

Clal Industries and Investments (CII) today published its financial statements for the first quarter of 2009:

CII reports a net income of NIS 101 million, a marked increase compared with net income in the first quarter last year (NIS 8 million).

The Company shows an improvement in the contribution of its subsidiary companies to the income for the first quarter of 2009, amounting to NIS 89 million, compared with NIS 74 million in the corresponding period last year, with an improvement in gross profitability in some of the companies (e.g., Taavura, Golf and 013 NetVision), although there was a slight reduction in the revenues of some of these companies.

The current net income for the reported quarter was positively affected by the shift to financial income of NIS 13 million, compared with financial expenses of NIS 65 million in the corresponding period last year (mainly due to devaluation of the shekel against the dollar and the negative price index in the reported period), and amounted to NIS 82 million, compared with NIS 25 million in the first quarter of 2008.

Mr. Avi Fischer and Mr. Zvika Livnat, Co-Chief Executive Officers of Clal Industries, said today in relation to the financial results for the reported period: "Clal Industries entered the global domestic crisis in a full state of preparedness, with high cash balances at its disposal and a convenient cash flow spread over several years. The performance of the operating companies indicate that they are coping well with the slowdown and the decline in local and worldwide demand.

Two companies demonstrating particularly praiseworthy performances are Golf and Clal Biotech (CBI): Golf continues to create impressive amounts of net profit despite the slowdown in the field in which it operates; while Clal Biotech is advancing and investing in more than a dozen companies, and still manages to make a profit.

Clal Industries continues its advancement of future growth engines, such as energy production, which is gathering momentum, alongside the close day-to-day management of traditional Clal Industries companies and veteran companies – which promise stability and a strong cash flow.

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Events and main activities of Clal Industries since the beginning of 2009:

- **The cement sector** reports a slight reduction in the volume of sales, mainly because of a reduction in the quantity of cement sold on the domestic market, alongside the continuation of efficiency measures in response to an intensification of the recession.
- **Golf** showed an increase in net income from NIS 24 million for the quarter compared with NIS 20 million last year, despite a reduction in the volume of sales (6%); the increase is due in particular to a substantial improvement in financial income.
- **Hadera Paper** posted an increase in sales in the first quarter compared with last year (from NIS 143 million to NIS 230 million in the first quarter of the year), primarily attributable to the consolidation of Carmel, together with an increase in combined operating profit (from NIS 60 million to NIS 64 million), due, amongst other things, to the continuing improvement in the results of Hogla-Kimberley (Israel) and KCTR (Turkey), despite a substantial slowdown in activity in the field of packing materials and paper recycling, against the background of the global slowdown.
- **Fundtech** showed a slight reduction (7%) in revenues, against the background of the economic crisis, but succeeded in retaining its major customers. The company reports new customers and also recently completed the acquisition of a British company, Intersoftware, which complements its area of operations. Despite the crisis in the global financial system in which Fundtech operates, Fundtech continues to accumulate liquid resources amounting to US\$ 50 million. In the meantime, Fundtech reported that it has started to repurchase its own shares, amounting at the end of the quarter to US\$ 1.5 million.
- **013 NetVision** shows a consistent growth in its revenues, with an increase in operating profit (from NIS 26 million to NIS 44 million), and in net income, NIS 29 million in the quarter under review, compared with NIS 27 million in the corresponding period last year, with record results in the EBITDA, amounting to NIS 71 million in the first quarter of 2009, compared with NIS 60 million last year.
- **Clal Biotechnology Industries (CBI)**, which holds a rich and diverse portfolio, on the one hand, and a large cash balance (approximately NIS 184 million), on the other – continued its business progress.
In February 2009, as a result of the receipt of a second interim report for an experiment being carried out by Andromeda Biotech, Teva announced its decision to exercise its option and invest US\$ 7 million (of which US\$ 1.5 million was invested). The notice by Teva on the exercise of the investment option confirms the high value of Clal Biotech's holding in Andromeda.
 - **Andromeda** will complete the enrolment of patients for its Phase III trials in Europe in July. In addition, Andromeda continued performing its ongoing experiments in Israel on patients who have already completed 2 years of treatment with the drug.
 - **D-Pharm** has submitted an IND request for the performance of a Phase III trial for the purpose of registering a drug. The trial is expected to include 770 patients suffering from an ischemic stroke of a medium to high degree, in more than 100 medical centers in North America, Europe, South America and Israel.

- In April 2009, an interim report on a trial being carried out by **Polyheal** was received, indicating the statistically significant effectiveness of the product in all of the targets determined for the trial, and the absence of side effects.
 - In January 2009, **BioCancell Therapeutics** received approval from the FDA for the performance of Phase I tests for pancreatic and ovarian cancer.
- **The progress in clinical studies, the large number of companies that are approaching advanced development stages, once again confirm the maturity of the portfolio.**
- **Clal Energy – The company is at various stages of investigating projects in alternative energy fields in Israel and abroad, including wind power, pumped storage energy and solar power, which it has undertaken together with the Spanish company Abengoa, a world leader in its field, up to the stage of preliminary selection for setting up a thermal solar power station in the Negev.**

In March 2009, Clal Industries received a conditional license from the Public Utilities Authority – Electricity for the construction of a stored energy facility for the production of electricity using pumped storage technology, signed by the Minister of National Infrastructures.

- **In the exclusive Private Equity Fund, Infinity-Israel-China, which is based, among other things, on close cooperation with Chinese investors, and which amounts to approximately US\$ 300 million, a number of investments were made in Chinese companies or companies with a significant potential for activity in the Chinese market, e.g., the Chinese company, Digital China and the US gaming company, Oberon Media.**

Data on main subsidiary companies and their contribution to profits

Data from the financial statements of the main subsidiary companies¹ (million NIS), as follows:

Revenues			
	For the three months ended December 31		For the year ended December 31, 2008
	2009	2008	2008
Companies preparing their financial statements in NIS (million NIS)			
Mashav (without Taaavura)	364	367	1,560
Taaavura	512	490	2,339
Hadera Paper	230	143	673
Golf	151	162	706
KBA	4	127	240
CBI	55	3	35
013 NetVision	306	300	1,235
Companies preparing their financial statements in dollars (million dollars)			
Fundtech ²	26	28	121

Net income (loss)			
	For the three months ended December 31		For the year ended December 31, 2008
	2009	2008	2008
Companies preparing their financial statements in NIS (million NIS)			
Mashav (without Taavura)	48	47	183
Taaavura	22	32	77
Hadera Paper	19	21	70
Golf	24	20	101
KBA	3	78	145
CBI	24	(28)	(83)
013 NetVision	29	27	87
Companies preparing their financial statements in dollars (million dollars)			
Fundtech ²	(0.9)	0.3	1.2

¹ The data presented relates to the results of the subsidiary companies, ignoring the percentage of the company's shareholding in them and ignoring the cancelling out of transactions between the companies and the sectors.

² Relates to the statement of Fundtech published in accordance with generally accepted accounting principles in the United States. The company consolidates Fundtech's statements in accordance with IFRS principles.

c. Analysis of the results by operational sectors (in million NIS)

	For the three months ended March 31, 2009			For the three months ended March 31, 2008		
	Current	Other	Total	Current	Other	Total
<u>Operating sectors</u>						
Nesher cement	40	(4)	36	35	-	35
Taavura	8	-	8	12	-	12
Hadera Paper	1	6	7	8	-	8
Golf	18	14	32	15	-	15
KBA	1	-	1	39	-	39
Fundtech	(7)	-	(7)	-	-	-
CBI	8	8	16	(18)	-	(18)
013 NetVision	-	-	-	2	-	2
Others	1	(5)	(4)	(2)	(17)	(19)
Total contribution of sectors	70	19	89	91	(17)	74
Financial and HQ	12	-	12	(66)	-	(66)
Net income	82	19	101	25	(17)	8

	For the year ended December 31, 2008		
	Current	Other	Total
<u>Operating sectors</u>			
Nesher cement	153	(16)	137
Taavura	26	2	28
Hadera Paper	26	1	27
Golf	75	2	77
KBA	71	-	71
Fundtech	(9)	(2)	(11)
CBI	(57)	1	(56)
013 NetVision	5	(4)	1
Others	(31)	(6)	(37)
Total contribution of sectors	259	(22)	237
Financial and HQ	(211)	-	(211)
Net income	48	(22)	26