KARDAN

PRESS RELEASE

KARDAN COMPLETES MERGER EXPANDING ITS BANKING OPERATIONS IN RUSSIA

Amsterdam, August 21, 2007 – Kardan N.V. (Kardan) announces that, further to the press release dated February 21, 2007, its group company TBIF Financial Services B.V. (TBIF) has merged its Russian lending operations with Sovcom Bank. This merger creates an organization with 50 branches and more than 600 points of sale spread across the Russian territory from the Central Federal Region (around Moscow) to Vladivostok in the Far East. TBIF and Sovcom Bank are complementary in geography as well as activities. These clear synergies between the parties will provide substantial benefits to this merger.

Following the closing, TBIF holds a 50% interest in Sovcom Bank, which in turn holds the merged operations. TBIF contributed its Russian lending operations to the merged entity and a cash investment of approximately EUR 29.3 million (USD 39.5 million). The TBIF investment is subject to adjustment based on the 2007 and 2008 performance of TBIF's and Sovcom's current loan portfolios.

The transaction is consistent with TBIF's strategy to expand its lending activities and presence in Russia and the Ukraine. Sovcom Bank is primarily active in western Russia (including Moscow) while TBIF is active in the eastern regions of Russia. In addition, the bank has a strong deposit basis and focuses on SME lending while the lending activities of TBIF are focused on the retail sector.

TBIF is a leading retail financial services provider (banking, leasing, consumer finance, mortgages and asset management) active in Bulgaria, Romania, Russia and Ukraine. TBIF is controlled by Kardan Financial Services (KFS), a subsidiary of Kardan.

About Kardan
Kardan is an international investment company with a focus on three sectors: Real Estate, Financial Services and Infrastructure. Kardan is primarily active in Central and Eastern Europe, where it conducts most of its activities. Kardan holds controlling interests in its main businesses and is actively involved in the definition and implementation of their strategy. Total assets per December 31, 2006 amounted to EUR 2.2 billion, with revenues of EUR 588 million. The number of employees engaged by the group is approximately 7,980 as of December 31, 2006. Kardan is listed on Euronext Amsterdam and the Tel-Aviv Stock Exchange.

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