

**Clal Industries and Investments (CII), part of the IDB Group, publishes its financial reports for 2009 today:**

**Clal Industries reports a marked improvement in net profit, totaling NIS 450 million, compared with about NIS 26 million in 2008. Net profit for the 4th quarter amounted to NIS 45 million, compared with NIS 3 million for the same quarter in 2008.**

**Avi Fischer and Zvika Livnat, the joint CEOs of Clal Industries, stated today:**

**"The commercial results emphasize the unique structure of CII. In CII, we have built a mixture of robust industrial and commercial companies, which guaranty stability and a strong cash flow (including Neshet, Taavura, Hadera Paper, and Golf), together with the technology and biotechnology companies, which this year showed some of their latent potential."**

**The contribution of the various activity sectors to current profit in 2009 amounted to NIS 334 million, compared with NIS 259 million last year, thanks to the improved profitability of some of the companies (for example the cement sector, Taavura, Fundtech and 013 NetVision), a marked improvement in the contribution by Clal Biotechnology in particular and the technology companies in general, and despite a (relatively moderate) decline in the income volumes of the main companies.**

**Total assets of CII and its consolidated companies rose by 41% to a total of NIS 11.3 billion, compared with NIS 8 billion at the end of 2008.**

**CII shareholders' allocated equity rose by about 44% to a total of NIS 2,425 million, in contrast to NIS 1,688 million at the end of the 4th quarter last year.**

**Simultaneously, the company announced the distribution of a cash dividend of NIS 180 million.**

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**Avi Fischer and Zvika Livnat had the following to add, in referring to the financial results in the period covered by the report: "The robustness of the CII Group is clearly reflected in the fact that, despite a moderate decline in the earnings of some of the Group's companies, due to the effect of the global and local slowdown that persisted in 2009, a substantial improvement occurred in the contribution by companies in the various sectors of activity, amidst a marked improvement in current and net profits.**

**An expression of how the capital markets appraise the financial strength of Clal Industries can be discerned in the successful shekel bond issue in December 2009 – where NIS 250 million was raised on excellent terms, following a major oversubscription of some NIS 970 million.**

**In Clal Biotech, the biotechnology branch of CII (63%), which promotes and invests in over a dozen companies in the biotechnology field, a banner year of activity was recorded.**

**Significant progress and success in passing milestones were recorded in the major Clal Biotech companies, which also showed a handsome profit in the process. Their profit contribution to CII in 2009 came to NIS 49 million (compared with a negative contribution of NIS 56 million in 2008). As a sequel to the successful stock issue of D-Pharm, favorable indications continue to be received in the major companies in Clal Biotech, including MediWound, Andromeda, Polyheal and D-Pharm.**

**Additionally, Clal Biotechnology Industries, which enjoys a high volume of liquid resources, took an important step in early 2010, to add a fifth Phase III company to its ranks by purchasing the Biomedical Company, which includes Gamida Cell amongst its holdings.**

**Clal Industries made two substantial investments in 2009 amounting to NIS 346 million, when it increased its stake in Hadera Paper from 38% to 59% and its holdings in 013 NetVision from 24% to 31%. These are two robust and prominent companies in their respective fields, with appreciable potential for growth and improvement."**

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**Below are the major events and highlights for Clal Industries and Investments in 2009:**

- **The Cement Sector** – A moderate decline (3%) in sales volume, due primarily to a reduction in the quantities of cement sold to the local market, was partially offset by an increase in sales to the Palestinian Authority. A decline was recorded in operating profits, which was alleviated thanks to continued efficiency measures, including reduced energy costs, whereas in net profit a gain was recorded, mainly thanks to substantial financing earnings in 2009.
- **Clal Biotechnology Industries (CBI)** – Fast progress was recorded in all the main companies, concomitant with strengthening of the capital base and enhancement of the portfolio. The capital market also responded positively to developments, and this was reflected, *inter alia*, in a marked rise in the value of CII holdings in the biotechnology branch.
- In August 2009, a public offering of D-Pharm, a subsidiary of CII (47% after the issue) was successively completed. This was the first IPO to the public since the beginning of the financial crisis in 2007, and a total of about NIS 85 million was raised, which will allow D-Pharm to advance towards the completion of Phase III testing in the United States.
- In September 2009, an investment in Teva was made by a number of parties in the Migdal group, amounting to about NIS 40 million, in return for options and stock. The exercise of the options by the exercise date, September 2010, is likely to lead to an increase in the company's liquid resources by another NIS 40 million.
- In March 2010, an agreement was signed for the acquisition of Biomedical, whose most prominent holding is Gamida Cell. Gamida's leading product, StemEx, which is based on the use of stem cells from umbilical cord blood for treating hematological diseases, is in advanced clinical stages and, as already mentioned, is likely to contribute to Clal Biotechnology Industries' potential.

**Below are the main highlights for companies held in the Clal Biotechnology Industries portfolio:**

- D- Pharm received FDA approval for IND (investigational new drug) for conducting Phase III testing for the purpose of registering the drug. The test, for which patient

recruitment has already begun, is expected to include 750 patients suffering from a moderate-to-severe level of ischemic stroke, in over 100 medical centers in North America, Europe, South America and Israel.

In addition, D-Pharm affiliated with Wanbang Biopharmaceuticals ("WB"), one of the leading drug companies in China, in a strategic cooperation agreement and award of a license for the DP-b99 drug, D-Pharm's leading product for treating ischemic stroke.

Aside from WB's financing Phase III testing in China under standards defined by the FDA and in addition to future royalties, WB will pay D-Pharm up to \$25,000,000 in return for the rights it has been awarded

- In Andromeda, which focuses on treatment for childhood diabetes, and in which Teva has completed a cumulative investment of \$13.5 million, patient recruitment for Phase III testing in Europe has been completed. Phase III verification testing is expected to begin in the next few months.
- MediWound has successfully completed Phase III testing in its leading product for the debridement of burns. The above-mentioned results determine with high statistical significance that efficiency has been achieved in the major test targets, and therefore MediWound has begun preparations for submitting a request to register the drug in Europe. At the same time, the company is working with the FDA towards conducting Phase III tests in the USA.
- Polyheal is at various stages of contact with pharmaceutical companies, including a number of companies specializing in treating wounds, to achieve various forms of collaboration. In February 2010, the final results of a Phase IV clinical test for demonstrating the efficiency of the product were received, and they point to the statistically significant efficiency of the product in all the objectives that were set for the tests, and the absence of side effects.
- CureTech strengthened its product line, which is in an advanced stage of clinical development, while at the same time continuing to make progress on Phase II clinical tests on indications of colon cancer and lymphoma, hepatitis C patients and liver cancer.

**The progress in the clinical trials and the large number of companies that are at advanced development stages, emphasize the portfolio's sizable potential.**

- **Hadera Paper** – Despite an appreciable decline in the field of wrapping paper and paper recycling, due to the global slowdown that persisted in 2009, and to the cyclical nature of the sector, Hadera Paper recorded only a small (0.7%) decline in consolidated aggregate sales from the beginning of 2009, which totaled about NIS 3,205 million. Thanks primarily to good performance by Hogla, and the continued consistent growth in sales by KCTR (Turkey), which already came to about NIS 494 million in 2009, with a marked reduction in operating losses earlier than was planned. All this occurred amidst increased aggregate operational profitability by Hadera Paper, amounting to NIS 251 million in 2009, compared with NIS 203 million for the corresponding period in the previous year.

- **Golf** – Although a reduction of about 6% in sales volume in 2009 was recorded, a reduction in sales and management expenses was achieved, thanks to the economy measures taken, a strong flow from current activity, which amounted to about NIS 72 million in 2009, and an increase in liquid resources to about NIS 193 million. The company is continuing to consolidate its leadership in its fields of activity, including home fashion, and is reporting a continued growth in the number of stores nationwide – reaching 222 in April.
- **Fundtech** – In the 4th quarter of 2009, the company showed record results, which provide indications of the start of recovery, in the market in which the company is active. Despite a certain reduction in earnings in 2009, due to the global economic crisis, the company managed to retain its major customers and promote new transactions, including one with Bank of America. The company continues to maintain liquid resources of an appreciable size, which totaled \$42 million at the close of 2009: this was after it reported the continued acquisition of its own stocks, which amounted until now to about \$8 million.
- **013 NetVision** – Declared a dividend distribution in March 2010 of about NIS 65 million (which will be paid in April), after it had already distributed a dividend of NIS 116 million in 2009. The company shows a consistent improvement in its commercial results. In 2009, the company recorded a moderate increase in income accompanied by an increase in operating profit, as well as in net profit, which amounted to about NIS 106 million, compared with NIS 87 million last year, and in the process shows record results in EBITDA, which totaled NIS 271 million compared with NIS 256 million last year.
- **Clal Energy** – is at various stages of examining projects in the fields of alternative energy in Israel and abroad, including the fields of wind energy, pumped-storage energy and the field of solar energy, in which the company collaborated with the Abengoa Group from Spain, a world leader in its field, to pass the preliminary qualification stage for establishing a thermal solar power station in the Negev.

In March 2009, CII received a conditional license from the Public Utility Authority – Electricity to establish an energy storage facility for producing electricity by using pumped-storage technology, signed by the Minister for National Infrastructures. Additionally, Clal recently set up a subsidiary company, Clal PV, which engages in entrepreneurship for the photovoltaic field in Israel, with a maximum output of up to 5 MW per photovoltaic station. Clal PV has contracted with a number of property holders for the purpose of establishing the stations, and is working to expand its activity.

## Data for the major companies held by Clal, and their contribution to profit

Below is data from the financial statements of the major companies held by Clal<sup>1</sup> (in millions of NIS)

<b>Earnings</b>						
	For the year that ended on 31 December			For the year that ended on 31 December		
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Companies preparing financial statements in NIS (in millions of NIS)</b>						
<b>Mashav (excluding Taavura)</b>	1,508	1,560	1,515	382	360	379
<b>Taavura</b>	2,079	2,339	1,635	545	591	431
<b>Hadera Paper</b>	892	673	584	238	226	155
<b>Golf</b>	666	706	664	177	178	186
<b>KBA</b>	-	240	51	-	-	20
<b>Biotechnology</b>	183	35	96	32	(5)	2
<b>013 NetVision</b>	1,250	1,235	1,147	318	318	306
<b>Companies preparing financial statements in dollars (in millions of dollars)</b>						
<b>Fundtech<sup>2</sup></b>	117.8	121	105	32.8	29.8	29.4

<b>Net profit (and loss)</b>						
	For the year that ended on 31 December			For the year that ended on 31 December		
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Companies preparing financial statements in NIS (in millions of NIS)</b>						
<b>Mashav (excluding Taavura)</b>	284	183	225	31	13	57
<b>Taavura</b>	122	77	85	13	7	15
<b>Hadera Paper</b>	91	70	32	21	11	18
<b>Golf</b>	88	101	61	23	26	26
<b>KBA</b>	-	145	29	-	-	12
<b>Biotechnology</b>	65	(83)	-	(16)	(9)	(17)
<b>013 NetVision</b>	106	87	19	27	11	(25)
<b>Companies preparing financial statements in dollars (in millions of dollars)</b>						
<b>Fundtech<sup>2</sup></b>	4.7	1.2	7.1	3.4	(2.2)	2.7

<sup>1</sup> The data displayed refers to the results of the held companies that constitute accountancy reporting sectors, disregarding the percentage held by the company in them and disregarding the cancellation of transactions between the companies and between the sectors.

<sup>2</sup> This refers to statements that Fundtech published according to the accepted accountancy rules in the United States. The Company consolidates the Fundtech reports according to IFRS rules.

**Analysis of the results by activity sectors (in millions of NIS)**

	For the year that ended on 31 December, 2009			For the year that ended on 31 December, 2008			For the year that ended on 31 December, 2007		
	Current <sup>3</sup>	Other <sup>4</sup>	Total	Current <sup>3</sup>	Other <sup>4</sup>	Total	Current <sup>3</sup>	Other <sup>4</sup>	Total
<b>Activity sectors</b>									
<b>Cement</b>	209	19	228	153	(16)	137	172	(3)	169
<b>Taavura</b>	27	15	42	26	2	28	32	-	32
<b>Hadera Paper</b>	18	121	139	23	4	27	13	(3)	10
<b>Golf</b>	63	33	96	75	2	77	48	24	72
<b>KBA</b>	-	-	-	71	-	71	13	-	13
<b>Fundtech</b>	(2)	12	10	(9)	(2)	(11)	9	-	9
<b>ECI</b>	-	-	-	-	-	-	28	296	324
<b>Clal Biotechnology</b>	(21)	70	49	(57)	1	(56)	(60)	136	76
<b>013 NetVision</b>	9	1	10	5	(4)	1	(13)	105	92
<b>Others</b>	31	(15)	16	(31)	(22)	(53)	6	72	78
<b>Total contribution by sectors</b>	<b>334</b>	<b>256</b>	<b>590</b>	<b>256</b>	<b>(35)</b>	<b>221</b>	<b>248</b>	<b>627</b>	<b>875</b>
<b>Financing and staff</b>	(129)	(11)	(140)	(196)	1	(195)	(110)	(135)	(245)
<b>Net profit</b>	<b>205</b>	<b>245</b>	<b>450</b>	<b>60</b>	<b>(34)</b>	<b>26</b>	<b>138</b>	<b>492</b>	<b>630</b>

	For the three months that ended on 31 December, 2009			For the three months that ended on 31 December, 2008			For the three months that ended on 31 December, 2007		
	Current <sup>3</sup>	Other <sup>4</sup>	Total	Current <sup>3</sup>	Other <sup>4</sup>	Total	Current <sup>3</sup>	Other <sup>4</sup>	Total
<b>Activity sectors</b>									
<b>Cement</b>	37	(14)	23	26	(16)	10	43	-	43
<b>Taavura</b>	5	-	5	3	-	3	6	-	6
<b>Hadera Paper</b>	4	-	4	4	-	4	6	-	6
<b>Golf</b>	16	8	24	19	(1)	18	22	-	22
<b>KBA</b>	-	-	-	-	-	-	6	-	6
<b>Fundtech</b>	4	12	16	(6)	-	(6)	3	-	3
<b>Clal Biotechnology</b>	(13)	(1)	(14)	(2)	(4)	(6)	(10)	1	(9)
<b>013 NetVision</b>	6	-	6	3	(4)	(1)	3	4	7
<b>Others</b>	12	(1)	11	(16)	(25)	(41)	-	(3)	(3)
<b>Total contribution by sectors</b>	<b>71</b>	<b>4</b>	<b>75</b>	<b>31</b>	<b>(50)</b>	<b>(19)</b>	<b>79</b>	<b>2</b>	<b>81</b>
<b>Financing and staff</b>	(30)	-	(30)	(3)	25	22	(40)	(23)	(63)
<b>Net profit</b>	<b>41</b>	<b>4</b>	<b>45</b>	<b>28</b>	<b>(25)</b>	<b>3</b>	<b>39</b>	<b>(21)</b>	<b>18</b>

<sup>3</sup> A contribution to company net profit does not include: profits from realization of investments, amortization (except for original provisions) and one-time effects on the company due to investment in a held company.

<sup>4</sup> Includes results of realization of investments, update of investment value and one-time effects (both in the held companies and in the company for its investment in the sector)