

*Translated from the Hebrew Original*

**Koor Industries Limited**

**Condensed Consolidated Interim**  
**Financial Statements**  
**As at March 31, 2010**  
**(unaudited)**

The information contained in these financial statements constitutes an unofficial translation translation of the financial statements published by the Company in Hebrew. The Hebrew version is the binding version. This translation was prepared for convenience purposes only.

**Condensed Interim Financial Statements as at March 31, 2010 (Unaudited)**

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**Table of Contents**

	<u>Page</u>
Auditors' Review Report	2
<b>Condensed Consolidated Interim Financial Statements as at March 31, 2010 (unaudited):</b>	
Condensed Consolidated Interim Statements of Financial Position	3-4
Condensed Consolidated Interim Statements of Income	5
Condensed Consolidated Interim Statements of Comprehensive Income	6
Condensed Consolidated Interim Statements of Changes in Equity	7-9
Condensed Consolidated Interim Statements of Cash Flows	10-11
Notes to the Condensed Consolidated Interim Financial Statements	12-23



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## **Review Report to the Shareholders of Koor Industries Ltd**

### Introduction

We have reviewed the accompanying financial information of Koor Industries Ltd. and its subsidiaries (hereinafter – “the Group”) comprising of the condensed consolidated interim statement of financial position as of March 31, 2010 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 “*Interim Financial Reporting*”, and are also responsible for the preparation of financial information for this interim period in accordance with Section D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of certain consolidated subsidiaries whose assets constitute 1% of the total consolidated assets as at March 31, 2010, and whose revenues constitute 12% of the total consolidated revenues for the three-month period then ended. Furthermore, we did not review the condensed interim financial information of equity accounted investees the investment in which amounted to NIS 234,991 thousand as at March 31, 2010, and the Group’s share in their profits amounted to NIS 9,439 thousand for the three-month period then ended. The condensed interim financial information of those companies was reviewed by other auditors whose review reports thereon were furnished to us, and our conclusion, insofar as it relates to amounts emanating from the financial information of such companies, is based solely on the said review reports of the other auditors.

### Scope of Review

We conducted our review in accordance with Standard on Review Engagements 1, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Institute of Certified Public Accountants in Israel. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to that mentioned in the previous paragraph, based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Somekh Chaikin  
Certified Public Accountants (Isr.)

May 23, 2010

**Condensed Consolidated Interim Statements of Financial Position as at**

	<b>March 31, 2010</b>	<b>March 31, 2009</b>	<b>December 31, 2009</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	<b>650,221</b>	693,652	1,612,343
Short-term deposits and investments, including financial derivatives	<b>82,836</b>	38,188	63,945
Trade receivables	<b>10,731</b>	26,787	19,513
Other receivables	<b>15,390</b>	24,239	11,880
Inventories	<b>33,609</b>	50,894	34,670
Assets held for sale	<b>-</b>	64,784	16,655
	<b>792,787</b>	898,544	1,759,006
<b>Long-term investments</b>			
Investments in investees	<b>3,049,188</b>	3,008,327	2,945,939
Financial assets available for sale	<b>3,135,537</b>	1,638,137	2,888,648
Pledged financial assets available for sale	<b>4,109,620</b>	2,970,804	2,412,527
Other investments	<b>60,589</b>	76,507	73,816
	<b>10,354,934</b>	7,693,775	8,320,930
<b>Investment property</b>	<b>95,300</b>	94,900	95,300
<b>Fixed assets</b>	<b>2,034</b>	2,878	2,305
<b>Intangible assets</b>	<b>2,178</b>	3,228	2,476
<b>Total assets</b>	<b>11,247,233</b>	8,693,325	10,180,017

**Condensed Consolidated Interim Statements of Financial Position as at**

	<b>March 31, 2010</b>	<b>March 31, 2009</b>	<b>December 31, 2009</b>
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands
<b>Liabilities</b>			
<b>Current liabilities</b>			
Credit from banks	29,704	1,230,368	266,514
Current maturities of debentures	606,889	-	456,438
Trade payables	12,636	26,247	16,671
Other payables including financial derivatives	220,899	150,567	266,892
Dividend payable	269,957	-	-
Provisions	8,462	19,497	9,735
Customer advances	1,789	1,880	2,134
	<b>1,150,336</b>	<b>1,428,559</b>	<b>1,018,384</b>
<b>Long-term liabilities</b>			
Long term bank loans	2,698,448	980,688	1,757,365
Debentures	1,802,182	1,467,197	1,965,267
Deferred tax liabilities	93,559	-	80,100
Other liabilities including financial derivatives	8,666	4,397	5,273
Employee benefits	1,126	959	1,081
Liability for options to investors	-	1,827	4
	<b>4,603,981</b>	<b>2,455,068</b>	<b>3,809,090</b>
<b>Equity</b>			
Share capital	564,546	564,546	564,546
Premium on shares	3,904,575	3,904,575	3,904,575
Treasury shares	(6,071)	(6,071)	(6,071)
Reserves	46,279	429,932	(156,803)
Retained earnings (accumulated loss)	983,587	(83,284)	1,046,296
<b>Total equity attributed to holders of the Company's capital rights</b>	<b>5,492,916</b>	<b>4,809,698</b>	<b>5,352,543</b>
<b>Total liabilities and equity</b>	<b>11,247,233</b>	<b>8,693,325</b>	<b>10,180,017</b>

Ami Erel

Chairman of the Board of  
Directors

Raanan Cohen

Chief Executive Officer

Oren Hillinger

Chief Financial Officer

Approval date of financial statements: May 23, 2010

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

**Condensed Consolidated Interim Statements of Income**

	For three-month period ended		For year ended
	March 31		December 31
	2010	2009	2009
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands
<b>Revenues</b>			
Sales and services	19,656	31,477	122,253
Koor Group's equity in results of affiliates, net	112,973	121,104	126
Gains from sale of and dividends from financial assets available for sale	14,585	32,957	2,682,802
Other income	35	8,943	26,092
Financing income	85,231	4,514	29,608
	<u>232,480</u>	<u>198,995</u>	<u>2,860,881</u>
<b>Expenses</b>			
Cost of sales and services	14,405	22,173	92,410
Selling and marketing expenses	3,441	5,312	20,069
General and administrative expenses	8,507	7,219	68,330
Other expenses	6,566	10,381	18,448
Financing expenses	60,614	33,538	373,310
	<u>93,533</u>	<u>78,623</u>	<u>572,567</u>
<b>Earnings before income taxes</b>	<b>138,947</b>	120,372	2,288,314
Income taxes	<u>68,490</u>	<u>130,376</u>	<u>(122,611)</u>
<b>Income for the period attributed to holders of the Company's capital</b>	<b><u>207,437</u></b>	<b><u>250,748</u></b>	<b><u>2,165,703</u></b>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
<b>Earnings per share:</b>			
Basic earnings per ordinary share	<u>4.377</u>	<u>5.289</u>	<u>45.648</u>
Diluted earnings per ordinary share	<u>4.361</u>	<u>5.289</u>	<u>45.633</u>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

**Condensed Consolidated Interim Statements of Comprehensive Income**

	For three-month period ended		For year ended
	March 31		December 31
	2010	2009	2009
(Unaudited)	(Unaudited)	(Audited)	
NIS thousands	NIS thousands	NIS thousands	
<b>Income for the period</b>	<b>207,437</b>	250,748	2,165,703
Other elements of comprehensive income:			
Foreign currency translation differences from foreign operations	(47,498)	260,026	(16,901)
Foreign currency translation differences from foreign operations recognized in gain/loss	4,347	1,078	1,078
Net change in fair value of financial assets classified as available for sale, net of tax	248,613	(*) 665,507	2,290,301
Net change in fair value of financial assets classified as available for sale recognized in gain/loss, net of tax	(10,939)	(*) (24,388)	(1,978,016)
Actuarial gains from defined benefits plan	-	-	533
Koor's equity in comprehensive income of affiliates	8,370	1,097	26,530
<b>Total comprehensive income for the period – attributed to holders of the Company's</b>	<b>410,330</b>	1,154,068	2,489,228

(\*) Reclassified – see Note 2(C).

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

### Condensed Consolidated Interim Statement of Changes in Equity

	Attributed to Company's equity holders							Total equity
	Share capital	Premium on shares	Translation reserve for foreign operations	Hedge reserve	Reserve for assets available for sale	Treasury shares	Retained earnings (accumulated loss)	
	NIS thousands							
<b>For three-month period ended March 31, 2010 (unaudited)</b>								
<b>Balance as at January 1, 2010 (audited)</b>	564,546	3,904,575	(243,722)	17,461	69,458	(6,071)	1,046,296	5,352,543
Dividend to holders of equity	-	-	-	-	-	-	(269,957)	(269,957)
<b>Total comprehensive income for the period</b>								
Income for the period	-	-	-	-	-	-	207,437	207,437
<b>Elements of other comprehensive income</b>								
Foreign currency translation differences from foreign operations	-	-	(47,498)	-	-	-	-	(47,498)
Foreign currency translation differences from foreign operations recognized in gain/loss	-	-	4,347	-	-	-	-	4,347
Net change in fair value of financial assets classified as available for sale, net of tax	-	-	-	-	248,613	-	-	248,613
Net change in fair value of financial assets classified as available for sale recognized in gain/loss, net of tax	-	-	-	-	(10,939)	-	-	(10,939)
Koor's equity in comprehensive income (loss) of affiliates	-	-	3,095	5,464	-	-	(189)	8,370
<b>Total comprehensive income (comprehensive loss) for the period, net of tax</b>	-	-	(40,056)	5,464	237,674	-	(189)	202,893
<b>Total comprehensive income (comprehensive loss) for the period</b>	-	-	(40,056)	5,464	237,674	-	207,248	410,330
<b>Balance as at March 31, 2010 (unaudited)</b>	<b>564,546</b>	<b>3,904,575</b>	<b>(283,778)</b>	<b>22,925</b>	<b>307,132</b>	<b>(6,071)</b>	<b>983,587</b>	<b>5,492,916</b>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statement of Changes in Equity (cont.)

	Attributed to Company's equity holders							Total equity
	Share capital	Premium on shares	Translation reserve for foreign operations	Hedge reserve	Reserve for assets available for sale	Treasury shares	Retained earnings (accumulated loss)	
	NIS thousands							
<b>For three-month period ended March 31, 2009 (unaudited)</b>								
<b>Balance as at January 1, 2009 (audited)</b>	564,546	3,904,575	(247,674)	10,022	(243,127)	(6,071)	(326,641)	3,655,630
<b>Total comprehensive income for the period</b>								
Income for the period	-	-	-	-	-	-	250,748	250,748
<b>Elements of other comprehensive income</b>								
Foreign currency translation differences from foreign operations	-	-	260,026	-	-	-	-	260,026
Foreign currency translation differences from foreign operations recognized in gain/loss	-	-	1,078	-	-	-	-	1,078
Net change in fair value of financial assets classified as available for sale, net of tax	-	-	-	-	665,507	-	-	665,507
Net change in fair value of financial assets classified as available for sale recognized in gain/loss, net of tax	-	-	-	-	(24,388)	-	-	(24,388)
Koor's equity in comprehensive income (loss) of affiliates	-	-	(7,850)	16,040	298	-	(7,391)	1,097
<b>Total comprehensive income (comprehensive loss) for the period, net of tax</b>	-	-	253,254	16,040	641,417	-	(7,391)	903,320
<b>Total comprehensive income for the period</b>	-	-	253,254	16,040	641,417	-	243,357	1,154,068
<b>Balance as at March 31, 2009 (unaudited)</b>	564,546	3,904,575	5,580	26,062	398,290	(6,071)	(83,284)	4,809,698

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statement of Changes in Equity (cont.)

	Attributed to Company's equity holders							Total equity
	Share capital	Premium on shares	Translation reserve for foreign operations	Hedge reserve	Reserve for assets available for sale	Treasury shares	Retained earnings (accumulated loss)	
	NIS thousands							
<b>For the year ended December 31, 2009 (audited)</b>								
<b>Balance as at January 1, 2009 (audited)</b>	564,546	3,904,575	(247,674)	10,022	(243,127)	(6,071)	(326,641)	3,655,630
Dividend to holders of equity	-	-	-	-	-	-	(792,315)	(792,315)
<b>Total comprehensive income for the period</b>								
Income for the period	-	-	-	-	-	-	2,165,703	2,165,703
<b>Elements of other comprehensive income</b>								
Foreign currency translation differences from foreign operations	-	-	(16,901)	-	-	-	-	(16,901)
Foreign currency translation differences from foreign operations recognized in gain/loss	-	-	1,078	-	-	-	-	1,078
Net change in fair value of financial assets classified as available for sale, net of tax	-	-	-	-	2,290,301	-	-	2,290,301
Net change in fair value of financial assets classified as available for sale recognized in gain/loss, net of tax	-	-	-	-	(1,978,016)	-	-	(1,978,016)
Actuarial gains from defined benefits plan	-	-	-	-	-	-	533	533
Koor's equity in comprehensive income (loss) of affiliates	-	-	19,775	7,439	300	-	(984)	26,530
<b>Total comprehensive income (comprehensive loss) for the period, net of tax</b>	-	-	3,952	7,439	312,585	-	(451)	323,525
<b>Total comprehensive income for the period</b>	-	-	3,952	7,439	312,585	-	2,165,252	2,489,228
<b>Balance as at December 31, 2009 (audited)</b>	564,546	3,904,575	(243,722)	17,461	69,458	(6,071)	1,046,296	5,352,543

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

**Condensed Consolidated Interim Statement of Cash Flows**

	<b>For three-month period ended</b>		<b>For year ended</b>
	<b>March 31</b>		<b>December 31</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>
<b>Cash flows generated by operating activities</b>			
<b>Income for the period</b>	<b>207,437</b>	250,748	2,165,703
Adjustments:			
Financing costs, net	<b>75,021</b>	49,055	217,235
Income tax expenses (savings)	<b>(68,490)</b>	(130,376)	122,611
Koor's equity in results of affiliates, net	<b>(112,973)</b>	(121,104)	(126)
Dividend received from affiliates	<b>7,500</b>	-	112,718
Depreciation and amortization	<b>549</b>	454	1,738
Increase (decrease) in employee benefits	<b>45</b>	(157)	502
Revaluation of investment property	-	(1,639)	(2,039)
Capital losses (gains), net, from realization of:			
Fixed assets	-	(7)	(7)
Investments in investees and financial assets available for sale	<b>(9,761)</b>	(28,855)	(2,669,264)
Gain from early redemption of debentures	-	(278)	(278)
(Erosion) linkage and amortization of debenture discounts and revaluation of liability from options	<b>(15,893)</b>	(8,200)	52,010
Erosion (linkage) of loan principals and other long-term liabilities	<b>(54,840)</b>	(6,542)	85,358
Revaluation of investments, deposits and loans receivable	<b>(27,681)</b>	(6,938)	(10,061)
Impairment (revaluation) of assets and investments (mainly in value of venture capital investments)	<b>1,614</b>	(5,190)	4,940
Decrease in trade and other receivables	<b>4,453</b>	18,658	17,909
Decrease in inventories and customer advances	<b>149</b>	944	12,774
Decrease in trade and other payables	<b>(16,291)</b>	(35,905)	(58,127)
Income tax received (paid)	<b>2,592</b>	(126)	(219)
<b>Net cash inflows (outflows) generated by operating activities</b>	<b>(6,569)</b>	(25,458)	53,377
<b>Cash flows generated by investing activities</b>			
Purchase of fixed assets	<b>(38)</b>	(978)	(1,142)
Amounts recognized as intangible assets	-	-	(1,270)
Proceeds from realization of financial assets available for sale, investments in investees and other (includes venture capital investments)	<b>181,619</b>	487,176	11,181,471
Proceeds from sale of fixed assets, investment property and intangible assets	-	22,075	22,075
Proceeds from realization of assets held for sale	<b>16,178</b>	16,306	16,306
Investment in financial assets available for sale, affiliates and other	<b>(1,874,610)</b>	(152,888)	(9,639,405)
Increase in short-term deposits and investments, net	<b>(6,837)</b>	-	(24,230)
Interest received	<b>1,587</b>	419	6,337
<b>Net cash inflows (outflows) generated by continuing investing activities</b>	<b>(1,682,101)</b>	372,110	1,560,142

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statement of Cash Flows (cont.)

	For three-month period ended		For year ended
	March 31		December 31
	2010	2009	2009
(Unaudited)	(Unaudited)	(Audited)	
NIS thousands	NIS thousands	NIS thousands	
<b>Cash flows generated by financing activities</b>			
Net proceeds from issuance of debentures	-	-	819,438
Dividend distributed to shareholders	-	-	(792,315)
Interest paid	(56,910)	(34,616)	(233,209)
Proceeds from the reissuance of debentures that were held by subsidiary	-	-	79,862
Long-term loans received	854,525	-	750,000
Long-term loans and debentures repaid	(80,903)	(526)	(1,111,807)
Cash flows from settlement (to settlement) of derivatives	24,646	-	(11,650)
Decrease (increase) in credit from banks and others, net	(1,494)	78,652	182,159
<b>Net cash inflows (outflows) generated by financing activities</b>	<b>739,864</b>	<b>43,510</b>	<b>(317,522)</b>
<b>Change in cash and cash equivalents</b>	<b>(948,806)</b>	<b>390,162</b>	<b>1,295,997</b>
<b>Cash and cash equivalents – beginning of period</b>	<b>1,612,343</b>	<b>277,265</b>	<b>277,265</b>
<b>Effect of fluctuations in exchange rate on balances of cash and cash equivalents</b>	<b>(13,316)</b>	<b>26,225</b>	<b>39,081</b>
<b>Cash and cash equivalents – end of period</b>	<b>650,221</b>	<b>693,652</b>	<b>1,612,343</b>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

**Note 1 – General**

Koor Industries Ltd. ("the Company" or "Koor") is an Israel-domiciled company that was incorporated in Israel; its registered address is 3 Azrieli Center, Tel-Aviv 67023. The Company's condensed consolidated financial statements as at March 31, 2010 include the financial statements of the Company and the financial statements of its subsidiaries, as well as the Group's rights in affiliates (together – "the Group"). The Company is a holding company that invests mainly in the fields of agrochemicals, finance, telecommunications equipment and others, through subsidiaries, affiliates and financial investments. I.D.B. Development Ltd. ("IDB Development"), which is the controlling shareholder in the Company, holds 76% of the Company's shares as at March 31, 2010, directly and indirectly through Discount Investment Ltd ("DIC"). The controlling interest in IDB Development is comprised of Gandan Holdings Ltd., Manor Holdings B.I. Ltd. and Abraham Livnat Ltd., which are tied in a voting agreement. Its ultimate parent company is Gandan Holdings Ltd., and Mr. Nochi Dankner is the ultimate controlling shareholder. The Company's securities are listed for trading on the Tel Aviv Stock Exchange.

**Note 2 – Basis for preparation of financial statements****A. Declaration of compliance with International Financial Reporting Standards**

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – *Interim Financial Statements* – and do not include all the information required in the full annual financial statements. The condensed interim financial statements should be read together with the financial statements as at and for the year ended December 31, 2009 ("the annual financial statements").

Likewise, the financial statements are prepared in accordance with Section D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

The condensed consolidated interim financial statements were approved for issue by the Company's Board of Directors on May 23, 2010.

**B. Use of estimates and judgment**

When preparing condensed financial statements in conformity with IFRS, Company management is required to use judgment when making assessments, estimates and assumptions that affect the implementation of the policies and amounts of assets and liabilities, revenues and expenses. It is clarified that the actual results could differ from these estimates. Management's judgment, when applying the Group's accounting policies and main assumptions used in estimates involve uncertainty, are consistent with those used in the annual financial statements.

**C. Reclassification**

In 2008, the Company offset the tax effect of the revaluation and realization of available-for-sale securities within the statement of comprehensive income. As from June 30, 2009, the Company presented the said effect separately. Comparative figures for the three month period ended March 31, 2009 2008 were reclassified in the statement of comprehensive income in order to include these effects separately.

### Note 3 – Significant Accounting Policies

Except as provided in Par. (1) below, the Group's accounting policies in these condensed consolidated interim financial statements are the policies that it applied in its annual financial statements.

Presented below is a description of the changes in accounting policies instituted in the condensed consolidated interim financial statements and their effect:

**(1) First-time application of new standards**

**a. Business combinations and transactions with rights that do not confer control**

Commencing January 1, 2010, the Group applies IFRS 3 (2008), *Business Combinations* and IAS 27 (2008) *Consolidated and Company Only financial statements* (hereinafter – "IFRS 3" and "IAS 27"), respectively.

The principal changes are as follows:

- The definition of a business has been broadened, so that more acquisitions will be treated as business combinations.
- When a parent company loses control over a subsidiary, the residual holdings after discontinuing the consolidation are revalued on the date of deconsolidation, at fair value, to the statement of income.
- When a business combination is achieved in stages, the difference between the fair value on the initial date of consolidation and the original book value of the investment on that date is recognized in the statement of income.
- A minority interest is measured on the date of the business combination at fair value or at its proportionate share of the identified assets and liabilities of the acquiree, on a transaction-by-transaction basis.
- Transactions with the minority interest, while retaining control, are treated as equity transactions, such that the difference between the consideration paid or received and between the change in the minority interest are attributed to the equity holders of the Company.
- Transaction costs incurred by the buyers in a business combination are treated as an expense in the period in which they occur and services are received.
- Contingent proceeds are measured on the date of the business combination at fair value. Subsequent to the acquisition date, changes in the fair value of contingent proceeds classified as a financial liability are recognized in the statement of income.
- Goodwill will not be updated for utilization of carryforward tax losses that existed on the date of the business combination.
- A gain or loss or any element of other comprehensive income is attributed to the holders of the Company and to the minority interest even if as a result, the minority interest will be negative.
- The exercise price capitalized for a put option issued by the group to the minority interest will be recognized as a financial liability. In subsequent periods, changes in the value of the liability are recognized in the statement of income.
- On the acquisition date, the buyer recognizes a contingent liability assumed in a business combination if it is not recorded in the financial statements of the acquiree company only if there is a current obligation deriving from past events and fair value may be reliably measured.
- The definition of minority interest was broadened to include additional elements, such as: equity element of convertible debentures of subsidiaries, share-based payments that will settle the equity instruments of subsidiaries and options for shares of subsidiaries.

The said changes will have an effect on the Company's future business combinations and on transactions with minority interests.

**Note 3 – Significant Accounting Policies (Cont.)****(1) First-time application of new standards (Cont.)****b. Contracts for business combinations**

Commencing January 1, 2010, the Group applies Amendment to IAS 39, *Financial Instruments: Recognition and Measurement* is no longer applicable to contracts for business combinations. This amendment clarifies that only forwards between the buyer and the seller regarding the purchase or sale of a controlled entity within the scope of a business combination on a future acquisition date, is not subject to IAS 39 when the period of the forward contract does not exceed the normal period required to obtain the requisite approvals for the transaction. The Amendment also clarifies that the exemption does not apply when acquisitions of equity-accounted investees are involved.

Under the scope of the Improvements to IFRSs Project for 2010, in May 2010, the IASB published 11 amendments to the IFRSs and one interpretation on a range of accounting issues. Most of the amendments will apply to periods commencing on or after January 1, 2011, with the possibility for early adoption, subject to the conditions provided in each amendment.

Described below are the amendments that could be relevant to the Group and which could have an effect on the financial statements, and were not adopted early:

- Amendment to IAS 34, *Interim Financial Reporting, Material Events and Transactions* (hereinafter – the Amendment), which expanded the list of events and transactions requiring disclosure in the interim financial statements, such as recognition of an impairment loss on financial assets and the reclassification of financial assets as a result of a change in their designation or usage. Likewise, the materiality limit of the minimum disclosure requirement existing in the current standard, before the Amendment, was eliminated. The Amendment will apply to annual periods commencing on or after January 1, 2011. Early application is possible, if disclosure is provided.
- Amendment to IAS 1, *Financial Statement Presentation, Changes in equity statement presentation amended* (the Amendment), pursuant to which the statement of changes in equity is to include, for every element of equity, an adjustment between the book value at the beginning of the period and at its end, while providing separate disclosure for each change resulting from profit or loss, other comprehensive income and transactions with holders in their functions as owners. Likewise, such adjustment is to be presented for every element of other comprehensive income in the statement of changes in equity or in the notes. The Amendment will apply to annual periods commencing on or after January 1, 2011. Early application is possible, if disclosure is provided.

**Note 4 - Information Regarding Certain Investees****A. Makhteshim Agan Industries Ltd. ("Makhteshim-Agan") – an affiliate**

1. Koor's holding percentage in the voting rights in Makhteshim-Agan as at March 31, 2010 is 47.04%. The book balance of the investment as at March 31, 2010 amounted to NIS 2,895 million. The market value as at the said date amounted to NIS 3,381 million.
2. On May 11, 2010, the board of directors of Makhteshim-Agan resolved to not issue shares through rights to the shareholders of Makhteshim-Agan, about which a resolution in principle was adopted previously by the board of directors of Makhteshim-Agan on March 9, 2010.
3. Seasonal factors

Sales of agrochemicals are directly dependent on the agricultural seasons and the cyclical pattern of the growing seasons and, therefore, Makhteshim-Agan's revenues are not spread evenly throughout the year. Countries located in the northern hemisphere are characterized by the same timing of agricultural seasons, and, as a result, sales to these countries are usually highest in the first half of the year. In the southern hemisphere, the seasonal trend is the opposite and most of the local sales are made in the second half of the year, except for Australia where most of the sales are made in April through July.

The worldwide operations of Makhteshim-Agan act to balance out the seasonal impacts, even though Makhteshim-Agan's sales are higher in the northern hemisphere.

**B. 452 Fifth owners LLC – a jointly-controlled company**

On October 3, 2009, Koor and Property and Building Corporation Ltd. ("Property and Building", a company held by Discount Investments Ltd., the Company's parent company) signed an agreement ("the Agreement") through a joint corporation, with a corporation in the HSBC Group ("HSBC"), to purchase the HSBC headquarters building on Fifth Avenue in New York ("the Building"), for total consideration of \$330 million, at terms that will be provided below ("the transaction"). The transaction closed on April 13, 2010.

Under the terms of the transaction, Koor and Property and Building will each purchase, through an American corporation owned jointly by each of them in an indirect manner (in equal stakes) (IDB Corporation), one-half of the rights in the building (for consideration of \$165 million each), and bear one-half of the expenses involved in executing the transaction; Koor and Property and Building are equal partners in the rights and obligations of the transaction, in IDB Corporation and in the Building, and includes joint management of the building, its maintenance, rental and all that it involves, and allowed, according to resolutions of their boards of directors, as will be adopted from time to time, inter alia, to provide financing to IDB Corporation for any purpose related to the Building, maintenance and ownership of it, to sell rights in IDB Corporation and/or the Building (in full or in part), directly or indirectly, and to bring investors into the IDB Corporation and/or the Building, all on a pro rata bases according to their proportionate shares.

**Note 4 - Information Regarding Certain Investees (Cont.)****B. 452 Fifth owners LLC – a jointly-controlled company (Cont.)**

The Company states its investment in the joint corporation by the equity method.

Pursuant to the agreement, IDB Corporation purchased the building, which serves as the headquarters for HSBC Bank. The building contains two structures known as 452 Fifth Avenue N.Y. and 1 West 39<sup>th</sup> Street, N.Y. containing 12 and 29 floors, respectively, encompassing total built area of 865,000 square feet (80,000 square meters). The closing was executed on April 13, 2010 ("the closing date"), and on such date, the agreements between HSBC (as lessee) and IDB Corporation (as lessor) ("rental agreements") took effect, for rental of most of the buildings space, as provided below.

As mentioned above, the consideration for the building totals \$330 million. Upon signing the said agreement, IDB Corporation deposited the sum of \$20 million (the share of the Company and Property and Building in the deposit is \$10 million each) in trust, in favor of HSBC ("the deposit"), which was deducted from the consideration on the closing date.

For the purpose of partial financing of the consideration, on February 26, 2010, IDB Corporation signed on a non-binding term sheet with Bank Leumi USA ("Leumi USA") and Bank Leumi Le'Israel Ltd. ("Leumi Israel"), whereby Leumi USA will provide, on the closing date, IDB Corporation with credit totaling \$210 million for a period of 10 years. The credit bear fixed interest at the rate of 5% for the first four years, and for the balance of the loan period, interest at the rate of Libor+2.75%. The principal will be repaid as from the fourth year, according to the 25-year loan amortization schedule (i.e. at the rate of 4% per annum), and the balance in a balloon payment at the end of the loan period. On April 13, 2010, a loan agreement was signed between IDB Corporation and Leumi USA, based on the said document of principles. To secure the credit, on the closing date, IDB Corporation pledged the building and provided additional collateral, as is customary, and the Company and Property and Building each furnished a guarantee, jointly and severally, totaling \$52.5 million, in favor of Leumi USA, and as is customary in these types of loans, an unlimited guarantee to secure special situations.

For the purpose of guaranteeing the interest rate for the first four years of the loan period, IDB Corporation took action to fix the interest by taking out short-term credit from Leumi Israel, in the same amount and at the same fixed interest rate, as provided above, for the period from February 26, 2010 until the credit is provided by Leumi USA (i.e. the closing date), against the deposit of a deposit and its pledge in favor of Leumi Israel. On the closing date, IDB Corporation repaid the said short-term credit to Leumi Israel.

Payment of the balance of the consideration was financed from independent sources of IDB Corporation.

Pursuant to the rental agreement, almost all of the space in the building was rented to HSBC: most of the space, 547,000 square feet (51,000 square meters) was rented to HSBC for a 10-year rental period; and part of the space, 289,000 square feet (27,000 square meters) located in the upper floors of the building, was rented to HSBC for a 12-month period, with HSBC having the right to extend, for some of the floors, for a 10-year rental period. Under the terms of the rental agreements, HSBC was granted options to extend the rental periods. The rental fees to be paid for the said rented space in the first year total \$45 million, of which \$19 million is for the upper floors. The operating expenses to be borne by IDB are estimated at \$18.5 million for the first year. HSBC was given the right of first offer to rent vacant space (or space that will be vacant in the future) in the building.

**Note 4 - Information Regarding Certain Investees (Cont.)****B. 452 Fifth owners LLC – a jointly-controlled company (Cont.)**

In the event that during 24 months from the closing date of the transaction, IDB will sell the building, or more than 50% of the rights in IDB Corporation will be sold, HSBC will be entitled to one-half of the gain. The Company and Property and Building (severally and not jointly) are each guarantors for half of this obligation toward HSBC.

After HSBC will vacate some of the space in the building, IDB Corporation intends to rent the vacated space. IDB Corporation estimates that the investments that IDB Corporation will need to make in order to adapt and renovate the building will total \$19 million (excluding leasehold renovations according to tenant needs, if any). The timing and pace of the investments will conform to market conditions and the rental situation in the building. The Company and Property and Building will each bear half of the expenses involved in purchasing the building, estimated at \$22 million, and including, mainly, brokerage commissions and payments to consultants. The transaction is subject to the agreement with Rock Real described in Note 32(C)(2)(4) to the annual financial statements of the Company.

On May 23, 2010, the audit committee and board of directors of the Company resolved to approve the payment of bonuses by IDB Corporation totaling NIS 2,950 thousand in connection with dealing with the HSBC transaction and its closing, including a bonus to a director of the Company totaling NIS 900 thousand. The bonus payments are subject to obtaining additional approvals from the relevant organs of the Company and of Property and Building.

**C. E.C.Tel Ltd. ("ECTel") – former affiliate**

On October 22, 2009, ECTel signed a merger agreement pursuant to which ECTel was acquired by cVidya Networks Ltd. in consideration for \$21 million in cash (net of transaction costs exceeding the amount prescribed in the agreement). Under the terms of the agreement, every ECTel shareholder received, upon the transaction's closing, \$1.26 per share held. The proceeds received by Koor from the sale of its shares in ECTel are \$4.4 million (NIS 16.7 million). On December 11, 2009, a general meeting of ECTel's shareholders approved the transaction. The transaction was closed in January 2010.

In the financial statements as of December 31, 2009, the investment in ECTel was presented as an asset held for sale.

**D. Epsilon Investment House Ltd. ("Epsilon") – an affiliate**

1. On February 17, 2010, the board of directors of Epsilon resolved to distribute a dividend distribution of NIS 15 million. Koor's share in this distribution is NIS 7.5 million. The dividend was received on that date.
2. On March 24, 2010, the Company entered into an agreement with Mr. Ron Levkovitz and a wholly-owned company of his to acquire all of their holdings (18.75%) in Epsilon, in consideration for NIS 29 million, so that after the said acquisition, the Company will hold 68.75% of the issued and paid share capital of Epsilon. The closing of the transaction is subject to several suspending conditions, including the consent of the Anti-Trust Commissioner (which was received on May 7, 2010) and a permit by the Superintendent of the Capital Market, Insurance and Savings in the Ministry of Finance.

Concurrent with the signing of the said agreement, the Company signed an agreement with Mr. Samuel Frankel and a wholly-owned company of his, which arranges the relations between the parties as the remaining shareholders in Epsilon, and which will take effect on the closing date of the sale.

The Company will consolidate the results of Epsilon from the date control is transferred (the closing date of the transaction).

**Note 5 – Significant Events in the Report Period**

1. In the first quarter of 2010, the Company, through a wholly-owned subsidiary, effected additional purchases and sales of shares of Credit Suisse Group AG ("Credit Suisse"). The Group recognized a pre-tax gain on the sales of Credit Suisse shares during this period of NIS 15 million.

In the three-month period ended March 31, 2010, the Group recognized tax savings of NIS 66 million, due mainly to the recognition of a tax asset for the difference between the cost of the Credit Suisse shares for tax purposes and their accounting cost.

As at March 31, 2010, the Group holds 36.96 million shares of Credit Suisse that constitute 3.20% of the share capital of Credit Suisse (net of treasury shares), at a total investment of NIS 6.67 billion, the fair value of which amounted to NIS 7.05 billion. Thus the balance of the positive balance of the capital reserve, net of tax, totaled NIS 283 million as at March 31, 2010. Regarding purchases and sales subsequent to the balance sheet date and the Group's holdings as at the report date, see Note 9(1).

In January 2010, the Company's board of directors resolved to increase the investment limit to NIS 7 billion. The investment will be made while utilizing buy and sell opportunities, noting the state of the markets and according to the Company's assessments from time to time.

2. In January 2010, the terms of the credit taken from a corporation in Citigroup ("Citi credit") were updated, inter alia, by increasing the credit facility to a total of CHF 495 million, a reduction in the interest rates paid on the credit, cancellation of the requirement to pay commissions on withdrawals from the facility and the addition of Telrad Holdings Ltd, a wholly-owned subsidiary of Koor, as an additional borrower, so that the Citi credit can be utilized by Koor and by M.A.G.M. Chemistry Holdings Ltd. and by Telrad Holdings (together in this paragraph – "the borrower companies"). At March 31, 2010, the net balance of the loan withdrawn from the Citi credit amounts to CHF 182 million.

The Citi credit will come due in January 2011, with the borrower companies having the right to extend the credit period by two additional periods, the first one of one year and the second period of half a year, subject to the payment of an extension commission which will be paid at some conditions detailed in the agreement. The borrower companies have the right to early repayment of the credit, subject to payment of commission. After the said update of the interest term, the interest rate paid on the utilized part of the Citi credit, on a monthly basis, is the relevant Libor rate plus a margin at an annual rate ranging between 2.05% and 3.10%, based on the ratio between the value of the collateral and the net loan balance (the actual balance from time to time), and with the addition of the grossing up of withholding tax. Likewise, after the update of the interest term, a commission is paid on the unutilized part of the Citi credit, on a monthly basis, at an annual rate ranging between 1.2% and 1.4%, based on the percentage of the credit facility utilized, plus the grossing up of withholding tax (if applicable).

As at March 31, 2010, the Company classified the Citi credit as a long-term liability, since it intends to extend the credit for a period of at least 12 months.

**Note 5 – Significant Events in the Report Period (cont.)**

3. According to the Company's examination of February 8, 2010, the Company is not required to be supplemental interest (according to the description in Note 17(C)(7) to the Company's annual financial statements) to the holders of the Company's debentures (Series I), since the average closing rate of the Credit Suisse shares on the date of the examination was lower than the base price of the Credit Suisse shares on the issue date of the said debentures.
4. On March 14, 2010, the Company's board of directors resolved to distribute a cash dividend totaling NIS 270 million (representing NIS 5.69 per share). The dividend was distributed on April 13, 2010.

**Note 6 – Contingent Liabilities**

During the ordinary course of business, legal claims were filed against the Company, including motions for class action recognition. The Company's management, based, inter alia, on the opinions of legal counsel regarding the prospects of the claims, including the motions for class action recognition, believes proper provisions were included, where required, to cover the exposure resulting from the above claims.

A detailed description of the contingent liabilities pending against the Company and its investees appears in Note 31 to the annual financial statements.

Provided below are details on material changes that occurred in contingent liabilities to which Makhteshim-Agan is a party:

On March 24, 2010, a subsidiary of Makhteshim-Agan received a decision by the Ministry of Health in Brazil, whereby in administrative proceedings opened against it, administrative penalties were imposed on the subsidiary in an immaterial amount. The financial statements of Makhteshim-Agan include an appropriate provision for these penalties.

**Note 7 – Operating segments**

The Group has three reportable operating segments, as below:

Makhteshim-Agan (affiliated company) segment. Makhteshim-Agan is considered the world's leading agrochemical producer (agrochemicals).

Credit Suisse segment. These activities are carried out through the investment in the shares of the Credit Suisse group.

Telecom equipment segment. These activities are carried out by Microwave Networks Inc., a subsidiary, which develops and markets point-to-point telecom systems.

The segment separation and profit and loss measurement basis is the same as that presented in Note 3, Significant Accounting Policies, to the annual financial statements.

**Notes to the Interim Financial Statements as at March 31, 2010 (unaudited)****Note 7 – Operating segments (cont.)****A. Information related to the Koor Group's operating segments – consolidated**

	Three-months ended March 31, 2010					
	Makhteshim Agan	Credit Suisse	Telecom equipment	Others	Adjust- ments	Consolidated
	(Unaudited)					
	NIS thousands					
Total revenues	<u>2,796,989</u>	<u>14,585</u>	<u>17,183</u>	<u>17,006</u>	<u>(2,613,283)</u>	<u>232,480</u>
Segment results – attributed to Company's holders	<u>111,802</u>	<u>81,110</u>	<u>(2,680)</u>	<u>(4,064)</u>	<u>21,269</u>	<u>207,437</u>
Segment's assets	<u>14,826,536</u>	<u>7,050,602</u>	<u>49,943</u>	<u>501,196</u>	<u>(11,181,044)</u>	<u>11,247,233</u>
	Three-months ended March 31, 2009(*)					
	Makhteshim Agan	Credit Suisse	Telecom equipment	Others	Adjust- ments	Consolidated
	(Unaudited)					
	NIS thousands					
Total revenues	<u>3,146,847</u>	<u>32,957</u>	<u>29,497</u>	<u>41,756</u>	<u>(3,052,062)</u>	<u>198,995</u>
Segment results – attributed to Company's holders	<u>117,664</u>	<u>(*)163,445</u>	<u>(5,331)</u>	<u>10,199</u>	<u>(35,229)</u>	<u>250,748</u>
Segment's assets	<u>15,117,808</u>	<u>4,566,023</u>	<u>83,663</u>	<u>562,865</u>	<u>(11,637,034)</u>	<u>8,693,325</u>
	Year ended December 31, 2009					
	Makhteshim Agan	Credit Suisse	Telecom equipment	Others	Adjust- ments	Consolidated
	(Audited)					
	NIS thousands					
Total revenues	<u>8,862,248</u>	<u>2,650,592</u>	<u>113,464</u>	<u>158,397</u>	<u>(8,923,820)</u>	<u>2,860,881</u>
Segment results – attributed to Company's holders	<u>(2,864)</u>	<u>2,523,648</u>	<u>(16,531)</u>	<u>37,928</u>	<u>(376,478)</u>	<u>2,165,703</u>
Segment's assets	<u>14,193,422</u>	<u>5,110,948</u>	<u>59,389</u>	<u>602,021</u>	<u>(9,785,763)</u>	<u>10,180,017</u>

(\*) Comparative figures for the three months ended March 31, 2009 were reclassified, in order to conform to the annual segment reporting, so that the segment's results include the taxes presented to the chief operational decision maker of the Group.

**Notes to the Interim Financial Statements as at March 31, 2010 (unaudited)****Note 7 – Operating segments (cont.)****B. Profit and loss adjustments for reportable segments**

	Three-month period ended		Year ended
	March 31		December 31
	2010	2009	2009
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands
Total earnings or loss from reportable segments	<b>190,232</b>	275,778	2,504,253
Earnings or loss from operations classified in the other operating segment	<b>(4,064)</b>	10,199	37,928
Amounts not attributed – mainly financing income (expenses) and general and administrative expenses for Koor headquarters	<b>21,269</b>	(35,229)	(376,478)
Net income for the period	<b>207,437</b>	250,748	2,165,703

**Note 8 – Related parties**

- On May 23, 2010 the Company's Board decided to update the guidelines and rules for the classification of a transaction of the Company or its consolidated companies with an interested party as a negligible transaction as determined in regulation 41(A)(6)(A) of the Securities Regulations (Annual Financial Statements), 2010. These rules and guidelines will also be used to examine the scope of disclosure in the Company's periodic reports and in prospectuses (including shelf offering reports), regarding a transaction of the Company, a company under its control and an associated company with a controlling shareholder or in which the controlling shareholder has a personal interest as set out in Regulation 22 of the Securities Regulations (Periodic and Immediate Reports) 1970 ("Periodic Reports Regulations") and in Regulation 54 of the Securities Regulations (Prospectus Details and Draft Prospectus – Structure and Form), 1969 ("Prospectus Detail Regulations"), as well as for the examination of the need to submit an Immediate Report for the said transaction of the Company, as determined in Regulation 37A(6) of the Periodic Reports Regulations (types of transactions determined in the Financial Statements Regulations, the Periodic Reports Regulations and the Prospectus Details Regulations, referred to above, hereinafter "Transactions with Interested Parties")
- During the regular course of business, the Company and its consolidated and associated companies carry out or are likely to carry out Transactions with Interested Parties, and they have or are likely to have obligations to carry out such transactions, including transactions of types and natures as detailed below: transactions to obtain banking and financial services from banks and financial institutions (including the management of monies paid by employers and employees to provident and education funds), purchase or sales transactions of products or services (e.g. communications products and services, food products, paper products, tourism services, basic insurances, vehicle leasing services, legal services); transactions to lease real estate.

**Note 8 – Related parties (Cont.)**

3. In the absence of special, qualitative considerations in the circumstances, a Transaction with an Interested Party, which is not an extraordinary transaction (in the meaning of the term in the Companies Law and detailed in par 4), the transaction shall be deemed negligible for the purpose of both immediate and periodic reporting, of the financial statements and prospectus (including shelf offering reports) – if the applicable criterion for the transaction is less than 0.5%, as detailed below and if the size of the transaction is not greater than NIS 8 million (linked to the increase in the CPI from the known index for the beginning of 2010):

In any Transaction with an Interested Party that is classified as a negligible transaction, one or more of the applicable criteria will be considered on the basis of the Company's last reviewed or audited consolidated financial statements: (1) in the acquisition of a fixed asset ("non-current asset") – the size of the transaction as compared with all assets (namely, the total balance sheet); (2) sale of a fixed asset ("non-current asset") – the profit/loss from the transaction – in the acquisition/sale of products or services – the size of the transaction – compared with annual income (namely for four quarters) averaged from the last 12 quarters for which reviewed or audited financial statements have been published. In this connection, profit/loss from the transaction and the profit/loss in each quarter shall be calculated at their absolute value; (3) taking on of a financial liability – size of the transaction as compared with the balance sheet liabilities.

In respect of multi-year transactions, the size of the transaction shall be calculated for test of negligibility on an annual basis. For example, in an insurance transaction over several years, the annual insurance premiums shall be used to calculate the size of the transaction.

On those occasions when at the Company's discretion, all the quantitative criteria noted above are not applicable to determine negligibility of a Transaction with an Interested Party, the transaction shall be deemed negligible, in accordance with other applicable criteria, that the Company shall decide upon (on condition that the applicable criterion considered for the transaction be less than 0.5% and that the size of the transaction not exceeds NIS 8 million linked to the CPI as aforementioned).

4. It is clarified that a transaction not in the Company's normal course of business, or not a market terms, or that is likely to impact materially on the Company's profitability, assets or liabilities, shall not be classified as a negligible transaction. It should be noted that the Company is working on formulating criteria of types of transaction as extraordinary or not extraordinary transactions. When such criteria shall be adopted, the Company will publicize them in its reporting..
5. Examination of qualitative considerations of a Transaction with an Interested Party may lead to a contradiction with the negligibility of the said transaction as mention in par 3 above. For example, and purely for illustrative purposes, a Transaction with an Interested Party will not generally be deemed negligible if it is considered a material event by the Company's management and serves as the basis for taking managerial decisions, or if as part of a Transaction with an Interested Party, the interested parties are expected to obtain benefits that are important to report to the public.
6. Related transactions that are interconnected, so that they are effectively part and parcel of the same transaction (for example, centralized negotiations for a group of transactions) shall be considered a single transaction.
7. A transaction classified as negligible by one of the Company's investees shall also be deemed negligible at the Company level. The said transaction that was classified by an investee company as not being negligible shall be examined against the applicable criteria at Company level.

**Note 8 – Related parties (Cont.)**

8. Each year the Audit Committee shall review the manner in which the provisions of this procedure have been implemented by the Company, and will carry out sampling of transactions in which the Company was directly involved that were classified as negligible according to the procedure. As part of the said sampling of transactions, the Audit Committee will test inter alia the manner in which prices and other transaction terms were set, and will examine the impact of the transaction on the Company's commercial situation and operating results. The activities of the Audit Committee under this section, including the said sample testing, the manner carried out and a summary of its results and conclusions shall be disclosed in the Company's periodic report.
9. The Company's Board of Directors will examine the need to update this procedure from time to time, paying attention to Transactions with Interested Parties with which the Company is connected and changes to procedures that are sufficiently applicable.
10. Determining the classification of a Transaction with an Interested Party as a negligible transaction shall be made by the Company's Comptroller's office and Secretariat together with the Legal Counsel, as shall be required. The Company's Secretariat shall be responsible for documenting the examination and classification process.

**Note 9 – Subsequent events**

1. In April 2010, the Group made additional purchases of Credit Suisse shares.  
  
Proximate to the date of this report, the Group holds 38.46 million shares of Credit Suisse, representing 3.24% of the share capital of Credit Suisse, at an investment totaling NIS 6.95 billion.  
  
At this date, the negative difference between the value of the Credit Suisse shares held by the Group, at its stock exchange price, and the cost of these shares, as mention above, stands at NIS 1.07 billion, and is included in a capital reserve. The negative difference between the market value and cost, after deducting the dividend described below (which was recognized in income and not in a capital reserve) is NIS 806 million. At the date of this report, the Group has a debt balance (net of deposits) to financial institutions in respect of this investment totaling NIS 2.27 billion.
2. On May 7, 2010, Credit Suisse distributed a dividend of CHF 2 per share. The Group's share in this dividend was NIS 262 million.  
  
The income from this dividend net of withholding tax in Switzerland and according to expected tax effects in Israel (in accordance with Israeli tax law) will total NIS 203 million and will be recognized in the second quarter of 2010.
3. In April 2010, the Group sold the balance of its holdings in Carrefour shares at a gain of NIS 10 million. The framework of the investment in Carrefour approved by the Company's board of directors is up to a total of NIS 3.5 billion. The investment in the Carrefour shares will be made utilizing buy and sell opportunities, noting the state of the markets and based on the Company's assessments from time to time. It should be emphasized that there is no certainty that such transactions will be effected.
4. The purchase of the HSBC building closed in April 2010. See Note 4.B above for a description of the transaction.
5. On April 30, 2010, the Company redeemed the Series G debentures in full, in the amount of NIS 454 million.