KARDAN N.V.
AMSTERDAM, THE NETHERLANDS

Condensed Interim Consolidated Financial Statements (unaudited)
As of March 31, 2020

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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	Note	**March 31, 2020**	March 31, 2019	December 31, 2019
		Unaudited		Audited
		In €'000		
Non-current assets				
Deferred tax assets		314	325	314
Tangible fixed assets, net		617	723	620
Investment property	3	211,940	221,673	214,577
Investments in joint ventures	7	35,389	42,396	32,408
Loans to joint ventures		15,264	-	15,059
Long-term loans and receivables		997	3,599	1,028
		264,521	268,716	264,006
Current assets				
Apartments inventory		37,690	68,228	42,144
Trade receivables		6,621	7,952	5,501
Current tax assets		3,087	2,633	2,937
Other receivables and prepayments		4,154	4,923	3,692
Short-term investments		5,681	10,617	5,677
Cash and cash equivalents		28,956	66,785	35,895
		86,189	161,138	95,846
Assets held for sale	8	176,019	232,217	183,523
Total current assets		262,208	393,355	279,369
Total assets		526,729	662,071	543,375

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

Equity and liabilities

	Note	March 31, 2020	March 31, 2019	December 31, 2019
		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		(19,057)	(5,186)	(19,038)
Property revaluation reserve		23,029	25,179	25,179
Revaluation reserve, other		4,396	4,723	4,433
Accumulated deficit		(394,554)	(332,727)	(392,934)
		(154,428)	(76,253)	(150,602)
Non-controlling interests		(2,232)	6,051	(2,121)
Total equity (deficit)		(156,660)	(70,202)	(152,723)
Non-current liabilities				
Interest-bearing loans and borrowings		-	90,546	-
Other long-term liabilities		1,624	1,056	1,610
Deferred tax liabilities		4,530	5,143	5,227
		6,154	96,745	6,837
Current liabilities				
Trade payables		1,978	3,185	2,413
Current maturities of debentures	1B,6	295,598	295,676	298,913
Interest-bearing loans and borrowings	6C	95,160	14,056	95,029
Current tax liabilities		1,158	1,475	1,131
Financial instruments		-	691	-
Advances from apartment buyers		1,614	35,930	4,658
Other payables and accrued expenses		103,421	95,797	101,473
		498,929	446,810	503,617
Liabilities associated with assets held for sale	8	178,306	188,718	185,644
Total current liabilities		677,235	635,528	689,261
Total liabilities		683,389	732,273	696,098
Total equity and liabilities		526,729	662,071	543,375

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, 2020	For the three months ended March 31, 2019	For the year ended December 31, 2019
		Unaudited	Unaudited	Audited
		In €'000		
Revenues from sale of apartments		5,114	1,115	54,705
Rental revenues		2,201	2,091	9,055
Management fees and other revenues		217	201	791
Total revenues		7,532	3,407	64,551
Cost of apartments sold		3,721	1,011	46,965
Rental costs		706	996	3,482
Management fees and other expenses, net		63	10	135
Total expenses		4,490	2,017	50,582
Gross profit		3,042	1,390	13,969
Selling and marketing expenses		423	484	3,109
General and administration expenses		1,957	2,247	6,705
Profit (loss) from operations before fair value adjustments disposal of assets and investment and other (loss) income		662	(1,341)	4,155
Adjustment to fair value of investment properties	3	(2,867)	-	-
Other income (expenses), net		1,049	-	(1,555)
Loss from fair value adjustments, disposal of assets and investments and other income		(1,818)	-	(1,555)
Profit (loss) from operations		(1,156)	(1,341)	2,600
Financial income		3,781	1,333	852
Financial expenses		(10,011)	(24,852)	(70,343)
Total financial expenses, net		(6,230)	(23,519)	(69,491)
Profit (loss) before share of profit from investments accounted for using the equity method		(7,386)	(24,860)	(66,891)
Share of profit of investments accounted for using the equity method, net	7	2,958	2,872	14,667
Profit (loss) before income taxes		(4,428)	(21,988)	(52,224)
Income tax expenses (benefit)		(658)	67	727
Profit (loss) for the period from continuing operations		(3,770)	(22,055)	(52,951)
Net profit (loss) from discontinued operations	8	315	(1,216)	(35,477)
Net profit (loss) for the period		(3,455)	(23,271)	(88,428)
Attributable to:				
Equity holders		(3,770)	(23,505)	(83,712)
Non-controlling interest holders		315	234	(4,716)
		(3,455)	(23,271)	(88,428)
Loss per share attributable to shareholders:				
Basic and diluted from continuing operations		(0.03)	(0.18)	(0.43)
Basic and diluted from discontinued operations		-	(0.01)	(0.29)
		(0.03)	(0.19)	(0.72)

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended March 31,		For the year ended December 31,
	2020	2019	2019
	Unaudited		Audited
		In €'000	
Net loss for the period	(3,455)	(23,271)	(88,428)
Foreign currency translation differences	(229)	5,606	(7,207)
Change in hedge reserve, net of tax	(37)	(114)	(404)
Share of other comprehensive income (expenses) of associates and joint ventures accounted for using the equity method	(216)	1,334	(2,927)
Other comprehensive (expenses) income for the period to be reclassified to profit or loss in subsequent periods	(482)	6,826	(10,538)
Total comprehensive expense	(3,937)	(16,445)	(98,966)
Attributable to:			
Equity holders	(3,826)	(16,756)	(91,105)
Non-controlling interests holders	(111)	311	(7,861)
	(3,937)	(16,445)	(98,966)

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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 holders	Total Equity
	In €'000								
Balance as of January 1, 2020 (Audited)	25,276	206,482	(19,038)	25,179	4,433	(392,934)	(150,602)	(2,121)	(152,723)
Other comprehensive loss	-	-	(19)	-	(37)	-	(56)	(426)	(482)
Profit (loss) for the period	-	-	-	-	-	(3,770)	(3,770)	315	(3,455)
Total comprehensive expenses	-	-	(19)	-	(37)	(3,770)	(3,826)	(111)	(3,937)
Reclassification according to the Netherlands civil code requirements, net of tax (*)	-	-	-	(2,150)	-	2,150	-	-	-
Balance as of March 31, 2020 (Unaudited)	25,276	206,482	(19,057)	23,029	4,396	(394,554)	(154,428)	(2,232)	(156,660)

(*) In accordance with the Dutch 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							Non-controlling interest holders	Total Equity
	Issued and paid-in capital	Share premium	Foreign currency translation reserve (*)	Property revaluation reserve (*)	Revaluation reserve, other (*)	Accumulated deficit	Total		
	In €'000								
Balance as of January 1, 2019 (Audited)	25,276	206,482	(12,049)	25,179	4,837	(309,222)	(59,497)	5,740	(53,757)
Other comprehensive income (loss)	-	-	6,863	-	(114)	-	6,749	77	6,826
Profit (loss) for the period	-	-	-	-	-	(23,505)	(23,505)	234	(23,271)
Total comprehensive income (expenses)	-	-	6,863	-	(114)	(23,505)	(16,756)	311	(16,445)
Balance as of March 31, 2019 (Unaudited)	25,276	206,482	(5,186)	25,179	4,723	(332,727)	(76,253)	6,051	(70,202)

(*) In accordance with the Dutch 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 holders	Total equity
	In €'000								
Balance as of January 1, 2019	25,276	206,482	(12,049)	25,179	4,837	(309,222)	(59,497)	5,740	(53,757)
Other comprehensive expense	-	-	(6,989)	-	(404)	-	(7,393)	(3,145)	(10,538)
Loss for the period	-	-	-	-	-	(83,712)	(83,712)	(4,716)	(88,428)
Total comprehensive expense	-	-	(6,989)	-	(404)	(83,712)	(91,105)	(7,861)	(98,966)
Balance as of December 31, 2019	25,276	206,482	(19,038)	25,179	4,433	(392,934)	(150,602)	(2,121)	(152,723)

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

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CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

	Note	For the three months period ended March 31, **2020**	For the three months period ended March 31, 2019	For the year ended December 31, 2019
		Unaudited		Audited
		In €'000		
Cash flow from operating activities				
Loss from continuing operations before taxes on income		(4,428)	(21,988)	(52,224)
Adjustments to reconcile net loss to net cash (see A below)		(3,211)	15,525	23,515
Net cash used in operating activities of continuing operations		(7,639)	(6,463)	(28,709)
Net cash used in operating activities of discontinued operations	8	(2,222)	(11,032)	(12,805)
Net cash used in operating activities		**(9,861)**	**(17,495)**	**(41,514)**
Cash flow from investing activities				
Acquisition of tangible fixed assets and investment properties		(111)	(791)	(583)
Proceeds from sale of assets and investments in associates	8	-	12,600	12,600
Change in short-term investments		-	7,307	9,314
Change in long-term loans		274	-	1,131
Net cash provided by (used in) investing activities from discontinued operation		1,865	(157)	3,401
Net cash provided by investing activities		**2,028**	**18,959**	**25,863**

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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,
	2020	2019	2019
	Unaudited		Audited
		In €'000	
Cash flows from financing activities			
Repayment of debentures	-	-	(12,221)
Repayment of long-term loans	-	282	(6,388)
Decrease in pledge deposit	-	-	2,549
Net cash provided in financing activities from discontinued operations	1,010	3,646	5,215
Net cash provided by (used in) financing activities	**1,010**	**3,928**	**(10,845)**
Increase (decrease) in cash and cash equivalents	**(6,823)**	**5,392**	**(26,496)**
Foreign exchange differences relating to cash and cash equivalents from discontinued operation	(915)	873	2,056
Change in cash of assets held for sale	262	6,670	2,133
Foreign exchange differences relating to cash and cash equivalents from continuing operation	537	1,901	6,253
Cash and cash equivalents at the beginning of the period	35,895	51,949	51,949
Cash and cash equivalents at the end of the period	**28,956**	**66,785**	**35,895**

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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,
	2020	2019	2019
	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	(2,958)	(2,872)	(14,667)
Loss on disposal of assets and investments in associates, net	-	-	1,555
Depreciation and amortization	115	60	631
Fair value adjustments of investment property	2,867	-	-
Financial expense (income) and exchange differences, net	6,247	(4,456)	69,934
Capital gain from sale tangible fixed assets	-	-	2
Fair value adjustments of derivative financial instruments	-	-	681
Changes in operating assets and liabilities:			
Change in trade and other receivables	(2,030)	(2,419)	(10,206)
Change in inventories, net of advances from customers	1,412	(50)	(5,240)
Change in trade and other payables	(5,553)	28,586	16,601
Dividend received	-	-	3,728
Interest paid	(2,873)	(3,084)	(35,859)
Interest received	105	55	631
Income taxes paid	(543)	(295)	(4,276)
	(3,211)	**15,525**	**23,515**

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

1. GENERAL

A. 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 June 29, 2020.

B. Financial Position and Going Concern

1. As at March 31, 2020 the Company had, on a stand-alone basis and on a consolidated basis, a working capital deficit of €361 million and €415 million, respectively (excluding debentures held by subsidiaries), mainly as a result of classification of the debentures and other long-term debt as short-term liabilities, as detailed below. For the three months period ended March 31, 2020, the Company recorded a (consolidated and on a stand-alone basis) net loss of €3.5 million and €3.8 million, respectively, and generated negative cash flow from operating activities of €0.9 million on a stand-alone basis, and negative cash flows from operating activities of €9.9 million on a consolidated basis. In addition, as at March 31, 2020 the Company had a deficit of €154 million in its equity attributable to equity holders. The Company has not repaid the February 2018, 2019 and 2020 principal and interest payments to the debenture holders and is in default according to the Deeds of Trust – see 2 below.

2. On January 11, 2018 the Company announced that it would not be able to complete a transaction for the sale of its holdings in 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 Deeds of Trust as of February 2018. Accordingly, from March 31, 2018, the debentures are presented as current liabilities. Management continues the 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, see also 3 below.
   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".

3. In October 2018, the Company has published the main principles of a debt settlement as negotiated and agreed with debenture holders series B, which include among others, the following: the principal amount of the Debentures and the interest rate will remain unchanged; the final repayment date of the Debentures will be postponed to December 2021, and in parallel the Company will commit to sell assets and to use the funds received from such disposals for early repayment of Debentures A and B , the Company shall issue to Debenture Holders A and

B shares of the Company; each material transaction of the Company and its subsidiaries will be subject to approval of a joint meeting of the debenture holders A and B.

In April 2019, each of the meetings of debentures A and of debentures B approved the understandings reached by the representatives of both debenture series in relation to the balance payments. Accordingly, it was agreed that up to the date on which debenture holders B will be paid the full amount of the balance payments (approximately NIS 373 million), no payment will be made to debenture holders A. After the balance payments to debentures B are completed a balance payment of NIS 10 million will be paid to debenture holders A; and thereafter, each repayment will be made pro-rata between series A and B. Following this approval, in June 2019 the Company repaid NIS 145 million (approximately €36.5 million) to debenture holders B.

Given the development in the financial standings of the Company, in September 2019, the Company has approached the Debenture Holders to propose that the parties will negotiate new terms of the debt settlement, which will be based on the following principles: (1) a portion of the Company's debt will be converted into the Company's shares in such a way that it is expected that the Debenture Holders will obtain a vast majority of the outstanding shares in the capital of the Company, after the share issue; (2) the amount of the Company's debt that will be converted into the Company's shares will be determined on the basis of a joint analysis of the Company and the Trustees, to ensure that the Company has positive equity and the Company can continue to operate as a going concern and meet its repayment obligations towards the Debenture Holders, taking into account future interest payments and expected proceeds when realizing assets in the future; (3) the Company's shares will be allocated to the Debenture Holders pro rata to the Company's total debt to the Debenture Holders (Series A) and (Series B); (4) the percentage of shares to be held by the Debenture Holders shall be determined by the parties within the framework of the negotiations; (5) the Company will continue to realize its assets under the management of the Company's Board of Directors. The new shareholders (i.e. the Debenture Holders) may make use of the right to nominate new board members; and (6) the balance payment as agreed between Series A and B will continue to apply with respect to funds received by the Company. Such settlement structure requires approval of the meeting of shareholders of Kardan and of the meeting of the debenture holders of the Company.

As of the date of approval of the Condensed interim consolidated financial statements, management is advancing the negotiations with the representatives of the debenture holders in order to reach a debt settlement according to the structure described above.

4. Given the current adverse financial position of TGI, the Board has noted the outmost importance of strengthening the equity of TGI to support its operations. With that respect and given the fact that the Company is not able to support such capital increase into TGI, management has been searching for such investment into TGI through partnerships. At this stage TGI is negotiating a restructuring plan with its financing banks. Such agreement, if concluded, should provide TGI the required resources to continue its operation and improve its financial standings. The Company anticipates that after such improvement in the financial performance of TGI subsequent such capital increase and further advancement in various business initiatives it would be feasible to divest the holding in TGI either through direct transaction or through the capital markets. In this respect, please refer to Note 8 below for additional information regarding the financial position of TGI and the Company's investment in TGI.
   In addition, the Company is acting to improve its assets in China and to refinance the project loan (see Note 6 below); assuming the Company will have sufficient time to continue improving these assets, the Company estimates it will be able to maximize their value in future sales transactions while making an orderly sale.

In order to assess the liquidity position of the Company, management prepared a two-year liquidity analysis (cash flow forecast), 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. Due to the financial position of TGI, the cash flow forecast of Kardan does not include any cash generated from selling the investment in TGI.

5. For information regarding the impact of the Corona crisis, please refer to Note 1C below.

6. The directors expect that, taking into account the status of the discussions with the Debenture Holders and the expected terms of the debt settlement, subject to advancement of a settlement of debt-conversion to equity as presented to the Debenture Holders in September 2019, and taking into account the potential future value of the Company's assets in China, 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 of the opinion that it is appropriate to prepare these Condensed interim consolidated financial statements on a going concern basis.

   However, the directors emphasize 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, transaction value of the Company's assets, refinancing and restructuring of loans, the impact of the Corona virus, and macroeconomic developments, and therefore there is uncertainty that the discussions with the Debenture Holders will result in rescheduling of payments and that transactions for sale of assets will be entered into or completed. Accordingly, it may be unable to realize its assets in order to repay its liabilities in the normal course of business. These conditions indicate the existence of a material uncertainty which casts significant doubt regarding the Company's ability to continue as a going concern.
   The condensed interim consolidated 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.

C. Impact of the Corona Virus

The outbreak of the Coronavirus (COVID-19) expanded rapidly since the beginning of 2020. Measures taken by governments around the world to stop the spread of the virus have affected economic activity in many countries.

In dealing with the outbreak of the virus and attempting to stop its spread, drastic regulatory measures were taken around the world, that significantly restrict people's mobility and congregation. As a result, there has been a significant decline in economic activity in many regions of the world.

The restrictions imposed across China following the outbreak of the virus during the first quarter of 2020 affected the Group's real estate operations as follows:

- In the investment property activity (Galleria Dalian shopping mall), many tenants temporarily closed their shops in the mall that had resulted in the sharp decrease in the footfall and sales. As of March 31, 2020, only 42 shops remained closed (out of 193 shops). As of the date of approval of these condensed interim consolidated interim financial information, 32 shops remain closed. At end of May, the number of visitors and the sales turnover of the shopping mall reached approximately 72% and 68% respectively, of their rate before the COVID-19 outbreak.

- During the first quarter of 2020, following the COVID-19 crisis, KLC granted rent discount to its tenants in an accumulated amount of €0.3 million (RMB 2.2 million), and additional incentives were granted mainly in relation to marketing activities.
- KLC's management reviewed the provision for doubtful debts and decided to make several additional specific provisions, amounting to €0.2 million (RMB 1.6 million).
- In light of the expected changes in Galleria Dalian's forecasted cash flows, an updated valuation was made as of March 31, 2020. The various estimates and parameters included in the valuation as of December 31, 2019 were re-examined and adjusted to the expected effects of the COVID-19 crisis. These changes include, amongst others, further discounts, decrease in occupancy rates as well as projected rental income, and expected growth rates. The external valuator also amended the weight taken in the valuation report of each valuation method (the comparison method and the DCF method). It is further noted that the uncertainties in the valuation increased compared to December 31, 2019. .According to the external valuation report, a valuation loss of approximately €2.9 million was recognized in the first quarter of 2020 (for additional information, see Note 3 below).
- In the real estate residential activity, there was no decrease in the number of apartments sold in most of the Group's residential joint venture projects. In the residential project in Dalian KLC recorded a moderate decrease in the selling prices of the apartments. Furthermore, the Group did not experience cancellations beyond the normal cancellation rate.

KLC also examined whether, as a result of the crisis, a decline in the value of apartment inventory in each of the projects is required. Given the sales rates even after the balance sheet date, KLC's management estimated that there was no need to make a provision for impairment.

In light of the COVID-19 crisis, KLC has begun to reduce operating expenses, mainly by reducing manpower costs, cutting down marketing activities, reducing operating hours of the mall and saving utilities cost. Total costs savings were estimated at approximately €0.2 million in Q1 2020. The Chinese government issued few policies to ease some of the financial burden on companies. Such policies include Exemption on Employers' Social Security contribution for a certain period, discount on leased commercial property tax and more. Total benefits amounted to €0.2 million in Q1 2020.

The Company's discontinued operations, TGI Group, is operating in all its countries of operations according to local guidelines with respect to the COVID-19 outbreak. In addition, TGI acts to reduce its operational costs. With respect to the projects, in most countries the project works continued either in full or partially; in few countries projects stopped completely for different time period. Management of TGI estimates that as a result revenues amounting to approximately €1.3 million were delayed however that this will not have a significant impact, on the entire projects and their continuation as a whole. The impact of the economic crisis following the outbreak of the Corona is not yet known and is expected to have an impact on business initiatives it seeks to promote and its business, its market status, future projects, and the outline of its financial support.

In addition, in Israel, payments from governmental customer at the amount of NIS 2 million were prepaid in order to support TGI during this period, and a refund for the municipal taxes of the HQ building was received. In some countries, deferrals in tax payments are allowed.

The current response to Covid-19 means that the Company is faced with an unprecedented set of circumstances on which the Company has to base a judgment about its future operations, cash flows and valuation of its assets. However, given the uncertainty regarding the continuing spread of the virus and the resulting regulatory restrictions, the Company estimates that there could be a significant negative impact on its results for the year, its future cash flows the valuation of its assets, as a result of the circumstances, which the Company is unable to estimate at this time. In addition, it may have a negative impact towards investment sentiment, required rate of return as well as liquidity of any asset. It is uncertain how long this disruption will last and to what extent it will affect the economy. Accordingly, the Company's management is unable to estimate the duration that the Company will be required to operate in this format and therefore it is not possible to estimate the future negative impact expected to the Company's profitability following the Corona crisis.

2. Basis of presentation and preparation

A. General

The condensed interim consolidated financial statements as at March 31, 2020 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, 2019 ('the 2019 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, 2019.

New standards and amendments to standards have been effective in 2020 and adopted by the Group:

Amendments to IFRS 3 - Definition of a Business

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.
The amendment to IFRS 3 will be applied prospectively for annual periods beginning on or after January 1, 2020. In accordance with the amendment provisions, its early application is possible. The first application of the amendment to IFRS 3 is not expected to have a material impact on the Company's financial statements.

3. INVESTMENT PROPERTY

As of March 31, 2020 and December 31, 2019 investment property solely comprises the shopping mall in the city of Dalian, China ('Galleria Dalian').

A. The movements in investment property are as follows:

	For the three months ended March 31,	For the year ended December 31,
	2020	2019
	€ in thousands	
Opening balance	214,577	213,577
Capital expenditure	-	146
Fair value adjustments	(2,867)	-
Foreign currency translation differences	230	854
Closing balance	211,940	214,577
Total accumulated unrealized gains as of the end of the period which recognized in the statement of profit and loss	31,754	33,572

B. Fair value adjustments comprise:

	For the three months period ended March 31,		For the year ended December 31,
	2020	2019	2019 **(*)**
	€ in thousands		
Valuation loss from investments properties completed in prior periods	(2,867)	-	-

(*) For conservative reasons, the Company's Board of Directors decided not to recognize an increase in value of approximately €1 million of the investment property, as reflected from the valuation report as at December 31, 2019. The carrying value of the investment property as at March 31, 2020 is the fair value as reflected in the valuation report, which is attached to these condensed interim financial statements.

C. Fair value measurement of investment property (Level 3 of fair value hierarchy) - significant assumptions:

The fair value of investment properties has been determined on a market value basis in accordance with RICS (Royal Institution of Chartered Surveyors) Valuation – Professional Standards, as set out by the RICS. In arriving at their estimates of market values, the external appraiser has relied on their market knowledge and professional judgment and not only relied on historical transaction comparables.

As of March 31, 2020 and December 31, 2019, a weighted average between the DCF Approach and the Direct Comparison Method has been adopted to assess the fair value of the investment property. In view of the impacts caused by the outbreak of COVID-19 (see also Note 1C), adjustments were made to the valuation assumptions and changes in the weighting between the two valuation methods were adopted compared to the previous valuation report dated December 31, 2019, as described below.

Significant assumptions used in the valuation of the investment property:

	March 31, 2020	December 31, 2019
DCF method		
Estimated rental value per sqm per month (in	34	34
Discount rate	10.5%	10.5%
Rental growth	0% - (Y) 1	3% - (Y) 1
	10%-15% (Y) 2-5	10%-15% (Y) 2-5
	8% (Y) 6-7	8% (Y) 6-7
	5% (Y) 8-9	5% (Y) 8-9
	3% (Y) 10	3% (Y) 10
Terminal cap rate	5.25%	5.25%
Occupancy rate	93%-97%	95%-97%
Capitalization rate	6.5%	6.5%
Direct Comparison method		
Adopted unit rate (RMB/sqm)	16,600	16,600
Weighted average (DCF/Direct Comparison)	60%/40%	50%/50%

D. Sensitivity analysis:

The table below presents the sensitivity of the profit (loss) before tax due to change in the following assumptions:

	March 31, 2020
	€ in thousands
Increase of 25 BP in discount rate and terminal cap	(8,708)
Decrease of 25 BP in discount rate and terminal cap	9,605
Increase of 5% in estimated rental income	10,501
Decrease of 5% in estimated rental income	(10,501)
Increase in general vacancy by 1%	(2,433)

4. Segment information

A. Segments results:

(1) For the three months ended March 31, 2020:

Unaudited	Real Estate		
	Development	Investment property	Total
	In €'000		
Revenue	5,331	2,201	7,532
Fair value adjustment of investment property	-	(2,867)	(2,867)
Total income	5,331	(666)	4,665
Share in profit of investment accounted using the equity method	2,958	-	2,958
Segment result	4,071	(875)	3,196
Unallocated expenses			(1,394)
Gain from operations and share in profit of investment accounted using the equity method before finance expenses, net			1,802
Finance expenses, net			(6,230)
Loss before income tax			(4,428)
Tax benefit			658
Loss from continuing operations			(3,770)
Profit from discontinued operations			315
Loss for the period			(3,455)

(2) For the three months ended March 31, 2019:

Unaudited

	Real Estate		
	Development	Investment property	Total
	In €'000		
Revenue	1,316	2,091	3,407
Share in profit of investments accounted using the equity method	2,872	-	2,872
Segment result	2,718	603	3,321
Unallocated expenses			(1,790)
Gain from operations and share in profit of investment accounted using the equity method before finance expenses, net			1,531
Finance expenses, net			(23,519)
Loss before income tax			(21,988)
Income tax expense			(67)
Loss from continuing operations			(22,055)
Loss from discontinued operations			(1,216)
Loss for the period			(23,271)

(3) For the year ended December 31, 2019:

Audited	Real Estate		
	Development	Investment property	Total
	In €'000		
Total Income	55,496	9,055	64,551
Share in profit of investment accounted using the equity method	14,667	-	14,667
Segment result	18,666	4,029	22,695
Unallocated expenses			(5,428)
Gain from operations and share in profit of investment accounted using the equity method before finance expenses, net			17,267
Finance expenses, net			(69,491)
Loss before income tax			(52,224)
Income tax expense			(727)
Loss from continuing operations			(52,951)
Loss from discontinued operations			(35,477)
Loss for the year			(88,428)

B. Segments assets

	March 31,		December 31,
	2020	2019	2019
	Unaudited		Audited
	In €'000		
Real Estate – Residential	92,727	116,302	93,176
Real Estate – Commercial	216,719	227,801	218,447
	309,446	344,103	311,623
Assets held for sale	176,019	232,217	183,523
Unallocated assets (*)	41,264	85,751	48,229
	526,729	662,071	543,375

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

C. Segments liabilities

	March 31,		December 31
	2020	2019	2019
	Unaudited		Audited
	€ in thousands		
Real Estate – Residential	26,518	66,972	36,451
Real Estate – Commercial	14,981	13,937	14,044
	41,499	80,909	50,495
Liabilities associated with assets held for sale	178,306	188,718	185,644
Unallocated liabilities (*)	463,584	462,646	459,959
	683,389	732,273	696,098

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

5. Share capital

Composition

	March 31, 2020		December 31, 2019	
	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 32 to the 2019 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

	Level	March 31, 2020		March 31, 2019		December 31, 2019	
		Unaudited				Audited	
		In €'000					
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities							
Debentures issued by the Company (series A and B)	1	352,635	30,234	345,110	105,679	348,677	52,381

Notes:
(1) The carrying amounts include accrued interest.
(2) The fair values reflect the 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

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 level 3 financial assets and liabilities, compared to December 31, 2019.

C. Extention or refinancing of Dalian project loan

Interest-bearing loans and borrowings of €95,160 thousand relate to a credit facilty of RMB 900 million (€115 million) granted in 2017 to Kardan Land Dalian Ltd. ('the Project Company'), for the financing of the Europark Dalian project. The loan was granted for a period of 3 years with an extension option of additional one year until November 5, 2021, if mutually agreed by all parties. The facility is secured by the assets of the project (completed apartments inventory, apartments under construction inventory and Galleria Dalian shopping mall, having a fair value of approximately €212 million as of March 31, 2020), the equity shares of KLD as well as guarantees provided by KLC.

The parties are negotiating the aforesaid extension of the loan, and management of the Project Company is confident an agreement for the exercise of the extension option will be signed or that the loan will be refinanced by another bank. In this respect and following the recent decision of the Company's Debenture Holders, KLC is planning to make partial early repayments of the loan in the amount of up to RMB 150 million (€19 million). The early repayments are expected to take place from June until November 2020. Subsequent to the balance sheet date, in June 2020 KLC made an early repayment of RMB 90 million, afterwhich the outstanding balance amounts to RMB 651 million (€83 million).

As of March 31, 2020, and December 31, 2019, the loan balance is presented as current liability as such extension has not yet been signed.

7. Joint Ventures

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

<u>Shaanxi GTC Lucky Hope Real Estate Development Ltd.</u> (a joint venture of KLC)

	March 31, 2020	March 31, 2019	December 31, 2019
	Unaudited		Audited
	In €'000		
Current assets (not including cash and cash equivalent)	77,432	85,833	83,954
Cash and cash equivalent	29,885	31,744	29,546
Non-current assets	(540)	12,718	4,123
Current liabilities	(47,464)	(82,131)	(69,909)
Current financial liabilities	(15,290)	(8,782)	(8,929)
Total equity attributed to the owners	44,023	39,382	38,785
% held in the joint venture	50%	50%	50%
Total investment in joint ventures	22,011	19,691	19,393

	For the three months period ended March 31,		For the year ended December 31,
	2020	2019	2019
	Unaudited		Audited
	In €'000		
Revenues from operations	18,177	25,495	52,681
Cost of operations	(5,858)	(15,378)	(25,573)
Selling and marketing, other (income) expenses, and administrative expenses	(1,245)	(1,429)	(7,537)
Other financial income	240	332	1,032
Profit before tax	11,314	9,020	20,603
Income tax expenses	(6,049)	(2,743)	(6,125)
Profit attributed to equity holders	5,265	6,277	14,478
% held of the joint venture	50%	50%	50%
Group's share of profit for the period	2,633	3,139	7,239
Total comprehensive income attributed to equity holders	5,236	7,536	14,398
% held of the joint venture	50%	50%	50%
Group share of the total comprehensive income	2,618	3,768	7,199

Green Power Development Ltd. (A JOINT VENTURE OF KLC)

	March 31, 2020	March 31, 2019	December 31, 2019
	Unaudited		Audited
		In €'000	
Current assets (not including cash and cash equivalent)	46,698	53,996	47,303
Cash and cash equivalent	11,896	1,512	15,275
Non-current assets	2,358	4,557	2,428
Current liabilities	(15,020)	(48,508)	(24,532)
Current financial liabilities	(19,271)	(4,675)	(15,442)
Non controlling interest holders	(1,522)	(173)	(1,388)
Total equity attributed to the owners	25,139	6,709	23,644
% held in the joint venture	50%	50%	50%
Total investment in joint ventures	12,569	3,354	11,822

	For the three months period ended March 31,		For the year ended December 31,
	2020	2019	2019
	Unaudited		Audited
		In €'000	
Revenues from operations	4,588	1,742	54,100
Cost of operations	(2,384)	(1,394)	(20,005)
Selling and marketing, other (income) expenses, and administrative expenses	(340)	(569)	(3,308)
Other financial income (expenses)	(30)	(47)	73
Profit before tax	1,834	(268)	30,860
Income tax expenses	(202)	(2)	(12,438)
Profit (loss) for the year	1,632	(270)	18,422
Gain (loss) attributed to non-controlling interest	134	(14)	(1,429)
Profit (loss) for the year	1,498	(256)	16,993
% held of the joint venture	50%	50%	50%
Group's share of profit for the period	749	128	8,497
Total comprehensive income attributed to equity holders	1,496	(214)	16,720
% held of the joint venture	50%	50%	50%
Group share of the total comprehensive income	748	(107)	8,360

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 1B.

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

	March 31,		December 31,
	2020	**2019**	2019
	Unaudited		Audited
	TGI	TGI	TGI
	In € '000		
Assets			
Trade receivable	25,972	58,042	30,419
Accrued income	50,404	60,020	52,408
Other current assets	42,215	52,990	41,459
Tangible fixed assets, net	20,937	29,349	20,567
Right-of-use assets	8,418	10,049	9,035
Other non-current assets	16,788	14,756	18,088
Cash and cash equivalents	11,285	7,011	11,547
Total assets	176,019	232,217	183,523
Liabilities			
Interest bearing loans and borrowings	63,799	56,778	61,018
Advances from customers	31,014	32,427	28,008
Lease liabilities	8,733	10,047	9,216
Other liabilities	74,760	89,466	87,402
Total liabilities	178,306	188,718	185,644
Net asset value	(2,287)	43,499	(2,121)
Attributable to equity holders of the parent	-	37,432	-
Non-controlling interests holders	(2,287)	6,067	(2,121)
	(2,287)	43,499	(2,121)

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

C. Net (loss) profit from discontinued operations:

	For the three months period ended March 31,				For the year ended December 31,		
	2020	2019			2019		
	Unaudited				Audited		
	TGI	Avis Ukraine	TGI	Total	Avis Ukraine	TGI	Total
	In €'000						
Income	24,258	-	35,415	35,415	-	152,844	152,844
Operating and finance expenses and Share of profit of investments accounted for using the equity method, net	(25,028)	-	(38,712)	(38,712)	-	(191,508)	(191,508)
Loss before tax	(770)	-	(3,297)	(3,297)	-	(38,664)	(38,664)
Income tax expenses (benefit), net	359	-	(608)	(608)	-	5,139	5,139
Loss from discontinued operations	(1,129)	-	(2,689)	(2,689)	-	(43,803)	(43,803)
Company level adjustments required for the presentation as discontinued operation	1,444	-	-	-	-	8,031	8,031
Profit (loss) from discontinued operations	315	-	(2,689)	(2,689)	-	(35,772)	(35,772)
Discontinued operation items related to the sales transactions:							
Net profit (loss) from revaluation (devaluation) of investment	-	174	-	174	174	(1,178)	(1,004)
Release of capital reserves due to sale	-	1,299	-	1,299	1,299	-	1,299
Net (loss) profit from discontinued operations	315	1,473	(2,689)	(1,216)	1,473	(36,950)	(35,477)
Attributable to:							
Equity holders	-	1,473	(2,923)	(1,450)	1,473	(32,234)	(30,761)
Non-controlling interest holders	315	-	234	234	-	(4,716)	(4,716)
	315	1,473	(2,689)	(1,216)	1,473	(36,950)	(35,477)

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

	For the three months period ended March 31,		For the year ended December 31,		
	2020	2019	2019		
	Unaudited		Audited		
	TGI	TGI	Avis Ukraine	TGI	Total
	In €'000				
Adjustments arising from translating financial statements of foreign operations	(723)	2,017	(1,299)	(9,458)	(10,757)
Total other comprehensive income (expense)	(723)	2,017	(1,299)	(9,458)	(10,757)
Attributable to:					
Equity holders	(309)	1,972	(1,299)	(6,313)	(7,612)
Non-controlling interest holders	(414)	45	-	(3,145)	(3,145)
	(723)	2,017	(1,299)	(9,458)	(10,757)

E. Financial position of a subsidiary presented as held-for-sale (TGI):

For the three months period ended March 31, 2020 TGI presents a profit of €0.3 million, a negative cash flow from operating activities of €2.2 million and negative working capital of €30.2 million (in 2019 a loss of €36.9 million, a negative cash flow from operating activities of €12.8 million and working capital of €30.2 million). The shareholders' equity of TGI attributed to Kardan was immaterial as at March 31, 2020 and December 31, 2019.

In order to finance its operations, TGI uses short term credit lines amounting to €52 million, from banks. As a result of delays in receiving advance payments from the projects in Angola, TGI had to extend those credit lines until December 2019. As of the date of approval of these condensed interim financial statements, one bank has approved an extension of the actual usage of the credit line of approximately US$ 25.6 million until December 31, 2020. Extension for remaining credit lines is pending approval of the other banks.
As of March 31, 2020, covenants in relation to the above credit lines have not been met. It is noted that TGI did not meet its covenants also in previous periods (since September 2018), for which waivers have been received until September 2019. As of the date of the approval of these condensed interim financial statements, the financing banks restricted the access of TGI to further financing, beyond the utilized credit lines as mentioned above.
It is noted that although TGI is in breach towards the banks, as of the date of signing these condensed interim financial statements the banks did not pursue any legal action towards TGI.

During 2020 and as of the date of the approval of these condensed interim financial statements, TGI has been conducting ongoing negotiations with its financing banks a restructuring plan where the banks will continue supporting TGI through its efforts to reorganize and improve its operation and return to solid financial performance. This plan includes support in the form of a guarantees facility required to advance projects and cash credit line to support TGI's working capital.
In parallel, as part of the agreements with the banks, in order to limit the exposure, TGI is negotiating with several parties to sell its holdings in certain activities. The terms of such transactions have not been finalized yet.

Management of TGI expects that with the support of the banks, TGI will have the resources allowing it to improve its financial position. However, there is no certainty that any of the negotiations will result in a binding agreement, or its terms and/or the date of any approval.

Given the financial position of TGI and the fact that the Company is unable to support TGI, management has been searching for an investment into TGI through partnerships. Upon reaching an agreement with TGI's financing banks, the Company assumes that the feasibility of securing such investment may improve. Such investment, if completed, is expected to strengthen TGI's financial position and contribute to its future development.

However, in view of the uncertainty regarding reaching an agreement with TGI's financing banks, at of the date of approving these financial statements, TGI's management, together with its financial and legal advisors, is considering additional alternatives to continue its operations if discussions with the banks do not mature into such agreement.

Due to the adverse financial position of TGI, as described above, and the uncertainties related to the terms of future investment in TGI, the board of directors of Kardan has decided that future cash inflows from TGI will not be taken into account in the cash flow forecast of Kardan. It is also emphasized, that the Company did not provide any guarantee, nor does it have any other commitment in relation to the financial position of TGI. Yet, according to IFRS requirements, the Company continues consolidating TGI's operations until a final sale of TGI is concluded.

9. Financial Covenants

As of March 31, 2020 the Company did not meet its financial covenant, as agreed with the Company's debenture holders.
As of March 31, 2020 some group companies of TGI did not meet certain financial covenants (see also note 8).
KLC and its group companies met their financial covenants as of March 31, 2020.

10. Subsequent events

Subsequent to the balance sheet date, the Company announced that that its Board of Directors has requested Euronext Amsterdam to delist the ordinary shares of Kardan from the stock exchange Euronext Amsterdam ('Euronext Amsterdam'). On June 23, 2020 Euronext Amsterdam approved the request. The shares of Kardan remain listed on the Tel-Aviv Stock Exchange.

Review report

To: the board of directors of Kardan N.V.

Introduction
We have reviewed the accompanying condensed consolidated interim financial information for the three-month period ended 31 March 2020 of Kardan N.V., Amsterdam, which comprises the condensed consolidated statement of financial position as at 31 March 2020, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the period then ended and the selected explanatory notes. The board of directors 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 entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the three-month period ended 31 March 2020 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Emphasis of uncertainty with respect to the going concern assumption
We draw attention to note 1b of the condensed interim consolidated financial statements regarding the financial position and going concern, which indicates that the Company had on a consolidated basis, a working capital deficit as at 31 March 2020 of €415 million. For the three-month period ended March 31, 2020, the Company recorded a net loss of €3.5 million and generated negative cash flows from operating activities on a consolidated basis of €9.9 million. In addition, as at 31 March 2020, the Company had a deficit of €154 million in its equity attributable to equity holders.

The disclosure note also indicates that in February 2018 the Company did not repay the principal and interest payments, which were due in February 2018. Hence, the Company is in default according to the Deeds of Trust as of February 2018. The Company is negotiating a new debt settlement with its debenture holders.

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, the transaction value of the Company's assets, refinancing and restructuring of loans, the impact of the Corona virus and macroeconomic developments, and therefore there is uncertainty that the discussions with the debenture holders will result in rescheduling of payments and that transactions for the sale of assets will be entered to or completed. Accordingly, it may be unable to realize its assets in order to repay its liabilities in the normal course of business. These conditions indicate the existence of a material uncertainty which casts significant doubt regarding the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Rotterdam, 29 June 2020
PricewaterhouseCoopers Accountants N.V.

M.P.A. Corver RA

ADDITIONAL FINANCIAL 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 information (stand-alone)annexed to the

Consolidated financial Statements

As of March 31, 2020

ADDITIONAL FINANCIAL INFORMATION FROM THE COMPANY'S STAND-ALONE STATEMENT OF FINANCIAL POSITION

March 31, 2020

	March 31,		December
	2020	2019	31, 2019
	€ in thousand		
A s s e t s			
Non-current assets			
Property and equipment	80	106	88
Financial fixed assets			
Investments in consolidated subsidiaries	290,508	304,013	288,098
Current assets			
Cash and cash equivalents	2,461	16,316	3,858
Short-term investments	296	169	297
Other receivables and derivatives	2,137	2,277	1,868
	4,894	18,762	6,023
Assets classified as held for sale	-	39,871	-
Total current assets	4,894	58,633	6,023
Total assets	295,482	362,752	294,209
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	(19,057)	(5,186)	(19,038)
Property revaluation reserve	23,029	25,179	25,944
Other reserves	4,396	4,723	4,433
Accumulated deficit	(394,554)	(332,727)	(393,699)
	(154,428)	(76,253)	(150,602)
Current liabilities			
Current maturities of debentures	373,497	372,041	377,670
Option liability	-	2,864	-
Other payables	76,413	64,100	67,141
	449,910	439,005	444,811
Total equity and liabilities	295,482	362,752	294,209

ADDITIONAL INFORMATION FROM THE COMPANY'S STAND-ALONE INCOME STATEMENT

	For the three months ended March 31,		For the year ended December 31,
	2020	2019	2019
	€ in thousand		
Net result from investments for the period	1,599	6,933	29,026
General and administrative expenses, net	597	944	2,077
Income from operations before financing expenses	1,002	5,989	26,949
Financing expenses, net	(4,772)	(27,980)	(78,265)
Loss before tax expenses	(3,770)	(21,991)	(51,316)
Income tax expense (benefit)	-	38	65
Loss for the period from continuing operations	(3,770)	(22,029)	(51,381)
Net loss from discontinued operations	-	(1,476)	(32,331)
Loss for the period	(3,770)	(23,505)	(83,712)

ADDITIONAL INFORMATION FROM THE COMPANY'S STAND-ALONE STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended March 31,		For the year ended December 31,
	2020	2019	2019
	€ in thousand		
Net loss for the period	(3,770)	(23,505)	(83,712)
Foreign currency translation differences	(19)	6,863	(6,989)
Change in hedge reserve, net	(37)	(114)	(404)
Other comprehensive income (loss) for the period	(56)	6,749	(7,393)
Total comprehensive loss	(3,826)	(16,756)	(91,105)

ADDITIONAL INFORMATION FROM THE COMPANY'S STAND-ALONE CASH FLOW STATEMENT

	For the three months ended March 31,		For the year ended December 31,
	2020	2019	2019
	€ in thousand		
Cash flow from operating activities of the Company			
Loss for the period	(3,770)	(23,505)	(83,712)
Adjustments to reconcile net profit to net cash of the Company			
Charges to net loss not affecting operating cash flows:			
Financial expenses	4,765	(94)	78,469
Equity earnings (losses)	(1,599)	(5,457)	3,305
Changes in working capital of the Company			
Change in receivables	(326)	(433)	(524)
Change in payables	33	28,260	11,374
Cash amounts paid and received during the period			
Dividend received from consolidated companies	-		13,000
Interest paid	-		(23,901)
Net cash provided by (used in) operating activities of the Company	**(897)**	**(1,229)**	**(1,308)**
Cash flow from investing activities of the Company			
Change in short term investments	**-**	-	(128)
Investments in subsidiaries	(500)	(50)	(170)
Net cash provided by (used in) investing activities of the Company	**(500)**	(50)	(298)
Cash flow from financing activities of the Company			
Repayment of debentures	-	-	(12,221)
Net cash used in financing activities of the Company	**-**	**-**	**(12,221)**
Increase (decrease) in cash and cash equivalents of the Company	**(1,397)**	**(1,279)**	**(13,827)**
Change in exchange rates	**-**	**-**	**90**
Cash and cash equivalents at beginning of the period of the Company	3,858	17,595	17,595
Cash and cash equivalents at end of the period of the Company	**2,461**	**16,316**	**3,858**

ADDITIONAL INFORMATION

1. General

A. 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, 2019 and the accompanying notes, and in conjunction to the condensed interim consolidated financial statements for the three months ended March 31, 2020.

B. Financial position and going concern

1. As at March 31, 2020 the Company had, on a stand-alone basis and on a consolidated basis, a working capital deficit of €361 million and €415 million, respectively (excluding debentures held by subsidiaries), mainly as a result of classification of the debentures and other long-term debt as short-term liabilities, as detailed below. For the three months period ended March 31, 2020, the Company recorded a (consolidated and on a stand-alone basis) net loss of €3.5 million and €3.8 million, respectively, and generated negative cash flow from operating activities of €0.9 million on a stand-alone basis, and negative cash flows from operating activities of €9.9 million on a consolidated basis. In addition, as at March 31, 2020 the Company had a deficit of €154 million in its equity attributable to equity holders. The Company has not repaid the February 2018, 2019 and 2020 principal and interest payments to the debenture holders and is in default according to the Deeds of Trust – see 2 below.

2. On January 11, 2018 the Company announced that it would not be able to complete a transaction for the sale of its holdings in 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 Deeds of Trust as of February 2018. Accordingly, from March 31, 2018, the debentures are presented as current liabilities. Management continues the 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, see also 3 below.
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".

3. In October 2018, the Company has published the main principles of a debt settlement as negotiated and agreed with debenture holders series B, which include among others, the following: the principal amount of the Debentures and the interest rate will remain unchanged; the final repayment date of the Debentures will be postponed to December 2021, and in parallel the Company will commit to sell assets and to use the funds received from such disposals for early repayment of Debentures A and B , the Company shall issue to Debenture Holders A and B shares of the Company; each material transaction of the Company and its subsidiaries will be subject to approval of a joint meeting of the debenture holders A and B.

In April 2019, each of the meetings of debentures A and of debentures B approved the understandings reached by the representatives of both debenture series in relation to the balance payments. Accordingly, it was agreed that up to the date on which debenture holders B will be paid the full amount of the balance payments (approximately NIS 373 million), no payment will be made to debenture holders A. After the balance payments to debentures B are completed a balance payment of NIS 10 million will be paid to debenture holders A; and thereafter, each repayment will be made pro-rata between series A and B. Following this approval, in June 2019 the Company repaid NIS 145 million (approximately €36.5 million) to debenture holders B.

Given the development in the financial standings of the Company, in September 2019, the Company has approached the Debenture Holders to propose that the parties will negotiate new terms of the debt settlement, which will be based on the following principles: (1) a portion of the Company's debt will be converted into the Company's shares in such a way that it is expected that the Debenture Holders will obtain a vast majority of the outstanding shares in the capital of the Company, after the share issue; (2) the amount of the Company's debt that will be converted into the Company's shares will be determined on the basis of a joint analysis of the Company and the Trustees, to ensure that the Company has positive equity and the Company can continue to operate as a going concern and meet its repayment obligations towards the Debenture Holders, taking into account future interest payments and expected proceeds when realizing assets in the future; (3) the Company's shares will be allocated to the Debenture Holders pro rata to the Company's total debt to the Debenture Holders (Series A) and (Series B); (4) the percentage of shares to be held by the Debenture Holders shall be determined by the parties within the framework of the negotiations; (5) the Company will continue to realize its assets under the management of the Company's Board of Directors. The new shareholders (i.e. the Debenture Holders) may make use of the right to nominate new board members; and (6) the balance payment as agreed between Series A and B will continue to apply with respect to funds received by the Company. Such settlement structure requires approval of the meeting of shareholders of Kardan and of the meeting of the debenture holders of the Company.

As of the date of approval of the Condensed interim consolidated financial statements, management is advancing the negotiations with the representatives of the debenture holders in order to reach a debt settlement according to the structure described above.

4. Given the current adverse financial position of TGI, the Board has noted the outmost importance of strengthening the equity of TGI to support its operations. With that respect and given the fact that the Company is not able to support such capital increase into TGI, management has been searching for such investment into TGI through partnerships. At this stage TGI is negotiating a debt settlement with its financing banks. Such settlement, if concluded, should provide TGI the required resources to continue its operation and improve its financial standings. The Company anticipates that after such improvement in the financial performance of TGI subsequent such capital increase and further advancement in various business initiatives it would be feasible to divest the holding in TGI either through direct transaction or through the capital markets. In this respect, please refer to Note 8 to the condensed interim financial statements for additional information regarding the financial position of TGI and the Company's investment in TGI.
   In addition, the Company is acting to improve its assets in China and to refinance the project loan (see Note 6 to the condensed interim financial statements); assuming the Company will have sufficient time to continue improving these assets, the Company estimates it will be able to maximize their value in future sales transactions while making an orderly sale.

   In order to assess the liquidity position of the Company, management prepared a two-year liquidity analysis (cash flow forecast), 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. Due to the financial position of TGI, the cash flow forecast of Kardan does not include any cash generated from selling the investment in TGI.

5. For information regarding the impact of the Corona crisis, please refer to Note 1C to the condensed interim financial statements.

6. The directors expect that, taking into account the status of the discussions with the Debenture Holders and the expected terms of the debt settlement, subject to advancement of a settlement of debt-conversion to equity as presented to the Debenture Holders in September 2019, and taking into account the potential future value of the Company's assets in China, 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 of the opinion that it is appropriate to prepare these Condensed interim consolidated financial statements on a going concern basis.

   However, the directors emphasize 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, transaction value of the Company's assets, refinancing and restructuring of loans, the impact of the Corona virus, and macroeconomic developments, and therefore there is uncertainty that the discussions with the Debenture Holders will result in rescheduling of payments and that transactions for sale of assets will be entered into or completed. Accordingly, it may be unable to realize its assets in order to repay its liabilities in the normal course of business. These conditions indicate the existence of a material uncertainty which casts significant doubt regarding the Company's ability to continue as a going concern.
   The condensed interim consolidated 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.

2. Subsequent events

Subsequent to the balance sheet date, the Company announced that that its Board of Directors has requested Euronext Amsterdam to delist the ordinary shares of Kardan from the stock exchange Euronext Amsterdam ('Euronext Amsterdam'). On June 23, 2020 Euronext Amsterdam approved the request. The shares of Kardan remain listed on the Tel-Aviv Stock Exchange.