

Clal Industries and Investments (CII), of the IDB Group, publishes its financial statements for the first quarter of 2010:

A net profit of NIS 85 million was reported, compared with NIS 107 million in the same quarter in 2009, due to the change to financing expenses compared with financing income in the same period last year (particularly regarding the sharp devaluation in the shekel vs. the US dollar in the first quarter last year).

The contribution of the operating segment to the current profit amounted to NIS 71 million, compared with NIS 74 million in the first quarter of 2009, with an increase in operational profitability of a significant number of Group members (such as Nesher, Ta'avura, Golf and Fundtech), along with an increase in sales for most Group members.

Avi Fisher and Zvika Livnat, the joint CEOs of Clal Industries, said today: "The performance displayed by the operative companies indicates that they are handling the challenging business environment well. The increase in holdings in Hadera Paper and in 013 NetVision in 2009 has also contributed to the diversification of CII's sources of revenue. Concurrently, CII is making efforts to build and establish future growth engines (biotechnology purchases by CBI, establishment of Hadera Paper activity in Turkey, completion of Machine 8 run in preparation for manufacturing, and more.)"

Total assets for CII and its subsidiaries amounted to NIS 11.25 million, similar to the amount at the end of 2009.

Equity allocated to CII shareholders amounted to NIS 2.33 billion as of the end of March 2010.

Concurrently, the Company is announcing the distribution of NIS 108 million in cash dividends, to be paid in June 2010.

The following are the main events and points of emphasis in CII activities in the reported quarter:

- **The Cement Sector** – an increase (4%) in sales, thanks to the increase in the amounts of cement sold both in the local market and to the Palestinian Authority. An increase was recorded in the operating and net profit of the sector, among other things due to the above-mentioned increase in sales and to continued streamlining efforts.
- **Clal Biotechnology Industries (CBI)** – progress has continued in all main companies, together with the reinforcement of its equity base and enhancement of its portfolio, alongside a NIS 100 million investment by CBI in its portfolio of companies.
 - In March 2010, an agreement was signed for the purchase of Biomedical, whose key holding is Gamida Cell, the flagship product of which, StemEx, is based on using umbilical stem cells for the treatment of hematological diseases. StemEx is currently undergoing advanced clinical trials, and is likely to contribute to CBI's potential.
 - D-Pharm will soon begin Phase II clinical trials for an additional product intended for the treatment of migraines – DP-VPA, which were made possible by increasing its liquidity by NIS 16 million, thanks to the recent exercise of D-Pharm stock options by CBI.
 - Talks are nearing conclusion on a joint business collaboration between MediWound and Polyheal, which include the addition of complementary products to MediWound's leading product.
 - On the clinical level, the following significant events have occurred: the receipt of excellent final results at Polyheal, the receipt of SPA approval by D-Pharm and the start of Phase II verification trials at Andromeda.
- **Hadera Paper** – in which Clal Industries increased its holdings to 59%, an increase in sales was recorded in the first quarter, compared with last year, thanks to the increase in sales in the field of paper packaging and recycling, while increasing gross profit and net profit to NIS 24 million versus NIS 19 million last year.

Upon the completion of the new packaging manufacturing system over the course of Q2 2010, output is expected to increase. In addition, a consistent increase has been recorded in the sales of KCTR (Turkey), which reached NIS 130 million in the quarter under review.
- **Golf** – an increase in sales in the first quarter of 2010, due to the Passover holiday period, contributed to a 61.9% increase in gross profitability and to stability in net profits.

The Company has continued to establish its lead in its fields of activity, including household goods, and has reported continued growth in the number of shops, to 227 nation-wide. Golf, which enjoys strong cash flows and cash balances – will distribute its second dividend this year, after announcing a dividend of NIS 50 million this week, paying accumulated dividends of NIS 90 million in total from the beginning of the year.
- **Fundtech** – in the first quarter of 2010, the Company announced record results in light of the recovery in demand – sales of \$33.4 million and an operating profit of \$2.3 million. The Company, which continues to maintain a high level of liquid instruments, amounting to \$60 million at the end of the quarter, increased its 2010 sales projections to \$133-\$137.5 million.

- **013 NetVision** – displayed a moderate increase in revenues, while intensifying its activity in the field of domestic telephone services (VOB technology, activity that may involve investments and penetration costs at its initial stages of activity, which affects short-term profitability, but has an important potential for enhancing the Company's product offerings and strengthening it in the medium-term.

- **Nova** – showed excellent business results in the first quarter of 2010: \$16 million in sales and a net profit of \$2.7 million. CII's holdings in the Company were diluted to 14% as a result of a stock issue by Nova and the exercise of stock and options by CII. As a result of these activities, in the first quarter CII recorded capital gains of NIS 48 million and a positive cash flow of NIS 19 million.

- **Clal Energy** – is undergoing various stages of examination of projects in the field of alternative energy in Israel and abroad, including in the fields of wind energy, pumped-storage energy and photovoltaic energy.
In addition, Clal Energy recently established a subsidiary by the name of Clal PV, which deals with the development of projects in the field of photovoltaic energy in Israel, with a maximum output of 5 megawatts per photovoltaic station. Clal PV has entered into agreements with several property holders for the purpose of setting up its stations, and is working to expand its activities.

Data for main companies held by CII and their contribution to profits

1. The following is data from the financial statements of main companies held by CII¹ (in millions of NIS):

Revenues			
	For the three months ending March 31		For the year ending December 31
	2010	2009	2009
Companies preparing financial statements in NIS (in millions of NIS)			
Mashav (without Ta'avura)	377	364	1,508
Ta'avura	539	512	2,079
Hadera Paper	240	230	892
Golf	166	151	666
CBI	13	58	183
013 NetVision	314	306	1,250
Companies preparing financial statements in USD (in millions of dollars)			
Fundtech ²	33.4	26.1	117.8

Net Profit (Loss)			
	For the three months ending March 31		For the year ending December 31
	2010	2009	2009
Companies preparing financial statements in NIS (in millions of NIS)			
Mashav (without Ta'avura)	59	48	284
Ta'avura	28	22	122
Hadera Paper	24	19	91
Golf	24	24	88
KBI	(24)	32	65
013 NetVision	20	29	106
Companies preparing financial statements in USD (in millions of dollars)			
Fundtech ²	1.4	(0.9)	4.7

¹The data presented refers to the results of the companies held by CII as presented in their financial statements, disregarding the Company's rate of holdings in them and disregarding the cancellation of transactions between the companies and between the sectors.

²Based on published Fundtech statements according to the accepted accountancy rules in the United States. The Company consolidates the Fundtech reports according to IFRS rules.

Analysis of results by operating sector (in millions of NIS):

	Three months ending March 31 2010			Three months ending March 31 2009		
	Current ³	Other ⁴	Total	Current ³	Other ⁴	Total
Operating Sectors						
Concrete	51	(7)	44	39	(3)	36
Transportation	10	-	10	8	-	8
Hadera Paper	11	-	11	1	6	7
Golf	17	-	17	18	14	32
Fundtech	2	-	2	(7)	-	(7)
CBI	(19)	2	(17)	13	9	22
013 NetVision	4	1	5	-	-	-
Others	(5)	18	13	2	-	2
Total sector contribution	71	14	85	74	26	100
Financing and HQ	(13)	13	-	7	-	7
Net profit	58	27	85	81	26	107

	Year Ending December 31 2008		
	Current ³	Other ⁴	Total
Operating Sectors			
Concrete	209	19	228
Transportation	27	15	42
Hadera Paper	18	121	139
Golf	63	33	96
Fundtech	(2)	12	10
CBI	(21)	70	49
013 NetVision	9	1	10
Others	31	(15)	16
Total sector contribution	334	256	590
Financing and HQ	(129)	(11)	(140)
Net profit	205	245	450

³ Contribution to the Company's net profit does not include: profits from the realization of investments, amortization (with the exception of original provisions) and one-time effects on the Company due to its investment in a held company.

⁴ Includes results of realization of investments, update of investment value and one-time effects (both in the held companies and in the Company due to its investment in the sector).