

Koor Industries Ltd. Directors' Report

First Quarter of 2010

We are pleased to submit the unaudited financial statements of Koor Industries Ltd. for the first quarter of 2010.

Koor Industries Ltd (the "Company") is a member of the IDB Group and is one of the most prominent holding companies in Israel, investing in companies operating in a range of business segments. The Company, together with its wholly owned subsidiaries ("Koor") generally invests in companies which operate in the global market and/or international companies focusing on large-scale investments. Koor examines and invests in companies in which it has a position of control following the investment, as well as in companies in which Koor does not have a position of control following its investment. This, inter alia, in view of the conditions and opportunities available in the markets due to the decline in the market value of large international companies as a result of the economic crisis in the markets.

In April 2010 the Company, jointly with Property and Building Corporation Ltd. ("PBC"), completed the acquisition of the HSBC headquarters building in Fifth Avenue, New York at a cost of USD 330 million. Under the transaction, Koor and PBC, through a US corporation indirectly jointly owned by them (in equal shares), each acquired half of the rights in the building and bore half of the expenses involved in executing the transaction. To finance the transaction, the US corporation received credit from Bank Leumi USA in the amount of USD 210 million for a period of 10 years.

1. Board of Directors explanations on the Corporation's Business Position

The net profit attributed to the Company's owners for Q1 2010 amounted to approximately NIS 207 million, with basic earnings per share of about NIS 4.4, compared with profit of about NIS 251 million and basic earnings per share of about NIS 5.3 for Q1 2009.

1.1 Breakdown of Koor's financial results:

	<u>Q1</u>	<u>Q1</u>	<u>Year</u>
	<u>2010</u>	<u>2009</u>	<u>2009</u>
	<u>NIS Millions</u>		
Koor's equity in the operating results of investee companies, net	106	120	(25)
Gain from sale of investments, net of impairment	15	35	2,691
Administrative, financing and other income (expenses), net	20	(34)	(375)
Tax income (expenses)	<u>66</u>	<u>130</u>	<u>(125)</u>
Net profit	207	251	2,166
Basic earnings (losses) per share (in NIS)	4.4	5.3	45.6

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

1.1.1 Koor's equity in the operating results of investee companies, net

	Koor's equity in profits (losses) for the year			
	Q1 2010	Q1 2009	2009	Change in Q1 2010 compared with Q1 2009
	NIS Millions			
Makhteshim Agan	125	133	57	(6%)
Telrad Networks Ltd.	-	(2)	(2)	n/a
ECtel Ltd. ("ECtel")	(5)	(1)	(7)	n/a
Koor Corporate Venture Capital	(2)	6	(5)	n/a
Harriet Investments (2001) Ltd. assets (previously Dekolink Wireless Ltd.) ("Harriet")	-	(3)	(6)	n/a
Microwave Networks Inc ("MNI")	(3)	1	(10)	n/a
Other companies	4	5	10	(20%)
Excess cost and other adjustments	(13)	(19)	(62)	n/a
Total	106	120	(25)	(12%)

1.1.2 Gain from sale of investments, net of impairment

	Q1 2010	Q1 2009	2009
	NIS Millions		
Gain from sale of investments, net of impairment	15	35	2,691

In Q1 2010 this item included, in particular: Capital gains from the sale of Credit Suisse shares in the amount of NIS 15 million.

In Q1 2009 this item included, in particular: Capital gains from the sale of Credit Suisse shares in the amount of NIS 33 million.

1.1.3 Administrative, financing and other expenses, net

	Q1 2010	Q1 2009	2009
	NIS Millions		
Administrative, financing and other expenses, net	(5)	(3)	(34)
Financing revenue (expenses), net	25	(31)	(341)
Total administrative, financing and other expenses, net	20	(34)	(375)

The primary decline in financing expenses in Q1 2010 compared with Q1 2009 derives from the decline in the Swiss franc exchange rate which eroded Koor's loans denominated in this currency and generated profit in respect of the NIS/CHF hedging transactions, and from the decline in the Israeli CPI, which in the current quarter eroded Koor's financial liabilities linked to the Israeli CPI.

The financing income that derived from the changes in the Swiss Franc exchange rate and from the NIS/CHF hedging transactions amounted to NIS 83 million in Q1 2010.

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

1.2 Segments of operation

1.2.1 Company assets by segment

The company's assets as at March 31, 2010 and December 31, 2009, include the following business segments:

<u>Segment</u>	Investments by segment	
	NIS millions	
	March 31, 2010	December 31, 2009
Makhteshim Agan	2,895	2,821
Credit Suisse	7,051	5,111
Telecommunications equipment	50	59
Other holdings	506	498
Adjustments (Koor head office assets)	745	1,691
Total	11,247	10,180

1.2.2 Analysis of Koor's business results by business segment (according to Note 7 to the financial statements):

	Q1 2010	Q1 2009	2009
	N I S m i l l i o n s		
Makhteshim Agan	112	118	(3)
Credit Suisse	81	163	2,524
Telecommunications equipment	(3)	(5)	(17)
Other holdings	(4)	10	38
Adjustments (particularly financing and administrative)	21	(35)	(376)
Total	207	251	2,166

1.2.2.1 Makhteshim Agan

	Q1 2010	Q1 2009	2009
	N I S m i l l i o n s		
Contribution of business segment	112	118	(3)

The main change in the segment's financial results for Q1 2010 compared with Q1 2009 derives from Makhteshim Agan's business results.

Makhteshim Agan (as at March 31, 2010, held 47%), reported the following business results:

	Q1 2010	Q1 2009	Increase (decrease)	2009
	Million USD		%	
Revenue	723	722	-	2,215
Gross profit	233	217	7%	582
Operating profit	107	106	1%	120
Financing expenses, net	31	10	195%	94
Net earnings attributable to the shareholders	71	78	(9%)	33
EBITDA	133	128	4%	218

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

The crop protection products market in which Makhteshim Agan operates was impacted during Q1 2010 by the following trends:

- A. The cold winter experienced in the northern hemisphere (especially in Europe and North America) which delayed the beginning of the agricultural season. It is noted that towards the end of the quarter the weather conditions improved significantly so that the late beginning of the season delayed the timing of sales over the quarter, but did not harm the sale of crop protection products during the quarter.
- B. The high level of inventory in the marketing pipelines of most companies in the industry continued its downward trend (particularly in Brazil), in contrast to the high level of inventory characteristic of the market in 2009.
- C. Based on the trends reported by Makhteshim Agan in the past, the cost of raw materials began to decrease, leading to sales costs savings compared with the corresponding quarter last year. It is noted that this trend, which was for the most part recorded during the course of 2009, moderated so that compared with the previous quarter, the prices of raw materials stabilized.
- D. Decrease in the average sales prices for Makhteshim Agan's products (in particular for Glyphosate) compared with the corresponding quarter of the previous year. It is noted that this downward trend in price was for the most part recorded during the course of 2009 (and in particular during the second and third quarters of 2009). As of Q4 2009 and during Q1 2010, the prices stabilized in respect of most of Makhteshim Agan's products.
- E. Stabilization of the basic trends that affect the crop protection products segment, including stabilizing of the scope of planted areas and the high prices (in a multi-annual comparison) of agricultural produce, which is expected to continue and to support the demand for crop protection products.

1.2.2.2 Credit Suisse

	Q1 2010	Q1 2009	2009
	N I S m i l l i o n s		
Contribution of business segment	81	163	2,524

Pursuant to the decision of Koor's board of directors to invest in the negotiable shares of European banking institutions, in Q1 2010 and throughout 2008 and 2009, the Company bought and sold Credit Suisse shares while exploiting the opportunities created due to the market volatility. Koor's total pretax profit from the sale of Credit Suisse shares during Q1 2010 was NIS 15 million compared with a profit of NIS 33 million in the corresponding period last year. The tax income generated for the Company in respect of its investment in Credit Suisse shares is NIS 66 million compared with NIS 130 million in the corresponding quarter in 2009.

After the end of the first quarter, Koor increased its holdings in Credit Suisse. For further information pertaining to Koor's holdings in Credit Suisse shares as at the reporting date see section 1.3.1 hereunder.

1.2.2.3 Telecommunications equipment

	Q1 2010	Q1 2009	2009
	N I S m i l l i o n s		
Contribution of business segment	(3)	(5)	(17)

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

The primary changes in the results of this segment in the first quarter of 2010 compared with the corresponding period of the previous year derive from minimization of losses contributed by Harriet due to the sale of its assets during the first quarter 2009. On the other hand, the results of MNI weakened.

1.2.2.4 Other holdings

	<u>Q1 2010</u>	<u>Q1 2009</u>	<u>2009</u>
	<u>N I S m i l l i o n s</u>		
Contribution of business segment	(4)	10	38

The primary changes in the results of this segment during Q1 2010 compared with Q1 2009 derive from the loss of NIS 2 million recorded by Koor Venture Capital, mainly because of the drop in the USD exchange rate against the NIS, compared with a profit of NIS 6 million recorded by Koor Venture Capital in the first quarter of 2009.

In addition, in Q1 2010 Epsilon Investment House Ltd ("Epsilon") presented profits in the amount of NIS 3 million (the Company's share of these profits being NIS 1 million), compared with a profit of NIS 9 million for the first quarter of 2009, which derived primarily due to profits from securities held by it (the Company's share in the profit being NIS 4 million).

In addition, the Company recorded in the first quarter of 2010 a loss in the amount of NIS 5 million for realization of capital reserves from the sale of ECTel shares.

1.3 Main changes in the holdings of the Company and its investees during Q1 2010

The main changes are noted in detail in Notes 4 and 5 to the financial statements of the Company, of which the following changes requiring special mention:

- 1.3.1** During the first quarter of 2010, the Company acquired and sold additional Credit Suisse shares. For the sale of Credit Suisse shares during this period, Koor recorded total profit (after tax) amounting to NIS 14 million. At March 31, 2010, the Company held, jointly with its wholly owned subsidiary, approximately 36.96 million Credit Suisse shares, constituting 3.20% of Credit Suisse listed shares (net of treasury shares), at a cost of NIS 6.67 billion and a value of NIS 7.05 billion, a variance that reflects an inherent profit of NIS 377 million.

In January 2010 the Company's board of directors amended its resolution and increased the frame amount for investing in Credit Suisse shares to a total of up to NIS 7 billion, the investment will be made by exploiting buy and sell opportunities while taking into account the status of the markets, and based on the Company's assessments from time to time.

On the date of approval of the 2009 financial statements, the management of Credit Suisse announced the distribution of a dividend, subject to the approval of the Credit Suisse general meeting, in the amount of CHF 2 per share. Koor's share (pretax) of this dividend was NIS 262 million. This dividend was distributed on May 7, 2010. In the second quarter of 2010 Koor expects to record for this dividend a profit after tax of NIS 203 million.

As at reporting date, Koor holds 38.46 million Credit Suisse shares, constituting approximately 3.24% of Credit Suisse's listed shares (without deducting treasury shares), at a cost of NIS 6.95 billion. For the sale of Credit Suisse shares and receipt of a Credit Suisse dividend, Koor has recorded to date a total profit after tax of NIS 3.4 billion (NIS 3.2 billion not including the aforementioned dividend). As at the date of this report, the negative difference between the value of the Credit Suisse shares held by Koor, per their price on the stock exchange, and the cost of these shares as aforesaid, amounts to NIS 1.07

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

billion and is included in capital reserve. The negative variance between the market value and cost with set off of the dividend (that has been recognized as income and not as capital reserve) is about NIS 806 million.

- 1.3.2** In March 2010, Koor signed an agreement to acquire 18.75% of Epsilon shares in return for an amount of NIS 29 million, so that subsequent to said acquisition, Koor will hold 68.75% of the issued and paid up share capital of Epsilon. The conclusion of this transaction is subject to several contingent conditions, including the approval of the Antitrust Commissioner (received May 7, 2010) and the consent of the Commissioner of Capital Market, Insurance and Savings at the Ministry of Finance.

1.4 Distribution of a dividend

In April, the Company distributed a cash dividend in the amount of NIS 270 million, which was NIS 5.69 per share.

1.5 The financial status and sources of finance

1.5.1

	March 31, 2010	December 31, 2009
	NIS Millions	
Total assets in the consolidated balance sheet	11,247	10,180
Investments in investees in the consolidated balance sheet	3,049	2,946
Available-for-sale financial assets in the consolidated balance sheet	3,136	2,889
Attached available-for-sale financial assets in the consolidated balance sheet	4,110	2,413
Total equity attributed to the Company's shareholders	5,493	5,353
Surplus (deficit) of current assets over liabilities in the consolidated balance sheet	(358)	741
Koor's financial liabilities	5,190	4,495
Surplus of financial liabilities over Koor's cash and cash equivalents*	4,494	2,851

* Does not include Credit Suisse shares which are classified as available-for-sale financial assets recorded, as at March 31, 2010, at a value of NIS 7,051 million.

As at May 19, 2010 and subsequent to the sale of part of Koor's holdings in Credit Suisse shares, as set forth in section 1.3.1 above, Koor's cash balance amounted to NIS 425 million and Koor's excess financial liabilities over financial assets (while the financial assets do not include Credit Suisse shares valued at NIS 5.88 billion classified as available for sale assets) amounted to approximately NIS 4.95 billion.

In addition, Koor has unused lines of credit from Morgan Stanley, Citigroup and HSBC that amount to NIS 1.4 billion.

1.5.2

	Q1 2010	2009
	N I S m i l l i o n s	
Proceeds from sale of available for sale securities and sale exercise of investments in investees and other Koor companies	198	11,203
Dividends received from investees	8	113
Investment in available for sale securities, affiliates and other Koor companies	1,876	9,653

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

As aforesaid, the majority of the proceeds from exercise of investments, and the majority of the investments in affiliates and other companies derive from buy and sell transactions of Credit Suisse shares.

In Q1 2010, Koor took long term loans from banks in the amount of NIS 855 million repaid loans in the amount of NIS 81 million.

On April 30, 2010 the Company repaid Debentures (Series G) in full, in the amount of NIS 454 million.

1.5.3

As at March 31, 2010, the Company has negative cash flows from ongoing operations and working capital deficit. At December 31, 2009, the Company had positive cash flows from ongoing operations and positive working capital. The Company's board of directors examined the Company's financial status and decided that there is no reasonable concern that the Company will not meet its existing and expected financial liabilities during the two year period following the publication date of the financial statements, when the time comes to meet them. This conclusion is based, inter alia, on the Company's cash balances at date of publication of this report, its unused credit facilities, its ability to reuse and/or receive loans, on the strong position of the Company's assets, the majority of which are highly tradable negotiable shares (Credit Suisse and Makhteshim Agan shares) at an overall market value as at the date of this report of NIS 8.9 billion, and the potential dividend from investees¹.

2. Market Risk Exposure and Management

2.1 Changes in the economic environment, implications of the crisis in capital markets, and market risk exposure and management

2.1.1 Crisis in the financial markets

The global financial crisis and slowdown in real financial activities that began in 2008 and increased at the beginning of 2009, and which led to a recession in many countries in the west, abated during the course of 2009 with gradual stabilization of the financial and real markets. As of the latter half of 2009, gradual recovery was evident globally in various real activities and real economies, including the US economy, stabilized and economic growth returned. The global recovery stemmed in large part from the combination of plans for fiscal expansion and continuation of monetary expansion policies led by economic policy makers in the United States, and it contributed, inter alia, also to a rise in the capital markets and improved performance of the international financial institutions.

In the first quarter of 2010, the economic recovery continued in most financial and real markets, but nonetheless the signs of the financial crisis and its consequences can still be seen, particularly in the Euro zone which still experiences lack of economic stability. The signs of the crisis and its consequences caused, inter alia, significant volatility of the financial markets, including in the prices of securities, prices of debentures and currency

¹ This assessment is forward-looking statements as defined in the Securities Law, based on the Company's management's forecasts and estimates relating to Koor's ability to repay its liabilities. These assessments may not be realized or may be realized differently, including materially, to the forecast due to changes in the market condition, decline in the value of investments and changes in the anticipated cash flows to be received from investees.

Koor Industries Ltd. Directors' Report

First Quarter of 2010

exchange rates, continuation of the credit crunch among certain firms and among certain countries, and much uncertainty in economic activities.

The Israeli economy and the Israeli capital market recorded throughout the foregoing period trends similar to those apparent in the global markets, nonetheless the signs of recovery in the Israeli market are more significant. As at the second quarter of 2009, the recovery seen in most branches of the Israeli economy increased. The Israeli capital market recorded discernable increases in the prices of negotiable securities, the corporate debt market began to recover and gradually the raising of capital by the business sector renewed.

As of the report date, it is not possible to assess the scope of the direct and indirect financial implications of the financial crisis in Israel and other countries, nor the duration of these implications, if any.

The volatility of the financial markets together with the great variance in the prices of Credit Suisse shares allowed Koor to carry out buy and sell transactions of Credit Suisse shares, subsequent to which Koor has recorded to date a total net profit of NIS 3.4 billion, of which Koor recorded in Q1 2010 a profit after tax of NIS 14 million, and in Q2 2010 is expected to post a profit from dividends received of NIS 203 million. Furthermore, the crisis and extreme volatility of Credit Suisse share prices caused much fluctuation to the value of Credit Suisse shares held by Koor.

Further to the foregoing developments, the rating companies are reassessing and adjusting the ratings for the bonds of various countries and the debentures of various companies (including the Company).

These signs of crisis, including the recent developments in the Euro zone as aforesaid, and including volatility and weakening of the exchange rates of the Euro and Swiss franc, have impacted and are liable to have continuous adverse impacts on the business outcomes of the Company and its investees, their liquidity, value of equity, value of their assets and their ability to sell these assets, their business positions (including the demand for products of Koor's investees), financial covenants, credit rating, ability to pay dividends, and also on their ability to raise financing for their ongoing operating activities and long-term operations, as well as on the financing terms.

2.1.2 Koor's market risks

During the reporting period, no material changes occurred in the exposure of the Company's investee companies to market risks and management of risk exposure as compared with the report of the Company's board of directors' for 2009, dated March 14, 2010. From time to time the Company carries out currency conversions, especially between the NIS and CHF, and hedges against changes in the NIS-CHF exchange rate.

As of May 22, 2010 Koor has a net Swiss franc liability (liabilities less cash) of NIS 2.12 billion (not including its holdings in Credit Suisse shares). In addition, Koor holds an asset denominated in CHF (Credit Suisse shares, as at reporting date, of NIS 6.95 billion) which was revalued due to the changes in the CHF exchange rate, and attributed directly to capital reserves and not to profit and loss (except in the case of severe and/or continuous impairment). In addition, the dollar exchange rate changes have impacted on the profitability of investees operating or reporting in US dollars, as well as impacting on Koor's profits from the results of investees which hold US dollar assets, and on Koor's equity due to the adjusted capital reserve resulting from the translation of the investees' financial statements in foreign currency (in particular Makhteshim Agan).

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

2.1.3 Report of linkage basis

- A. Koor does not manage the risks of its investees. Hereunder are the linkage terms of monetary balances and derivative positions of Koor and its wholly-owned subsidiaries, as of March 31, 2010.
- B. Koor's linkage terms of monetary balances as of March 31, 2010 (in NIS millions):

	Israeli CPI linked	USD or USD- linked	Euro or Euro linked	CHF or CHF linked	Unlinked	Non- monetar y item	Total
Assets							
Current assets	7	231	-	216	235	57	746
Investment in affiliates (including loans)	-	-	-	-	-	3,067	3,067
Other investments	4	3	-	-(*)	-	7,299	7,306
Fixed assets and real estate for investment	-	-	-	-	-	63	63
Total assets	11	234	-	216	235	10,486	11,182
Liabilities							
Current liabilities (including maturities)	(496)	(6)	(1)	(15)	(454)	(114)	(1,086)
Long term liabilities	(1,264)	(2)	(1)	(1,838)	(1,403)	(95)	(4,603)
Total liabilities	(1,760)	(8)	(2)	(1,853)	(1,857)	(209)	(5,689)
Assets less liabilities, net	(1,749)	226	(2)	(1,637)	(1,622)	10,277	5,493

- (*) In addition to the particulars in the above table, it is noted that based on the management's opinion, also exposed to changes in the Swiss franc are Credit Suisse shares which, as at March 31, 2010, were traded on the Swiss stock exchange at a value of NIS 7,051 million, which based on the accounting rules are classified as a non-monetary item.

- C. Koor's derivative positions as at March 31, 2010 (in NIS millions):

	Israeli CPI / NIS Forward			
	Up to 1 year		More than one year	
	LONG	LONG	LONG	LONG
	Par value	Fair value to receive	Par value	Fair value to receive
Forward contracts for hedging – not recognized in accounting (1)	120	-	380	(1)

(1) These contracts are intended to hedge Koor's index-linked liabilities, so that in the event that the actual CPI rises above the index level stipulated in the contract, Koor will receive the difference, and if the opposite occurs Koor will pay the difference.

	NIS / CHF Collar			
	Up to 1 year		More than one year	
	CHF millions	NIS millions	CHF millions	NIS millions
	Par value	Fair value to receive	Par value	Fair value to receive
Forward contracts for hedging – not recognized in accounting (2)	565	7	-	-

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

	NIS / CHF Collar			
	Par value	Fair value to pay	Par value	Fair value to receive
	CHF millions	NIS millions	CHF millions	NIS millions
	Up to 1 year		More than one year	
Forward contracts for hedging – not recognized in accounting (2)	70	(1)	-	-

	NIS / CHF Forward			
	Par value	Fair value to receive	Par value	Fair value to receive
	CHF millions	NIS millions	CHF millions	NIS millions
	Up to 1 year		More than one year	
Forward contracts for hedging – not recognized in accounting (2)	70	3	-	-

(2) These contracts are designed to protect the value of the assets denominated in CHF and liabilities denominated in NIS, the repayment of which originate in CHF.

D. Consolidated linkage terms of monetary balances as at March 31, 2010 (in NIS millions):

	Israeli CPI linked	USD or USD- linked	Euro or Euro linked	CHF or CHF linked	Unlinked	Non- monetary item	Total
Assets							
Current assets	7	243	-	216	235	92	793
Investment in affiliates (including loans)	-	-	-	-	-	3,049	3,049
Other investments	4	3	-	-(*)	-	7,299	7,306
Fixed, intangible and other investment real estate assets	-	-	-	-	-	99	99
Total assets	11	246	-	216	235	10,539	11,247
Liabilities							
Current liabilities (including maturities)	(511)	(53)	(1)	(15)	(454)	(116)	(1,150)
Long term liabilities	(1,264)	(3)	(1)	(1,838)	(1,403)	(95)	(4,604)
Total liabilities	(1,775)	(56)	(2)	(1,853)	(1,857)	(211)	(5,754)
Assets less liabilities, net	(1,764)	190	(2)	(1,637)	(1,622)	10,328	5,493

(*) In addition to the particulars in the above table, it is noted that based on the management's opinion, also exposed to changes in the Swiss franc are Credit Suisse shares which, as at March 31, 2010, were traded on the Swiss stock exchange at a value of NIS 7,051 million, which based on the accounting rules are classified as a non-monetary item.

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

E. Koor's linkage terms of monetary balances as of March 31, 2009 (in NIS millions):

	Israeli CPI linked	USD or USD- linked	CHF or CHF linked	Unlinked	Non- monetary item	Total
Assets						
Current assets	9	48	546	145	73	821
Investment in affiliates (including loans)	-	-	-	-	3,031	3,031
Other investments	-	3	-(*)	-	4,682	4,685
Fixed, intangible and other investment real estate assets	-	-	-	-	63	63
Total assets	9	51	546	145	7,849	8,600
Liabilities						
Current liabilities (including maturities)	(229)	(16)	(1,007)	(26)	(58)	(1,336)
Long term liabilities	(2,450)	(3)	-	-	(1)	(2,454)
Total liabilities	(2,679)	(19)	(1,007)	(26)	(59)	(3,790)
Assets less liabilities, net	(2,670)	32	(461)	119	7,790	4,810

(*) In addition to the particulars in the above table, it is noted that based on the management's opinion, also exposed to changes in the Swiss franc are Credit Suisse shares which, as at March 31, 2009, were traded on the Swiss stock exchange at a value of NIS 4,566 million, which based on the accounting rules are classified as a non-monetary item.

F. Consolidated linkage terms of monetary balances as at March 31, 2009 (in NIS millions):

	Israeli CPI linked	USD or USD- linked	CHF or CHF linked	Unlinked	Non- monetary item	Total
Assets						
Current assets	9	75	546	145	124	899
Investment in affiliates (including loans)	-	-	-	-	3,008	3,008
Other investments	-	3	-(*)	-	4,682	4,685
Fixed, intangible and other investment real estate assets	-	-	-	-	101	101
Total assets	9	78	546	145	7,915	8,693
Liabilities						
Current liabilities (including maturities)	(243)	(92)	(1,007)	(26)	(60)	(1,428)
Long term liabilities	(2,450)	(4)	-	-	(1)	(2,455)
Total liabilities	(2,693)	(96)	(1,007)	(26)	(61)	(3,883)
Assets less liabilities, net	(2,684)	(18)	(461)	119	7,854	4,810

(*) In addition to the particulars in the above table, it is noted that based on the management's opinion, also exposed to changes in the Swiss franc are Credit Suisse shares which, as at March 31, 2009, were traded on the Swiss stock exchange at a value of NIS 4,566 million, which based on the accounting rules are classified as a non-monetary item.

G. Koor's derivative positions as at March 31, 2009 (in NIS millions):

	Israeli CPI / NIS Forward			
	Fair value		Fair value	
	Par value	to pay	Par value	to pay
	Up to 1 year		More than one year	
	LONG	LONG	LONG	LONG
Forward contracts for hedging – not recognized in accounting (1)	650	(1)	100	(1)

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

- (1) These contracts are intended to hedge Koor's index-linked liabilities, so that in the event that the actual CPI rises above the index level stipulated in the contract, Koor will receive the difference, and if the opposite occurs Koor will pay the difference.

2.1.4 Investees

No material changes occurred during the reporting period in the exposure of the Company's investee companies to exposure and management of market risk as compared with the Company's Directors' report for 2009, dated March 14, 2010.

2.1.5 Sensitivity analysis tables for sensitive financial instruments included in the consolidated financial statements as at March 31, 2010, in accordance with changes in market factors.

Hereunder are tables demonstrating sensitivity tests of the market value of financial instruments. The following tables (as well as the tables in section 2.1.6) should be referred to in view of the comments below:

1. The recorded instruments are not necessarily represented in the financial statements according to fair value. The foregoing refers mainly to liabilities.
2. The changes in fair value of instruments which are represented according to fair value impact the Company's reported results and its equity, due to recording of capital reserves for available for sale financial instruments.
3. Changes in currency exchange rates impact the Company's reported results and its equity due to assigning of the conversion differentials derived from the translation of financial statements of investees prepared in foreign currencies.

Sensitivity analysis to changes in interest rates

Section	Profit (loss) from changes in interest rate						
	Fair value	Increase			Decrease		
		Increase of 200 basic points (**)	10%	5%	Decrease of 200 basic points (**)	10%	5%
NIS millions							
Short term deposits and investments	13	(1)	-(*)	-(*)	1	-(*)	-(*)
Current maturities of debentures	(461)	-(*)	-(*)	-(*)	-(*)	-(*)	-(*)
Debentures	(2,187)	142	22	11	(157)	(23)	(11)
Bank loans							
Sensitivity to changes in interest rates	(899)	47	10	5	(51)	(10)	(5)
	(3,534)	188	32	16	(208)	(33)	(15)

(*) Amounts smaller than NIS 1 million.

(**) The Company has chosen to present the change in the interest rate, which will be used to carry out stress tests for financial instruments sensitive to changes in the interest rate, to the amount of 200 basis points (2%). This after having checked and not found any higher absolute daily change in the interest rate in the ten years preceding the date of the report, and after estimating that a change of 200 basis points could occur under in an extreme but plausible scenario.

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

Sensitivity analysis of changes in the US dollar exchange rate

Section	Profit (loss) from changes in interest rate				
	Fair value	Increase		Decrease	
		10%	5%	10%	5%
NIS millions					
Cash and cash equivalents	227	23	11	(23)	(11)
Short term deposits and investments	5	-	-	-	-
Trade and accounts receivable and debit balances	11	1	-	(1)	-
Other investments	3	-	-	-	-
Credit from banks and others	(30)	(3)	(1)	3	1
Trade and other accounts payable and credit balances	(23)	(2)	(1)	2	1
Other long-term liabilities	(3)	-	-	-	-
	190	19	9	(19)	(9)

Sensitivity analysis of changes in the CHF exchange rate (not including financial derivatives)

Section	Profit (loss) from changes in interest rate				
	Fair value	Increase		Decrease	
		10%	5%	10%	5%
NIS millions					
Cash and cash equivalents	206	21	10	(21)	(10)
Trade and other accounts payable and credit balances	(14)	(1)	-	1	-
Long term liabilities to banking institutions	(1,838)	(184)	(92)	184	92
Credit from banks and others	(1,646)	(164)	(82)	164	82

In addition to the particulars in the above table, it is noted that based on the management's opinion, also exposed to changes in the Swiss franc are Credit Suisse shares which, as at March 31, 2010, were traded on the Swiss stock exchange at a value of NIS 7,051 million, which based on the accounting rules are classified as a non-monetary item.

Sensitivity test on changes in the Stock Exchange prices in Israel and abroad, of the negotiable securities

Section	Profit (loss) from changes in interest rate				
	Fair value	Increase		Decrease	
		10%	5%	10%	5%
NIS millions					
Short term deposits and investments	60	6	3	(6)	(3)
Other investments	2	-	-	-	-
Available-for-sale financial assets	3,039	304	152	(304)	(152)
Available-for-sale attached financial assets	4,110	411	206	(411)	(206)
	7,211	721	361	(721)	(361)

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

Sensitivity analysis to changes in the Israeli CPI – on derivative positions

	Profit (loss) from changes in interest rate				
	Fair value	Increase		Decrease	
		2%	1%	2%	1%
Forward CPI	NIS millions				
Not recognized as accounting hedging	(1)	10	5	(10)	(5)

Sensitivity analysis of changes in the Swiss franc exchange rate – on derivative positions

	Profit (loss) from changes in interest rate				
	Fair value	Increase		Decrease	
		10%	5%	10%	5%
Not recognized as accounting hedging Section	NIS millions				
CHF/NIS forward transactions	3	(24)	(12)	24	12
Acquisition of CHF/NIS put option	9	(9)	(9)	167	57
Sale of CHF/NIS call option	(2)	(73)	(19)	2	2
	10	(106)	(40)	193	71

Sensitivity analysis to standard deviation changes – on derivative positions

	Profit (loss) from changes in interest rate				
	Fair value	Increase		Decrease	
		10%	5%	10%	5%
Not recognized as accounting hedging Section	NIS millions				
Acquisition of CHF/NIS put option	8	1	-	(1)	-
Sale of CHF/NIS call option	(2)	-	-	-	-
	6	1	-	(1)	-

The results of the sensitivity tests for changes in the CHF interest and NIS interest on an acquisition of CHF/NIS put option type of derivative position and a sale of CHF/NIS call option type of derivative position is below NIS 1 million and therefore is not presented.

2.1.6 Sensitivity analysis tables for sensitive financial instruments included in the consolidated financial statements as at March 31, 2009, in accordance with changes in market factors.

Sensitivity analysis to changes in interest rates

	Profit (loss) from changes in interest rate				
	Fair value	Increase		Decrease	
		10%	5%	10%	5%
Section	NIS millions				
Index-linked debentures	(1,346)	34	17	(34)	(17)
Index-linked bank loans	(1,224)	6	3	(6)	(3)
	(2,570)	40	20	(40)	(20)

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

Sensitivity analysis of changes in the US dollar exchange rate

Section	Profit (loss) from changes in US dollar exchange rate				
	Fair value	Increase		Decrease	
		10%	5%	10%	5%
NIS millions					
Cash and cash equivalents	29	3	1	(3)	(1)
Short term deposits and investments	15	1	-	(1)	-
Trade and accounts receivable and debit balances	31	3	2	(3)	(2)
Other investments	3	-	-	-	-
Credit from banks and others	(29)	(3)	(1)	3	1
Trade and other accounts payable and credit balances	(46)	(4)	(2)	4	2
Liabilities to banking institutions and other long term liabilities	(21)	(2)	(1)	2	1
	(18)	(2)	(1)	2	1

Sensitivity analysis of changes in the CHF exchange rate (not including financial derivatives)

Section	Profit (loss) from changes in Swiss franc exchange rate				
	Fair value	Increase		Decrease	
		10%	5%	10%	5%
NIS millions					
Cash and cash equivalents	546	55	27	(55)	(27)
Credit from banking corporations and others	(1,007)	(101)	(50)	101	50
	(461)	(46)	(23)	46	23

In addition to the particulars in the above table, it is noted that based on the management's opinion, also exposed to changes in the Swiss franc are Credit Suisse shares which, as at March 31, 2009, were traded on the Swiss stock exchange at a value of NIS 4,566 million, which based on the accounting rules are classified as a non-monetary item.

Sensitivity test on changes in the Stock Exchange prices in Israel and abroad, of the negotiable securities

Section	Profit (loss) from changes in prices of negotiable securities				
	Fair value	Increase		Decrease	
		10%	5%	10%	5%
NIS millions					
Short term deposits and investments	6	-	-	-	-
Other investments	1	-	-	-	-
Available-for-sale financial assets	1,595	160	80	(160)	(80)
Available-for-sale attached financial assets	2,971	297	149	(297)	(149)
	4,574	457	229	(457)	(229)

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

Sensitivity analysis to changes in the Israeli CPI – on derivative positions

Section	Profit (loss) from changes in the CPI				
	Fair value	Increase		Decrease	
		2%	1%	2%	1%
	NIS millions				
Not recognized as accounting hedging	(2)	15	8	(15)	(8)

3. Corporate governance

3.1 Disclosure of the process for approving the financial statements

3.1.1 The entities within the corporation in charge of overall control:

Company board of directors and audit committee.

3.1.2 Procedures undertaken by the entities in charge of overall control in the corporation, prior to approval of the financial statements of the corporation:

The Company's board of directors appointed the audit committee to serve as a balance sheet committee, which presents the board with the main issues of the detailed discussion concerning the financial statements and makes recommendations concerning their approval. The financial statements are approved by the board of directors. The members of the balance sheet committee are Mr. Gideon Lahav, Mr. Avraham Asheri, Mrs. Ayelet Ben Ezer and Mr. Shlomo Risman. Three members of the audit committee have financial expertise. The Company's internal auditor is invited to and attends the balance sheet committee meetings. The Company's auditing accountant is invited to and attends the balance sheet committee and to the board of directors meetings at which the financial statements are discussed and approved, and he is required to explain the principal findings, if any, which arose during the audit or the review.

The "Balance Sheet Committee" carries out its verifications based upon detailed presentations made by the Company's officeholders and others, including the Company's Chief Executive Officer, Mr. Raanan Cohen, and the Company's Chief Financial Officer, Mr. Oren Hillinger, and the Company's Comptroller, Mrs. Avishag Peretz, concerning material issues in the financial statements, including transactions not in the normal course of business, if such exist, the main assessments and critical estimations implemented in the financial statements, the reasonableness of the data, the accounting principles employed and changes that have occurred therein, and the implementation of the principle of due diligence in respect of the financial statements and the accompanying information. The balance sheet committee also examines various aspects of control and risk management, both those which are reflected in the financial statements (such as the reporting on financial risks) and those that affect the reliability of the financial statements. Where necessary, the balance sheet committee requests a comprehensive review of matters of particularly significant implication.

For approval of the financial statements, the audit committee meets prior to the date of the board of directors meeting for a comprehensive discussion of the material reporting issues and detailed discussion of the draft financial statements.

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

3.2 Definition of transactions that are negligible in the Company's financial statements

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.

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)², 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

² 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.

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

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).

Examination of qualitative considerations of a Transaction with an Interested Party may lead to a contradiction with the negligibility of the said transaction. 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.

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.

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.

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.

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.

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.

3.3 Update of the Company's policy for testing for materiality in respect of the need to submit an Immediate Report in the case of an event or matter that deviates from the Company's normal course of business

As detailed in section 25 of the description of the Company's business in the shelf prospectus dated May 29, 2008, the Company's Board of Directors approved on May 27, 2008 a procedure whereby the Company set for itself various guidelines and rules for determining if a specific event or matter of the Company and/or one of its investees ("the Event") is material for the Company's obligation to issue an Immediate Report about it under Regulation 36 of the Securities Regulations (Periodic and Immediate Reports), 1970, ("the Procedure"). According to the Procedure adopted, a quantitative and a qualitative test will be carried out of the Event in question, taking into account all the relevant information and circumstances. In accordance with the Procedure, the quantitative test will be carried out against applicable quantitative indices for the Event based upon the consolidated financial statements and the data therein, including the assets ratio, income ratio, shareholders' equity ratio and liabilities ratio.

On May 23, 2010, the Company's Board approved the updated Procedure of Directors, so that from the moment a decision is taken, the income ratio shall be calculated as follows: the actual or forecast profits or losses ascribed to the Event divided by the annual profit or loss (namely, for four quarters) averaged over the last three years, calculated on the basis of the last 12 quarters

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

published in the reviewed or audited financial statements; in this regard, the profit/loss ascribed to the Event and the profit/loss for the entire quarter shall be calculated at their absolute values. It should be noted that until the update of the Procedure, the calculation of average annual profit was based upon quarterly profit/loss data at their actual values (positive or negative). This update in respect of the calculation of average annual profit or loss in the last three years shall also apply to the quantitative test of the materiality of the Event of the sale of Credit Suisse shares included in the clarification published in the Company's quarterly report for the quarter ended September 30, 2008.

3.4 Directors

On May 23, 2010, Mr. Ami Erel, Chairman of the Board, gave notice of his intent to resign from his position as Chairman. The Company's Board of Directors decided to recommend to Koor's general meeting to appoint Mr. Lior Hannes as the active Chairman of the Koor Board of Directors. The terms of employment for Mr. Lior Hannes will be brought before Koor's authorized organs for approval, and a general meeting for approval of the appointment and the terms of Mr. Hannes' employment will be scheduled in the near future.

4. Disclosure provisions in respect of the Company's financial reporting

4.1 Critical accounting estimates

At the report date no material changes occurred during the first quarter of 2010 with regard to critical accounting estimates that the Company uses for its financial statements.

4.2 Main events subsequent to the balance sheet date

4.2.1 In April 2010, Koor completed a transaction whereby Koor and PBC engaged in a contract, through a jointly owned company, with entities of the HSBC Group ("HSBC") for the acquisition of HSBC head offices in Fifth Avenue, New York ("the Building") for total consideration of USD 330 million. Under the transaction, each of Koor and PBC, through a US corporation indirectly jointly owned (in equal shares) ("the Purchasing Company"), half of the rights in the building (for total consideration of USD 165 million each). To finance the transaction, the Purchasing Company received credit from Bank Leumi USA in the amount of USD 210 million for a period of 10 years.

4.2.2 In April 2010, Koor sold the balance of its holdings in Carrefour shares for a net profit, after tax, of NIS 10 million. Koor's total after tax profit pertaining to its investment in Carrefour to date is NIS 44 million. The investment frame in Carrefour, which was approved by the Company's board of directors, is up to the overall amount of NIS 3.5 billion. The investment in Carrefour shares will be made by utilizing buy and sell opportunities while paying attention to the market conditions and based on the Company's assessments, from time to time, and there is no certainty concerning the scope of the investment.

4.2.3 For information concerning the increase in Koor's holding in Credit Suisse and the dividend received from Credit Suisse after reporting date, see section 1.3.1 above.

For additional information pertaining to primary events subsequent to the balance sheet date see Note 9 to the financial statements.

Ami Erel
Chairman of the Board of Directors

Raanan Cohen
CEO

Tel Aviv, 23 May 2010

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

Appendix – Special disclosure for holders of debentures

Summary of data relating to debentures as of March 31, 2010 (in NIS millions):

Series	Original date of issue	Par value at date of issue (millions)	Par value balance in circulation (millions)	Par value balance in circulation, at linkage terms (millions)	Accrued interest in books	Value of debenture balance as at Dec 31, 2010 in books	Market value	Interest rates (fixed)	Principal repayment date		Interest payment date	Linkage terms	Trust company Name of contact Address: Telephone
									From	Up to			
G(3)	10.4.05	400	400	453.8	7.1	453.8	Non-negotiable	3.75%	30.4.10	30.4.10	30.4.10	Israeli CPI	Ubank Trust Co. 83 Rothschild Blvd. Tel Aviv Tel: 03-5645205 Ifat Bachar
H(4)	20.8.06	1,194.6	1,194.6	1,297.0	38.6	1,309.0(6)	1,469.2	5.10%	1.9.12	1.9.16	1.9.10 1.9.11, 1.9.12 1.9.13, 1.9.14 1.9.15, 1.9.16	Israeli CPI	Reznick Paz, Nevo Trusts Ltd. 14 Yad Harutzim St. Tel Aviv Tel: 03-6389200 Liat Bachar-Segal
I(5)	9.8.09	765.5	765.5	765.5	2.3	748.0	830.6	6.7%	15.3.11	15.3.15	15.9.10, 15.3.11, 15.9.11 15.3.12, 15.9.12 15.3.13, 15.9.13 15.3.14, 15.9.14 15.3.15	Unlinked	Hermetic Trust Services (1975) Ltd. 113 Hayarkon Street, Tel Aviv, Israel; Tel: 03-5274867 Meirav Offer Oren
J	9.9.09	58.1	58.1	58.1	0.2	57.7	61.7	7.2%	16.9.12	16.9.17	16.9.10 16.3.11, 16.9.11 16.3.12, 16.9.12 16.3.13, 16.9.13 16.3.14, 16.9.14 16.3.15, 16.9.15 16.3.16, 16.9.16 16.3.17, 16.9.17	Unlinked	Hermetic Trust Services (1975) Ltd. 113 Hayarkon Street, Tel Aviv, Israel; Tel: 03-5274867 Meirav Offer Oren

**Koor Industries Ltd.
Directors' Report**

First Quarter of 2010

Comments:

- (1) The Company complies with all the debenture terms and conditions. Furthermore, the Company complies with all the liability conditions as set in the deed of trust.
- (2) Annual payments.
- (3) The series was fully paid up on April 30, 2010.
- (4) The series was expanded on May 10, 2007. The data in the table refers to the entire series.
- (5) The series was expanded on September 9, 2009. The data in the table refers to the entire series.
- (6) The consolidated statements represent the debenture (Series H) balance as at March 31, 2010 less the debentures acquired by a wholly owned subsidiary and is NIS 1,149.6 million.

Information relating to the rating of the debentures:

Series	Name of rating company	Current rating	Rating fixed at the issue date
G	Maalot	A+/stable	A+
G.	Midroog	A1	-
H	Maalot	A+/stable	A+
H	Midroog	A1	-
I	Maalot	A+/stable	A+/stable
I	Midroog	A1	-
J	Maalot	A+/stable	A+/stable
J	Midroog	A1	A1

In May 2006 Maalot announced awarding a rating of A+/stable for Debentures (Series G and H) In November 2008, Maalot announced a credit rating of A+/CW Negative for Koor's debentures.

In July 2009 Maalot announced a rating of iIA+/stable for Koor's Debentures (Series G and H)

In August 2009 Midroog announced awarding a rating of A1 for the Company's debentures.

In September 2009 Maalot and Midroog announced the application of iIA+/stable and A1 rating respectively, on the expansion of Debentures (Series I) and on the issue of new Debentures (Series J).

In April 2010, Debentures (Series G) were paid up in full.