KARDAN N.V.
AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements (unaudited)
As of March 31, 2018

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
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	Note	March 31, 2018	March 31, 2017	December 31, 2017
		Unaudited		Audited
		In €'000		
Non-current assets				
Deferred tax assets		468	536	464
Intangible assets and goodwill, net		-	115	-
Tangible fixed assets, net		642	2,428	627
Investment property		222,932	238,331	221,089
Investments in joint ventures	7	51,955	41,794	49,889
Loans to joint ventures		19,641	41,117	25,432
Long-term loans and receivables		7,948	8,993	8,123
		303,586	333,314	305,624
Current assets				
Apartments inventory		61,193	104,122	117,900
Trade receivables		10,710	5,657	5,401
Current tax assets		342	1,335	1,502
Other receivables and prepayments		3,200	20,337	5,686
Short-term investments		24,044	6,451	11,969
Cash and cash equivalents		36,327	25,377	37,140
		135,816	163,279	179,598
Assets held for sale	8	188,636	163,341	183,354
Total current assets		324,452	326,620	362,952
Total assets		628,038	659,934	668,576

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

Equity and liabilities

	Note	**March 31, 2018**	March 31, 2017	December 31, 2017
		Unaudited		Audited
		In €'000		
Equity (deficit) attributable to equity holders of the parent company				
Issued and paid-in capital	5	25,276	25,276	25,276
Share premium		206,482	206,482	206,482
Foreign currency translation reserve		(5,845)	21,985	37
Property revaluation reserve		31,637	34,772	31,637
Revaluation reserve, other		5,379	6,490	5,586
Accumulated deficit		(275,668)	(277,223)	(273,386)
		(12,739)	17,782	(4,368)
Non-controlling interests		2,454	3,711	3,542
Total equity (deficit)		(10,285)	21,493	(826)
Non-current liabilities				
Interest-bearing loans and borrowings		105,820	-	104,933
Other long-term liabilities		1,053	819	1,054
Financial instruments		927	999	1,306
Debentures	2	-	189,984	188,708
Deferred tax liabilities		6,408	3,505	6,355
		114,208	195,307	302,356
Current liabilities				
Trade payables		1,730	3,748	2,294
Current maturities of debentures	2	278,639	110,849	95,452
Interest-bearing loans and borrowings		-	108,517	-
Current tax liabilities		1,245	2,410	1,342
Advances from apartment buyers		18,155	49,604	61,208
Other payables and accrued expenses		78,389	47,485	73,952
		378,158	322,613	234,248
Liabilities associated with assets held for sale	8	145,957	120,521	132,798
Total current liabilities		524,115	443,134	367,046
Total liabilities		638,323	638,441	669,402
Total equity and liabilities		628,038	659,934	668,576

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

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Note	For the three months ended March 31,		For the year ended December 31,
		2018	2017	2017
		Unaudited		Audited
		In €'000		
Rental revenues		972	992	3,883
Revenues from sale of apartments		61,627	-	8,556
Management fees and other revenues		477	650	2,584
Total revenues		63,076	1,642	15,023
Rental cost		415	415	1,346
Cost of apartment sold		60,384	-	7,993
Management fees and other expenses, net		595	644	2,847
Total expenses		61,394	1,059	12,186
Gross profit		1,682	583	2,837
Selling and marketing expenses		1,027	1,029	5,668
General and administration expenses		2,480	2,485	10,180
Loss from operations before fair value adjustments, disposal of assets and investment and other income		(1,825)	(2,931)	(13,011)
Adjustment to fair value of investment properties		-	-	(4,181)
Gain on disposal of assets and other income, net		-	-	836
Loss from fair value adjustments, disposal of assets and investments and other income		-	-	(3,345)
Loss from operations		(1,825)	(2,931)	(16,356)
Financial income		13,314	122	6,845
Financial expenses		(6,968)	(20,029)	(34,321)
Total financial income (expenses), net		6,346	(19,907)	(27,476)
Profit (loss) before share of profit from investments accounted for using the equity method		4,521	(22,838)	(43,832)
Share of profit of investments accounted for using the equity method, net	7	1,712	5,362	18,853
Profit (loss) before income taxes		6,233	(17,476)	(24,979)
Income tax expenses		1,627	1,221	5,180
Profit (loss) for the period from continuing operations		4,606	(18,697)	(30,159)
Net profit from discontinued operations	8	162	574	12,783
Net profit (loss) for the period		4,768	(18,123)	(17,376)
Attributable to:				
Equity holders		4,269	(17,803)	(17,101)
Non-controlling interest holders		499	(320)	(275)
		4,768	(18,123)	(17,376)
Earnings (loss) per share attributable to shareholders				
Basic and diluted from continuing operations		0.04	(0.15)	(0.25)
Basic and diluted from discontinued operations		-	-	0.10
		0.04	(0.15)	(0.15)

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended March 31,		For the year ended December 31,
	2018	2017	2017
	Unaudited		Audited
		In €'000	
Net profit (loss) for the period	4,768	(18,123)	(17,376)
Foreign currency translation differences	(7,875)	(1,307)	(15,202)
Change in hedge reserve, net of tax (1)	(208)	(133)	(1,051)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(72)	(144)	(8,498)
Other comprehensive expense for the year to be reclassified to profit or loss in subsequent periods	(8,155)	(1,584)	(24,751)
Total comprehensive expense	(3,387)	(19,707)	(42,127)
Attributable to:			
Equity holders	(1,821)	(19,552)	(41,705)
Non-controlling interests holders	(1,566)	(155)	(422)
	(3,387)	(19,707)	(42,127)

(1) Mainly relates to unwinding of hedge transactions in prior periods. The amounts are presented net of tax amounting to €69 thousand and €85 thousand for the three months ended March 31, 2018 and March 31, 2017 respectivly and €346 thousand for the year ended December 31, 2017.

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

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, 2018 (Audited)	25,276	206,482	37	31,637	5,586	(273,386)	(4,368)	3,542	(826)
Adjustments on adoption of IFRS 15	-	-	-	-	-	688	688	-	688
Adjustments on adoption of IFRS 9	-	-	-	-	-	(7,246)	(7,246)	-	(7,246)
Balance as of January 1, 2018 (after adjustments on the adoption of IFRS 15 and IFRS 9)	25,276	206,482	37	31,637	5,586	(279,944)	(10,926)	3,542	(7,384)
Other comprehensive loss	-	-	(5,882)	-	(208)	-	(6,090)	(2,065)	(8,155)
Profit for the period	-	-	-	-	-	4,269	4,269	499	4,768
Total comprehensive loss	-	-	(5,882)	-	(208)	4,269	(1,821)	(1,566)	(3,387)
Transactions with non-controlling interest	-	-	-	-	-	7	7	-	7
Share-based payment	-	-	-	-	1	-	1	478	479
Balance as of March 31, 2018 (Unaudited)	25,276	206,482	(5,845)	31,637	5,379	(275,668)	(12,739)	2,454	(10,285)

(*) 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, 2017 (Audited)	25,276	206,482	23,590	34,772	6,633	(259,420)	37,333	3,850	41,183
Other comprehensive loss	-	-	(1,605)	-	(144)	-	(1,749)	165	(1,584)
Loss for the period	-	-	-	-	-	(17,803)	(17,803)	(320)	(18,123)
Total comprehensive loss			(1,605)	-	(144)	(17,803)	(19,552)	(155)	(19,707)
Share-based payment	-	-	-	-	1	-	1	16	17
Balance as of March 31, 2017 (Unaudited)	25,276	206,482	21,985	34,772	6,490	(277,223)	17,782	3,711	21,493

(*) 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 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	-	-	(23,553)	-	(1,051)	-	(24,604)	(147)	(24,751)
Loss for the year	-	-	-	-	-	(17,101)	(17,101)	(275)	(17,376)
Total comprehensive expense	-	-	(23,553)	-	(1,051)	(17,101)	(41,705)	(422)	(42,127)
Share-based payment (Note 18)	-	-	-	-	4	-	4	77	81
Transaction with non-controlling interest (Note 21)	-	-	-	-	-	-	-	37	37
Reclassification according to the Netherlands civil code requirements (*)	-	-	-	(3,135)	-	3,135	-	-	-
Balance as of December 31, 2017 (Audited)	25,276	206,482	37	31,637	5,586	(273,386)	(4,368)	3,542	(826)

(*) 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,
	2018	2017	2017
	Unaudited		Audited
	In €'000		
Cash flow from operating activities			
Profit (loss) from continuing operations before taxes on income	6,233	(17,476)	(24,979)
Profit from discontinued operations before taxes on income	21	254	17,880
Adjustments to reconcile net loss to net cash (see A below)	(2,545)	(8,040)	(43,097)
Net cash provided by (used in) operating activities	3,709	(25,262)	(50,196)
Cash flow from investing activities			
Acquisition of tangible fixed assets and investment properties	(838)	(2,576)	(13,641)
Investments and collection (granting) loans from (to) companies accounted for using the equity method, net	5,797	(1,160)	2,737
Acquisition of a subsidiary (see B below)	160	-	-
Proceeds from sale of assets and investments in associates	41	-	22,738
Change in long-term loans and receivables	-	-	(934)
Change in short-term investments	(12,050)	1,031	183
Disposal of a previously consolidated subsidiary (see B below)	-	(386)	(1,008)
Proceeds from deposit release	-	386	1,519
Change in pledged deposits, net			
Net cash provided by (used in) investing activities	(6,890)	(2,705)	11,594

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, 2017
	2018	2017	
	Unaudited		Audited
	In €'000		
Cash flows from financing activities			
Proceeds from long-term loans	-	-	117,304
Repayment of long-term loans	(300)	(1,776)	(106,076)
Change in short-term loans and borrowings	13,686	8,268	8,156
Change in short term deposit	-	-	176
Change in other long term liabilities, net	83	24	5,538
Decrease in pledge deposit	-	2,162	-
Net cash provided by financing activities	13,469	8,678	25,098
Increase (decrease) in cash and cash equivalents	10,288	(19,289)	(13,504)
Cash relating to assets held for sale	(11,556)	(12,542)	(9,049)
Foreign exchange differences relating to cash and cash equivalents	455	(575)	1,910
Cash and cash equivalents at the beginning of the period	37,140	57,783	57,783
Cash and cash equivalents at the end of the period	36,327	25,377	37,140

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CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For the three months period ended March 31,		For the year ended December 31,
	2018	2017	2017
	Unaudited		Audited
	In €'000		
A. Adjustments to reconcile net profit (loss) to net cash			
charges / (credits) to profit (loss) not affecting operating cash flows:			
Share of profit of companies accounted for using the equity method	(1,640)	(5,044)	(17,770)
Gain on disposal of assets and investments in associates, net	-	-	(8,390)
Share-based payment	16	49	81
Depreciation and amortization	50	604	449
Fair value adjustments of investment property	-	-	4,181
Financial expense (income) and exchange differences, net	(5,831)	20,265	27,178
Capital gain from sale tangible fixed assets	(4)	-	(831)
Fair value adjustments of derivative financial instrument	78	-	240
Changes in operating assets and liabilities:			
Change in trade and other receivables	(16,700)	(8,195)	(29,195)
Change in inventories	55,310	(2,076)	(13,918)
Change in contract work in progress, net of advances from customers	(46,141)	(3,402)	26,408
Change in trade and other payables	18,669	(1,276)	(18,453)
Dividend received	-	-	13,386
Interest paid	(3,236)	(7,837)	(16,781)
Interest received	119	96	304
Income taxes paid	(3,235)	(1,224)	(9,986)
	(2,545)	(8,040)	(43,097)

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

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	For three months period ended March 31,		For the year ended December 31, 2017
	2018	2017	
	Unaudited		Audited
	In €'000		
B. Proceeds from sale/aquisition of subsidiaries			
Working capital (excluding cash and cash equivalents and bank borrowings)	1,061	-	-
Property, plant and equipment	(46)	-	-
Goodwill	(855)	-	-
Asset classified as held for sale (*)	-	(386)	(1,008)
	160	(386)	(1,008)

(*) During the first quarter of 2017 the Company transferred a tax amount of € 0.4 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
March 31, 2018

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 8), 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 30, 2018.

2. Financial Position and Going Concern

As at March 31, 2018 the Company had, on a stand-alone basis and on a consolidated basis, a working capital deficit of €295 million and €200 million, respectively (excluding debentures held by subsidiaries). For the first quarter of 2018, the Company recorded a (consolidated and on a stand-alone basis) net profit of €4.7 million, and generated negative cash flow from operating activities of €5.4 million on a stand-alone basis, and positive cash flow of €3.7 million on a consolidated basis. In addition, as at March 31, 2018 the Company had a deficit of €12.7 million in its equity attributable to equity holders. The Company has not repaid the February 2018 principal and interest payments to the debenture holders and is in default according to the Deeds of Trust – see below.

In order to assess the liquidity position of the Company, management prepared a two-year liquidity analysis which indicates the required liquidity to be able to repay interest and principal of the Company's debentures 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 main source of cash for the Company, in order to repay its debt, will be generated from the sale of assets. The Company is conducting processes, directly or through its subsidiaries, and negotiating transactions to sell assets with a number of prominent parties, which, it is expecting, will generate adequate resources to meet its liabilities, as well as strengthening its financial and equity position. The main process being the sale of TGI.

The Company is conducting negotiation with respect to the intended sale of TGI. Based on this negotiation, the Company estimates that the majority of the consideration will be received at closing and will be used to repay the debentures. The remaining consideration will be held in trust to secure certain representations for a limited period of time. On January 11, 2018 the Company announced that following updated information received that day, it would not be able to complete a transaction for the sale of its holdings in Tahal Group International B.V. ('TGI') in a manner that would enable the Company to meet the scheduled payments to the debenture holders in February 2018. Further to this announcement, the Company has not repaid the principal and interest payments which were due in February 2018. Consequently, the Company is in default according to the Deed of Trust as of February 2018. Accordingly, as at March 31, 2018 (and until the repayments are rescheduled) the debentures are presented as current liabilities. Management is currently conducting advanced discussions with the representatives of the Debenture Holders in order to reach an agreement on postponing the payments as part of a

new debt settlement and is making progress in its negotiations of the sale of its holdings in TGI as of the date of the approval of these Condensed Interim Consolidated financial Statements.
In February 2018, following the announcement that the Company will not make the February 2018 repayments, Maalot, the Israeli subsidiary of Standard & Poor's, has adjusted the rating of the Company and its Debentures Series A and Series B to "D".

The directors expect that, taking into account the current status of the discussions with the Debenture Holders and taking into account their plans to realize the transactions and the progress which has been made in that respect, as mentioned-above, the Company has the ability to obtain the required resources for repaying its obligations and continue its business operations in the future. Management believes that a controlled sale of assets is in the best interest of all stakeholders. Accordingly, the directors are satisfied that it is appropriate to prepare these 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 within the Company's control, including the approval of debenture holders to a debt settlement, and therefore there is uncertainty that such transactions will be completed at all or that the discussions with the Debenture Holders will result in rescheduling of payments. These conditions indicate the existence of a material uncertainty which casts significant doubt regarding the Company's ability to continue as a going concern and therefore it may be unable to realize its assets in order to repay the principal and interest payments which were due in February 2018 and its other liabilities in the normal course of business.

The condensed interim 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 March 31, 2018 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, 2017 ('the 2017 annual financial statements').

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, 2017.

New standards and amendments to standards have been effective in 2018 and adopted by the Group:

IFRS 15 Revenue from Contracts with Customers

As described in Note 4CC to the 2017 annual financial statements regarding the first-time implementation of International Financial Reporting Standard No. 15 - Revenues from Customer Contracts ("the Standard"), the Company applied IFRS 15 in accordance with the transitional directive. This transitional directive allows the modified retrospective application. The modified retrospective application allows recognition of the accumulative effect of the initial application as an adjustment of the opening balance of retained earnings in the period of initial application as at January 1, 2018 in the amount of €0.7 million.Comparative prior period/year are not adjusted.

Regarding the accounting policy implemented until December 31, 2017 in respect of the revenue recognition - see paragraph U of Note 4 to the 2017 annual financial statements.

The core principle of IFRS 15 is that revenues from contracts with customers must be recognized in a manner that reflects the transfer of control over the goods or services provided to customers under the contracts, in amounts reflecting the consideration that the entity expects to be entitled to receive for those goods or services.

IFRS 15 establishes a single revenue recognition model according to which the entity will recognize revenue in accordance with the said core principle by implementing five stages:

1) Identify the contract(s) with a customer;
2) Identify the performance obligations in the contract;
3) Determine the transaction price;
4) Allocate the transaction price to the different performance obligations in the contract; and
5) Recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 relates to the accounting treatment of a wide range of issues related to the implementation of the said model, including: recognition of variable revenue in the contract, adjustment of the transaction price determined in the contract to reflect the time value of money and the costs of obtaining and maintaining a contract.

The Standard expands the disclosure requirements with regard to income, and inter alia requires the provision of quantitative and qualitative information regarding significant management considerations that were taken into account in order to determine the recognized income.

The accounting policy applied as of January 1, 2018 in respect of revenue recognition is as follows:

<u>Revenue recognition</u>

In accordance with the Standard, revenue from customer contracts is recognized in profit or loss when control of the asset or service is transferred to the customer. Revenue is measured and recognized at fair value of the consideration expected to be received in accordance with the terms of the contract, net of the amounts collected in favor of third parties (such as taxes). Revenue is recognized in profit or loss to the extent that the economic benefits are expected to flow to the Company, and the income and expenses, if relevant, can be measured reliably.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. Costs of rental operations are recorded in the same period as rental income is recognized. The aggregate cost of rental incentives is recognized as a reduction of rental income over the lease term on a straight-line basis.

Sale of apartments

The Company is operating in construction and sale of residential properties and offices in China.

In accordance with the law, regulations and the commertial harictaristic in China, in case of a mortgage taken for the purchase of an apartment, the control over the property is transfered to the buyer only upon delivery of the apartment and therefore the income from the sale of the residential units, offices and commercial areas is recognized at one point (on the date of delivery), in cases where the apartment was purchased without the a bank financing, no asset was created with alternative use of the company, and it has an enforceable right for payment based on percentage of completion up to that date. Under these circumstances, the company recognizes income over time. The percentage of completion is determined based on completion of engineering stages of the work.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting of financial assets measured at fair value and amortized cost. 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.

The Company applied IFRS 9 from the annual reporting periods beginning on January 1, 2018, Retrospective application is required, but comparative information is not compulsory.

In July 2015, the terms of the debentures issued by the Company in 2008 were changed. During the period of application of IAS 39, it was determined that 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.

Under IFRS 9, even if the change is considered immaterial, it immediately affects the debentures financial liability, which is measured after the change as the present value of the balance of the new contractual cash flows discounted at the original effective interest rate and the difference between the financial liability in the books (in its original terms) The new consideration is charged as an expense to the statement of profit or loss. As a result of the initial implementation of IFRS 9, the balance of debentures as at January 1, 2018 was changed from €302,106 thousand to €309,352 thousand, against an increase in deficicit for an amount of €7,246 thousand as at the said date. As the Company has not yet reached a debt settlement, the contractual cash flows which were in place as of 31 December 2017 have been used to calculate the impact.

Classification and measurement:
From 1 January 2018, the Group classifies its financial assets in the following measurement categories:
1. Those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
2. Those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial asset and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.
The impact of classification and measurement is not material (i.e. no transfer between categories)

Measurement
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment of financial assets
The Group has four types of financial assets that are subject to IFRS 9 new expected credit loss model

- Loans to joint ventures
- Long term loans and receivables
- Trade receivables
- Other receivables and prepayments

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology was immaterial.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. Segment information

A. Segments results:

(1) For the three months ended March 31, 2018:

	Real Estate			
	Development	Investment property	Other	Total
	Unaudited			
	€ in thousands			
Revenue	61,807	1,269	-	63,076
Total Income	61,807	1,269	-	63,076
Share in profit of investment accounted using the equity method	1,239	-	473	1,712
Segment result	2,003	(632)	432	1,803
Unallocated expenses				(1,916)
Loss from operations and share in profit of investment accounted using the equity method before finance expenses, net				(113)
Finance expenses, net				6,346
Loss before income tax				6,233
Income tax expense				(1,627)
Loss from continuing operations				4,606
Profit from discontinued operations				162
Profit for the period				4,768

(2) For the three months ended March 31, 2017:

	Real Estate			
	Development	Investment property	Other	Total
	Unaudited			
	€ in thousands			
Revenue	186	1,456	-	1,642
Total Income	186	1,456	-	1,642
Share in profit of investment accounted using the equity method	4,607	-	755	5,362
Segment result	4,383	(865)	701	4,219
Unallocated expenses				(1,788)
Loss from operations and share in profit of investment accounted using the equity method before finance expenses, net				2,431
Finance expenses, net				(19,907)
Loss before income tax				(17,476)
Income tax expense				(1,221)
Loss from continuing operations				(18,697)
Profit from discontinued operations				574
Loss for the period				(18,123)

(3) For the year ended December 31, 2017:

	Real Estate			
	Development	Investment property	Other	Total
	Audited			
	€ in thousands			
Revenue	9,275	5,748	-	15,023
Fair value adjustments of investment property	-	(4,181)	-	(4,181)
Total Income	9,275	1,567	-	10,842
Share in profit of investment accounted using the equity method	16,425	-	2,428	18,853
Segment result	15,331	(7,440)	1,699	9,590
Unallocated expenses				(7,093)
Loss from operations and share in profit of investment accounted using the equity method before finance expenses, net				2,497
Finance expenses, net				(27,476)
Loss before income tax				(24,979)
Income tax expense				(5,180)
Loss from continuing operations				(30,159)
Profit from discontinued operations				12,783
Loss for the period				(17,376)

B. Segments assets

	March 31,		December 31
	2018	2017	2017
	Unaudited		Audited
	€ in thousands		
Real Estate – Development	122,160	176,818	176,320
Real Estate – Investment property	234,142	249,208	232,326
	356,302	426,026	408,646
Assets held for sale (former water infrastructure)	188,636	163,341	183,354
Unallocated assets (*)	83,100	70,567	76,576
	628,038	659,934	668,576

(*) Most unallocated assets relate to cash balances at the level of the holding companies.

C. Segments liabilities

	March 31,		December 31
	2018	2017	2017
	Unaudited		Audited
	€ in thousands		
Real Estate – Development	49,849	81,351	101,538
Real Estate – Investment property	3,189	3,311	7,958
	53,038	84,662	109,496
Liabilities associated with assets held for sale (former water infrastructure segment)	145,957	120,521	132,798
Unallocated liabilities (*)	439,328	433,258	427,108
	638,323	638,441	669,402

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

5. Share capital

Composition

	March 31, 2018		December 31, 2017	
	Unaudited		Audited	
	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 35 to the 2017 annual 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

		March 31, 2018		March 31, 2017		December 31, 2017	
		Unaudited				Audited	
	Level	€ 000'					
		Carrying amount (*)	Fair value (**)	Carrying amount (*)	Fair value (**)	Carrying amount (*)	Fair value (**)
Liabilities							
Traded Debentures issued by the Company (series A and B)	1	237,670	120,713	303,875	189,309	301,484	177,856
Debentures issued by the Company that ceased to be traded (Series B) (***)	2	62,640	52,376	-	-	-	-

(*) Including accrued interest.
(**) Price on the Tel-Aviv Stock Exchange.
(***) Portion of Debentures Series B that were not repaid and therefore ceased to be traded on the Tel Aviv Stock Exchange. The repayment date of Debentures Series A was postponed and accordingly these debentures continue to be traded.
The fair value of Series B debentures that were delisted from trading was determined according to its value on the stock exchange on the last trading day, while analyzing the volatility of the prices of Series A and B debentures that continue to be traded.

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, 2018 (*)	Transactions recorded in P&L	As of March 31, 2018
	Audited	Unaudited	
		In €'000	
Put options	1,306	(379)	927

(*) Not including a balance of €1,964 thousand which is presented as a liability associated with assets held for sale as of March 31, 2018 (see Note 8).

In March 2018 50% of the Put option was cancelled.

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 35 to the 2017 annual financial statements.

C. Further to Note 7 to the 2017 annual financial statements, as of March 31, 2018 there was no external valuation obtained for the Company's investment property, and therefore there are no changes to the significant assumptions used in the valuation.

7. Joint Ventures

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

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

	March 31, 2018	March 31, 2017	December 31, 2017
	Unaudited		Audited
	In €'000		
Current assets (not including cash and cash equivalent)	42,582	71,524	44,697
Cash and cash equivalent	11,780	31,405	28,045
Non-current assets	3,062	5,521	3,022
Current liabilities	(17,240)	(44,845)	(25,629)
Current financial liabilities	(10,948)	(37,994)	(18,161)
Non controlling interest holders	(1,840)	(4,336)	(1,677)
Total equity attributed to the owners	27,396	21,275	30,297
% held in the joint venture	50%	50%	50%
Total investment in joint ventures	13,698	10,637	15,149
Deemed cost on projects	197	229	202
Total investment in joint ventures	13,895	10,867	15,351

	For the three months period ended March 31,		For the year ended December 31,
	2018	2017	2017
	Unaudited		Audited
	In €'000		
Revenues from operations	5,172	51,410	77,246
Cost of operations	(3,609)	(35,929)	(50,256)
Selling and marketing, other (income) expenses, and administrative expenses	(468)	(2,145)	(4,577)
Other financial income	693	531	10,723
Profit before tax	1,788	13,867	33,136
Income tax expenses	(658)	3,796	(9,116)
Net profit	1,130	10,071	24,020
Profit (loss) attributed to non-controlling	89	-	(1,338)
Profit for the year attributed to equity holders	1,041	10,071	22,682
% held of the joint venture	50	50	50
Group's share of profit for the year	521	5,036	11,341
Realizing of deemed cost on projects	(5)	(155)	(181)
Group's share of profit for the year	516	4,881	11,160
Total other comprehensive income (expenses) attributed to equity holders	720	(444)	13,080
% held of the joint venture	50	50	50
Group share of the total other comprehensive income (expenses)	360	(222)	6,540

2. Shanxi GTC Lucky Hope Real Estate Development Ltd. (a joint venture of KLC)

	March 31, 2018	March 31, 2017	December 31, 2017
	Unaudited		Audited
	In €'000		
Current assets (not including cash and cash equivalent)	82,210	105,420	83,640
Cash and cash equivalent	31,918	26,560	27,342
Non-current assets	13,638	18,420	13,390
Current liabilities	(89,764)	(97,232)	(88,496)
Current financial liabilities	(6,672)	(25,000)	(6,702)
Total equity attributed to the owners	31,330	28,168	29,174
% held in the joint venture	50	50	50
Total investment in joint ventures	15,665	14,084	14,587

	For the three months period ended March 31,		For the year ended December 31,
	2018	2017	2017
	Unaudited		Audited
	In €'000		
Revenues from operations	3,594	2,560	60,712
Cost of operations	(920)	(1,486)	(40,066)
Selling and marketing, other expenses, and administrative expenses	(874)	(828)	(7,178)
Other financial income	52	30	120
Profit before tax	1,852	276	13,588
Income tax expenses	(456)	(88)	(3,396)
Profit for the year attributed to equity holders	1,396	188	10,192
% held of the joint venture	50	50	50
Group's share of profit for the year	698	94	5,096
Total other comprehensive income (expenses) attributed to equity holders	1,650	(226)	7,038
% held of the joint venture	50	50	50
Group share of the total other comprehensive income (expenses)	825	(113)	3,519

3. VIP Rent (Avis Ukraine)

	March 31, 2018	March 31, 2017	December 31, 2017
	Unaudited		Audited
	In €'000		
Current assets (not including cash and cash equivalent)	8,108	9,383	8,066
Cash and cash equivalent	870	1,484	2,076
Non-current assets	29,400	30,715	30,619
Current liabilities	(3,171)	(3,520)	(2,643)
Current financial liabilities	(2,818)	(2,484)	(2,790)
Non-current liabilities	(11,576)	(12,909)	(12,566)
Total equity attributed to the owners	20,813	22,669	22,762
% held in the joint venture	66	66	66
Total investment in joint ventures	13,737	14,962	15,023

	For the three months period ended March 31,		For the year ended December 31,
	2018	2017	2017
	Unaudited		Audited
	In €'000		
Revenues from operations	2,013	2,220	8,815
Cost of operations	(1,646)	(1,564)	(6,720)
Selling and marketing, other income, and administrative expenses	414	756	2,363
Other financial income	71	18	317
Profit before tax	852	1,430	4,775
Income tax expenses	(4)	(245)	(971)
Profit for the year attributed to equity holders	848	1,185	3,804
% held of the joint venture	66	66	66
Group's share of profit for the year	560	782	2,511
Total other comprehensive expenses attributed to equity holders	(730)	(379)	(2,907)
% held of the joint venture	66	66	66
Group share of the total other comprehensive expenses	(482)	(250)	(1,919)

8. Discontinued operations and assets held for sale

A. Regarding the presentation of TGI as discontinued operations and asset held for sale, please refer to Note 2.

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

	March 31, 2018	**March 31, 2017**	**December 31, 2017**
	TGI	TGI	TGI
	Unaudited		Audited
	€ '000		
Assets			
Trade receivables	45,559	46,417	39,068
Accrued income	45,978	19,304	57,333
Other current assets	38,734	40,044	35,730
Tangible fixed assets,	14,825	12,974	19,822
Other non-current	22,934	32,060	22,352
Cash and cash	20,606	12,542	9,049
Total assets	188,636	163,341	183,354
Liabilities			
Interest bearing loans	35,636	24,117	21,903
Advances from	45,653	38,745	48,147
Other liabilities	64,668	57,659	62,748
Total liabilities	145,957	120,521	132,798
Net asset value	42,679	42,820	50,556

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.

C. Net profit from discontinued operations:

	For the three months ended March 31, **2018**	2017	December 31 2017
	Unaudited		Audited
	€ '000		
	TGI		
Income	31,617	31,159	176,442
Operating and finance expenses and Share of profit of investments accounted for using the equity method, net	(31,596)	(30,905)	(166,357)
Other income, net	-	-	7,795
Profit before tax	21	254	17,880
Income tax expenses (benefit), net	(141)	(320)	5,097
Profit from discontinued operations	162	574	12,783
Attributable to:			
Equity holders	159	894	12,582
Non-controlling interest holders	3	(320)	201
	162	574	12,783

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

	Three months ended March 31, **2018**	2017	For the year ended December 31, 2017
	Unaudited		Audited
	€ '000		
	TGI		
Net cash used in operating activities	(1,851)	(11,055)	(27,821)
Net cash provided by (used in) investing activities	(40)	(3,171)	3,401
Net cash provided by (used in) financing activities	(13,469)	8,252	13,940

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

	Three months ended March 31, **2018**	2017	For the year ended December 31, 2017
	Unaudited		Audited
	€ '000		
	TGI		
Adjustments arising from translating financial statements of foreign operations	(8,204)	909	(3,746)
Change in hedge reserve, net	-	114	(13)
Total other comprehensive income	(8,204)	1,023	(3,759)
Attributable to:			
Equity holders	(6,243)	871	(3,345)
Non-controlling interest holders	(1,961)	152	(414)
	(8,204)	1,023	(3,759)

9. Financial Covenants

Further to Note 25A to the 2017 annual financial statements, as of March 31, 2018 the Company did not meet its financial covenant, as agreed with the Company's debenture holders.
As of March 31, 2018 the other Group companies meet 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 31 March 2018, 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 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 31 March 2018 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

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 negotiating a new debt settlement with its debenture holders. It also indicates that in February 2018 the Company has not repaid the principal and interest payments which were due in February 2018. Hence, the Company is in default according to the Deed of Trust as of February 2018.

The main source of cash for the Company, in order to repay its debt, will be generated from the sale of assets. The realization of the Company's plans depends on factors that are not within the Company's control, including the approval of the debenture holders to a debt settlement, and therefore there is uncertainty that such transactions will be completed at all or that the discussions with the Debenture Holders will result in rescheduling of payments. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter

Amsterdam, 30 May 2018
PricewaterhouseCoopers Accountants N.V.
A.H. Zoon 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, 2018

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

March 31, 2018

	March 31,		December
	2018	2017	31, 2017
	€ in thousand		
A s s e t s			
Non-current assets			
Property and equipment	137	89	128
Financial fixed assets			
Investments in consolidated subsidiaries	362,290	396,419	372,256
Loans to consolidated subsidiaries	24	24	24
	362,314	396,443	372,280
Current assets			
Cash and cash equivalents	4,960	7,668	5,979
Short-term investments	169	131	169
Other receivables and derivatives	1,517	1,266	1,406
	6,646	9,065	7,554
Total assets	369,097	405,597	379,962
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	25,276	25,276
Share premium	206,482	206,482	206,482
Foreign currency translation reserve	(5,845)	21,985	37
Property revaluation reserve	31,637	34,772	31,637
Other reserves	5,379	6,490	5,586
Accumulated deficit	(275,668)	(277,223)	(273,386)
	(12,739)	17,782	(4,368)
Long-term liabilities			
Debentures	350,365	217,607	216,087
Option liabilities	2,890	3,232	3,323
	353,255	220,839	219,410
Current liabilities			
Current maturities of debentures	-	161,457	141,901
Other payables	28,581	5,519	23,019
	28,581	166,976	164,920
Total equity and liabilities	369,097	405,597	379,962

ADDITIONAL INFORMATION FROM THE COMPANY'S INCOME STATEMENT

	For the three months ended March 31,		For the year ended December 31,
	2018	2017	2017
	€ in thousand		
Net result from investments for the period	(5,501)	3,883	2,785
General and administrative expenses, net	1,103	880	3,459
Profit (loss) from operations before financing income (expenses)	(6,604)	3,003	(674)
Financing income (expenses), net	10,942	(20,721)	(16,081)
Profit (loss) before tax expenses	4,338	(17,718)	(16,755)
Income tax expense (benefit)	(69)	85	346
Profit (loss) for the period	4,269	(17,803)	(17,101)

ADDITIONAL INFORMATION FROM THE COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended March 31,		For the year ended December 31,
	2018	2017	2017
	€ in thousand		
Net result for the period	4,269	(17,803)	(17,101)
Foreign currency translation differences	(5,882)	(1,605)	(23,553)
Change in hedge reserve, net	(208)	(144)	(1,051)
Other comprehensive income (expenses) for the period	(6,090)	(1,749)	(24,604)
Total comprehensive loss	(1,821)	(19,552)	(41,705)

ADDITIONAL INFORMATION FROM THE COMPANY'S CASH FLOW STATEMENT

	For the three months ended March 31,		For the year ended December 31,
	2018	2017	2017
	€ in thousand		
Cash flow from operating activities of the Company			
Profit (loss) for the period	4,269	(17,803)	(17,101)
Adjustments to reconcile net profit to net cash of the Company			
Charges to net loss not affecting operating cash flows:			
Financial expenses (income)	(10,986)	20,836	16,317
Fair value loss on derivative financial instruments	78	-	240
Share-based payment	1	(1)	4
Equity (earnings) losses	5,501	(3,883)	(2,785)
Changes in working capital of the Company			
Change in receivables	(120)	(255)	(89)
Change in payables	238	40	(352)
Cash amounts paid and received during the period			
Dividend received from consolidated companies	-	11,500	18,170
Interest received	-	(4,457)	(4,457)
Interest paid	-	-	-
Net cash provided by (used in) operating activities of the Company	**(1,019)**	**5,977**	**9,947**
Cash flow from investing activities of the Company			
Short term investments, net	-	-	(38)
Investments in subsidiaries	-	(63)	(5,684)
Net cash provided by (used in) investing activities of the Company	**-**	**(63)**	(5,722)
Net cash used in financing activities of the Company	**-**	**-**	-
Increase (decrease) in cash and cash equivalents of the Company	(1,019)	5,914	4,225
Cash and cash equivalents at beginning of the period of the Company	5,979	1,754	1,754
Cash and cash equivalents at end of the period of the Company	**4,960**	**7,668**	**5,979**

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, 2017 and the accompanying notes, and in conjunction to the condensed interim consolidated financial statements for the three months ended March 31, 2018.

2. Financial position and going concern

As at March 31, 2018 the Company had, on a stand-alone basis and on a consolidated basis, a working capital deficit of €295 million and €200 million, respectively (excluding debentures held by subsidiaries). For the first quarter of 2018, the Company recorded a (consolidated and on a stand-alone basis) net profit of €4.7 million, and generated negative cash flow from operating activities of €5.4 million on a stand-alone basis, and positive cash flow of €3.7 million on a consolidated basis. In addition, as at March 31, 2018 the Company had a deficit of €12.7 million in its equity attributable to equity holders. The Company has not repaid the February 2018 principal and interest payments to the debenture holders and is in default according to the Deeds of Trust – see below.

In order to assess the liquidity position of the Company, management prepared a two-year liquidity analysis which indicates the required liquidity to be able to repay interest and principal of the Company's debentures 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 main source of cash for the Company, in order to repay its debt, will be generated from the sale of assets. The Company is conducting processes, directly or through its subsidiaries, and negotiating transactions to sell assets with a number of prominent parties, which, it is expecting, will generate adequate resources to meet its liabilities, as well as strengthening its financial and equity position. The main process being the sale of TGI.

The Company is conducting negotiation with respect to the intended sale of TGI. Based on this negotiation, the Company estimates that the majority of the consideration will be received at closing and will be used to repay the debentures. The remaining consideration will be held in trust to secure certain representations for a limited period of time. On January 11, 2018 the Company announced that following updated information received that day, it would not be able to complete a transaction for the sale of its holdings in Tahal Group International B.V. ('TGI') in a manner that would enable the Company to meet the scheduled payments to the debenture holders in February 2018. Further to this announcement, the Company has not repaid the principal and interest payments which were due in February 2018. Consequently, the Company is in default according to the Deed of Trust as of February 2018. Accordingly, as at March 31, 2018 (and until the repayments are rescheduled) the debentures are presented as current liabilities. Management is currently conducting advanced discussions with the representatives of the Debenture Holders in order to reach an agreement on postponing the payments as part of a new debt settlement and is making progress in its negotiations of the sale of its holdings in TGI as of the date of the approval of these Condensed Interim Consolidated financial Statements.
In February 2018, following the announcement that the Company will not make the February 2018 repayments, Maalot, the Israeli subsidiary of Standard & Poor's, has adjusted the rating of the Company and its Debentures Series A and Series B to "D".

The directors expect that, taking into account the current status of the discussions with the Debenture Holders and taking into account their plans to realize the transactions and the progress which has been made in that respect, as mentioned-above, the Company has the ability to obtain the required resources for repaying its obligations and continue its business operations in the future. Management believes that a controlled sale of assets is in the best interest of all stakeholders. Accordingly, the directors are satisfied that it is appropriate to prepare these 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 within the Company's control, including the approval of debenture holders to a debt settlement, and therefore there is uncertainty that such transactions will be completed at all or that the discussions with the Debenture Holders will result in rescheduling of payments. These conditions indicate the existence of a material uncertainty which casts significant doubt regarding the Company's ability to continue as a going concern and therefore it may be unable to realize its assets in order to repay the principal and interest payments which were due in February 2018 and its other liabilities in the normal course of business.

The condensed interim 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**.**