

CLAL INDUSTRIES PUBLISHED ITS 2008 FINANCIAL STATEMENTS TODAY

Reports a slight improvement in the contribution of held companies to the current profit, totaling approximately 259 million NIS, compared to approximately 249 million NIS in 2007, with a slight increase in the level of sales of all the main companies

The current profit for the report period was mostly offset by a sharp increase in finance expenses, mainly as a result of the weakening of the dollar and the sharp increase in the Consumer Price Index in 2008. As a result, the net current profit totaled 48 million NIS for the period of the report, as compared with 138 million NIS for the same period last year.

Relatively low level of negative one-time effects in 2008 (22 million NIS) as compared with large capital gains and positive one-time effects in the same period last year totaling 492 million NIS (mainly due to the sale of ECI, profit from the CBI issue and the Barak Netvision merger last year), resulted in a net profit of approximately 26 million NIS in 2008 compared to 630 million NIS for the same period in 2007.

Avi Fischer and Zvika Livnat, the Joint CEO's of Clal Industries, said today, referring to the financial results for the report period: "We are witnessing a continuation of the world economic crisis and sharp shocks in the capital markets and in the real markets, with effects being felt increasingly in the local markets. However, CII has been able to report another profitable year, and enters the crisis in a full state of readiness, with large cash balances and convenient cash flows spread over many years. Naturally, it will be impossible to completely escape the effects of the crisis on sectors and companies in the market as a whole, but the Clal Industries Group operating companies are in a position to overcome the slow-down and market weakness, and all of them are taking ongoing efficiency measures. Clal Industries will continue being active and involved in companies with high growth potential, such as CBI, and at the same time intends continue developing, with due care and diligence, in developing its operations in the energy sector".

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The following are the main events and emphases in CI operations since the start of 2008:

- The cement sector – reported a higher level of sales than last year, mainly as a result of an increase in the amount of cement supplied to the local market, which offset the sharp increase in energy inputs. After neutralizing the effect of finance expenses and a one-time expenditure due to efficiency measures, the operating results remained similar to those of 2007.
- Golf – showed its highest ever results, with a sharp increase in the net profit – NIS 101M in 2008 as compared with NIS 61M last year.
- Hadera Paper – showed an increase in combined sales in 2008 as compared with last year (from NIS 3,124M to NIS 3,229M), with an increase in combined operating profits (from approximately NIS 185M to NIS 203M), due, amongst other things to the continuing improvement in the results of Hogla-Kimberly (Israel) and of KCTR Turkey.

- **Fundtech** – Avi Fischer was appointed as Chairman of the company, following CII's increase of its holdings in 2008 to approximately 56% as part of an acquisition offer. Fundtech showed further growth in 2008, of approximately 16% as compared with the previous year, and despite a slowing in the markets as a result of the global economic crisis, the company is holding on to its main customers and even developing new areas of activity.
- **013Netvision** – shows a constant increase in revenues, with an impressive growth in operating profits (from approximately NIS 25M to NIS 11M) as well as in net profits - NIS 87M in 2008 compared to NIS 19M in the same period last year.
- **Clal Biotechnology Industries (CBI)** – which holds on the one hand a varied and rich portfolio, whilst on the other hand high cash balances (approximately 186 million NIS) - the progress of the business is continuing. Andromeda is making progress with the Phase III trials; an interim report was received pointing to the effectiveness of treatment of population sub-groups and recommending a continuation of the trials, while Teva announced that it will increase its investment in the company by another \$7 million. D-Pharm has completed its preparations for Phase III trials, as agreed with the FDA, and Mediwound has completed Phase II trials and is preparing for Phase III trials in the USA, is continuing Phase III trials in Europe and is preparing for its pre-marketing activity in Europe, in collaboration with Teva. At the same time, Curetech has announced an extension of its agreement with Teva, which has invested a further \$4.5 million in the company for the purpose of carrying out Phase II trials.
- **Clal Energy** – Currently at various stages of looking into projects in the alternative energy field in Israel and abroad, including wind energy, pumped energy and in the solar energy sector, in which it has tendered, jointly with the Spanish Abengoa corporation, a world leader in the sector, for the pre-selection stage for the construction of a solar-thermal energy power station in the Negev. Clal Energy announced today the receipt of a conditional license to set up a stored energy power station in the Carmel area, for the production of up to 220 mega watts of electricity.
- The unique Infinity Israel-China private equity fund, which is based amongst other things on close cooperation with the Chinese investors, and which is worth approximately 300 million dollars, made investments totaling 7 million dollars in companies oriented towards activity in the Chinese market.

Data on the main held companies and their contribution to profit

1. The following are data from the financial statements of the main held companies¹

<u>Revenues</u>				
	For the year ended 31 st December		For the three months ended 31 st December	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Companies reporting in NIS (million NIS)				
Mashav (excluding Ta'avura)	1,560	1,515	360	379
Ta'avura	2,339	1,636	604	431
Hadera Paper	673	584	226	155
Golf	706	664	178	186
KBA	240	51	-	20
CBI	35	96	(3)	2
013Netvision	1,235	1,147	318	306
Companies reporting in dollars (million dollars)				
Fundtech²	121	105	29.8	29.4

<u>Net profit (loss)</u>				
	For the year ended 31 st December		For the three months ended 31 st December	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Companies reporting in NIS (million NIS)				
Mashav (excluding Ta'avura)	183	225	13	57
Ta'avura	77	85	7	15
Hadera Paper	70	32	11	18
Golf	101	61	26	26
KBA	145	29	-	12
CBI	(83)	(10)	(9)	(17)
013Netvision	87	19	11	(25)
Companies reporting in dollars (million dollars)				
Fundtech²	1.2	7.1	(2.2)	2.7

¹ The data presented refer to the results of the held companies, ignoring the percentage of the Company's holding in them and ignoring the canceling out of transactions between the companies and the sectors.

² Refers to statements published cumulatively by Fundtech according to US GAAP. The company consolidates Fundtech's financial statements according to IFRS standards.

b. **Analysis of results by operating sectors (in million NIS)**

	Year ended 31 st December 2008			Year ended 31 st December 2007		
	Current ³	Other ⁴	Total	Current ³	Other ⁴	Total
Operating sectors						
Cement	153	(16)	137	177	(3)	174
Transport	26	2	28	32	-	32
Hadera Paper	26	1	27	13	(3)	10
Golf	75	2	77	48	24	72
KBA	71	0	71	13	-	13
Fundtech	(9)	(2)	(11)	9	-	9
ECI	-	-	-	28	296	324
CBI	(57)	1	(56)	(60)	136	76
013Netvision	5	(4)	1	(13)	105	92
Others	(31)	(6)	(37)	1	(63)	(62)
Total contribution of sectors	<u>259</u>	<u>(22)</u>	<u>237</u>	<u>248</u>	<u>492</u>	<u>740</u>
Finance and HQ	(211)	-	(211)	(110)	-	(110)
Net profit	<u>48</u>	<u>(22)</u>	<u>26</u>	<u>138</u>	<u>492</u>	<u>630</u>

	Year ended 31 st December 2008			Year ended 31 st December 2007		
	Current	Other	Total	Current	Other	Total
Operating sectors						
Cement	25	(16)	9	48	-	48
Transport	2	-	2	6	-	6
Hadera Paper	8	(4)	4	6	-	6
Golf	19	(1)	18	22	-	22
KBA	0	-	0	6	-	6
Fundtech	(5)	-	(5)	3	-	3
ECI	(2)	(4)	(6)	(10)	1	(9)
CBI	3	(3)	0	3	4	7
013Netvision	(15)	2	(13)	(5)	(26)	(31)
Others	35	(26)	9	79	(21)	58
Total contribution of sectors						
Finance and HQ	(6)		(6)	(40)	-	(40)
Net profit	<u>29</u>	<u>(26)</u>	<u>3</u>	<u>39</u>	<u>(21)</u>	<u>18</u>

³ The contribution to the Company's net profit does not include: gains on realization of investments, reductions (excluding original differences) and one-time effects on the Company for its investment in the held company.

⁴ Including results of realization of investments, adjustment of value of investments and one-time effects (both in the held companies and in the company with respect to investment in the sector)