

Clal Industries, of the IDB Group, is today publishing its Financial Statements for the third quarter and first nine months of 2009:

Net profit amounted to NIS 194 million in the third quarter compared with NIS 10 million in the same quarter in 2008. The operational sectors contributed NIS 77 million to the current profit in the third quarter compared with NIS 59 million in the same quarter last year. There was an improvement in the gross profit of central companies (such as Nesher and Ta'avura), in spite of a decrease in sales this quarter.

The Company reports a net cumulative profit for 2009 of NIS 405 million, a sharp improvement over the comparable period last year (NIS 23 million).

The Company shows a clear improvement in the contribution of its operational sectors to the accumulated 2009 current profit, totaling NIS 263 million compared with NIS 225 million in the same period last year, while improving the gross profitability of most of the companies (including Nesher, Ta'avura and Netvision), along with a sharp improvement in the contribution of Clal Biological Technologies, in spite of a moderate reduction in revenues from some of the companies.

The total assets of Clal Industries and its subsidiaries increased by 43% to a total of NIS 11.2 billion, compared with NIS 7.8 billion NIS at the end of the same quarter last year.

Equity attributed to Clal Industries shareholders increased by 53% to a total of NIS 2,504 million, compared with NIS 1,640 million at the end of the same quarter last year.

At the same time, the Company is declaring the distribution of a cash dividend totaling NIS 120 million.

Avi Fisher and Zvika Livnat, the joint CEOs of Clal Industries, said today in reference to financial results from the reported period: "The fortitude of the Clal Industries Group is clearly evident in the fact that despite a moderate decrease in the revenues of some of the Group members, deriving from the global and local slow-down, a significant improvement has occurred in the contributions of

companies' in the various operations sectors, along with a sharp improvement in current and net profits.

Significant progress and success at milestones has been noted in central companies at Clal Biological Technologies, which promotes and invests in over a dozen companies in the field of biotechnology, and thus manages to create excellent profitability in the current quarter and in 2009 to date. Following the successful stock issue by subsidiary D-Farm, positive indications are still being received regarding progress at central CBT companies, led by D-Farm, MediWand, Andromeda and Polyheal.

Clal Industries recently made 2 material lately, increasing its holdings in Hadera Paper from 38% to 59% and its holdings in Netvision from 24% to 31%, two stable and prominent companies with significant growth and improvement potential. Alongside the traditional industrial and long-standing companies which guarantee stability and a steady cash flow, Clal Industries has continued promoting future growth engines such as various fields of energy activity, including pumped accumulation and renewable energy.

The following are key events and points of emphasis in Clal Industries' activities since the beginning of 2009:

- Mashav – An agreement was signed for the purchase of the Hanson Company, a manufacturer and marketer of aggregates, concrete and asphalt for the construction product market. This holding structure in which Nehser, a Mashav subsidiary and cement manufacturer, has a vertical hold in the aggregate, concrete and asphalt market is common around the world and completes the construction market product basket. The agreement is contingent on the approval of the Restriction of Trade Commissioner, and its completion is not yet certain.
- The Cement Sector – reports a moderate reduction in accumulated sales in 2009 (some 6%), primarily due to the reduction in amounts of cement sold to the local market, offset by an increase in sales to the Palestinian Authority, while continuing streamlining processes as a response to the deepening recession.
- Hadera Paper – In spite of a significant slowdown in the field of packaging and paper recycling, in light of the global slowdown and the cyclical nature of the industry, Hadera Paper listed a small reduction (2%) in aggregate sales since the beginning of 2009, amounting to NIS 2,397 million, primarily due to good performance by Hogla, continual consistent increases in KCTR sales (Turkey),

passing the accumulated NIS 380 million in the beginning of 2009, and for the first time moving on to operational earnings at KCTR (earlier than expected), while increasing aggregate operational profitability to a total of NIS 187 million in 2009, compared with NIS 161 million in the same period last year.

- **Golf** – Alongside a 7% decrease in sales in 2009, a drop was listed in sales and administrative expenses, a strong cash flow from current activity amounting to NIS 66 million in 2009 and an increase in liquid assets to some NIS 149 million. The company continues to establish a leading position in its field of activity and reports opening 6 new shops in the reviewed quarter (for a total of 219 shops).
- **Fundtech** – The third quarter of 2008 showed indications of the beginning of a moderate recovery of the market in which the company operates, in spite of a certain decrease in revenues in 2009 as a result of the global financial crisis. Fundtech managed to preserve its central customer base and move new agreements forward, while at the same time recognizing an opportunity to increase its activity with new customers in the U.S. The company continues to maintain extensive liquid assets totaling \$42 million, after announcing a continued buy-back of its shares totaling \$5.8 million since the beginning of the year.
- **Netvision** – displays a consistent improvement in its business results for the first nine months of 2009 due, among other reasons, to operational streamlining: a steady increase in revenues, while increasing operational earnings (from NIS 89 million to NIS 118 million) as well as net profit – NIS 79 million in the quarter reviewed compared with NIS 76 million in the same period last year, while displaying record EBITDA results, totaling NIS 202 million in 2009, compared to NIS 189 million last year.
- **At Clal Biotechnology Industries (CBI), which holding a varied and rich portfolio on the one hand and high cash balances on the other (some NIS 239 million), business progress continues.**
August 2009 saw the completion of the successful public issue of D-Farm, a CBI subsidiary (47% after issue), the first IPO since the beginning of the financial crisis in 2007, raising a total of NIS 85 million, will shall allow them to progress towards completing their Phase 3 testing in the U.S.
 - D-Pharm received FDA approval for an IND (Investigational New Drug) for Phase II testing for pharmaceutical registration. The testing, planned to begin in the coming quarter – is expected to include some 770 patients suffering from medium to high degree ischemic strokes in over 100 medical centers in North America, Europe, South Africa and Israel.

In addition, D-Pharm entered into a strategic cooperation agreement with Wanbang Biopharmaceuticals (WB), one of China's leading pharmaceutical companies, to license the DP-b99 medication, D-Pharm's leading product for the treatment of ischemic strokes. Beyond financing the Phase II experiment in China using FDA-defined standards, and in addition to future royalties, WB shall pay D-Pharm a sum of up to \$25.5 million in return for the rights granted to it.

- In Andromeda, which focuses on treatments for juvenile onset diabetes, and in which Teva completed an accumulated investment of \$13.5 million, the recruitment of patients for Phase II testing in Europe was completed, and in addition – the follow-up testing for the Phase 3 testing has begun, with 450 patients.
 - MediWand successfully completed Phase II testing of its leading product, used for burn debridement. The results in question show that statistically significant results have been achieved in the main result targets and as a result, MediWand has begun preparing for the submission of a request to register the drug in Europe. At the same time, the company is acting in conjunction with the U.S. FDA in preparation for Phase 3 testing in the U.S.
 - PolyHeal is in contact with several pharmaceutical companies, including several companies specializing in wound healing, for the purpose of examining the possibility of various forms of collaboration. This as a result of the receipt of an interim report on the main experiment conducted by Polyheal, which indicates statistically significant efficiency on the part of the product for all targets set for the experiment, and the absence of side effects. Polyheal completed its recruitment of patients and expects to receive final data within three months.
 - Curetech has expanded its product array, which is undergoing advanced clinical development, while continuing progress in its Phase 2 clinical tests on indications of colon cancer and lymphoma in Hepatitis C and liver cancer patients.
- **The progress of clinical efforts and the large number of companies initiating advanced development processes, emphasize our portfolio's huge potential.**
- **Clal Energy is in advanced stages of examining projects in the field of alternative energy in Israel and abroad, including in the fields of wind energy, pumped energy and solar energy, in which along with the Avnagua Group of Spain, a global leader in the field, it passed preliminary qualifications for the establishment of a thermal solar power plant in the Negev.**

In March 2009 Clal Industries received a contingent license from the Public Services Authority for the establishment of a stored energy facility for the manufacture of electricity using pumped accumulation technology, signed by the Minister of National Infrastructure.

<u>Revenues</u>					
	For the Nine Months Ending September 30		For the Three Months Ending September 30		For the Year Ending December 31
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
Companies Preparing Financial Statements in NIS (In Millions of NIS)					
Mashav (without Ta'avura)	1,126	1,201	366	406	1,560
Ta'avura	1,534	1,748	513	624	2,339
Hadera Paper	654	447	220	171	673
Golf	489	528	170	179	706
CBE	29	240	12	87	240
CBI	151	40	43	23	35
Netvision	932	917	321	317	1,235
Companies Preparing Financial Statements in USD (In Millions of Dollars)					
Fundtech ¹	85	91	31	32	121

<u>Net Profit (Loss)</u>					
	For the Nine Months Ending September 30		For the Three Months Ending September 30		For the Year Ending December 31
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
Companies Preparing Financial Statements in NIS (In Millions of NIS)					
Mashav (without Ta'avura)	253	170	100	50	183
Ta'avura	109	70	25	17	77
Hadera Paper	70	59	35	20	70
Golf	64	75	15	22	101
KBE	18	145	8	53	145
KBI	82	(74)	19	(10)	(83)
Netvision	79	76	24	29	87
Companies Preparing Financial Statements in USD (In Millions of Dollars)					
Fundtech ²	1.3	3.5	1.6	1.5	1.2

¹ Based on published Fundtech reports, in accordance with generally accepted U.S. accounting rules. The company consolidates Fundtech reports in accordance with IFRS rules

² Analysis of results by operational sector is calculated on the basis of KATASH holdings in companies from the relevant sector, while the analysis of operating results of the sectors is carried out on the basis of the actual performance of sector companies.

C. Analysis of results by operating segment² (in millions of NIS)

	Nine Months Ending September 30 2009			Nine Months Ending September 30 2008		
	Current	Other	Total	Current	Other	Total
Operational Sectors						
Concrete	172	33	205	127	-	127
Transportation	22	15	37	23	2	25
Hadera Paper	14	121	135	19	4	23
Golf	47	25	72	56	3	59
CBE	8	-	8	71	-	71
Fundtech	(6)	-	(6)	(3)	(2)	(5)
CBI	(8)	71	63	(55)	5	(50)
Netvision	3	1	4	2	-	2
Others	11	(14)	(3)	(15)	3	(12)
Total sector contribution	263	252	515	225	15	240
HQ financing and other	(99)	(11)	(110)	(193)	(24)	(217)
Net profit	164	241	405	32	(9)	23

	Three Months Ending September 30 2009			Three Months Ending September 30 2008		
	Current	Other	Total	Current	Other	Total
Operational Sectors						
Concrete	54	36	90	37	-	37
Transportation	6	3	9	4	2	6
Hadera Paper	7	115	122	3	5	8
Golf	11	10	21	17	3	20
CBE	4	-	4	25	-	25
Fundtech	2	-	2	(2)	(2)	(4)
CBI	(13)	34	21	(12)	5	(7)
Netvision	2	-	2	1	-	1
Others	4	(15)	(11)	(14)	-	(14)
Total sector contribution	77	183	260	59	13	72
HQ financing and other	(54)	(12)	(66)	(62)	-	(62)
Net profit	23	171	194	(3)	13	10

	Year Ending December 31 2008		
	Current	Other	Total
Operational Sectors			
Concrete	153	(16)	137
Transportation	26	2	28
Hadera Paper	26	1	27
Golf	75	2	77
CBE	71	-	71
Fundtech	(9)	(2)	(11)
CBI	(57)	1	(56)
Netvision	5	(4)	1
Others	(31)	(22)	(53)
Total sector contribution	259	(38)	221
HQ financing and other	(196)	1	(195)
Net profit	63	(37)	26