

Koor Industries Limited

**Financial Statement Data from the
Consolidated Financial Statements
Attributed to the Company Alone
As at December 31, 2009**

Financial Statement Data from Consolidated Financial Statements Attributed to Company Alone

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To:
The shareholders of Koor Industries Ltd

Dear Sirs,

Subject: Special auditors' report on separate financial data according to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports) – 1970

We have audited the separate financial data presented in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports) – 1970 of Koor Industries Ltd (hereinafter – the Company) as at December 31, 2009 and 2008 and for each of the three years, the last of which ended December 31, 2009, which are included in the Company's periodic report. The separate financial data are the responsibility of the Company's Board of Directors and of its Management. Our responsibility is to express an opinion on the separate financial data based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel. Such standards require that we plan and perform the audit to obtain reasonable assurance that the financial data are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial data. An audit also includes assessing the accounting principles that were used in preparing the separate financial data and the significant estimates made by the Board of Directors and by Management, as well as evaluating the separate financial data presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the separate financial data has been prepared, in all material respects, in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Somekh Chaikin
Certified Public Accountants (Isr.)

March 14, 2010

Financial Data from Consolidated Financial Statements Attributed to Company Alone

Presented below are financial data from the consolidated financial statements of Koor Industries Ltd. ("the Company") as at December 31, 2009, published within the framework of the Periodic Reports ("the Consolidated Financial Statements"), attributed to the Company itself ("separate financial data"), presented in conformity with Regulation 9.C ("the Regulation") and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970 ("the Tenth Addendum") regarding the separate financial information of the corporation.

In this separate financial information – investees are as defined in Note 1(B) to the consolidated financial statements.

The Tenth Addendum prescribes, inter alia, that the separate financial data shall be provided as follows:

- (1) Information regarding asset and liability amounts included in the consolidated financial statements, which are attributed to the Company alone (except for in respect of investees), with details according to types of assets and liabilities. Additionally, information regarding the net amount of total assets over total liabilities in respect of investees, including goodwill, attributed to the holders of the equity rights of the Company alone, based on the consolidated financial statements,
- (2) Information regarding revenue and expense amounts included in the consolidated financial statements, divided between revenues and expenses and between other comprehensive income, attributed to the Company alone (except for in respect of investees), with details according to type of revenue and expense. Likewise, information regarding the net amount of total revenues over total expenses for the operating results of investees, including impairment of goodwill, impairment of investment in affiliate or its reversal, and the impairment of an investment in an equity-accounted jointly-controlled company or its reversal, attributed to the holders of the equity rights of the Company alone, based on the consolidated financial statements.
- (3) Details of cash flow amounts included in the consolidated financial statements attributed to the Company alone (except for in respect of investees), taken from the consolidated statement of cash flows, divided according to cash flows from operating activities, cash flows from investing activities and cash flows from financing activities, with details of their components. For the purpose of this separate financial information, the balance of cash and cash equivalents allocated to the Company alone includes cash and cash equivalents that were transferred between the Company and its investees.
- (4) All additional material information, which could influence the economic decision-making of an investor, to the extent that this information was not included in the consolidated financial statements in a manner that relates explicitly to the Company alone. At a minimum, this additional information will include: disclosure regarding cash and cash equivalents, disclosure regarding financial assets and liabilities, disclosure regarding tax savings and expenses and disclosure regarding deferred taxes, in accordance with the provisions of the Regulation. Also included is a description of all of the material relationships, undertakings and transactions between the Company and its investees, whether or not they were recognized and measured in the consolidated financial statements and were expressed in the financial data provided in Par. (1) to (3) above.

The accounting policies detailed in Note 3 to the consolidated financial statements, regarding significant accounting policies, were applied for the purpose of presenting the separate financial information, including the manner in which the financial data were classified within the framework of the consolidated financial statements, with the changes required by the aforesaid.

Financial Data from Consolidated Financial Statements Attributed to Company Alone**Financial Position Data**

| | | December 31 | |
|---|----------------------|----------------------|----------------------|
| | Supplementary | 2009 | 2008 |
| | information | NIS thousands | NIS thousands |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | (1) | 1,136,391 | 256,612 |
| Short-term deposits and investments including financial derivatives | (2) | 50,501 | 21,051 |
| Other receivables | (2) | 2,313 | 2,256 |
| Assets held for sale | | 16,655 | - |
| | | 1,205,860 | 279,919 |
| Long-term investments | | | |
| Balance for investees | | 5,392,068 | 2,893,771 |
| Assets available for sale | (2) | 887,803 | 1,620,544 |
| Pledged assets available for sale | (2) | 745,457 | 2,517,210 |
| Other investments | (2) | 8,320 | 1,430 |
| Loans to investees | (2) | 231,595 | 213,993 |
| | | 7,265,243 | 7,246,948 |
| Investment property | | 61,800 | 82,100 |
| Fixed assets | | 763 | 1,237 |
| Total assets | | 8,533,666 | 7,610,204 |

Financial Data from Consolidated Financial Statements Attributed to Company Alone

Financial Position Data

| | Supplementary information | December 31 | |
|--|------------------------------|-----------------------|-----------------------|
| | | 2009 NIS thousands | 2008 NIS thousands |
| Liabilities | | | |
| Current liabilities | | | |
| Credit from banks | (2) | - | 1,072,760 |
| Current maturity of debentures | (2) | 456,438 | - |
| Trade payables | (2) | 1,107 | 1,314 |
| Other payables and credit balances, including financial derivatives | (2) | 148,220 | 153,472 |
| Provisions | | 700 | 18,362 |
| | | 606,465 | 1,245,908 |
| Long-term liabilities | | | |
| Liabilities to banks | (2) | 359,968 | 990,982 |
| Debentures | (2) | 2,126,247 | 1,709,804 |
| Capital note from subsidiary | (2) | 6,382 | 6,382 |
| Other liabilities | (2) | 876 | - |
| Deferred tax liabilities | (4) | 80,100 | - |
| Employee benefits | | 1,081 | 1,112 |
| Liability for options to investors | | 4 | 386 |
| | | 2,574,658 | 2,708,666 |
| Equity | | | |
| Share capital | | 564,546 | 564,546 |
| Premium on shares | | 3,904,575 | 3,904,575 |
| Treasury shares | | (6,071) | (6,071) |
| Reserves | | (156,803) | (480,779) |
| Retained earnings (accumulated loss) | | 1,046,296 | (326,641) |
| Total equity attributed to holders of the Company | | 5,352,543 | 3,655,630 |
| Total liabilities and equity | | 8,533,666 | 7,610,204 |

Ami Erel
Chairman of the Board of Directors

Raanan Cohen
Chief Executive Officer

Oren Hillinger
Chief Financial Officer

Approval date of financial statements: March 14, 2010

Financial Data from Consolidated Financial Statements Attributed to Company Alone

Statement of Income Data

| | Year ended December 31 | | |
|---|-------------------------------|----------------------|----------------------|
| | 2009 | 2008 | 2007 |
| | NIS thousands | NIS thousands | NIS thousands |
| Revenues | | | |
| Revenues from rental fees | 6,660 | 7,307 | 7,838 |
| Koor Group's equity in the operating results of investees, net | 800,766 | 224,644 | 702,184 |
| Gain from realization and dividend on financial assets available for sale | 1,641,790 | 574,523 | 43,498 |
| Other income | 21,486 | 51,202 | 6,183 |
| Management fee and financing income from investees | 4,093 | 10,096 | - |
| Financing income | 30,065 | 110,988 | 120,439 |
| | 2,504,860 | 978,760 | 880,142 |
| Expenses | | | |
| General and administrative expenses | 54,439 | 41,769 | 35,737 |
| Other expenses | 8,259 | 4,628 | 7,686 |
| Financing expenses | 283,331 | 694,767 | 222,396 |
| | 346,029 | 741,164 | 265,819 |
| Earnings before income tax | 2,158,831 | 237,596 | 614,323 |
| Income tax | 6,872 | - | - |
| Earnings for the year | 2,165,703 | 237,596 | 614,323 |

Financial Data from Consolidated Financial Statements Attributed to Company Alone

Comprehensive Income Data

| | Year ended December 31 | | |
|---|-------------------------------|----------------------|----------------------|
| | 2009 | 2008 | 2007 |
| | NIS thousands | NIS thousands | NIS thousands |
| Earnings for the year attributed to holders of equity rights in the Company | 2,165,703 | 237,596 | 614,323 |
| Components of other comprehensive income (loss) | | | |
| Foreign currency translation differences from foreign operations | 2,153 | (14,959) | (70,799) |
| Foreign currency translation differences from foreign operations recognized in gain/loss | 1,078 | 643 | 156 |
| Net change in fair value of financial assets available for sale, net of tax | 1,914,956 | 176,576 | 3,411 |
| Net change in fair value of financial assets classified as available for sale recognized in gain/loss | (1,207,667) | (419,402) | 752 |
| Actuarial gains (losses) from defined benefits plan | 533 | (680) | 306 |
| Koor's equity in comprehensive loss of investees, net of tax | (387,528) | (12,574) | (136,469) |
| Total comprehensive income (loss) for the year attributed to holders of the Company | 2,489,228 | (32,800) | 411,680 |

Financial Data from Consolidated Financial Statements Attributed to Company Alone

Cash Flows Data

| | Year ended December 31 | | |
|---|------------------------|---------------|---------------|
| | 2009 | 2008 | 2007 |
| | NIS thousands | NIS thousands | NIS thousands |
| Cash flows generated by operating activities | | | |
| Earnings for the year | 2,165,703 | 237,596 | 614,323 |
| Adjustments: | | | |
| Financing costs, net | 191,427 | 447,355 | 143,563 |
| Koor's equity in results of investees, net | (800,766) | (224,644) | (702,184) |
| Dividend received from investees | 67,895 | 188,320 | 17,256 |
| Impairment of financial assets available for sale | - | 4,460 | 3,464 |
| Depreciation and amortization | 73 | 189 | 247 |
| Increase (decrease) in employee benefits, net | 502 | (68) | (2,476) |
| Income tax savings | (6,872) | - | - |
| Reduction of salary expenses for employee options | - | - | 148 |
| Revaluation of investment property | (1,339) | (2,000) | (3,600) |
| Revaluation of assets and investments | - | - | 1,532 |
| Capital losses (gains), net, from realization of: | | | |
| Fixed assets | (7) | 73 | 4 |
| Investment in investees and financial assets available for sale | (1,627,881) | (623,230) | (43,677) |
| Revaluation and linkage of reserve for amortization of debenture of debenture discounts | 57,088 | 15,025 | 42,805 |
| Linkage of loan principals and other long-term liabilities | 16,669 | 63,213 | 38,475 |
| Revaluation of properties and investments, deposits and loans receivable | (9,744) | 55,754 | (51,603) |
| Decrease (increase) in other receivables and debit balances | (704) | 3,927 | (20,359) |
| Increase (decrease) in trade and other payables and credit balances | (14,628) | (587) | 19,838 |
| | 37,416 | 165,383 | 57,756 |
| Adjustments to operating activities for transactions with investees | (208) | 16,637 | (1,586) |
| Net cash inflows generated by operating activities | 37,208 | 182,020 | 56,170 |
| Cash flows generated by investing activities | | | |
| Purchase of fixed assets | (35) | (31) | (5) |
| Proceeds from realization of investments in investees and other | 5,451,169 | 4,575,915 | 34,652 |
| Proceeds from sale of fixed assets and investment property | 22,075 | - | 9 |
| Decrease in investments and other receivables, net | - | - | 267,730 |
| Investment in available for sale financial assets and in affiliates and other | (854,396) | (8,439,131) | (24,063) |
| Decrease (increase) in short-term deposits and investments, net | (25,877) | 382,157 | 65,804 |
| Interest received | 5,686 | 55,858 | 50,266 |
| | 4,598,622 | (3,425,232) | 394,393 |
| Net cash inflows (outflows) generated by investing activities with investees | (1,873,762) | (99,878) | 77,414 |
| Net cash inflows (outflows) generated by investing activities | 2,724,860 | (3,525,110) | 471,807 |

Financial Data from Consolidated Financial Statements Attributed to Company Alone**Cash Flows Data (cont.)**

| | Year ended December 31 | | |
|---|-------------------------------|----------------------|----------------------|
| | 2009 | 2008 | 2007 |
| | NIS thousands | NIS thousands | NIS thousands |
| Cash flows generated by financing activities | | | |
| Net proceeds from issuance of shares | - | 1,659,584 | - |
| Net proceeds from issuance of debentures | 819,438 | - | 640,789 |
| Proceeds from exercise of options granted to investors | - | - | 159 |
| Dividend distribution | (792,315) | - | (530,387) |
| Interest paid | (143,779) | (151,623) | (91,485) |
| Cash flows from (used in) settlement of derivatives | (11,650) | 13,571 | (7,671) |
| Long-term loans and other liabilities received | - | 158,000 | 1,040,329 |
| Long-term loans, debentures and other liabilities repaid | (1,184,105) | (310,771) | (21,766) |
| Increase (decrease) in credit from banks and others, net | (567,701) | 787,718 | - |
| Net cash inflows (outflows) generated by financing activities | (1,880,112) | 2,156,479 | 1,029,968 |
| Change in cash and cash equivalents | 881,956 | (1,186,611) | 1,557,945 |
| Cash and cash equivalents – beginning of period | 256,612 | 1,689,139 | 238,207 |
| Effect of fluctuations in exchange rate on balances of cash and cash equivalents | (2,177) | (245,916) | (107,013) |
| Cash and cash equivalents – end of period | 1,136,391 | 256,612 | 1,689,139 |

Financial Data from Consolidated Financial Statements Attributed to Company Alone**Supplementary Information****(1) Cash and cash equivalents**

Composition according to linkage basis:

| | December 31 | |
|--|----------------------|----------------------|
| | 2009 | 2008 |
| | NIS thousands | NIS thousands |
| Unlinked NIS | 696,581 | 229,489 |
| Linked to US dollar | 213,507 | 27,123 |
| Linked to CHF | 226,303 | - |
| Total cash and cash equivalents | 1,136,391 | 256,612 |

(2) Financial instruments**A. Receivables (includes for subsidiaries)**

Composition according to linkage basis:

| | December 31 | |
|---------------------|----------------------|----------------------|
| | 2009 | 2008 |
| | NIS thousands | NIS thousands |
| Unlinked NIS | 691 | 141 |
| Linked to CPI | 592 | 1,201 |
| Linked to US dollar | 185 | 134 |
| | 1,468 | 1,476 |

B. Other investments**1. Breakdown according to category of financial assets**

| | December 31 | |
|---|----------------------|----------------------|
| | 2009 | 2008 |
| | NIS thousands | NIS thousands |
| Current investments | | |
| Investments designated as fair value through gain/loss | 44,034 | 4,122 |
| Derivatives not recognized as accounting hedge | 6,467 | 9,325 |
| Current maturity of debentures held to redemption | - | 7,604 |
| | 50,501 | 21,051 |
| Non-current investments | | |
| Financial assets available-for-sale | 887,803 | 1,620,544 |
| Pledged financial assets available-for-sale | 745,457 | 2,517,210 |
| | 1,633,260 | 4,137,754 |
| Other investments | | |
| Debentures held to redemption | - | 7,604 |
| Financial assets designated as fair value through gain/loss | 7,895 | 1,105 |
| Funded employee benefits deposited with related party | 425 | 325 |
| Current maturity of debentures held to redemption | - | (7,604) |
| | 8,320 | 1,430 |
| | 1,692,081 | 4,160,235 |

Financial Data from Consolidated Financial Statements Attributed to Company Alone
Supplementary Information
(2) Financial instruments (cont.)
2. Details on linkage
(1) Financial assets measured at fair value through gain/loss, except for derivatives (*)

| | December 31, 2009 | | | December 31 | |
|--|------------------------------------|--------------|----------------|---------------|------------------------------------|
| | Monetary financial instruments | | | 2008 | |
| | Non-monetary financial instruments | Unlinked NIS | CPI-linked NIS | Total | Non-monetary financial instruments |
| | | | | NIS thousands | |
| Financial assets designated at fair value through gain/loss: | | | | | |
| Marketable shares | 9,848 | - | - | 9,848 | 4,122 |
| Non-marketable shares | 101 | - | - | 101 | 1,105 |
| Government bonds | - | 6,165 | 7,228 | 13,393 | - |
| Investment in participating units of mutual funds and ETF's | 20,793 | - | - | 20,793 | - |
| Total financial assets designated at fair value through gain/loss | 30,742 | 6,165 | 7,228 | 44,135 | 5,227 |

(*) For information on the Group's derivative financial instruments, see Note 28 regarding financial instruments.

(2) Investments held to redemption

| | December 31, 2008 | |
|--------------------------------------|-------------------------|-------|
| | Effective interest rate | Total |
| | NIS thousands | |
| Corporate bonds - dollar-denominated | 8.25% | 7,604 |

(3) Financial assets available for sale

| | Non-monetary financial instruments | |
|---|------------------------------------|------------------|
| | December 31 2009 | December 31 2008 |
| | NIS thousands | |
| Marketable shares (pledged and not pledged) | 1,544,289 | 4,099,752 |
| Non-marketable shares | 88,971 | 38,002 |
| | 1,633,260 | 4,137,754 |

Financial Data from Consolidated Financial Statements Attributed to Company Alone**Supplementary Information****(2) Financial instruments (cont.)****C. Loans to investees**

Composition according to linkage:

| | <u>Years to maturity</u> | <u>Stated interest</u> % | <u>December 31</u> | |
|---------------|--------------------------|-----------------------------|----------------------|----------------------|
| | | | <u>2009</u> | <u>2008</u> |
| | | | <u>NIS thousands</u> | <u>NIS thousands</u> |
| Unlinked NIS | No maturity date | - | 139,303 | 32,442 |
| CPI-linked | No maturity date | - | 23,229 | 143,472 |
| CPI-linked | No maturity date | 3.3% | 3,537 | - |
| Dollar-linked | 3 | Libor + 3.5% | 4,946 | - |
| Dollar-linked | No maturity date | - | 60,580 | 38,079 |
| | | | 231,595 | 213,993 |

D. Loans and credit

This item provides information on the contractual terms of interest-bearing loans and credit of the Company, measured at amortized cost.

1. Composition of loans

| | <u>December 31</u> | |
|--|----------------------|----------------------|
| | <u>2009</u> | <u>2008</u> |
| | <u>NIS thousands</u> | <u>NIS thousands</u> |
| <u>Current liabilities</u> | | |
| Credit from banks | - | 887,857 |
| Current maturities of long-term bank loans | - | 184,903 |
| Current maturity of debenture | 456,438 | - |
| Total current liabilities | 456,438 | 1,072,760 |
| <u>Non-current liabilities</u> | | |
| Debentures | 2,582,685 | 1,709,804 |
| Loans from banks | 359,968 | 1,175,885 |
| Less – current maturities | (456,438) | (184,903) |
| | 2,486,215 | 2,700,786 |
| Loans and liabilities from others: | | |
| Capital note from subsidiary | 6,382 | 6,382 |
| Forward transactions | 876 | - |
| | 7,258 | 6,382 |
| Total non-current liabilities | 2,493,473 | 2,707,168 |

Financial Data from Consolidated Financial Statements Attributed to Company Alone

Supplementary Information

(2) Financial instruments (cont.)

D. Loans and credit (cont.)

2. Information regarding interest and linkage

| | Currency | Stated Interest % | December 31 | | | |
|--|----------|----------------------|-------------|----------------|-----------|----------------|
| | | | 2009 | | 2008 | |
| | | | Par value | Carrying value | Par value | Carrying value |
| NIS thousands | | | | | | |
| Short-term bank loans | CHF | Libor+1.25% | - | - | 891,200 | 887,857 |
| Total current liabilities | | | - | - | 891,200 | 887,857 |
| Debtures | CPI | 3.75%-5.1% | 1,594,568 | 1,778,492 | 1,594,568 | 1,709,804 |
| Debtures | Unlinked | 6.7%-7.2% | | | | |
| | NIS | | 823,603 | 804,193 | - | - |
| Loans from banks | CPI | 4.4%-6.76% | - | - | 1,098,667 | 1,168,228 |
| Loans from banks | Dollar | 7.65% | - | - | 7,657 | 7,657 |
| Loans from banks | CHF | Libor+2.05%-3.1% | 364,588 | 359,968 | - | - |
| Capital note from subsidiary | NIS | - | 6,382 | 6,382 | 6,382 | 6,382 |
| Other long-term balances | CPI | - | 876 | 876 | - | - |
| Total non-current liabilities (includes current maturities) | | | 2,790,017 | 2,949,911 | 2,707,274 | 2,892,071 |
| Total liabilities | | | 2,790,017 | 2,949,911 | 3,598,474 | 3,779,928 |

E. Trade and other payables

| | December 31, 2009 | | | | Total |
|--|-------------------|---------|--------------|--------------|---------|
| | Unlinked | CPI - | Denominated | Denominated | |
| | NIS | linked | in or linked | in or linked | |
| NIS thousands | | | | | |
| Trade payables | 1,107 | - | - | - | 1,107 |
| Payables and credit balances (including subsidiaries) | 49,206 | 25,371 | 6,331 | 387 | 81,295 |
| | 50,313 | 25,371 | 6,331 | 387 | 82,402 |
| | December 31, 2008 | | | | Total |
| | Unlinked | CPI - | Denominated | Denominated | |
| | NIS | linked | in or linked | in or linked | |
| NIS thousands | | | | | |
| Trade payables | 1,314 | - | - | - | 1,314 |
| Payables and credit balances (including subsidiaries) | 24,547 | 124,833 | 2,768 | | 152,148 |
| | 25,861 | 124,833 | 2,768 | | 153,462 |

Financial Data from Consolidated Financial Statements Attributed to Company Alone

Supplementary Information

(2) Financial instruments (cont.)

F. Liquidity risk

Presented below are the contractual maturity dates of the financial liabilities, including estimates of interest payments. This disclosure does not include amounts for which there are offset agreements.

| | December 31, 2009 | | | | | | | |
|---|----------------------|--|----------------|----------------|----------------|----------------|----------------|---------------------------------|
| | Carrying value(*) | Total contractual cash flows (**) | First year | Second year | Third year | Fourth year | Fifth year | Sixth year and thereafter |
| NIS thousands | | | | | | | | |
| Non-derivative financial liabilities | | | | | | | | |
| Trade payables | 1,107 | 1,107 | 1,107 | - | - | - | - | - |
| Other payables and current liabilities | 30,762 | 30,762 | 30,762 | - | - | - | - | - |
| Debentures | 2,629,273 | 3,141,234 | 594,034 | 270,218 | 531,534 | 507,223 | 482,912 | 755,313 |
| Long-term bank loans | 360,187 | 380,308 | 7,875 | 372,433 | - | - | - | - |
| Other long-term liabilities | 6,382 | 6,382 | - | - | - | - | - | 6,382 |
| Financial liabilities – derivative instruments | | | | | | | | |
| Forward contracts on CPI | 1,088 | 1,088 | 212 | 876 | - | - | - | - |
| Exchange rate options | 168 | 168 | 168 | - | - | - | - | - |
| Options for incremental interest on debentures series I | 3,257 | 3,257 | 3,257 | - | - | - | - | - |
| Total | 3,032,224 | 3,564,306 | 637,415 | 643,527 | 531,534 | 507,223 | 482,912 | 761,695 |

There are no expectations that the cash flows included in the analysis of maturity dates will occur significantly earlier, or at amounts that are materially different.

(*) The carrying value includes current maturities and interest accrued to December 31, 2009.

(**) Contractual cash flows are calculated on the basis of the CPI and exchange rates known as at December 31, 2009.

Financial Data from Consolidated Financial Statements Attributed to Company Alone**Supplementary Information****(2) Financial instruments (cont.)****F. Liquidity risk (cont.)**

| | December 31, 2008 | | | | | | | |
|---|-----------------------------------|------------------|------------------|------------------|---------------|----------------|---------------------------|----------------|
| Carrying value(*) | Total contractual cash flows (**) | First year | Second year | Third year | Fourth year | Fifth year | Sixth year and thereafter | |
| NIS thousands | | | | | | | | |
| Non-derivative financial liabilities | | | | | | | | |
| Short-term bank loans | 887,896 | 902,014 | 902,014 | - | - | - | - | - |
| Trade payables | 1,314 | 1,314 | 1,314 | - | - | - | - | - |
| Other payables and current liabilities | 114,093 | 114,093 | 114,093 | - | - | - | - | - |
| Debentures | 1,734,050 | 2,113,360 | 80,874 | 513,905 | 64,325 | 316,581 | 303,716 | 833,959 |
| Long-term bank loans | 1,178,380 | 1,311,569 | 240,236 | 926,864 | 7,294 | 7,295 | 7,292 | 122,588 |
| Other long-term liabilities | 6,382 | 6,382 | - | - | - | - | - | 6,382 |
| Financial liabilities – derivative instruments | | | | | | | | |
| Forward contracts on CPI | 11,726 | 11,726 | 11,726 | - | - | - | - | - |
| Total | 3,933,841 | 4,460,458 | 1,350,257 | 1,440,769 | 71,619 | 323,876 | 311,008 | 962,929 |

(*) The carrying value includes current maturities and interest accrued to December 31, 2008.

(**) Contractual cash flows are calculated on the basis of the CPI and exchange rates known as at December 31, 2008.

G. Indexation and currency risk

(1) Group's exposure to indexation and currency risk from derivative financial instruments, is as follows:

| | December 31, 2009 | | | | |
|---|------------------------------------|---------------------------------|------------------|--------------------------|-----------------------------|
| | Currency/ linkage receivable | Currency/ linkage payable | Maturity date | Par value in millions | Fair value NIS thousands |
| Instruments not used to hedge: | | | | | |
| Sale of put options on foreign currency | NIS | CHF | 1-2/2010 | CHF500 | (6,832) |
| Forward contract on CPI | CPI—linked NIS | Fixed interest NIS | 9/2010-4/2012 | NIS500 | 7,532 |
| Purchase of put options on foreign currency | NIS | CHF | 1-2/2010 | CHF500 | 12,304 |
| | | | | | 13,004 |
| | December 31, 2008 | | | | |
| | Currency/ linkage receivable | Currency/ linkage payable | Maturity date | Par value in millions | Fair value NIS thousands |
| Instruments not used to hedge: | | | | | |
| Forward contract on CPI | CPI—linked NIS | Fixed interest NIS | 6/2009-9/2009 | NIS 650 | (1,950) |

Financial Data from Consolidated Financial Statements Attributed to Company Alone

Supplementary Information
(3) Income tax expenses (savings)
A. Components of income tax expenses (savings)

| | Year ended December 31 | | |
|--|-------------------------------|-------------|-------------|
| | 2009 | 2008 | 2007 |
| | NIS thousands | | |
| Current tax expenses | 61,123 | - | - |
| Deferred tax savings – creation of temporary differences | (67,995) | - | - |
| | (6,872) | - | - |

Financial Data from Consolidated Financial Statements Attributed to Company Alone
Supplementary Information
(3) Income tax expenses (savings) (cont.)
B. Income taxes on components of other comprehensive income (comprehensive loss)

| | 2009 | | | 2008 | | | Year ended December 31 2007 | | |
|--|----------------|-----------------------|----------------|------------------|-----------------------|------------------|--------------------------------|-----------------------|------------------|
| | Before tax | Tax (expense) savings | Net of tax | Before tax | Tax (expense) savings | Net of tax | Before tax | Tax (expense) savings | Net of tax |
| | NIS thousands | | | NIS thousands | | | NIS thousands | | |
| Foreign currency translation differences for foreign operations | 2,153 | - | 2,153 | (14,959) | - | (14,959) | (70,799) | - | (70,799) |
| Foreign currency translation differences for foreign operations recognized in gain/loss | 1,078 | - | 1,078 | 643 | - | 643 | 156 | - | 156 |
| Net change in fair value of financial assets classified as available for sale | 2,487,367 | (572,411) | 1,914,956 | 331,697 | (155,121) | 176,576 | 3,411 | - | 3,411 |
| Net change in fair value of financial assets classified as available for sale transferred to statement of income | (1,631,983) | 424,316 | (1,207,667) | (574,523) | 155,121 | (419,402) | 752 | - | 752 |
| Actuarial gains (losses) from defined benefit plan | 533 | - | 533 | (680) | - | (680) | 306 | - | 306 |
| Koor's equity in comprehensive loss of affiliates | (387,528) | - | (387,528) | (12,574) | - | (12,574) | (136,469) | - | (136,469) |
| Total other comprehensive income (loss) | 471,620 | (148,095) | 323,525 | (270,396) | - | (270,396) | (202,643) | - | (202,643) |

Financial Data from Consolidated Financial Statements Attributed to Company Alone

Supplementary Information

(4) Deferred tax assets and liabilities

A. Deferred assets and liabilities that were recognized

Deferred tax assets and liabilities are attributed to the following items:

| | <u>Financial instruments</u> <u>NIS thousands</u> |
|---|--|
| Balance deferred tax liability as at December 31, 2008 | - |
| Changes recognized in statement of income | 67,995 |
| Changes recognized in equity | <u>(148,095)</u> |
| Balance deferred tax liability as at December 31, 2009 | <u><u>(80,100)</u></u> |

B. Deferred assets that were not recognized

Deferred tax assets that were not recognized for the following items:

| | <u>December 31</u> | |
|--|-----------------------|-------------------------|
| | <u>2009</u> | <u>2008</u> |
| | <u>NIS thousands</u> | <u>NIS thousands</u> |
| Temporary differences that can be deducted | 801,121 | 1,015,453 |
| Tax losses | <u>98,910</u> | <u>538,063</u> |
| | <u><u>900,131</u></u> | <u><u>1,553,516</u></u> |

According to existing tax laws, there is no time limit on the utilization of tax losses and utilization of temporary differences that may be deducted. Deferred tax assets were not recognized for these items, since it is not expected that there will be taxable income in the future, against which it will be possible to utilize the tax benefits.

C. Regarding additional details on loss carryforwards, see Note 22 to the consolidated financial statements.

Financial Data from Consolidated Financial Statements Attributed to Company Alone

Supplementary Information

(5) Material relationships, undertakings and transactions with investee companies

1. Koor furnished banks with guarantees totaling NIS 32 million (2008 – NIS 38 million) for the loans of a subsidiary.
2. Koor is guarantor for loans taken by a wholly-owned subsidiary. See Notes 17(C)(4), 17(C)(5), 17(C)6, 17(C)(9) to the consolidated financial statements.
3. In 2009, Koor invested in NIS 2 billion in a wholly-owned subsidiary against an issue of shares.
4. During 2009, investee companies of Koor distributed dividends totaling NIS 318 million (2008 – NIS 58 million) in cash or through the transfer of assets as a liquidating dividend.
5. Regarding the purchase of Koor debentures (Series H) by a wholly-owned subsidiary, see Note 17(C)(2) to the consolidated financial statements.
6. Regarding Koor's investments in Makhteshim Agan, an affiliate, see Note 19(A)(1) to the consolidated financial statements.
7. Regarding management fee agreements with investee companies, see Note 32(C)(4) to the consolidated financial statements.