202,132	-
Total current liabilities		434,093	523,864	320,964
Total liabilities		631,854	861,759	624,184
Total equity and liabilities		637,257	920,328	665,367

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

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
		2017	2016	**2017**	2016	2016
		Unaudited				Audited
		In €'000				
Rental revenues		1,933	1,792	941	924	3,732
Revenues from sale of apartments		1,088	336	1,088	203	761
Management fees and other revenues		1,301	4,502	651	3,450	6,615
Total revenues		4,322	6,630	2,680	4,577	11,108
Costs of rental revenues		779	788	364	423	1,493
Cost of sale of apartments		994	310	994	190	676
Other expenses, net		1,224	2,869	580	1,226	5,521
Total expenses		2,997	3,967	1,938	1,839	7,690
Gross profit		1,325	2,663	742	2,738	3,418
Selling and marketing expenses		2,595	1,611	1,566	864	3,760
General and administration expenses		5,064	4,770	2,579	2,232	10,501
Loss from operations before fair value adjustments, disposal of assets and investment and other income		(6,334)	(3,718)	(3,403)	(358)	(10,843)
Adjustment to fair value of investment properties		(785)	(408)	(785)	(408)	(2,588)
Gain (loss) on disposal of assets and other income, net		793	99	793	66	(1,580)
Gain (loss) from fair value adjustments, disposal of assets and investments and other income		8	(309)	8	(342)	(4,168)
Loss from operations		(6,326)	(4,027)	(3,395)	(700)	(15,011)
Financial income		231	1,434	109	1,341	475
Financial expenses		(24,846)	(14,830)	(4,817)	(11,390)	(47,843)
Total financial expenses, net		(24,615)	(13,396)	(4,708)	(10,049)	(47,368)
Loss before share of profit (loss) from investments accounted for using the equity method		(30,941)	(17,423)	(8,103)	(10,749)	(62,379)
Share of profit (loss) of investments accounted for using the equity method, net	5	9,931	17	4,569	(3,415)	3,996
Loss before income taxes		(21,010)	(17,406)	(3,534)	(14,164)	(58,383)
Income tax expenses (benefit)		1,186	(3,422)	(35)	(1,931)	(4,504)
Loss for the period from continuing operations		(22,196)	(13,984)	(3,499)	(12,233)	(53,879)
Net profit from discontinued operations	6	1,480	8,035	906	4,667	22,553
Net profit (loss) for the period		(20,716)	(5,949)	(2,593)	(7,566)	(31,326)
Attributable to:						
Equity holders		(19,981)	(5,870)	(2,178)	(7,782)	(31,330)
Non-controlling interest holders		(735)	(79)	(415)	216	4
		(20,716)	(5,949)	(2,593)	(7,566)	(31,326)
Earnings (loss) per share attributable to shareholders						
Basic and diluted from continuing operations		(0.18)	(0.11)	(0.03)	(0.10)	(0.44)
Basic and diluted from discontinued operations		0.01	0.07	0.01	0.04	0.18
		(0.17)	(0.04)	(0.02)	(0.06)	(0.26)

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
Loss for the period	(20,716)	(5,949)	(2,593)	(7,566)	(31,326)
Foreign currency translation differences	(15,758)	(10,402)	(14,307)	(262)	(941)
Change in hedge reserve, net of tax (1)	(528)	(517)	(395)	(300)	(1,362)
Other comprehensive expense for the period to be reclassified to profit or loss in subsequent periods (2)	(16,286)	(10,919)	(14,702)	(562)	(2,303)
Total comprehensive expenses	(37,002)	(16,868)	(17,295)	(8,128)	(33,629)
Attributable to:					
Equity holders	(36,259)	(17,220)	(16,707)	(9,211)	(33,816)
Non-controlling interests holders	(743)	352	(588)	1,083	187
	(37,002)	(16,868)	(17,295)	(8,128)	(33,629)

(1) Including reclassification of unwinding of hedge reserve of €(515) thousand and €(756) thousand for the six months ended June 30, 2017 and 2016, respectively, €259 thousand and €378 thousand for the three months period ended June 30, 2017 and 2016, respectively and €(1,565) thousand for the year ended December 31, 2016.
The amounts presented are net of tax amounting to €172 thousand and €252 thousand for the six months ended June 30, 2017 and 2016, respectively, €86 thousand and €126 thousand for the three months period ended June 30, 2017 and 2016, respectively, and €522 thousand for the year ended December 31, 2016.

(2) Including impact from associates and joint ventures of €(6,552) thousand and €(3,440) thousand for the six months ended June 30, 2017 and 2016, respectively, €(6,409) thousand and €(790) thousand for the three months ended June 30, 2017 and 2016, respectively, and €(579) thousand for the year 2016.

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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	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total	Non-controlling interest	Total equity
	In €'000								
Balance as of January 1, 2017 (audited)	25,276	206,482	23,590	34,772	6,633	(259,420)	37,333	3,850	41,183
Other comprehensive expense	-	-	(15,750)	-	(528)	-	(16,278)	(8)	(16,286)
Loss for the period	-	-	-	-	-	(19,981)	(19,981)	(735)	(20,716)
Total comprehensive expense	-	-	(15,750)	-	(528)	(19,981)	(36,259)	(743)	(37,002)
Share-based payment	-	-	-	-	2	-	2	38	40
Transaction with non controlling interest	-	-	-	-	-	-	-	1,182	1,182
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(589)	-	589	-	-	-
Balance as of June 30, 2017 (unaudited)	25,276	206,482	7,840	34,183	6,107	(278,812)	1,076	4,327	5,403

(*) 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								
	Issued and paid-in capital	Share premium	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total	Non-controlling interest	Total equity
	In €'000								
Balance as of January 1, 2016 (audited)	25,276	206,482	24,711	36,713	8,144	(229,865)	71,461	4,477	75,938
Other comprehensive income (expense)	-	-	(10,833)	-	(517)	-	(11,350)	431	(10,919)
Loss for the period	-	-	-	-	-	(5,870)	(5,870)	(79)	(5,949)
Total comprehensive income (expense)	-	-	(10,833)	-	(517)	(5,870)	(17,220)	352	(16,868)
Share-based payment	-	-	-	-	(172)	-	(172)	50	(122)
Dividend distributed to minority shareholders	-	-	-	-	-	-	-	(379)	(379)
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(306)	-	306	-	-	-
Balance as of June 30, 2016 (unaudited)	25,276	206,482	13,878	36,407	7,455	(235,429)	54,069	4,500	58,569

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

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the parent								
	Issued and paid-in capital	Share premium	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total	Non-controlling interest	Total equity
	In €'000								
Balance as of April 1, 2017 (unaudited)	25,276	206,482	21,985	34,772	6,490	(277,223)	17,782	3,711	21,493
Other comprehensive expense	-	-	(14,145)	-	(384)	-	(14,529)	(173)	(14,702)
Loss for the period	-	-	-	-	-	(2,178)	(2,178)	(415)	(2,593)
Total comprehensive expense	-	-	(14,145)	-	(384)	(2,178)	(16,707)	(588)	(17,295)
Share-based payment	-	-	-	-	1	-	1	22	23
Transactions with non-controlling interest	-	-	-	-	-	-	-	1,182	1,182
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(589)	-	589	-	-	-
Balance as of June 30, 2017 (unaudited)	25,276	206,482	7,840	34,183	6,107	(278,812)	1,076	4,327	5,403

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

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the parent								
	Issued and paid-in capital	Share premium	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total	Non-controlling interests	Total equity
	In €'000								
Balance as of April 1, 2016 (unaudited)	25,276	206,482	15,007	36,713	7,731	(227,953)	63,256	3,718	66,974
Other comprehensive income (expense)	-	-	(1,129)	-	(300)	-	(1,429)	867	(562)
Profit (loss) for the period	-	-	-	-	-	(7,782)	(7,782)	216	(7,566)
Total comprehensive income (expense)	-	-	(1,129)	-	(300)	(7,782)	(9,211)	1,083	(8,128)
Share-based payment	-	-	-	-	24	-	24	78	102
Dividend distributed to minority shareholders	-	-	-	-	-	-	-	(379)	(379)
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(306)	-	306	-	-	-
Balance as of June 30, 2016 (unaudited)	25,276	206,482	13,878	36,407	7,455	(235,429)	54,069	4,500	58,569

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

The accompanying notes are an integral part of these condensed interim consolidated 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	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total	Non-controlling interest	Total equity
	In €'000								
Balance as of January 1, 2016 (audited)	25,276	206,482	24,711	36,713	8,144	(229,865)	71,461	4,477	75,938
Other comprehensive income (expense)	-	-	(1,121)	-	(1,365)	-	(2,486)	183	(2,303)
Profit (loss) for the period	-	-	-	-	-	(31,330)	(31,330)	4	(31,326)
Total comprehensive income (expense)	-	-	(1,121)	-	(1,365)	(31,330)	(33,816)	187	(33,629)
Share-based payment	-	-	-	-	(146)	-	(146)	(527)	(673)
Dividend distributed to minority shareholders	-	-	-	-	-	-	-	(379)	(379)
Disposal of a subsidiary	- -		-	-	-	-	-	92	92
Transaction with non-controlling interest	-	-	-	-	-	(166)	(166)	-	(166)
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(1,941)	-	1,941	-	-	-
Balance as of December 31, 2016 (audited)	25,276	206,482	23,590	34,772	6,633	(259,420)	37,333	3,850	41,183

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

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

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
Cash flow from operating activities					
Loss from continuing operations before taxes on income	(21,010)	(17,406)	(3,534)	(14,164)	(58,383)
Profit from discontinued operations before taxes on income	1,648	11,832	1,394	6,885	27,618
Adjustments to reconcile net profit (loss) to net cash (see A below)	(13,103)	(26,846)	(5,063)	11,266	(21,179)
Net cash provided by (used in) operating activities	(32,465)	(32,420)	(7,203)	3,987	(51,944)
Cash flow from investing activities					
Acquisition of tangible fixed assets and investment properties	(4,764)	(4,474)	(2,188)	(2,699)	(7,764)
Investments and granting loans to companies accounted for using the equity method, net	(1,713)	(1,624)	(553)	(1,624)	(2,381)
Proceeds from sale of assets and investments	2,707	2,813	2,707	2,516	2,813
Change in loans to bank customers, net	-	(6,404)	-	(6,603)	(6,404)
Change in long-term loans and receivables	(344)	(282)	(344)	411	(6,517)
Change in short-term investments	2,329	(900)	1,298	(1,000)	(8,925)
Sale of subsidiaries, net of tax (see B below)	(1,008)	21,856	(622)	21,856	103,670
Proceeds from deposit release	1,519	-	1,133	-	-
Net cash provided by (used in) investing activities	(1,274)	10,985	1,431	12,857	74,492

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

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
Cash flows from financing activities					
Repayment of debentures	-	-	-	-	(86,458)
Change in loans from bank customers	-	(6,112)	-	(9,929)	(6,117)
Proceeds from long-term loans	2,565	14,805	2,565	597	14,481
Repayment of long-term loans	(1,802)	(1,404)	(26)	(784)	(1,391)
Change in short-term loans and borrowings	14,897	5	6,629	12	13,582
Change in other long term liabilities	168	(3)	144	(64)	(64)
Dividend to non-controlling interest holders of a subsidiary	-	-	-	-	(379)
Decrease in pledge deposit	(418)	-	(2,580)	-	-
Net cash provided by (used in) financing activities	15,410	7,291	6,732	(10,168)	(66,346)
Increase (decrease) in cash and cash equivalents	(18,329)	(14,144)	960	6,676	(43,798)
Change in cash relating to assets held for sale (see Note 7)	(13,364)	(40,542)	(822)	13,375	(40,542)
Foreign exchange differences relating to cash and cash equivalents	(3,994)	(4,335)	(3,419)	(1,078)	(1,797)
Cash and cash equivalents at the beginning of the period	57,783	143,920	25,377	65,926	143,920
Cash and cash equivalents at the end of the period	22,096	84,899	22,096	84,899	57,783

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

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
A. Adjustments to reconcile net profit (loss) to net cash					
Charges / (credits) to profit (loss) not affecting operating cash flows:					
Gain from disposal of investments in subsidiary, net	-	(682)	-	(1,429)	(15,861)
Share of profit (loss) of companies accounted for using the equity method	(9,415)	(24)	(4,371)	3,313	(2,869)
Share-based payment	86	91	37	102	594
Depreciation and amortization	1,234	2,481	630	1,233	3,538
Fair value adjustments of investment property	785	408	785	408	2,588
Financial expense and exchange differences, net	24,357	14,597	4,092	11,212	52,224
Gain from sale of property plant and equipment	(793)	(459)	(793)	(428)	(451)
Increase (decrease) in provision for bad debts in the financial services segment	-	1,914	-	(7)	1,914
Changes in operating assets and liabilities:					
Change in trade and other receivables	(18,878)	(18,675)	(10,683)	(2,185)	(17,892)
Change in inventories and in contract work in progress, net of advances from customers	(3,034)	(13,026)	2,444	(3,109)	(8,305)
Change in trade and other payables	(3,002)	(3,802)	(1,726)	(6,531)	(2,422)
Movement in pledged time deposit	-	685	-	(30)	-
Dividend received	9,768	-	9,768	-	2,413
Interest paid	(10,914)	(31,424)	(3,077)	(1,375)	(56,565)
Interest received	327	22,115	231	10,812	22,464
Income taxes paid	(3,624)	(1,045)	(2,400)	(720)	(2,549)
	(13,103)	(26,846)	(5,063)	11,266	(21,179)

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

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
B. Proceeds from sale of subsidiaries					
Working capital (excluding cash and cash equivalents)	-	-	-	-	(68,489)
Non-current assets (excluding fixed assets and concession assets)	-	-	-	-	121,864
Fixed assests	-	-	-	-	11,231
Long-term liabilities	-	-	-	-	(2,108)
Release of currency translation reserves	-	-	-	-	4,137
Gain on disposal of investment, net of tax	-	-	-	-	15,179
Asset classified as held for sale (*)	(1,008)	21,856	(622)	21,856	21,856
	(1,008)	21,856	(622)	21,856	103,670

(*) During the first half of 2017 the Company transferred a tax amount of € 1 million to the PRC tax authorities for the remaining 25% of KWIG shares sold.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2017

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 and (water) infrastructure projects (discontinued operations, see Note 3B), 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 August 31, 2017.

2. Financial Position and Going Concern

As at June 30, 2017 the Company had, on a stand-alone basis and on a consolidated basis, a working capital deficit of €113 million and €111 million, respectively (excluding debentures held by subsidiaries).

In 2016 the Company completed the sale of TBIF and the sale of the remaining 25% in KWIG. The Company early repaid in full the principal amount of the debentures that was payable in February 2017 using the proceeds from these transactions. The remaining interest of approximately €4 million was paid in February 2017. The next debenture repayment is in February 2018 and amounts to €119 million as at June 30, 2017.

Management prepared a two year liquidity analysis as part of its normal course of business which addresses the required liquidity to be able to repay interest and principal of the Company's debentures and all other liabilities in the year 2017 and onwards and to finance its operating activities. Included in this analysis are, among others, the current cash balances and the projected cash from future operations and transactions. The Company is currently conducting processes, directly or through its subsidiaries, and negotiating transactions to sell assets and refinancing of loans with a number of prominent parties which, it is confident will generate adequate resources to meet future liabilities in the next 12 months, as well as strengthening its financial position. These assets may include the subsidiaries KLC and/or TGI and/or part of their assets. In that respect, refer to Note 3B regarding the classification of TGI as held for sale.

The directors are confident that, taking into account their plans to realize the transactions and the progress which has been made in that respect, the Company has the ability to obtain the required resources for repaying its obligations and continue its business operations in the future. Accordingly, the directors are satisfied that it is appropriate to prepare these condensed interim consolidated financial statements on a going concern basis.

However, the directors are aware that the realization of the Company's plans depends on factors that are not wholly within the Company's control, and therefore there is uncertainty that such transactions will be completed or will generate sufficient resources to meet its liabilities according to their contractual maturities. According to established guidelines, these conditions indicate the existence of a material uncertainty which casts 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 financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company is unable to continue as a going concern.

3. Basis of presentation and preparation

A. General

The condensed interim consolidated financial statements as at June 30, 2017 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, 2016.

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, 2016.

B. Segment information

Further to Note 2 above, due to the various processes conducted by the Company, as of March 31, 2017 the terms of classifying the investment in TGI (Tahal Group International B.V., - Kardan's water infrastructure company) as Held-For-Sale and its results as discontinued operations, in accordance with IFRS 5, were met.

Accordingly, starting the first quarter of 2017, the Company's sole operating segment is real estate Asia. Therefore, these financial statements do not include further disclosure regarding operating segments, as the Company's operating results solely consist of its real estate activities. For the financial results of TGI, refer to Note 6.

C. Standards and interpretations issued but not yet effective and which the company did not choose their early adoption

As part of the Company's annual financial statements as at December 31, 2016 a disclosure regarding standards and interpretations issued but not yet effective and which the Company did not choose their early adoption was given.

1. IFRS 16 - Leases

   Further to Note 4(EE) to the Company's annual financial statements as at December 31, 2016, the Company has yet to finalize the evaluation of the potential impacts of applying IFRS 16 on its financial statetements, howerver, it is of the opinion that applying IFRS 16 will not have a material effect on its consolidated financial statements.
   IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

2. IFRS 15 - Revenue from Contracts with Customers

   Further to Note 4(EE) to the Company's annual financial statements as at December 31, 2016, the Company is expecting to adopt IFRS 15 at the Effective Date, using the modified retrospective method, i.e., recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings as at the Effective Date, with no adjustments to comparative periods. Furthermore, the Company shall apply IFRS 15 retrospectively only to contracts that are not yet completed at the date of the initial application, as permitted by the standard.

   As at the date of approval of these statements of, the Company intends to adopt the following practical expedients permitted by the standard: Recognition of the incremental cost of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less, and the practical expedient allowing the company not to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

   In the residential real estate activities, under the Company's wholly owned subsidiary in China, the Company has yet to finalize the evaluation of the potential impacts of applying IFRS 15 on its financial statements as at January 1, 2018 and the cumulative effect of the initial application on its balance of retained earnings. Under certain conditions, revenues from sale of apartments should be recognized over time along the construction period instead of the current accounting policy of the Company of recognizing revenue from sale of apartments upon delivery. As at the date of approval of these financial statements the Group is yet to finalize its legal analysis as to the applicability of the afomentioned conditions, including the analysis of the sales contracts of the subsidiary in China as well as the legislation and legal precedents in China – these are also currnetly being examined by the authorities in China.

   Except for the above mentioned potential impact in the real estate activities, the Company is of the opinion that applying IFRS 15 will not have a material effect on its consolidated financial statements.

3. IFRS 9 - Financial Instruments

Further to Note 4(EE) to the Company's annual financial statements as at December 31, 2016, in July 2017 the IASB confirmed the accounting for modifications of financial liabilities under IFRS 9. That is, when a financial liability measured at amortized cost is modified without this resulting in an extinguishment, a gain or loss should be recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

IFRS 9 is required to be applied retrospectively for the annual reporting periods beginning on January 1, 2018. According to the current accounting policy, in case of an unsubstantial modification in the terms of a financial liability, which does not lead to the extinguishment of the financial liability, the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate is amortized over the remaining term of the modified liability.
The Company estimates, as of the date of the approval of these financial statements, that the potential impact of IFRS 9 on its financial statements would result in an increase of approximately € 7.5 million in the balance of its debentures liabilities as of January 1, 2018, in relation to the debt settlement signed between the Company and debentures holders in July 2015, and a corresponding decrease of its equity .

4. Financial Instruments and Risk Management

Further to Note 35 to the 2016 annual consolidated financial statements, set out below is 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

		June 30, 2017		June 30, 2016		December 31, 2016	
		Unaudited				Audited	
	Level	In €'000					
		Carrying amount(*)	Fair value(**)	Carrying amount(*)	Fair value(**)	Carrying amount(*)	Fair value(**)
Liabilities							
Debentures issued by the Company	1	304,068	203,606	364,737	276,959	291,509	213,056

(*) 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, 2017 (*)	Translations recorded in P&L	Investment in a subsidiary	Disposal	As of June 30, 2017
	Audited	Unaudited			
	In €'000				
Put and phantom options	1,220	(76)	62	(239)	967

(*) Not including a balance of € 2,746 thousand which is presented as a liability associated with assets held for sale as of June 30, 2017 (refer to Note 6).

There were no material changes in the valuation processes, the valuation methods used, and the assumptions applied 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 35 in the 2016 annual financial statements.

C. Further to Note 7 to the 2016 annual financial statements, as of June 30, 2017 there were no material changes to the significant assumptions that were used in the valuation of investment property (Galleria Dalian) as at December 31, 2016, apart from adjuments to certain parameters in order to reflect changes as of June 30, 2017. The adjustments resulted in a decrease in the value of the investment property of € 0.8 million.

5. Joint Ventures

A. The composition of the investment in joint ventures is as follows:

	June 30, 2017	June 30, 2016	December 31, 2016
	Unaudited		Audited
	In €'000		
Investments	38,668	83,379	56,286
Loans and other long-term receivables	39,570	9,600	39,753
Total investment in joint ventures	78,238	92,979	96,039

B. Summary of financial information of a material joint venture accounted for using the equity method

Green Power Development Ltd. (a joint venture of KLC)

	June 30, 2017	June 30, 2016	December 31, 2016
	Unaudited		Audited
	In €'000		
Current assets (not including cash and cash equivalent)	67,682	168,264	110,717
Cash and cash equivalent	35,147	15,336	30,647
Non-current assets	3,909	2,000	3,585
Current liabilities	(45,765)	(137,569)	(90,463)
Current financial liabilities	(43,043)	(35,085)	(38,468)
Non controlling interest holders	(3,384)	-	(3,626)
Total equity attributed to the owners	14,546	12,964	12,392
% held in the joint venture	50	50	50
Total investment in joint ventures	7,273	6,473	6,196
Deemed cost on projects	217	586	384
Total investment in joint ventures	7,490	7,059	6,580

	For the Six months period ended June 30,		For the three months period ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	Unaudited				Audited
	In €'000				
Revenues from operations	62,608	8,756	11,198	4,820	71,002
Cost of operations	(42,995)	(6,812)	(7,066)	(3,654)	(52,138)
Selling and marketing, other and administrative expenses	(3,142)	(888)	(997)	(525)	(4,160)
Other financial income (expenses)	2,732	650	2,201	(786)	(947)
Profit (loss) before tax	19,203	1,706	5,336	(145)	13,757
Income tax expenses	6,128	581	2,332	415	4,780
Profit (loss) for the year attributed to equity holders	13,075	1,125	3,004	(560)	8,977
% held of the joint venture	50	50	50	50	50
Group's share of profit (loss) for the year	6,538	563	1,502	(280)	4,489
Realizing of deemed cost on projects	(167)	(20)	(12)	(10)	(222)
Group's share of profit (loss) for the year	6,371	543	1,490	(290)	4,267
Total other comprehensive expenses attributed to equity holders	(2,244)	(1,766)	(1,800)	(268)	(1,262)
% held of the joint venture	50	50	50	50	50
Group share of the total other comprehensive expenses	(1,122)	(883)	(900)	(134)	(631)

6. Discontinued operations and assets held for sale

A. Following the sale of TBIF in 2016, which was the main activity included in ‘Banking and Retail lending’, the Group is substantially no longer active in this segment. The results of TBIF are presented as discontinued operations (for more information regarding this transaction refer to Note 5b to the Company’s 2016 annual financial statements).

Regarding the presentation of TGI as discontinued operations and an assets held for sale, refer to Note 3B.

B. Assets held for sale and liabilities associated with assets held for sale

	June 30,	
	2017	2016
	TGI	TBIF
	Unaudited	
	In €’000	
Assets		
Assets held for sale	-	5,373
Other non-current assets	51,338	18,100
Loans to bank customers	-	144,626
Other current assets	108,271	55,451
Cash and cash equivalents	13,364	40,542
Total assets	**172,973**	**264,092**
Liabilities		
Banking customers accounts	-	185,945
Interest-bearing loans and borrowings	28,971	-
Advances from customers	14,228	-
Other liabilities	82,073	16,187
Total liabilities	**125,272**	**202,132**
Net asset value	**47,701**	**61,960**

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

As of December 31, 2016, the Company did not present assets held for sale or liabilities associated with assets held.

C. Net profit from discontinued operations:

	For the six months ended June 30,				For the three months ended June 30,				For the year ended December 31,		
	2017	2016			**2017**	2016			2016		
	TGI	TGI	TBIF	Total	TGI	TGI	TBIF	Total	TGI	TBIF	Total
	Unaudited								Audited		
	In €'000										
Income	74,229	*63,451	20,545	83,996	43,070	*31,932	10,308	42,240	*138,455	20,545	159,000
Expenses	72,581	*59,547	13,297	72,844	41,676	*29,709	7,074	36,783	*133,945	13,297	147,242
Profit before tax	1,648	3,904	7,248	11,152	1,394	2,223	3,234	5,457	4,510	7,248	11,758
Income tax expenses, net	168	2,177	796	2,973	488	1,481	634	2,115	3,444	796	4,240
Profit from discontinued operations	1,480	1,727	6,452	8,179	906	742	2,600	3,342	1,066	6,452	7,518
Discontinued operation items related to the sales transactions:											
Net profit (loss) from devaluation of investment - KWIG	-	(144)	-	(144)	-	1,325	-	1,325	(144)	-	(144)
Capital gain	-	-	-	-	-	-	-	-	-	19,316	19,316
Release of capital reserves due to sale	-	-	-	-	-	-	-	-	-	(4,137)	(4,137)
Net profit from discontinued operations	1,480	1,583	6,452	8,035	906	2,067	2,600	4,667	922	21,631	22,553
Attributable to:											
Equity holders	2,250	1,688	6,452	8,140	1,356	1,876	2,600	4,476	918	21,631	22,549
Non-controlling interest holders	(770)	(105)	-	(105)	(450)	191	-	191	4	-	4
	1,480	1,583	6,452	8,035	906	2,067	2,600	4,667	922	21,631	22,553

* TGI reclassified its 2016 contract revenue and cost in relation to accounting treatment of landfill levies according to IAS 18. The reclassification did not impact the net results.

D. Composition of the cash flow statements related to discontinued operations:

	For the six months ended June 30,				For the three months ended June 30,				For the year ended December 31,		
	2017	2016			**2017**	2016			2016		
	TGI	TGI	TBIF	Total	TGI	TGI	TBIF	Total	TGI	TBIF	Total
	Unaudited								Audited		
	In €'000										
Net cash provided by (used in) operating activities	(19,654)	(7,072)	(3,672)	(10,744)	(8,599)	965	2,941	3,906	(9,204)	(3,672)	(12,876)
Net cash provided by (used in) investing activities	(4,755)	22,394	(2,558)	19,836	(1,584)	22,782	(1,694)	21,088	16,919	38,714	55,633
Net cash provided by (used in) financing activities	14,999	(173)	(138)	(311)	6,747	(188)	(15)	(203)	12,876	(138)	12,738

E. Composition of other comprehensive income items related to discontinued operations:

	For the six months ended June 30,				For the three months ended June 30,				For the year ended December 31,		
	2017	2016			**2017**	2016			2016		
	TGI	TGI	TBIF	Total	TGI	TGI	TBIF	Total	TGI	TBIF	Total
	Unaudited								Audited		
	In €'000										
Adjustments arising from translating financial statements of foreign operations	(1,376)	(760)	(2)	(762)	(2,285)	645	(78)	567	1,903	4,135	6,038
Change in hedge reserve, net	(13)	243	-	243	(127)	79	-	79	203	-	203
Total other comprehensive income	(1,389)	(517)	(2)	(519)	(2,412)	724	(78)	646	2,106	4,135	6,241
Attributable to:											
Equity holders	(1,403)	(599)	(2)	(601)	(2,261)	244	(78)	166	1,897	4,135	6,032
Non-controlling interest holders	14	82	-	82	(151)	480	-	480	209	-	209
	(1,389)	(517)	(2)	(519)	(2,412)	724	(78)	646	2,106	4,135	6,241

7. Significant transactions

TGI (discontinued operations)

On June 7, 2017, Water Planning for Israel Ltd. (‘WPI’), signed an agreement for the sale of its entire holdings (40.5%) in Star Pumped Storage Ltd. to Noy Fund (‘the Agreement’ and ‘the Buyer’, respectively), for a total consideration of NIS 81 million (approximately € 20.3 million) in a two-part transaction.

The first part of the Agreement relates to the sale of 19.84% of WPI’s holdings for a consideration of NIS 39 million (approximately € 9.8 million) (‘Consideration A’).
The second part relates to the sale of the remaining 20.66% of WPI’s holdings for a consideration of NIS 42 million (approximately € 10.5 million), subject to the Buyer’s intention to acquire WPI’s remaining stake. In August 2017 the Buyer informed of its intention to acquire the remaining stake.

The parties agreed that the Buyer would provide Consideration A to WPI, initially as a loan, for the latter to meet its financial closing requirements. This amount will be considered a final consideration when the conditions precedent to completing this part of the transaction are met. Subsequent to the balance sheet date - in July 2017 - a loan was provided to WPI by the Buyer, in the amount of NIS 26 million (approximately € 6.4 million), representing 67% of Consideration A. The remaining consideration is expected to be received upon finalization of the transaction.

The parties further agreed that WPI will pledge in favor of the Buyer, its remaining 20.66% holdings in order to secure the Buyer’s financial closing requirements.

In addition, at the time of the Project's financial closing, WPI will be entitled to receive reimbursement of expenses from third parties in connection with the Project, in the amount of NIS 35 million (approximately € 8.8 million). In July 2017 – subsequent to the balance sheet date - the Project’s financial closing was completed and WPI received the payments for the reimbursement of expenses from third parties in the amount of NIS 20.4 million (approximately € 4.9 million). The remaining reimbursement, as mentioned above, is expected to be received upon finalization of the transaction.

In case that the first part of the transaction is not completed for reasons that are not dependent on WPI, Consideration A will remain as a loan to WPI, which will be repaid in accordance with the terms set out in the Agreement.

The consideration for the two parts of the transaction is based on the assumption that the benefits from the Project will be in the amounts detailed in the Agreement, as well as a compensation mechanism if these benefits will be lower than expected.

Completion of each of the two parts of the transaction in its own is subject to the fulfilment of various conditions precedent, including regulatory approvals and meeting the Project’s financial closing requirements such as the provision of bank guarantees to the Project’s financing parties.

8. Financial Covenants

During the six months ended June 30, 2017 and as of June 30, 2017 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 of Kardan N.V., Amsterdam, which comprises the condensed interim consolidated statement of financial position as at 30 June 2017, 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 and the selected explanatory notes for the three and six months period then ended. 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 interim consolidated interim financial information as at 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

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Material uncertainty related to going concern

We draw attention to the financial position and going concern paragraph in note 2 of the condensed interim consolidated financial information, which indicates that the Company is currently negotiating transactions (sale of assets and refinancing of loans) with a number of prominent parties which it is confident will generate adequate resources to meet future liabilities in the next 12 months. The realization of the Company's plans depends on factors that are not wholly within the Company's control. These conditions indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Amsterdam, 31 August 2017
PricewaterhouseCoopers Accountants N.V.

A.H. Zoon RA

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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 June 30, 2017

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

June 30, 2017

	June 30,		December
	2017	2016	31, 2016
	€ in thousand		
A s s e t s			
Non-current assets			
Property and equipment	83	106	95
Financial fixed assets			
Investments in consolidated subsidiaries	385,663	505,670	406,692
Loans to consolidated subsidiaries	24	22	23
	385,687	505,692	406,715
Current assets			
Cash and cash equivalents	1,422	28,701	1,754
Short-term investments	131	131	131
Other receivables and derivatives	1,386	2,290	1,005
	2,939	31,122	2,890
Total assets	388,709	536,920	409,700
E q u i t y and l i a b i l i t i e s			
Equity attributable to equity shareholders			
Issued and paid-in capital	25,276	25,276	25,276
Share premium	206,482	206,482	206,482
Foreign currency translation reserve	7,840	13,878	23,590
Property revaluation reserve	34,183	36,407	34,772
Other reserves	6,107	7,455	6,633
Accumulated deficit	(278,812)	(235,429)	(259,420)
	1,076	54,069	37,333
Long-term liabilities			
Debentures	217,811	328,669	364,159
Option liability	3,107	2,103	3,246
	220,918	330,772	367,405
Current liabilities			
Current maturities of debentures	155,233	138,501	-
Other payables	11,482	13,578	4,962
	166,715	152,079	4,962
Total equity and liabilities	388,709	536,920	409,700

ADDITIONAL INFORMATION FROM THE COMPANY'S INCOME STATEMENT

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	€ in thousand				
Net result from investments for the period	2,248	5,769	(1,635)	4,111	20,049
General and administrative expenses, net	1,667	(1,606)	787	(4,585)	3,379
Income from operations before financing expenses	581	4,163	(2,422)	3,313	16,670
Financing expenses, net	(20,390)	(9,730)	331	(11,175)	(47,426)
Loss before tax expenses (benefit)	(19,809)	(5,567)	(2,091)	(7,862)	(30,756)
Income tax expense (benefit)	(172)	303	(87)	(80)	(574)
Loss for the period	(19,981)	(5,870)	(2,178)	(7,782)	(31,330)

ADDITIONAL INFORMATION FROM THE COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2017	2016	**2017**	2016	2016
	€ in thousand				
Net result for the period	(19,981)	(5,870)	(2,178)	(7,782)	(31,330)
Foreign currency translation differences*	(15,750)	(10,833)	(14,145)	(1,129)	(1,121)
Change in hedge reserve, net	(528)	(517)	(384)	(300)	(1,365)
Other comprehensive income (loss) for the period	(16,278)	(11,350)	(14,529)	(1,429)	(2,486)
Total comprehensive loss	(36,259)	(17,220)	(16,707)	(9,211)	(33,816)

***** In 2016 including an amount of €4,137 thousand related to reclassification of translation funds due to the sale of TBIF.

ADDITIONAL INFORMATION FROM THE COMPANY'S CASH FLOW STATEMENT

	For the six months ended June 30,		For the three months ended June 30,		For the year ended December 31,
	2017	2016	2017	2016	2016
	€ in thousand				
Cash flow from operating activities of the Company					
Loss for the period	(19,981)	(5,870)	(2,178)	(7,782)	(31,330)
Adjustments to reconcile net profit to net cash of the Company					
Charges to net loss not affecting operating cash flows:					
Financial expenses	20,610	10,273	(226)	11,055	49,020
Share-based payment	(1)	(172)	-	24	(146)
Equity earnings	(2,248)	(5,769)	1,635	(4,111)	(20,049)
Changes in working capital of the Company					
Change in receivables	(369)	(567)	(114)	655	(873)
Change in payables	(202)	(395)	(242)	(553)	548
Cash amounts paid and received during the period					
Dividend received from consolidated companies	11,500	35,652	-	22,442	113,284
Interest received	(4,457)	5	-	2	8
Interest paid	-	(23,326)	-	-	(41,120)
Net cash provided by (used in) operating activities of the Company	**4,852**	**9,831**	**(1,125)**	**21,732**	**69,342**
Cash flow from investing activities of the Company					
Short term investments, net	-	6	-	(1)	6
Investments in subsidiaries	(5,184)	(4,003)	(5,121)	-	-
Net cash provided by (used in) investing activities of the Company	**(5,184)**	**(3,997)**	**(5,121)**	**(1)**	**6**
Cash flow from financing activities					
Investment in shares of a subsidiary					(4,003)
Debentures settlement payment	-	-	-	-	-
Repayment of debentures	-	-	-	-	(86,458)
Net cash used in financing activities of the Company	**-**	**-**	**-**	**-**	**(90,461)**
Increase (decrease) in cash and cash equivalents of the Company	(332)	5,834	(6,246)	21,731	(21,113)
Cash and cash equivalents at beginning of the period of the Company	1,754	22,867	7,668	6,970	22,867
Cash and cash equivalents at end of the period of the Company	**1,422**	**28,701**	**1,422**	**28,701**	**1,754**

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, 2016 and the accompanying notes, and in conjunction to the condensed interim consolidated financial statements for the six and three months ended June 30, 2017..

2. Financial position and going concern

As at June 30, 2017 the Company had, on a stand-alone basis and on a consolidated basis, a working capital deficit of €113 million and €111 million, respectively (excluding debentures held by subsidiaries).

In 2016 the Company completed the sale of TBIF and the sale of the remaining 25% in KWIG. The Company early repaid in full the principal amount of the debentures that was payable in February 2017 using the proceeds from these transactions. The remaining interest of approximately €4 million was paid in February 2017. The next debenture repayment is in February 2018 and currently amounts to €119 million.

Management prepared a two year liquidity analysis as part of its normal course of business which addresses the required liquidity to be able to repay interest and principal of the Company's debentures and all other liabilities in the year 2017 and onwards and to finance its operating activities. Included in this analysis are, among others, the current cash balances and the projected cash from future operations and transactions. The Company is currently conducting processes, directly or through its subsidiaries, and negotiating transactions to sale assets and refinancing of loans with a number of prominent parties which, it is confident will generate adequate resources to meet future liabilities in the next 12 months, as well as strengthening its financial position. These as assets may include the subsidiaries KLC and/or TGI and/or part of their assets. In that respect, refer to Note 3B regarding the classification of TGI as held for sale.

The directors are confident that, taking into account their plans to realize the transactions and the progress which has been made in that respect, the Company has the ability to obtain the required resources for repaying its obligations and continue its business operations in the future. Accordingly, the directors are satisfied that it is appropriate to prepare these condensed interim consolidated financial statements on a going concern basis.

However, the directors are aware that the realization of the Company's plans depends on factors that are not wholly within the Company's control, and therefore there is uncertainty that such transactions will be completed or will generate sufficient resources to meet its liabilities according to their contractual maturities. According to established guidelines, these conditions indicate the existence of a material uncertainty which casts 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 financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company is unable to continue as a going concern.