



# ELBIT IMAGING LTD. | Financial Results for 1<sup>st</sup> Quarter 2009



31 March 2009

# Disclaimer

The information provided in this presentation is for general and informational purposes only, and by no means constitutes a binding representation by Elbit Imaging Ltd. (hereinafter: 'the Company') and/or a recommendation and/or an opinion regarding the Company's finances and businesses. The Company shall solely be bound by representations and information contained in duly signed documents and/or reports made by the Company to the Israel Securities Authority. Should any incongruity and/or inconsistency arise between the information provided as part of this presentation, whether in writing or orally, and information existing or as might be published in the Company's formal documents and/or reported to the Israel Securities Authority, the information found in the Company's offices and/or reported as stated shall be deemed correct.

Despite the Company's every intention to provide correct and accurate information, the information might be incomplete or contain technical or other errors. The Company assumes no liability for inaccuracies or errors made with regard to the information. Furthermore, the information contains forward-looking evaluations and forecasts. It is hereby clarified that the Company is unable to anticipate all future scenarios, and such information is consequently speculative, non-binding and in no way guaranteed to materialize.

The content of this presentation is the Company's exclusive property and cannot be used commercially or otherwise in violation of copyright laws and international conventions, nor can the information or any part thereof be changed or distorted in any way. The content of this document cannot be copied, duplicated or divulged, in part or in full, or used in any way, unless subject to the Company's prior written consent.

The Company is not, and shall not be, liable for any damage-direct, indirect, consequential or incidental-arising out of reliance on and use of the information provided herein.

KEY FINANCIAL DATA  
AND PRESENTATION BY CFO  
OF SIGNIFICANT FINANCIAL RESULTS  
FOR Q1 2009

# FINANCIAL RESULTS

**Consolidated revenues** in Q1 2009 were NIS 216 million compared to NIS 195 million reported in the corresponding quarter last year.

**Revenues from sale and operation of commercial centers** in Q1 2009 amounted to NIS 20 million compared to NIS 74 million in the corresponding quarter last year. This decrease is attributable to: (i) price adjustment recorded in Q1 2008 in connection with the sale of Arena Plaza in Hungary executed in December 2007 with no recognition of revenues from sale of trading property in Q1 2009 and; (ii) decrease in revenues from operations of commercial centers to NIS 20 million in Q1 2009 as compared to NIS 26 million in the corresponding quarter.

**Cost and expenses of commercial centers operation** in Q1 2009 amounted to NIS 40 million compared to NIS 41 million in the corresponding quarter.

**Revenues from hotels operations and management** in Q1 2009 amounted to NIS 87 million as compared to NIS 92 million reported in the corresponding quarter last year. This decrease is attributable to: (i) the devaluation of the Pound against the NIS and to a decrease in the activity of the hotels as result of the global financial crises; offset by (ii) an increase in the revenues resulted mainly due to the opening of Bucharesti Hotel in Romania in mid 2008.

**Costs and expenses from hotels operations and management** in Q1 2009 amounted to NIS 83 million compared to NIS 82 million reported in the corresponding quarter last year. This increase is attributable mainly to expenses related to the Bucharesti Hotel complex, offset by the devaluation of the Pound against the NIS.

**Revenues from sale of medical systems** in Q1 2009 amounted to NIS 8.6 million compared to NIS 11.4 million reported in the corresponding quarter last year.

**Costs and expenses of medical systems operation** in Q1 2009 amounted to NIS 17 million compared to NIS 15 million reported in the corresponding quarter. This increase is attributable mainly to stock based compensation expenses of approximately NIS 3.5 million, accrual as result of re-pricing of option during Q1 2009..

**Research and development expenses** in Q1 2009 amounted to NIS 16.6 million compared to NIS 16.2 million reported in the corresponding quarter last year. These costs are attributable to the operations of InSightec which continuing in accelerated research and development efforts.

**Revenues from sale of fashion merchandise** in Q1 2009 amounted to NIS 22 million compared to NIS 18.2 million reported in the corresponding quarter last year. This increase is attributed mainly to the opening of new stores. during 2008 offset by; a decrease in revenues of existing stores as result of the global financial crises.

# FINANCIAL RESULTS (CONT.)

**Cost and expenses of fashion merchandise** in Q1 2009 amounted to NIS 28.2 million compared to NIS 22.7 million reported in corresponding quarter last year. This increase was attributable mainly the increase in the number of stores during 2008.

**General and administrative expenses** in Q1 2009 amounted to NIS 17.6 million compared to NIS 8.5 million reported in Q1 2008 . The increase in general and administrative expenses is mainly attributable to (i) a decrease in bonus and salaries expenses as result of reversal of provisions accrued in previous year (ii) in Q1 2009 the Company implement efficiency, reduction and saving procedures which reduced its costs.

**Financial expenses (income), net** result to income of NIS 22.6 million in Q1 2009 compared to expenses of NIS 12 million reported in the corresponding quarter of last year. The change of NIS 35 million is deriving from 3 major elements:

Increase in gain from change in fair value of financial instruments to 53 million in Q1/2009 from 29 million in Q1/2008.

Such increase is mainly attributable to : (a) gain from marketable securities in Q1 2009 amounted to 12.1 million as compared to loss in the corresponded period in the amount of 16.6 million; (b) increase in income deriving from Plaza Centers Notes and Swap transactions ( both measured at fair value through profit and loss) to NIS 53 as compared to NIS 29 million in corresponding quarter last year; and

Increase in financial income (including exchange rate results on deposits linked to foreign currencies) to NIS 35 million in Q1 2009 as compared to NIS 6.3 million in Q1 2008. Such decrease is mainly attributable to exchange rate gain recorded in Q1/2009 as compared to exchange rate loss in the corresponding quarter of last year offset in part by a decrease in interest income from deposit mainly attributable to the decrease in the Group's liquid resources as well as a decrease in the interest rate we received for our deposit; offset by

Increase in financial expenses (including exchange rate results on borrowings linked to foreign currencies) to NIS 65 million as compared to NIS 48 million in Q1 2008. Such increase is mainly attributable to increase in exchange rate losses in Q1/2009 as compared to Q1/2008 and decrease in the Israeli CPI(to which our debentures are linked) in Q1/2009 as compared to increase in the CPI in the corresponding quarter of last year.

# FINANCIAL RESULTS (CONT.)

**Net gain** attributable to the equity holders of the Company in Q1 2009 amounted to NIS 21 million as compared to loss of NIS 27.3 million in the corresponded quarter.

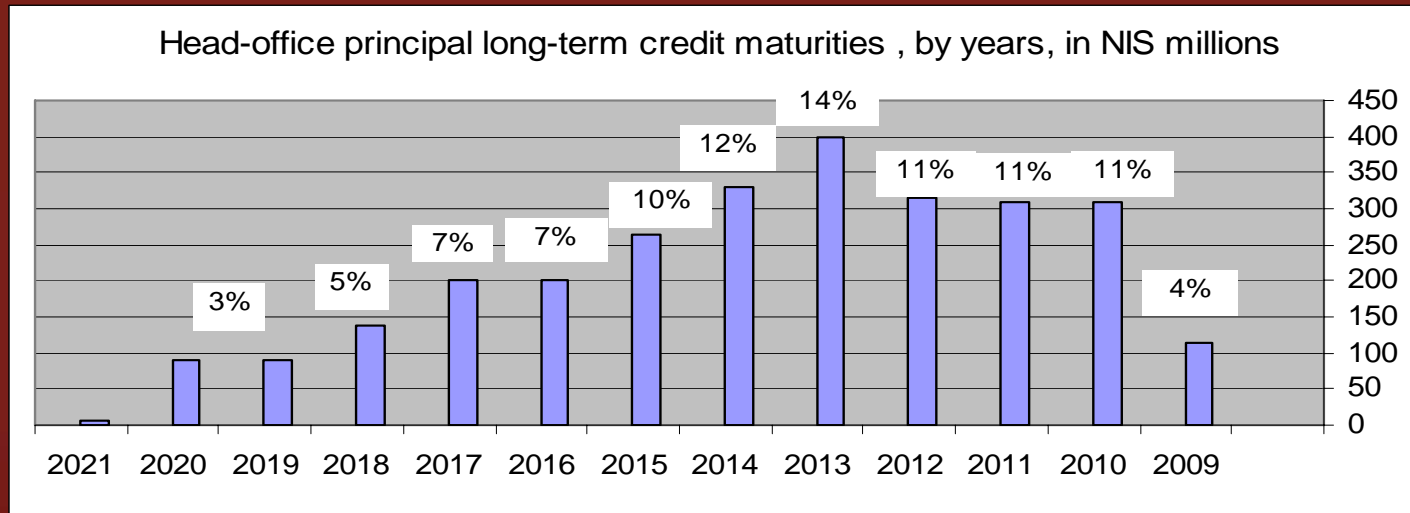
**Our total shareholders equity** increase to NIS 2,594 million as of March 31, 2009 from NIS 2,438 million on December 31, 2008. Such increase is attributable mainly to the following elements: (i) increase in foreign currency translation adjustments in the amount of NIS 180 million mainly due to devaluation of the NIS against the Euro and the India Rupee ;(ii) increase in the minority interest in the amount of 61 million as a result of change in our shareholding in InSightec which was resulted from a conversion of convertible debentures to shares; offset by (iii) decrease in the minority shareholding in the amount of 98 million as a result of an increase in our shareholding in Plaza Centers due to acquisitions of Plaza's shares by Elbit and by Plaza.

**Mr. Dudi Machluf the Company's CFO**



# FINANCIAL STRENGTH & LIQUIDITY

- Positive working capital of NIS 4,356.
- Cash balances of NIS 2,361m.
- Owners' equity of NIS 2,594m (The Company does not revalue it's assets).
- Consolidated debt of NIS 5,888m.
- Cash at Company's head office of NIS 1,086m.
- Gross debt at Company's head office of NIS 2,765m.
- Net debt at Company's head office of NIS 1,679m.



# FINANCIAL STRENGTH (CONT.)

## Composition of Cash and Debt

As of March 31 2009

N is Millions	Cash and	Short-term	Total
	cash	deposits and	
	equivalants	long term	
		financial items	
Head office	727	359	1,086
Plaza centers	768	412	1,180
Hotels	38	23	61
In Sightec	29	0	29
Mango	5	0	5
Sub Total	<u>1,567</u>	<u>794</u>	<u>2,361</u>
Financial			
Instruments + Derivatives		313	313
Total	<u>1,567</u>	<u>1,107</u>	<u>2,674</u>

	Short-term	Long-term	Total
	credit (*)	credit	
Head office	423	2,342	2,765
Plaza centers	649	1,200	1,849
Hotels	544	689	1,233
In Sightec	0	0	0
Mango	24	17	42
Total	<u>1,640</u>	<u>4,248</u>	<u>5,888</u>

	Net debt
Head office	(1,679)
Plaza centers	(669)
Hotels	(1,172)
In Sightec	29
Mango	(37)
Financial	
Instruments + Derivatives	313
Total	<u>(3,214)</u>

(\*) Major part of the short term credit is classified as such, for accounting and other reasons, and the Company's management is of the opinion that repayment of same will not be due within the next 12 months.

# PLAZA CENTERS

- During the first quarter Plaza opened two shopping and entertainment centres namely :Riga plaza in Latvia and Liberec Plaza in the Czech Republic.
- Development activities limited to six projects located in areas with the highest market demand and with favourable financing opportunities, namely Casa Radio and Miercurea Ciuc in Romania, Dream Island in Hungary, Suwalki and Zgorzelec in Poland and Koregaon Park in India.
- The remainder of Plaza's development pipeline projects are either in the design phase or waiting permitting. commencement of these projects will depend amongst other things, on the availability of external financing.
- Strong cash position maintained, providing ongoing support for current development activity and enabling the Company to take advantage of opportunities arising in the current market to acquire high yielding mature assets or invest in new markets.
- Although Plaza's strategy in the last years is to sale its projects , Plaza is in a position where it does not have to execute forced sales of projects. If yields continue to be high on completion of the projects, it will take advantage of its experience gained over eight years in managing and running shopping malls effectively and efficiently, and hold the investment in its portfolio.

# As set realization throughout the period **PLAZA CENTERS (CONT.)**

	1-12 2008	Q 1 2009
	NIS Millions	NIS Millions
Sale of trading property	439	0
Cost of trading property sold	(233)	0
Gain from sale of centers	206	0

The gain in 1-12 2008 stems from price adjustments on the Hippodrome and from the sale of Plzen Plaza in Q 2 2008. During Q1 2009 there were no Centres Sold.

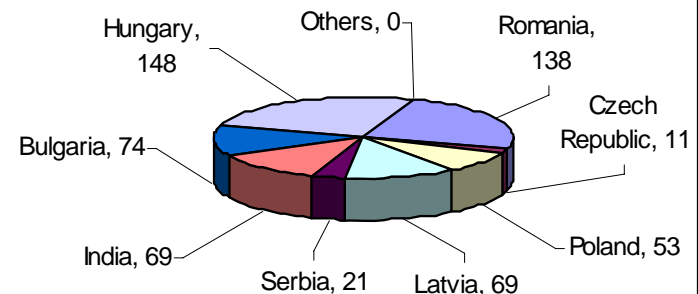
	1-12 2008	Q 1 2009
	NIS Millions	NIS Millions
Plaza :opening balance of trading property	1,738	3,047
Investment for the period in Commercial centers Projects	1,391	427
Investment for the period in Real Estate projects in India	313	8
Firstly consolidation of the Obuda Island project		148
Disposals	(233)	0
Capital reserves + capitalizations	(162)	45
Total trading property in Plaza Centers books	3,047	3,674

## In Elbit's financial statements

Elbit's share in Real Estate projects in India including Capital reserves and capitalization	232	258
Total trading property in Elbit's books	3,279	3,932

	1-12 2008	Q 1 2009
	NIS Millions	NIS Millions
Plaza :opening balance of trading property	1,738	3,047
Investment for the period in Commercial centers Projects	1,391	427
Investment for the period in Real Estate projects in India	313	8
Firstly consolidation of the Obuda Island project		148
Disposals	(233)	0
Capital reserves + capitalizations	(162)	45
Total trading property in Plaza Centers books	3,047	3,674
Elbit's share in Real Estate projects in India including Capital reserves and capitalization	232	258
Total trading property in Elbit's books	3,279	3,932

## Investments in projects Jan-March 2009, Plaza ,in NIS millions



## PLAZA CENTERS (CONT.)

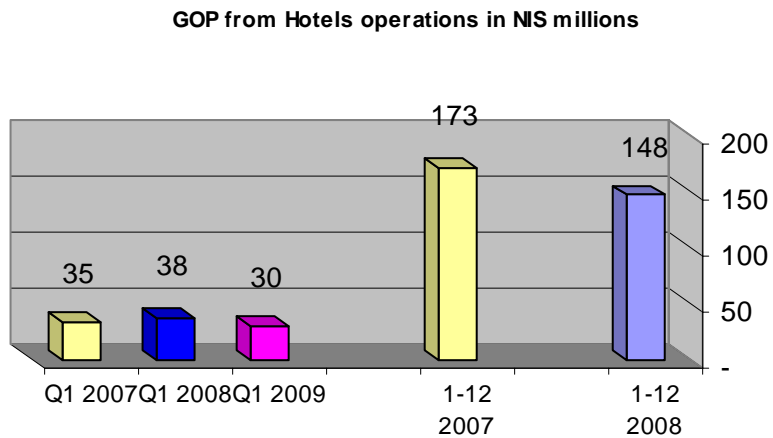
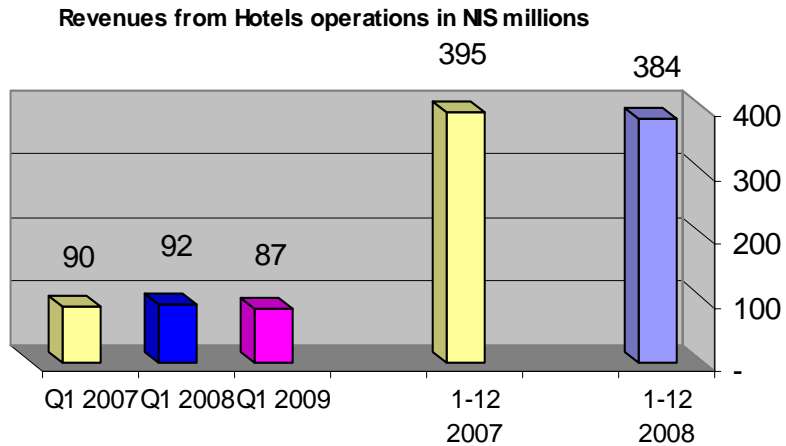
### Consolidation of the Company's financial strengths and liquidity

- Positive working capital of €721million.
- Cash and cash equivalents balances of €162 million (€211 million - including short term and long term balances)
- Shareholders' equity of €612 million.
- Consolidated borrowings of €331 million.
- The Company's shareholder's equity of € 612 million represents €2.10 per share. The Company does not reevaluate it's assets.
- Net asset Value for December 31 ,2008 of €2.40 per share according to external evaluator.

# HOTEL DIVISION

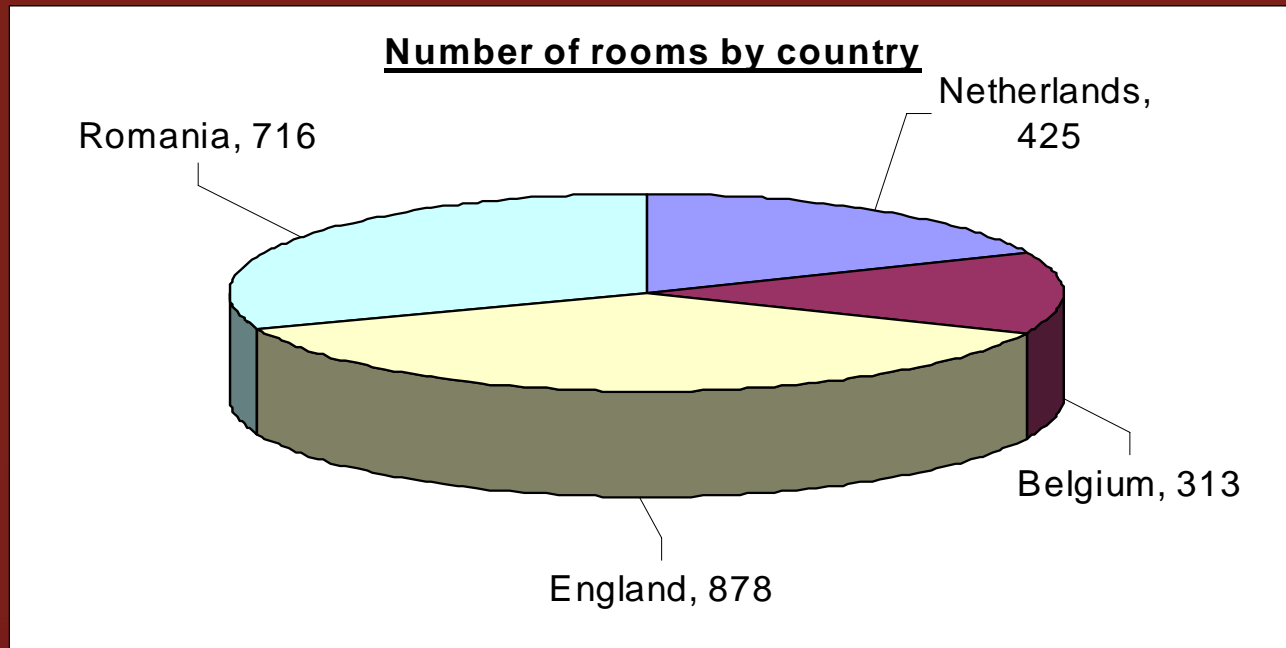
The decrease in Revenues in Q1 2009 compared to Q1 2008 is attributable both to the global economic slowdown and to the devaluation of the Pound and the LEI against the NIS. This was offset by an increase in revenues derived from the opening of Bucharesti Hotel in June 2008.

Currency	Average rate Q1 2008	Average rate Q2 2009	Change
NIS/EURO	5.54	5.29	-4.51%
NIS/GBP	7.30	5.82	-20.27%
NIS/LEI	1.54	1.32	-13.96%



## HOTEL DIVISION (CONT.)

- Together with its partners, the Company has 2,332 rooms in operating hotels including 424 rooms in the new Radisson SAS Bucharest Hotel which was opened in June 2008.
- The cost of the hotels in our financial statements, as of 31.03.2009 is NIS 1,557 million.



# INDIA DIVISION- Real Estate

- As of March 31 ,2009 the Company invested a total of NIS 741 million in It's real estate projects in India.
- The real estate projects are related to the Joint venture signed between Plaza Centers and Elbit, to develop three major mixed use projects in India located in the cities of Bangalore, Chennai and Kochi. The following table refers to these three projects.

	Q1 2009
	NIS Millions
India: Investment opening balance , at 31.12.2008	679
Investments for Q1 2009	15
Capital Reserves/Others	47
Balance at 31.3.2009 (Including Plaza centers share) (*)	741
Item in the FS:	
Amount - part of the "Trading property" Item (**)	492
Amount - part of the "Prepayments and other assets" Item (**)	222
Amount - part of the "Investment property" Item	27
	741

(\*) Not including three other projects in India for the construction of comercial centers. These fall within the commercial Centers Division acting through Plaza centers and are part of the trading property Item.

(\*\*) 50 % of the amount derives from Plaza centers FS.

# InSightec

## Overview:

- So far, Elbit Imaging has invested a total of approximately \$77 million in InSightec. As of March 31, 2009, our cost of investment has been depreciated in full, down to 0 value.
- InSightec's cumulative investment in R&D amounted to date to above \$120 million, fully depreciated to the profit and loss account.

## Status of regulatory approvals and clinical studies

### Uterine Fibroids (myoma)

The Company was granted CE and FDA approval to use the technology commercially.

### Ontological Applications

The Company received CE approval to treat cancerous bone metastases.

The Company is conducting pre-clinical and clinical studies for a number of applications, as follows, and taking steps to obtain regulatory approvals for them:

- Bone metastases
- Prostate cancer
- Breast cancer
- Liver cancer

The Company is conducting initial feasibility studies into a number of neurological applications, such as: brain tumors, use of image-guided drugs, treatment for diseases of the central nervous system.

### Market Size

The Company estimates the 'effective' market size to be above **\$1billion** in each of the clinical applications mentioned above.



See you on our website at:  
[www.elbitimaging.com](http://www.elbitimaging.com)