

ELCO LIMITED

Interim Consolidated Financial Statements

As of March 31, 2019

Convenience Translation into U.S. Dollars

(Unaudited)

ELCO LIMITED

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Auditors' review report to the shareholders of Elco Holdings Ltd.

Introduction

We have reviewed the accompanying financial information of Elco Holdings Ltd. and its subsidiaries (hereinafter - the Group), which includes the condensed consolidated balance sheet as of March 31, 2019, the condensed consolidated statements of profit or loss, of comprehensive income, of changes in equity and of cash flows, for the period of three months ended on that date. The Company's board of directors and management are responsible for the preparation and presentation of financial information for this interim period, in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting" and they are also responsible for the preparation of financial information for the interim period in accordance with Part 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 financial information for the interim period of certain consolidated companies, whose assets constitute approximately 4.3% of the total consolidated assets as of March 31, 2019, and whose revenues constitute approximately 2% of the total consolidated revenues for the period of three months ended on that date. Furthermore, we did not review the condensed financial information for the interim period of companies that are accounted for at equity, the investment in which amounted to approximately US\$ 9,621 thousand as of March 31, 2019 and the Group's share of their profits amounted to approximately US\$ 1,700 thousand in the period of three months ended on that date. The condensed financial information of those companies for the interim period was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for those companies, is based on the review reports of the other auditors.

The scope of the review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "The review of financial information for interim periods performed by the independent auditor of an Entity". A review of financial information for interim periods consists of making inquiries, primarily of the persons who are responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially reduced in scope from an audit conducted in accordance with generally accepted auditing standards in Israel and consequently it 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 interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard IAS 34.

In addition to what is stated in the previous paragraph, based on our review and on the review reports of the other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, from all material perspectives, with disclosure provisions in accordance with Part D' of the Securities Regulations (Periodic and Immediate Reports) 1970.

Convenience translation of the financial statements

The interim financial statements in US Dollars were translated from the statements in New Israeli Shekels and have been prepared solely for the convenience of the reader (see Note 2 C).

Yours sincerely

KOST FORER GABBAY & KASIRER

Tel-Aviv, May 27, 2019

ELCO LIMITED

CONSOLIDATED BALANCE SHEETS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	March 31		December 31
	2019	2018	2018
	Unaudited		Audited
Current assets			
Cash and cash equivalents	137,844	171,544	218,191
Short-term investments	82,895	132,633	70,637
Trade receivables	435,220	369,456	380,333
Other accounts receivables	391,728	308,372	380,367
Inventory, inventory of real estate and rights in real estate	281,510	331,710	287,376
Assets held for sale	18,638	22,776	78,270
	<u>1,347,835</u>	<u>1,336,491</u>	<u>1,415,174</u>
Non-current assets			
Long-term receivables	14,775	29,894	11,837
Receivables for concession arrangement for the provision of services	23,690	24,415	24,388
Investment in entities accounted for at equity	265,560	317,144	275,827
Long-term inventory of real estate	18,439	18,910	18,450
Income generating assets	96,012	158,705	95,966
Fixed assets	318,069	140,935	134,703
Goodwill and other intangible assets	650,506	582,092	577,122
Deferred tax assets	14,137	11,046	13,200
	<u>1,401,188</u>	<u>1,283,141</u>	<u>1,151,493</u>
	<u>2,749,023</u>	<u>2,619,632</u>	<u>2,566,667</u>

The accompanying notes form an integral part of the Interim Consolidated Financial Statements.

May 27, 2019
Date of approval of financial statements

ELCO LIMITED**CONSOLIDATED BALANCE SHEETS**
CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	March 31		December 31
	2019	2018	2018
	Unaudited		Audited
Current Liabilities			
Credit from banking institutions and others	138,815	120,541	155,988
Bonds - current maturities	76,046	68,127	76,138
Current maturities of leasing liabilities	37,368	-	-
Suppliers and providers of services	451,646	463,393	478,336
Other payables	416,828	422,479	399,371
Dividend payable to shareholders in the Company	9,086	8,260	-
Liabilities in respect of assets held for sale	-	-	12,448
	<u>1,129,789</u>	<u>1,082,800</u>	<u>1,122,281</u>
Long-Term Liabilities			
Liabilities to banks and financial institutions	140,426	195,033	158,600
Bonds	334,781	349,544	334,991
Leasing liabilities	154,097	-	-
Other liabilities	371,053	340,228	294,689
Employee benefit liabilities	14,959	15,289	14,622
Deferred taxes	56,789	56,096	52,560
	<u>1,072,105</u>	<u>956,190</u>	<u>855,462</u>
Equity			
Equity attributable to equity holders of the Company	295,007	317,114	321,113
Non-controlling interests	252,122	263,528	267,811
Total equity	<u>547,129</u>	<u>580,642</u>	<u>588,924</u>
	<u>2,749,023</u>	<u>2,619,632</u>	<u>2,566,667</u>

E. Vessely
Chief Financial Officer

D. Salkind
Joint General Manager

M. Fridman
Chairman of the Board of
Directors

ELCO LIMITED

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Three months ended		Year ended
	March 31		December 31
	2019	2018	2018
	Unaudited		Audited
Revenues, net	638,508	614,344	2,462,918
Adjustment of the fair value and the results of the disposal of income-generating assets, net	-	(593)	588
Group's share of the profits of companies accounted for at equity, net	6,629	5,592	4,586
Other income	1,823	632	7,137
Total	646,960	619,975	2,475,229
Cost of producing revenues	(552,222)	(530,568)	(2,121,686)
Selling and marketing expenses	(34,152)	(37,710)	(153,024)
Administrative and general expenses	(23,006)	(20,956)	(79,452)
Other expenses	(414)	(352)	(10,035)
Financing income	5,682	4,014	14,597
Financing expenses	(14,421)	(13,964)	(50,168)
Total	(618,533)	(599,536)	(2,399,768)
Income before taxes on income	28,427	20,439	75,461
Taxes on income	(8,136)	(6,651)	(16,043)
Income from continuing operations	20,291	13,788	59,418
Operating loss from discontinued operations, net	-	(520)	(10,161)
Net income	20,291	13,268	49,257
Attributable to:			
Equity holders in the Company	9,466	4,430	17,766
Non-controlling interest	10,825	8,838	31,491
	20,291	13,268	49,257
Earnings per share - attributable to the Equity holders of the Company:			
Basic - Earnings			
From continuing operations	0.35	0.17	0.84
From discontinued operations	-	(0.01)	(0.20)
	0.35	0.16	0.64
Fully diluted - Earnings			
From continuing operations	0.34	0.16	0.83
From discontinued operations	-	(0.01)	(0.20)
	0.34	0.15	0.63

The accompanying notes form an integral part of the Interim Consolidated Financial Statements.

ELCO LIMITED**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Three months ended		Year ended
	March 31		December 31
	2019	2018	2018
	<u>Unaudited</u>		<u>Audited</u>
Net income	<u>20,291</u>	<u>13,268</u>	<u>49,257</u>
Other comprehensive income (loss) (after tax effects):			
Amounts that will never be reclassified to profit or loss:			
Loss on financial assets that are measured at fair value through other comprehensive income, net	-	-	(2,462)
Gain from the re-measurement of defined benefit plans	-	-	1,187
	<u>-</u>	<u>-</u>	<u>(1,275)</u>
Amounts that will be classified or reclassified to the profit or loss, when specific conditions are met:			
Adjustments deriving from the translation of the financial statements of foreign operations, net	(10,306)	7,347	9,979
Gain (loss) on hedging transactions	(842)	404	504
	<u>(11,148)</u>	<u>7,751</u>	<u>10,483</u>
Total other comprehensive income (loss)	<u>(11,148)</u>	<u>7,751</u>	<u>9,208</u>
Total comprehensive income	<u>9,143</u>	<u>21,019</u>	<u>58,465</u>
Comprehensive income attributable to:			
Equity holders in the company	2,899	8,660	23,618
Non-controlling interests	6,244	12,359	34,847
	<u>9,143</u>	<u>21,019</u>	<u>58,465</u>

The accompanying notes form an integral part of the Interim Consolidated Financial Statements.

ELCO LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

Attributable to equity holders in the company

	Share capital	Share premium	Treasury shares	Retained earnings	Capital reserve on transactions with controlling interests	Capital reserve on financial assets at fair value through other comprehensive income		Capital reserve on hedging transactions	Capital reserve on the re-measurement of defined benefit plans	Adjustments deriving from the translation of financial Statements	Capital reserve on share-based payment	Total	Non-controlling interests	Total equity
						Unaudited								
Balance as of January 1, 2019	31,387	16,242	(55,713)	459,322	446	(53,235)	3,191	(422)	(87,966)	7,861	321,113	267,811	588,924	
Changes following the initial implementation of IFRS 16	-	-	-	(253)	-	-	-	-	-	-	(253)	(247)	(500)	
Changes following the initial implementation of IAS 28	-	-	-	(18,865)	-	-	-	-	-	-	(18,865)	(10,644)	(29,509)	
Reclassification of capital reserve on translation differences deriving from the implementation of the revision to IAS 28	-	-	-	(8,061)	-	-	-	-	8,061	-	-	-	-	
Balance as of January 1, 2019 following the initial implementation of IFRS 16 and IAS 28	31,387	16,242	(55,713)	432,143	446	(53,235)	3,191	(422)	(79,905)	7,861	301,995	256,920	558,915	
Net income	-	-	-	9,466	-	-	-	-	-	-	9,466	10,825	20,291	
Other comprehensive loss:														
Adjustments deriving from the translation of financial statements	-	-	-	-	-	-	-	-	(6,123)	-	(6,123)	(4,183)	(10,306)	
Loss on hedging transactions	-	-	-	-	-	-	(444)	-	-	-	(444)	(398)	(842)	
Total other comprehensive income	-	-	-	-	-	-	(444)	-	(6,123)	-	(6,567)	(4,581)	(11,148)	
Total comprehensive income	-	-	-	9,466	-	-	(444)	-	(6,123)	-	2,899	6,244	9,143	
Cost of share-based payment	-	-	-	-	-	-	-	-	-	24	24	531	555	
Dividend to shareholders in the company	-	-	-	(9,086)	-	-	-	-	-	-	(9,086)	-	(9,086)	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,134)	(12,134)	
Acquisition of treasury shares in the company	-	-	(307)	-	-	-	-	-	-	-	(307)	-	(307)	
Acquisition non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	764	764	
Issuance of capital /sale of shares in a consolidated company to non-controlling interests	-	-	-	(516)	-	-	-	4	(7)	-	(519)	(203)	(722)	
Exercise of option warrants	-	329	-	-	-	-	-	-	-	(328)	1	-	1	
As of March 31, 2019	31,387	16,571	(56,020)	432,007	446	(53,235)	2,747	(418)	(86,035)	7,557	295,007	252,122	547,129	

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ELCO LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Attributable to equity holders in the company												Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Capital reserve on transactions with controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re-measurement of defined benefit plans	Adjustments deriving from the translation of financial Statements	Capital reserve on share-based payment	Revaluation reserve	Total		
	Unaudited													
Balance as of January 1, 2018	31,387	15,192	(50,829)	452,737	446	(51,661)	2,926	(1,084)	(94,504)	8,722	9,344	322,676	269,689	592,365
Changes following the initial implementation of IFRS 9	-	-	-	(719)	-	-	-	-	-	-	-	(719)	(646)	(1,365)
Balance as of January 1, 2018 following the initial implementation of IFRS 9	31,387	15,192	(50,829)	452,018	446	(51,661)	2,926	(1,084)	(94,504)	8,722	9,344	321,957	269,043	591,000
Net income	-	-	-	4,430	-	-	-	-	-	-	-	4,430	8,838	13,268
Other comprehensive loss:														
Adjustments deriving from the translation of financial statements	-	-	-	-	-	-	-	-	4,017	-	-	4,017	3,330	7,347
Gain on hedging transactions	-	-	-	-	-	-	213	-	-	-	-	213	191	404
Total other comprehensive income	-	-	-	-	-	-	213	-	4,017	-	-	4,230	3,521	7,751
Total comprehensive income	-	-	-	4,430	-	-	213	-	4,017	-	-	8,660	12,359	21,019
Cost of share-based payment	-	-	-	-	-	-	-	-	-	47	-	47	744	791
Dividend to shareholders in the company	-	-	-	(8,260)	-	-	-	-	-	-	-	(8,260)	-	(8,260)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(16,226)	(16,226)
Acquisition of treasury shares in subsidiary companies	-	-	-	(3,726)	-	-	-	-	-	-	-	(3,726)	(3,264)	(6,990)
Issuance of capital /sale of shares in a consolidated company to non-controlling interests	-	-	-	(1,598)	-	-	-	18	14	-	-	(1,566)	872	(694)
Exercise of option warrants	-	2	-	-	-	-	-	-	-	-	-	2	-	2
As of March 31, 2018	31,387	15,194	(50,829)	442,864	446	(51,661)	3,139	(1,066)	(90,473)	8,769	9,344	317,114	263,528	580,642

The accompanying notes constitute an integral part of the Interim Consolidated Financial Statements.

ELCO LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Attributable to equity holders of the company													
	Share capital	Share premium	Treasury shares	Retained earnings	Capital reserve on transactions with controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re-measurement of defined benefit plans	Adjustments deriving from the translation of financial Statements	Capital reserve on share-based payment	Revaluation reserve	Total	Non-controlling interests	Total equity
	Audited													
Balance as of January 1, 2018	31,387	15,192	(50,829)	452,737	446	(51,661)	2,926	(1,084)	(94,504)	8,722	9,344	322,676	269,689	592,365
Changes following the initial implementation of IFRS 9	-	-	-	(719)	-	-	-	-	-	-	-	(719)	(646)	(1,365)
Balance of January 1, 2018 following the initial implementation of IFRS 9	31,387	15,192	(50,829)	452,018	446	(51,661)	2,926	(1,084)	(94,504)	8,722	9,344	321,957	269,043	591,000
Net profit	-	-	-	17,766	-	-	-	-	-	-	-	17,766	31,491	49,257
Other comprehensive income (loss):														
Adjustments deriving from the translation of financial statements	-	-	-	-	-	-	-	-	6,517	-	-	6,517	3,462	9,979
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	(1,574)	-	-	-	-	-	(1,574)	(888)	(2,462)
Gain on the re-measurement of defined benefit plans	-	-	-	-	-	-	-	644	-	-	-	644	543	1,187
Gain on hedging transactions	-	-	-	-	-	-	265	-	-	-	-	265	239	504
Total other comprehensive income	-	-	-	-	-	(1,574)	265	644	6,517	-	-	5,852	3,356	9,208
Total comprehensive income	-	-	-	17,766	-	(1,574)	265	644	6,517	-	-	23,618	34,847	58,465
Cost of share-based payment	-	-	-	-	-	-	-	-	-	187	-	187	1,820	2,007
Dividend to shareholders in the company	-	-	-	(8,260)	-	-	-	-	-	-	-	(8,260)	-	(8,260)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(23,805)	(23,805)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(4,884)	(9,816)	-	-	-	-	-	-	-	(14,700)	(8,739)	(23,439)
Disposal of income generating asset that was owner occupied in the past	-	-	-	9,344	-	-	-	-	-	-	(9,344)	-	-	-
Issuance of capital/purchase and sale of shares in a consolidated companies	-	-	-	(1,730)	-	-	-	18	21	-	-	(1,691)	(5,355)	(7,046)
Exercise of option warrants	-	1,050	-	-	-	-	-	-	-	(1,048)	-	2	-	2
As of December 31, 2018	31,387	16,242	(55,713)	459,322	446	(53,235)	3,191	(422)	(87,966)	7,861	-	321,113	267,811	588,924

The accompanying notes constitute an integral part of the Interim Consolidated Financial Statements.

ELCO LIMITED**CONSOLIDATED STATEMENTS OF CASH FLOWS**

CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Three months ended		Year ended
	March 31		December 31
	2019	2018	2018
	Unaudited		Audited
Cash flows from operating activities:			
Net income	20,291	13,268	49,257
Adjustments required in order to present the cash flows from operating activities (Appendix A')	(53,666)	(18,616)	37,537
Net cash generated by (absorbed) by operating activities (before acquisition of and investment in land)	(33,375)	(5,348)	86,794
Acquisition of and investment in land *)	(1,959)	(30,445)	(32,168)
Net cash generated by (absorbed) by operating activities	35,334	(35,793)	54,626
Cash flows from investment activities:			
Acquisition of fixed assets and intangible assets	(12,411)	(8,100)	(40,886)
Capitalization of customer acquisition costs	(952)	(1,160)	(4,259)
Acquisition and construction of income generating assets	(47)	(411)	(4,571)
Initially consolidated companies and activities (Appendix B)	(40,273)	1,397	654
Investment in shares of affiliated and other companies	26,668	(10,930)	(74,138)
Consideration from the disposal of (investment in) short-term investments, net	(11,515)	(20,053)	39,659
Consideration from the disposal of fixed and income-generating assets and investments	36,386	1,385	67,051
Net consideration from the sale of operation	344	6,539	13,764
Decrease (increase) in long-term loans and deposits	(15)	(373)	(915)
Net cash absorbed by investment activities	(1,815)	(31,706)	(3,641)
Cash flows from financing activities:			
Dividend paid to shareholders in the company	-	-	(8,260)
Dividend to non-controlling interests	(3,149)	(2,407)	(26,032)
Issuance of bonds	-	-	59,740
Repayment of long-term liabilities	(19,646)	(6,792)	(136,217)
Repayment of leasing liabilities	(11,446)	(833)	(2,953)
Receipt of long-term liabilities	27,591	17,364	91,747
Short-term bank credit, net	(34,015)	33,303	14,615
Exercise of option warrants and issuance of shares to non-controlling interests	(721)	(86)	(7,201)
Acquisition of treasury shares in the company and in consolidated companies	(307)	(6,990)	(23,439)
Net cash generated (absorbed) by financing activities	(41,693)	33,559	(38,000)
Translation differences in respect of cash and cash equivalents balances	(1,505)	1,603	1,325
Increase (decrease) in cash and cash equivalents	(80,347)	(32,337)	14,310
Balance of cash and cash equivalents at the beginning of the period	218,191	203,881	203,881
Balance of cash and cash equivalents at the end of the period	137,844	171,544	218,191

*) The acquisition of and investment in land are presented under inventories of real estate.

The accompanying notes form an integral part of the Interim Consolidated Financial Statements.

ELCO LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

Appendix A' - Adjustments required in order to present the cash flows from operating activities:

	Three months ended		Year ended
	March 31		December 31
	2019	2018	2018
	Unaudited		Audited
Income and expenses not involving cash flows:			
The Group's share of the profits of companies accounted for at equity, net	(6,629)	(5,592)	(4,586)
Dividends and interest received from companies accounted for at equity	4,011	1,332	13,869
Success fee in respect of increase in the value of housing complexes (Promote)	(3,943)	(1,207)	(18,648)
Adjustment of fair value and the results of the disposal of income-generating assets, net	-	593	6,037
Change in the fair value of a financial asset through profit or loss	-	-	(6,625)
Depreciation and amortization	21,808	11,318	48,520
Amortization of customer acquisition expenses	970	1,941	6,172
Impairment in value of intangible assets less commitment to sellers, net	-	-	7,003
Deferred taxes, net	3,133	227	(1,131)
Reclassification from the translation differences reserve in connection with joint venture that have been disposed of	-	(1,256)	(1,256)
Change in employee benefit liabilities	487	(553)	1,521
Capital gain on the sale of fixed assets and other investments	(935)	(607)	(2,645)
Revaluation of long-term receivable and liabilities, net	(351)	1,514	7,421
Increase (decrease) in the value of short-term investments	(1,090)	214	785
Cost of share-based payment	555	791	2,007
Other expenses, net	-	-	4,533
Changes in asset and liability items:			
Decrease (increase) in inventory and inventory of real estate	2,751	(19,056)	23,226
Decrease (increase) in trade receivables	(24,717)	12,385	3,082
Decrease (increase) in other accounts receivable	3,994	7,407	(30,305)
Decrease in suppliers and providers of services	(47,001)	(40,909)	(37,119)
Increase (decrease) in other accounts payable	(6,709)	12,842	15,676
	<u>(53,666)</u>	<u>(18,616)</u>	<u>37,537</u>

The accompanying notes form an integral part of the Interim Consolidated Financial Statements.

ELCO LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

Appendix B' - Investment in initially consolidated companies and activities

	Three months ended		Year ended
	March 31		December 31
	2019	2018	2018
	Unaudited		Audited
Working capital, net (except cash)	(23,728)	8	8
Fixed assets	(5,505)	(38)	(38)
Intangible assets	(14,017)	(3,522)	(3,759)
Goodwill	(58,550)	(4,038)	(4,419)
Non-current assets	(180)	-	-
Deferred taxes	262	956	1,010
Non-current liabilities	10,896	197	197
Payables for conditional consideration	-	743	-
Liability for put option and future dividends for non-controlling interests	49,785	4,111	4,675
Non-controlling interests	764	-	-
Collection of income receivable for cash flows in an interim period	-	2,980	2,980
	<u>(40,273)</u>	<u>1,397</u>	<u>654</u>

The accompanying notes form an integral part of the Interim Consolidated Financial Statements.

ELCO LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

Appendix C' - Further information on cash flows

	Three months ended		Year ended
	March 31		December 31
	2019	2018	2018
	Unaudited		Audited
Cash paid in the period for:			
Interest	6,614	6,865	37,835
Taxes on income	8,264	11,194	24,135
Cash received for:			
Interest	515	1,065	7,416
Taxes on income	810	114	4,108

Appendix D' – Significant activities not involving cash flows

	Three months ended		Year ended
	March 31		December 31
	2019	2018	2018
	Unaudited		Audited
Acquisition of fixed assets, investment property and intangible assets	23,569	27,990	24,595
Dividend payable to non-controlling interests and to shareholders in the company	18,072	24,306	-

The accompanying notes form an integral part of the Interim Consolidated Financial Statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General

These financial statements have been prepared in a condensed format as at March 31, 2019 and for the period of three months ended on that date (hereinafter - interim consolidated financial statements).

The interim financial statements should be read together with the Company's annual financial statements as of December 31, 2018 and the year ended on that date and the accompanying notes thereto (hereinafter – the annual consolidated financial statements).

Note 2 - Significant Accounting Policies

A. The format for the preparation of the interim consolidated financial statements

The Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 "Financial Reporting for Interim Periods", and also in accordance with the disclosure requirements in accordance with section D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

B. The accounting policies that have been implemented in the preparation of the interim consolidated financial statements are consistent with those that were implemented in the preparation of the annual consolidated financial statements.

C. Convenience translation

The attached Financial Statements in US Dollars are a translation of the statements as prepared in New Israeli Shekels ("NIS" or "Shekel") at the rate of exchange of the Shekel to the US Dollar prevailing on March 31, 2019 (NIS 3.632 = US\$ 1).

It should be noted that the New Israeli Shekel amounts, on the basis of which the convenience translation figures were prepared, do not necessarily represent the current cost amounts of the various elements within the financial statements and, also, that it should not be construed from the translation into US Dollar figures that the Israeli currency amounts actually represent, or could be converted into Dollars. These financial statements have been prepared for the convenience of the reader. In the event of any discrepancy between the contents of this translation and the Hebrew original, the Hebrew original prevails.