



KARDAN 2007 ANNUAL RESULTS: STRONG GROWTH AND PERFORMANCE

Highlights 2007

- Net profit attributable to equity holders more than doubled to EUR 90 million (2006: EUR 41 million), due to real estate revaluations and divestments
- Sharp increase in total assets to EUR 4.3 billion (2006: EUR 2.2 billion), mainly due to consolidation TBIF
- Over EUR 600 million of funds raised, both on holding and subsidiary level
- Record results in Real Estate subsidiary with a significant pipeline of new projects
- Strong growth in Financial Services segment, successful merger of Russian lending operations and acquisition of several insurance companies

Key figures	31 Dec. 2007	31 Dec. 2006	Change (%)
Total assets (x EUR million)	4,272	2,225	92%
Shareholders' equity (x EUR million)	343	267	28%
Return on Equity	29.6%	20.2 ³ %	
Net Debt / (Net Cash) (x EUR million) ¹	174	48	

(x EUR million)	Q4 2007	Q4 2006	FY 2007	FY 2006
Net profit (loss) attributable to equity holders²	55	(1)	90	41
Of which:				
Main businesses				
Real Estate	6	(10)	22	30
Financial Services – Insurance & Pension	12	(2)	30	9
Financial Services – Banking & Retail lending	18	-	6	(1)
Infrastructure – Projects	2	1	1	1.
Infrastructure – Assets	(2)	-	(8)	-
Other businesses	-	6	1	8
Other (mainly corporate activities)	19	4	39	(6)

"As set out at the beginning of the year, we significantly increased our investment pace during 2007. This is reflected in the growth in total assets and the numerous transactions announced and closed this year. We have made several major acquisitions, and were able to close the equity investment by Israel Discount Bank in Kardan Financial Services, a major milestone implying a valuation of more than EUR 500 million for this subsidiary. On the holding and subsidiary level we have raised over EUR 600 million to continue investing in growth. We believe the exciting developments during 2007 reinforce our strategy to further invest in emerging markets, in sectors we know well, in order to create shareholder value for years to come." according to Mr. Ickovics of the Management Board of Kardan N.V.

¹ The definition of Net Debt as presented in this press release includes interest bearing loans, borrowings and (convertible) debentures, less cash and cash equivalents and interest bearing receivables.

² The table shows the contribution of each of the businesses to the results of Kardan. As profits attributable to minority shareholders have already been deducted, these figures do not represent the full net profit realized in each segment.

³ Restated to reflect average equity over the year, in previous reporting ROE was stated based on equity at year-end

31 March 2007

Financial overview

International investment company **Kardan N.V.** (Kardan) recognised **total revenues** for the full year 2007 of EUR 774 million, an increase of 31% compared to EUR 588 million in 2006. The contribution of main operations (Real Estate, Financial Services and Infrastructure) rose sharply to EUR 694 million (2006: EUR 526 million). This increase was the result of higher revaluation gains in the Real Estate segment and the expansion of the lending activities in the Financial Services segment.

For the full year 2007 the **total operating result** increased by 34% to EUR 414 million compared to EUR 308 million in 2006. Most of it was attributable to the main businesses.

Financial expenses, net for 2007 amounted to EUR 106 million, a slight increase from EUR 99 million for the full year 2006. The financial expenses mainly consist of expenses resulting from the appreciation of option rights and interest expenses on debentures in Kardan, GTC Real Estate N.V. (GTC RE), GTC SA, Kardan Israel and VAB Bank. The appreciation of option rights is attributable to the share price increases for Kardan and its listed group companies during 2007. According to IFRS, the increase in the value of certain options held by third parties must be taken as a loss in the profit and loss account.

Taxes for the full year 2007 decreased slightly to EUR 42 million (2006: EUR 46 million).

As a result of the above, the **net profit** over 2007 rose sharply to EUR 250 million, compared to EUR 157 million in 2006. Minorities' share in the net result increased to EUR 160 million (2006: EUR 116 million). **Net result attributable to equity holders** for the full year 2007 more than doubled to a profit of EUR 90 million (2006: EUR 41 million). This represents a **net profit per share** of EUR 1.11, compared to EUR 0.55 for the full year 2006.

The increase in net profit is mainly the result of the good performance of the main activities. The Real Estate division contributed to Kardan EUR 22 million over 2007 mainly due to revaluation of investment properties and due to the sale of the America House and the Lighthouse building. In addition, the activities of Kardan Financial Services (KFS) expanded substantially during 2007. The capital injection of Israel Discount Bank confirmed a significant increase in value for KFS, from EUR 176 million in 2005 according to the transaction with Wiener Stadtische Insurance Group (WS) to EUR 506 million as reflected by this latest transaction. This transaction resulted in a dilution gain of EUR 30 million. The infrastructure segment contributed a loss of EUR 7 million, a decrease compared to last year as a result of increased financing costs and provisions for losses on projects.

Kardan intends to distribute a dividend over the year 2007 in line with its dividend policy of between 20 and 30% of its net profit. This will be proposed to the Annual General Meeting of Shareholders to be held on 19 June 2008.

Fourth quarter

Revenues in the fourth quarter 2007 increased sharply to EUR 223 million (Q4 2006: EUR 88 million), also the operating result increased substantially to EUR 121 million (Q4 2006: EUR 19 million). In the last quarter of 2007 Kardan booked a net profit of EUR 175 million compared to a loss of EUR 1 million in the comparable period last year.

Group value

During 2007, total assets grew by 92%, from EUR 2.2 billion at year-end 2006 to EUR 4.3 billion at year-end 2007. The increase in total assets was mainly the result of the completion of the transaction with WS in the Financial Services segment, leading to full consolidation of TBIF Financial Services B.V. (TBIF) (previously TBIF was proportionally consolidated), the investments done in 2007, the issuance of debentures in Kardan, GTC RE and GTC SA, the completion of several investment properties during the year, as well as the on-going expansion of our activities.

As of 31 December 2007, shareholders' equity increased to EUR 343 million, compared to EUR 267 million at year-end 2006, mainly as a result of the net profit and issuance of shares following the exercise of options held by third parties.

31 March 2007

During 2007, Kardan raised approximately EUR 210 million through a private placement of non convertible debentures to Israeli institutional investors. Kardan will use the majority of the funds for further expansion of its activities. On subsidiary level, GTC SA raised EUR 212 million through the issuance of bonds in April 2007. In addition, GTC RE issued debentures, raising a total of EUR 243 million. These funds will be used for further expansion of GTC RE activities especially in China and India.

Outlook

Due to the investments made during 2007, Kardan is well positioned for further growth. Kardan has become an important player in the emerging markets. Despite the difficult circumstances in the current credit markets, Kardan has been able to raise significant funding during 2007. Kardan has a solid liquidity position and sufficient funds available throughout the group to further invest in developing and expanding its business. Kardan focuses on emerging markets, which the current economic turmoil has only minimally impacted so far.

Furthermore, Kardan aims to capitalize on opportunities that may arise from the current market conditions based on its strong track record with operations in challenging environments while looking at long term value creation, without being distracted by short term movements.

Divisional review³

Real Estate

(x EUR million)	Q4 2007	Q4 2006	Change (%)	FY 2007	FY 2006	Change (%)
Revenues	111.0	28.0	290%	414.0	358.2	15%
Operating result	82.1	10.3	697%	329.0	285.0	15%

Both revenues and operating result of the real estate activities grew over the year, due to the good performance of the businesses.

GTC RE continued its rapid development and issued bonds to raise significant new funds for further growth.

GTC SA (active in the CEE countries) posted record results over 2007, with a profit of EUR 261 million. The total portfolio of pipeline projects exceeds 2.1 million sqm. of net building rights and GTC SA secured over 700.000 sqm of building rights. GTC SA raised significant funds through the issuance of bonds and debentures. These funds enable the rapid investment strategy pursued by these businesses. During 2007 the sale of both the America House office building in Bucharest and the Lighthouse building in Prague were completed. These transactions reflect an investment yield of 5.5% and 5.65% respectively.

In addition five projects were completed: Avenue Mall shopping centre in Zagreb, Newton and Edison office buildings in Cracow, Platinum I and Nothus office building in Warsaw and 19 Avenue office building in Belgrade. The total value of the projects completed in 2007 is EUR 360 million, leading to revaluation gains of almost EUR 200 million. Total revaluation gains included in the 2007 results amounted to EUR 288 million.

Through GTC RE China, GTC RE continued developing existing projects and started several new projects in China. India was entered as a new country of operations, with the signing of a term sheet for the development of a phased commercial and residential project in Pune.

³ All figures in the review of operations are presented before minority interests thus represent 100% of the results of each sector and therefore cannot be compared to the figures presented in the table on the first page. In that table the contribution of each of the businesses to the results of Kardan is presented.

31 March 2007

GTC RE is active in Europe through GTC SA and GTC Investments B.V., and in China through GTC Real Estate China Ltd. Kardan currently holds (directly and indirectly) a 70% stake in GTC RE, which holds a 46% stake in GTC SA. GTC RE's net debt position as of 31 December 2007 amounted to EUR 151 million.

Financial Services

(x EUR million)	Q4 2007	Q4 2006	Change (%)	FY 2007	FY 2006	Change (%)
Revenues – Insurance & Pension	38.2	16.7	129%	104.5	78.5	33%
Revenues – Banking & Retail lending	46.5	9.3	400%	102.6	25.0	310%
Operating result – Insurance & Pension	13.9	(2.7)		32.9	6.0	448%
Operating result – Banking & Retail lending	43.3	1.1		37.0	(0.6)	

The Financial Services segment showed a healthy growth in revenues in both the insurance and the banking activities during 2007. Also the operational result of both activities grew significantly.

A major milestone in 2007 was the equity investment of 11% in KFS by Israel Discount Bank. This was done through a capital increase of EUR 55.6 million and the debt financing of EUR 225 million. The transaction was closed shortly before year-end. This investment reflects the significant increase in value of KFS (EUR 505.6 million). KFS intends to primarily use the funds to further develop its activities, capitalizing on the strong growth opportunities in the financial services sector in the CEE region. Part of the funds will also be used to refinance certain loans. The transaction resulted in a gain for Kardan of EUR 30 million.

Kardan further increased its focus on the banking, retail lending and asset management activities (TBIF) and has separated these activities from its insurance and pension activities (TBIH), through several transactions with WS. Kardan now has an 72% indirect stake in TBIF, while it holds a 32% indirect stake in TBIH. After this separation, TBIF merged its Russian lending operations with those of Sovcom Bank in Russia, creating a strong regional distribution platform with a solid retail deposit base. TBIF owns 50% of the merged entity. Furthermore, TBIF raised significant funding during the year.

During 2007, TBIH acquired several insurance companies in Turkey, Albania, Macedonia and Kosovo, in line with its strategy to become active in countries with a low insurance penetration.

KFS is the holding company of TBIF and TBIH. Kardan holds a direct stake of 80% in KFS, which in turn holds 90% and 40% in TBIF and TBIH respectively. KFS had a net debt position as of 31 December 2007 of EUR 34 million.

Infrastructure

(x EUR million)	Q4 2007	Q4 2006	Change (%)	FY 2007	FY 2006	Change (%)
Revenues – Projects	17.4	17.0	2.4%	66.0	64.5	2.3%
Revenues – Assets	6.3	0.0		9.0	0.0	
Operating result – Projects	2.2	0.2		2.0	2.6	(23%)
Operating result – Assets	(2.5)	0.0		(1.0)	0.0	

As part of the focus on the ownership and development of infrastructure assets, Kardan has, from Q4 2007, split the reporting of Tahal into Projects, activities relating to advisory and turnkey projects, and Assets, activities relating to the development, management and ownership of assets. As there were almost no asset activities in 2006, all revenues and results from 2006 related to projects.

31 March 2007

The revenues of assets infrastructure activities totalled EUR 9 million in 2007 (most of which occurred during H2 2007). This new segment contributed a loss of EUR 1.0 million mainly related to high financial expenses as a result of loans needed to acquire the infrastructure assets.

During the year, a Chinese joint venture with local partners, Kardan Water International Group Ltd (KWIG), was established. KWIG invests in and manages, operates and maintains water related infrastructure projects in China. The joint venture made two major investments. Following the acquisition of 88.15% of Tianjin Huanke Water Development Ltd., for a consideration of approximately EUR 12 million, KWIG acquired 100% of Tian He Project Company, which owns concession agreements for water supply and waste water treatment plants in Dazhou City, Sichuan Province, China.

The infrastructure project segment contributed a profit of EUR 1.3 million, with a slight increase in revenues to EUR 66 million in 2007.

Tahal is fully owned by Kardan. Approximately 90% of Tahal's activities are directly related to water and sewage systems. Tahal's net cash as of 31 December 2007 amounted to EUR 16 million.

Other operations

The revenues of the other operations (Automotive & Consumer Goods and Communication & Technologies) increased from EUR 34.5 million in 2006 to EUR 38.4 million for the full year 2007. Other operations contributed EUR 14 million to operating profits, at the same level as last year.

Kardan's other operations are held through its 72% subsidiary Kardan Israel. Kardan Israel's net debt position amounted to EUR 11 million as of 31 December 2007.

About Kardan

Kardan is an international investment company based in Amsterdam with a focus on three sectors: Real Estate, Financial Services and Infrastructure. The company is primarily active in emerging markets in Central and Eastern Europe and China, 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. Kardan has a consistent track record of creating long-term shareholder value through active management of investments in the group companies and by leveraging on its business experience, financial resources and local and international network.

Total assets per December 31, 2007 amounted to EUR 4.3 billion, with revenues of EUR 774 million. The number of employees engaged by the group is approximately 13,411 as of December 31, 2007. Kardan is listed on Euronext Amsterdam and the Tel-Aviv Stock Exchange.

The condensed financial statements according to IFRS will be published on the website of Kardan at www.kardan.com.

Enclosed:

- P&L (drawn up according to IFRS)
- Balance sheet (drawn up according to IFRS)

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31 March 2007

Condensed Balance Sheet
 (x EUR 1,000,000)

	31 Dec. 2007 audited	31 Dec. 2006 audited
ASSETS		
Non-current assets	2,342	1,333
Current assets	1,035	483
Cash and cash equivalents	894	409
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	4,272	2,225
	=====	=====
LIABILITIES AND EQUITY		
Shareholders' equity	343	267
Minority interest	730	491
Non-current liabilities	2,066	935
Current liabilities	1,133	532
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	4,272	2,225
	=====	=====

31 March 2007

Condensed Profit & Loss account

(x EUR 1,000,000)

	Full year 2007	Full year 2006
Revenues	774	588
Expenses	360	280
Results from operations	414	308
Unallocated expenses	16	6
Financing result	106	99
Income / loss before taxes	292	203
Taxes on income	42	46
Income / loss after taxes	250	157
Minority interest	160	116
Net income	90	41