



ELBIT IMAGING LTD. | Financial Results for 1st Quarter 2010



May 31, 2010

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KEY FINANCIAL DATA
AND PRESENTATION BY Co-CEO
OF SIGNIFICANT FINANCIAL RESULTS
FOR Q1 2010

Three months ended March 31, 2010 compared to corresponding Quarter of 2009

Consolidated revenues for three months period ended March 31, 2010 were NIS 162 million compared to NIS 216 million reported in the corresponded period of 2009. The decrease is mainly attributable to income recorded in the first quarter of 2009 in the amount of NIS 78 million derived from change in shareholdings in our subsidiaries Plaza Centers and InSightec offset by the following detailed income increase:

Revenues from commercial centers in Q1 2010 were NIS 20 million as compared to NIS 20 million in the corresponded period of 2009. In the current quarter and in the corresponded quarter of 2009, we didn't sale any commercial center and same according to our strategy to hold and operate our commercial centers till the market conditions will improve.

Cost of commercial centers in Q1 2010 amounted to NIS 40 million compared to NIS 40 million in Q1 2009.

Revenues from hotels operations and management in Q1 2010 increased to NIS 92 million as compared to NIS 87 million reported in Q1 2009. This increase is attributable to an increase in revenues of the Radisson SAS Bucharesti hotel in Romania.

Costs and expenses from hotels operations and management in Q1 2010 decreased to NIS 81 million compared to NIS 83 in Q1 2009.

Revenues from sale of medical systems in Q1 2010 amounted to NIS 8 million compared to NIS 8 million reported in the corresponded period in 2009.

Costs and expenses of medical systems operations in Q1 2010 decreased to NIS 16 million compared to NIS 17 million reported in the corresponded period in 2009.

Revenues from retail activities increased to NIS 42 million in Q1 2010 compared to NIS 22 million in the corresponded period in 2009. This increase is attributed mainly to the operations of GAP stores which started at mid 2009 and to an increase in revenues of existing Mango stores.

FINANCIAL RESULTS (CONT.)

Cost and expenses from retail activities increased to NIS 50 million in Q1 2010 compared to NIS 28 million reported in the corresponded period last year.

Research and development expenses in Q1 2010 amounted to NIS 15 million compared to NIS 17 million reported in the corresponded period last year.

General and administrative expenses in Q1 2010 amounted to NIS 18 million compared to NIS 18 million in Q1 2009.

Financial expenses, net in Q1 2010 increased to NIS 101 million compared to financial income, net of NIS 23 million reported in the corresponded quarter last year. The increase of NIS 124 million related mainly to non cash expenses detailed as follows:

- increase in the amount of NIS 102 million is attributable mainly to non cash expenses derived from change in fair value of financial instruments (mainly Plaza Centers notes, currency and interest hedge transactions, derivatives and marketable securities all measured at fair value through profit and loss) totaled to NIS 49 million as compared to income of NIS 53 million in Q1 2009;
- (ii) Increase in the amount of NIS 19 million in non cash expenses related to exchange rate differences in the amount of NIS 29 million as compared to NIS 10 million in the corresponded quarter of 2009.

Loss attributable to the equity holders of the company in Q1 2010 was NIS 135 million (the total loss including minority interest totaled to NIS 170 million) as compared to gain attributable to the equity holders of the Company in the amount of NIS 21 million in the corresponded quarter of 2009 (total gain including the minority interest totaled to NIS 9 million).

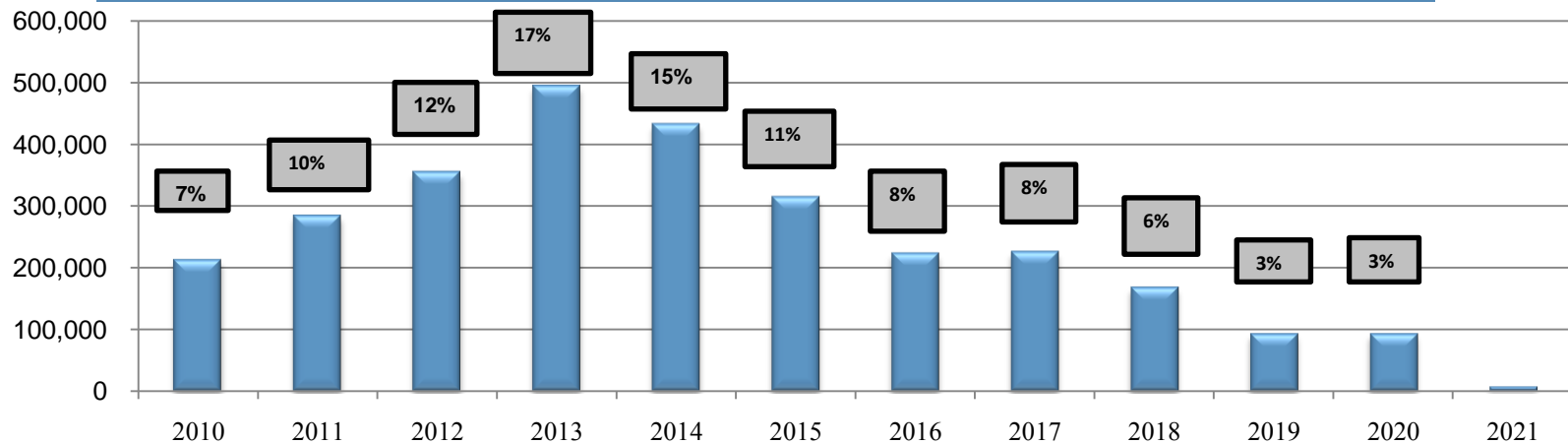
Our shareholders' equity as of March 31, 2010 amounted to NIS 1.8 billion compared to NIS 2.1 billion in December 31, 2009. The decrease is mainly attributable to the loss recorded during the quarter and to decrease in foreign currency translation adjustments mainly due to the devaluation of the EURO against the NIS.

Mr. Doron Moshe
the Company's CFO

FINANCIAL STRENGTH & LIQUIDITY

- Positive working capital of NIS 4,132 m.
- Cash balances of NIS 2,399 m.
- Owners' equity of NIS 1,807 m (The Company does not revalue its assets).
- Consolidated debt of NIS 6,721 m.
- Cash at Company's head office of NIS 1,012 m.
- Net debt at Company's head office of NIS 1,888 m.
- Gross debt at Company's head office of NIS 2,900 m.

**Head-office principal long-term credit maturities , by years,
in NIS millions**



FINANCIAL STRENGTH (CONT.)

Composition of Cash and Debt

As of March 31, 2010

NIS Millions	Cash and cash equivalents	Short-term deposits and long term financial items	Total
	Head office	690	322
Plaza centers	902	385	1,286
Hotels	51	19	69
InSightec	11	0	11
Trade & Retail	20	0	20
Sub Total	1,673	726	2,399
Financial Instruments+Derivatives		376	376
Total	1,673	1,102	2,774

NIS Millions	Short-term credit (*)	Long-term credit	Total
	Head office	374	2,526
Plaza centers	935	1,739	2,674
Hotels	675	417	1,092
InSightec	0	0	0
Trade & Retail	54	1	55
Sub Total	2,039	4,683	6,721
Financial Instruments+Derivatives	0	0	0
Total	2,039	4,683	6,721

	Net debt
Head office	(1,888)
Plaza centers	(1,388)
Hotels	(1,023)
InSightec	11
Trade & Retail	(35)
Financial Instruments+Derivatives	376
Total	(3,947)

(*) 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.

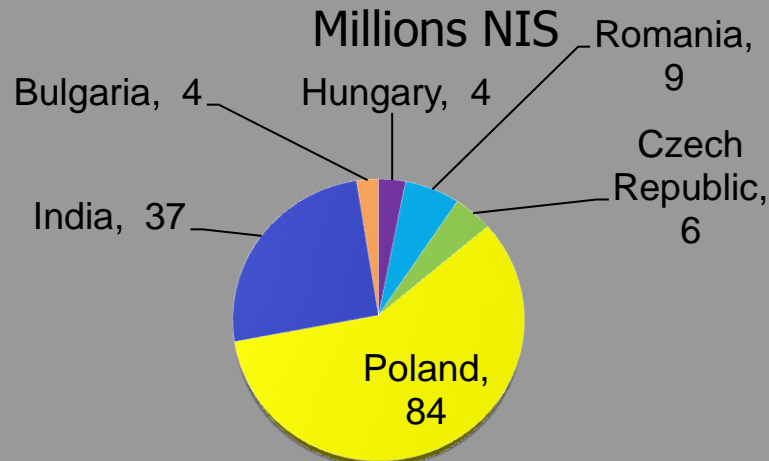
PLAZA CENTERS

- 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.
- Development activities limited to projects located in areas with the highest market demand and with favourable financing opportunities. 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.
- 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 hold the investment in its portfolio.
- Zgorzelec Plaza in Poland totalling 13,000 sqm GLA was opened on 18 March, 2010 and was circa 75% let on opening.
- Suwalki Plaza, a 20,000 sqm GLA shopping center , was opened on 26 May 2010, and is the 30th shopping and entertainment center developed by Plaza in the CEE region
- Construction expected to commence later this year on two major new projects at Torun, Poland and Kragujevac, Serbia both significant pre-lets in place and their development finance set to be finalised shortly.
- Completion of Plaza's first Indian development expected in H1 2011 (mall) - 2012 (offices) at Koregaon Park in Pune, India.

PLAZA CENTERS (CONT.)

Asset realization throughout the period		
	1-12 2009	Q1 2010
	NIS Millions	NIS Millions
Sale of trading property	0	0
Cost of trading property sold	0	0
Gain from sale of centers	0	0
<p>During year 2009 Trough Q1 2010 there were no shopping and entertainment center sold.</p>		
	1-12 2009	Q1 2010
	NIS Millions	NIS Millions
Plaza :opening balance of trading property	3,047	3,848
Investment for the period in Commercial centers Projects	617	124
Investment for the period in Real Estate projects in India	24	16
Firstly consolidation of the Obuda Island project	192	0
Disposals	0	0
impairment	(185)	0
Capital reserves + capitalizations ,net	153	(249)
Total trading property in Plaza Centers books	3,848	3,739
<p><u>In Elbit's financial statements</u></p>		
Elbit's share in Real Estate projects in India including		
Capital reserves and capitalization	310	325
Total trading property in Elbit's books	4,158	4,064

Investments in projects, Plaza Centers



PLAZA CENTERS (CONT.)

Consolidation of the Company's financial strengths and liquidity

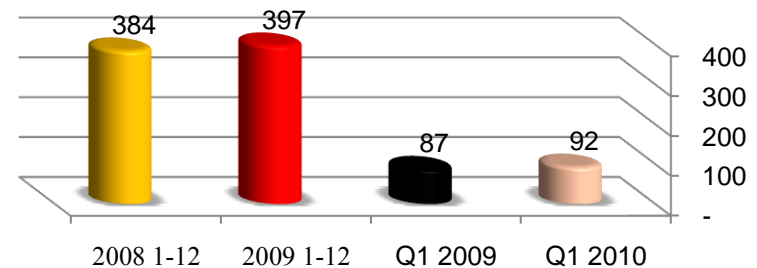
- Positive working capital of € 792 m.
- Cash and cash equivalents balances of € 236 m (€ 257 m - including short term and long term balances)
- Shareholders' equity of € 575 m.
- Consolidated borrowings of € 536 m.
- The Company's shareholder's equity of € 575 m represents € 1.94 per share.
- The Company does not revalue its assets.
- Net asset Value for December 31 ,2009 of € 2.25 per share according to external evaluator.

HOTEL DIVISION

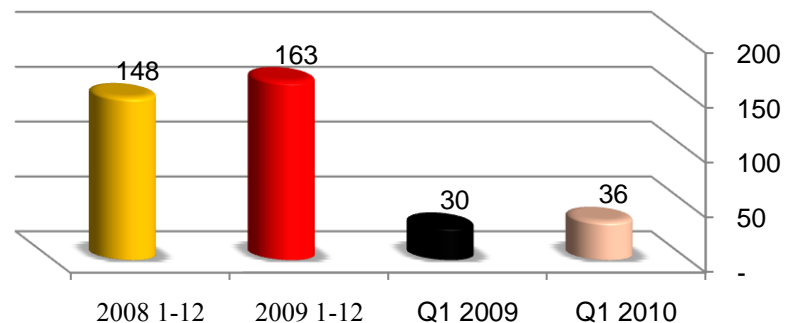
Revenues from hotels operations and management in Q1 2010 increased to NIS 92 million as compared to NIS 87 million reported in Q1 2009 . This increase is attributable mainly to an increase in revenues of the Radisson SAS Bucharesti hotel in Romania which was opened in mid of 2008.

Currency	Average Q1 09	Average Q1 10	%
NIS/EURO	5.34	5.19	-3%
NIS/GBP	5.82	5.88	1%
NIS/LEI	1.27	1.26	-1%

Revenues from Hotel operation in NIS Millions

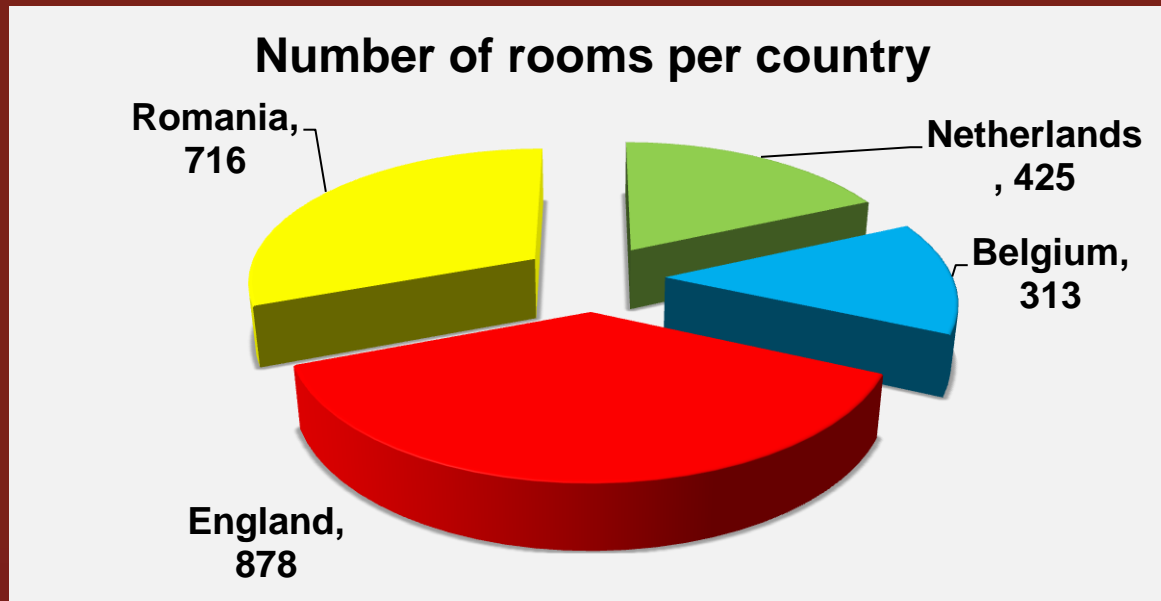


GOP from Hotel operation in NIS Millions



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 31.03.2010 is NIS 1,451 million.



INDIA DIVISION - Real Estate

- As of March 31 ,2010 the Company invested a total of NIS 861 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 2010
	NIS Millions
India: Investment opening balance , at 31.12.2009	818
Investments for Q1 2010	32
Capital Reserves/Others	11
Balance at 31.3.2010 (Including Plaza centers share) (*)	861
Item in the FS:	
Amount - part of the "Trading property" Item (**)	624
Amount - part of the "Prepayments and other assets" Item (**)	210
Amount - part of the "Investment property" Item	27
	861

(*) Not including three other projects in India for the construction of commercial 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.



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