MEITAV DASH INVESTMENTS LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2018

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Auditors' review report to the shareholders of Meitav Dash Investments Ltd.

Introduction

We have reviewed the accompanying financial information of Meitav Dash Investments Ltd. and its subsidiaries ("the Company"), which comprises the condensed consolidated statement of financial position as of June 30, 2018 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the preparation of this interim financial information in accordance with Chapter 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 interim financial information of certain subsidiaries, whose assets included in consolidation constitute approximately 2.1% of total consolidated assets as of June 30, 2018 and whose revenues included in the in the consolidation constitute approximately 9.6% and approximately 8% of total consolidated revenues for the six and three months periods then ended, respectively. The condensed interim financial information of those companies were reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently 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 IAS 34.

In addition to the abovementioned, 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 does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
August 13, 2018

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2018	June 30, 2017	December 31, 2017
	Unaudited	Unaudited	Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	169	261	160
Short-term investments	386	400	332
Current investments of special purpose subsidiaries for covering ETNs and CDs	26,265	27,637	28,981
Customer credit	604	516	592
Trade receivables	31	33	37
Other accounts receivable	23	20	21
Current taxes receivable	10	9	14
	27,488	28,876	30,137
NON-CURRENT ASSETS:			
Investments of provident fund members	96	95	95
Investments, loans and receivables	69	11	47
Investments, loans and capital notes in associates	22	24	21
Property, plant and equipment	40	42	40
Deferred taxes	12	18	10
Intangible assets	1,157	1,164	1,150
	1,396	1,354	1,363
	28,884	30,230	31,500

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2018	June 30, 2017	December 31, 2017
	Unaudited	Unaudited	Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and current maturities of debentures	385	424	416
ETNs and CDs	25,593	26,899	28,329
Current liabilities of special purpose subsidiaries for covering ETNs and CDs	640	717	621
Liabilities for short sale of securities	32	73	29
Trade payables	64	62	70
Other accounts payable	137	139	122
Current taxes payable	10	9	12
	26,861	28,323	29,599
NON-CURRENT LIABILITIES:			
Loans from banks	101	110	106
Debentures	812	693	683
Liabilities to provident fund members	98	96	96
Liabilities for purchase of operations	16	30	22
Other accounts payable	15	20	18
Employee benefit liabilities	7	7	7
Deferred taxes	42	42	41
	1,091	998	973
Total liabilities	27,952	29,321	30,572
EQUITY:			
Share capital	64	64	64
Share premium	563	560	561
Treasury shares	(51)	(55)	(52)
Capital reserve for share-based payment transactions	13	14	14
Retained earnings	187	152	179
Other reserves	35	46	36
Equity attributable to equity holders of the Company	811	781	802
Non-controlling interests	121	128	126
Total equity	932	909	928
	28,884	30,230	31,500

August 13, 2018			
Date of approval of the financial statements	Eli Barkat Chairman of the Board	Ilan Raviv CEO	Einat Rom CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in millions (except per share data)				
Revenue from management fees, commissions and other, net	409	417	207	207	818
Finance income from non-bank loans	28	27	14	14	56
Total revenues	437	444	221	221	874
Marketing, operating, general and administrative expenses	338	333	169	165	666
Operating income	99	111	52	56	208
Gain from securities held for investment purposes in nostro portfolio, net	2	1	1	-	4
Finance income	1	-	1	-	2
Finance expenses	(21)	(19)	(15)	(13)	(32)
Other expenses, net	(16)	(16)	(9)	(8)	(17)
Company's share of earnings of companies accounted for at equity, net	1	2	-	1	5
Income before taxes on income	66	79	30	36	170
Taxes on income	28	32	15	15	64
Net income for the period	38	47	15	21	106
Other comprehensive income (loss) (net of tax effect):					
Actuarial gain on defined benefits plans	-	-	-	-	1
Gain from cash flow hedges	2	-	2	-	-
Loss on cash flow hedges	-	-	-	-	(1)
Total comprehensive income	40	47	17	21	106
Net income attributable to:					
Equity holders of the Company	33	43	13	19	95
Non-controlling interests	5	4	2	2	11
	38	47	15	21	106
Comprehensive income attributable to:					
Equity holders of the Company	35	43	15	19	95
Non-controlling interests	5	4	2	2	11
	40	47	17	21	106
Basic and diluted net earnings per share attributable to equity holders of the Company (in NIS):					
Basic net earnings	0.51	0.67	0.20	0.29	1.47
Diluted net earnings	0.50	0.64	0.20	0.29	1.43

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance at January 1, 2018 (audited)	64	561	(52)	14	179	36	802	126	928
Cumulative effect of initial adoption of IFRS 9 at January 1, 2018	-	-	-	-	(1)	-	(1)	-	(1)
Balance at January 1, 2018 (after initial adoption of IFRS 9)	64	561	(52)	14	178	36	801	126	927
Net income for the period	-	-	-	-	33	-	33	5	38
Other comprehensive loss, net	-	-	-	-	-	2	2	-	2
Total comprehensive income	-	-	-	-	33	2	35	5	40
Dividend declared and paid	-	-	1	-	(24)	-	(23)	-	(23)
Exercise of employee options	*) -	2	-	(2)	-	-	-	-	-
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	1	1
Dividend to non-controlling interests	-	-	-	-	-	-	-	(7)	(7)
Share-based payment	-	-	-	1	-	-	1	-	1
Acquisition of non-controlling interests	-	-	-	-	-	(3)	(3)	(4)	(7)
Balance at June 30, 2018	64	563	(51)	13	187	35	811	121	932

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
					Unaudited				
					NIS in millions				
Balance at January 1, 2017 (audited)	63	559	(54)	15	134	(18)	699	68	767
Net income for the period	-	-	-	-	43	-	43	4	47
Other comprehensive loss, net	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	43	-	43	4	47
Dividend declared and paid	-	-	1	-	(25)	-	(24)	-	(24)
Exercise of employee options	1	1	-	(2)	-	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	(7)	(7)
Share-based payment	-	-	-	1	-	-	1	-	1
Issuance of shares to non-controlling interests	-	-	-	-	-	64	64	63	127
Net sales of treasury shares by subsidiaries	-	-	(2)	-	-	-	(2)	-	(2)
Balance at June 30, 2017	64	560	(55)	14	152	46	781	128	909

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance at April 1, 2018	64	563	(51)	13	184	36	809	124	933
Net income for the period	-	-	-	-	13	-	13	2	15
Other comprehensive loss, net	-	-	-	-	-	2	2	-	2
Total comprehensive income	-	-	-	-	13	2	15	2	17
Dividend declared and paid	-	-	-	-	(10)	-	(10)	-	(10)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(1)	(1)
Acquisition of non-controlling interests	-	-	-	-	-	(3)	(3)	(4)	(7)
Balance at June 30, 2018	64	563	(51)	13	187	35	811	121	932

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance at April 1, 2017	63	561	(54)	14	143	43	770	115	885
Net income for the period	-	-	-	-	19	-	19	2	21
Other comprehensive loss, net	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	19	-	19	2	21
Dividend declared and paid	-	-	-	-	(10)	-	(10)	-	(10)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(2)	(2)
Exercise of employee options	1	(1)	-	-	-	-	-	-	-
Issuance of shares to non-controlling interests	-	-	-	-	-	3	3	13	16
Net purchases of treasury shares by subsidiaries	-	-	(1)	-	-	-	(1)	-	(1)
Balance at June 30, 2017	64	560	(55)	14	152	46	781	128	909

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Audited								
	NIS in millions								
Balance at January 1, 2017	63	559	(54)	15	134	(18)	699	68	767
Net income for the year	-	-	-	-	95	-	95	11	106
Other comprehensive income, net	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	95	-	95	11	106
Dividend declared and paid	-	-	2	-	(50)	-	(48)	-	(48)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(8)	(8)
Exercise of employee options	1	2	-	(3)	-	-	-	-	-
Share-based payment	-	-	-	2	-	-	2	-	2
Net purchases of non-controlling interests	-	-	-	-	-	(9)	(9)	(6)	(15)
Issuance of capital to non-controlling interests	-	1	-	-	-	63	64	62	126
Reduction of capital to non-controlling interests	-	-	-	-	-	-	-	(1)	(1)
Net purchases of Company shares by subsidiaries	-	(1)	-	-	-	-	(1)	-	(1)
Balance at December 31, 2017	64	561	(52)	14	179	36	802	126	928

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in millions				
Cash flows from operating activities:					
Net income for the period	38	47	15	21	106
Adjustments to reconcile net income to net cash provided by operating activities:					
Adjustments to the profit or loss items:					
Depreciation of property, plant and equipment	3	3	1	1	7
Amortization of intangible assets	27	25	13	13	49
Loss from impairment of goodwill	-	-	-	-	3
Capital gain from disposal of an investee	-	(1)	-	-	(1)
Amortization of deferred acquisition costs	4	5	2	3	9
Revaluation of investments to provident fund members	(1)	(2)	(1)	(1)	(2)
Revaluation of liabilities to provident fund members	2	2	2	1	2
Change in liabilities for purchase of operations	-	-	-	-	(1)
Revaluation of loans from banks	-	-	-	-	(1)
Gain from change in TASE equity rights	-	-	-	-	(22)
Gain from sale of available-for-sale financial asset	-	-	-	-	(2)
Company's share of earnings of companies accounted for at equity, net	(1)	(1)	-	-	(1)
Deferred taxes, net	(2)	5	(1)	2	11
Revaluation of debentures	3	2	5	4	(2)
Gains from securities measured at fair value through profit or loss, net	(2)	-	-	-	(1)
Share-based payment	1	1	-	-	2
Revaluation of liabilities due to put options to non-controlling interests	-	-	-	-	1
	34	39	21	23	51

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in millions				
Changes in asset and liability items attributable to ETN operation:					
Revaluation of current investments of special purpose subsidiaries	(200)	(615)	(647)	(306)	(2,079)
Revaluation of ETNs and CDs	495	774	785	414	2,469
Change in assets, net	2,924	1,595	1,372	475	1,713
Change in liabilities, net	18	233	(196)	128	148
Change in ETNs and CDs	(3,231)	(1,980)	(1,310)	(723)	(2,243)
Change in securities, net	(5)	(50)	(9)	19	12
Change in liabilities for short sale of securities	3	31	(2)	(12)	(22)
	4	(12)	(7)	(5)	(2)
Changes in asset and liability items:					
Customer credit, trade receivables and other accounts receivable	(21)	-	(15)	34	(99)
Short-term credit from giving non-bank loans	(90)	(125)	(87)	(150)	(165)
Trade payables and other accounts payable	5	(3)	(31)	(3)	(12)
	(106)	(128)	(133)	(119)	(276)
Net cash used in operating activities	(30)	(54)	(104)	(80)	(121)

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in millions				
Cash flows from investing activities:					
Change in short-term investments measured at fair value through profit or loss	(50)	11	(24)	8	13
Purchase of property, plant and equipment	(3)	(3)	(2)	(1)	(5)
Purchase of intangible assets	(36)	(11)	(7)	(6)	(27)
Purchase of customer credit	(4)	-	-	-	-
Proceeds from sale of assets held for sale	-	12	-	-	12
Repayment of liabilities for business combination	(6)	(5)	(4)	(3)	(10)
Repayment of loan to company accounted for at equity	-	-	-	-	2
Grant of long-term loan	-	(1)	-	(1)	(3)
Change in restricted deposits, net	(4)	(12)	(1)	(9)	(9)
Investment in companies accounted for at equity	-	-	-	-	(1)
Merger of activity against issuance of shares to non-controlling interests (b)	-	6	-	-	6
Sale of available-for-sale financial asset	-	-	-	-	1
Net cash used in investing activities	(103)	(3)	(38)	(12)	(21)
Cash flows from financing activities:					
Issuance of Company debentures (net of issuance expenses)	95	222	95	222	141
Issuance of subsidiary's debentures (net of issuance expenses)	98	-	98	-	222
Repayment of Company debentures	-	-	-	-	(75)
Repayment of subsidiary's debentures	(29)		(29)	-	-
Change in treasury shareholdings	-	(2)	-	(1)	-
Dividend paid to equity holders of the Company	(23)	(24)	(23)	(24)	(48)
Dividend paid to non-controlling interests	(7)	(6)	(6)	(5)	(8)
Repayment of long-term liabilities	(1)	(1)	-	-	(2)
Exercise of options in investee	-	-	-	-	(4)
Purchase of non-controlling interests	(7)	-	(7)	-	(11)
Repayment of long-term loans from banks	(4)	(13)	(4)	(6)	(20)
Issuance of shares to non-controlling interests	1	13	-	13	13
Short-term credit from banks, net	19	18	(11)	(6)	(17)
Net cash provided by financing activities	142	207	113	193	191
Increase (decrease) in cash and cash equivalents	9	150	(29)	101	49
Cash and cash equivalents at the beginning of the period	160	111	198	160	111
Cash and cash equivalents at the end of the period	169	261	169	261	160

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30, 2018	Six months ended June 30, 2017	Three months ended June 30, 2018	Three months ended June 30, 2017	Year ended December 31, 2018
	Unaudited				Audited
	NIS in millions				
(a) Additional information on cash flows from operating activities:					
Group operations, excluding ETN operation:					
Cash paid during the period for:					
Interest	21	20	17	15	43
Taxes on income	20	18	7	8	32
Cash received during the period for:					
Interest	34	32	21	16	68
Taxes on income	4	9	-	6	5
ETN operation:					
Cash paid during the period in ETN operation for:					
Interest	6	4	4	2	7
Dividend	11	9	4	3	20
Cash received during the period in ETN operation for:					
Interest	136	153	67	58	279
Dividend	115	141	71	102	234

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited		Audited		Audited
	NIS in millions				
(b) Merger of activity against issuance of shares to non-controlling interests					
Working capital (excluding cash and cash equivalents)	-	14	-	-	14
Intangible assets attributable to operations	-	(62)	-	-	(62)
Goodwill	-	(48)	-	-	(48)
Deferred taxes	-	(9)	-	-	(9)
Non-controlling interests	-	50	-	-	50
Total	-	(55)	-	-	(55)
Total for merger	-	(55)	-	-	(55)
Total against issuance of shares	-	61	-	-	61
Total cash derived from the merger	-	6	-	-	6

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1:- GENERAL

These financial statements have been prepared in a condensed format as of June 30, 2018 and for the six and three months periods then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2017 and for the year then ended and accompanying notes ("annual consolidated financial statements").

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

b. The significant accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements, except as described below:

In the first quarter of 2018, the Group initially adopted IFRS 9 (2014), "Financial Instruments" ("the Standard"), which replaces IAS 39, "Financial Instruments: Recognition and Measurement". The Group chose to adopt the Standard from January 1, 2018 without restating comparative figures while adjusting the retained earnings as of that date. As a result, the retained earnings decreased by approximately NIS 1 million simultaneously with a decrease in the balance of customer credit in the same amount.

Also, effective from January 1, 2018, the Group applies the provisions of IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15") which establishes revenue recognition criteria. The adoption of IFRS 15 did not have a material impact on the financial statements.

c. Disclosure of new standards in the period prior to their adoption:

IFRS 16, "Leases":

In furtherance to the stated in Note 2aa to the annual consolidated financial statements, IFRS 16, as above, will be applied for annual periods beginning January 1, 2019.

The Group plans to elect to apply the transition provisions according to which at the date of initial application it will recognize a liability at the present value of the remaining future lease payments discounted using the incremental borrowing rate at that date and, simultaneously, it will recognize an amount equal to the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments relating to the asset or liability recognized before the date of initial application. Accordingly, the application of IFRS 16 is not expected to have an effect on retained earnings at the date of initial application.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

As for leases where the Group is the lessee and before the date of initial application they have been classified as operating leases, and except for cases where the Group elected to apply the exemptions to IFRS 16, as above, the Group is required to recognize, at the date of initial application of IFRS 16, on January 1, 2019, a right-of-use asset and a lease liability for all leases where it was found that it has the right to control the use of an identifiable asset for a definite period of time. These changes are expected to result in an increase in the Company's total assets and liabilities in the amount of approximately NIS 174 million. Accordingly, depreciation and amortization expenses in respect the right-of-use asset will be recognized and the need to record impairment in respect of the right-of-use asset will be examined in accordance with the guidance of IAS 36. Moreover, finance expenses in respect of a lease liability will be recognized. Accordingly, from the date of initial application, lease expenses related to properties leased under operating lease which were presented in the item marketing, operating, general and administrative expenses in the statement of profit or loss will be capitalized as assets and deducted as part of depreciation and amortization expenses in subsequent periods.

Also, the range of the nominal discount rates used to measure lease liability varies between 1.48% and 4.84%. Differences in the length of the lease, difference in the various groups of properties, change in the discount rates of Group companies and etc. have an effect of the range.

The above quantitative disclosure addresses the effects as they are currently known to the Company and based on existing data and parameters. It should be noted that the adoption of IFRS 16 is not expected to have an adverse effect on the Company's compliance with financial covenants. The adoption of IFRS 16 may require certain adjustments in the Company's future financial statements for 2018, after specific policies have been finalized with respect to the application issues currently under review. In the period leading up to the adoption of IFRS 16, the Company will continue to report any other effects of IFRS 16 and provide disclosures of the quantitative effects of its adoption as required by ISA Accounting Staff Position 2-19.

NOTE 3:- FINANCIAL INSTRUMENTS

a. Fair value:

The following table presents the carrying amount and fair value of the groups of financial instruments that are presented in the financial statements not at fair value:

	Carrying amount			Fair value		
	June 30		December 31	June 30		December 31
	2018	2017	2017	2018	2017	2017
	Unaudited		Audited	Unaudited		Audited
	NIS in millions					
Financial liabilities:						
Loans from banks (1) and (3)	113	124	117	113	124	117
Debentures of Peninsula Group Ltd.(3)(4)	295	223	223	265	224	225
Debentures (series C) (2) (3)	719	560	621	769	615	679
	1,127	907	961	1,147	963	1,021

(1) The fair value is based on the discounted cash flows in respect of the loans based on interest quotes obtained from the banks for similar loans.

(2) The debentures (series C) are traded on the TASE. The fair value is based on quoted market prices.

(3) Including current maturities and accrued interest.

(4) The debentures of Peninsula Group Ltd. are traded on the TASE. The fair value is based on quoted market prices.

b. Classification of financial instruments by fair value hierarchy:

The financial instruments presented in the financial statements at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable directly or indirectly.

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

Financial instruments measured at fair value (excluding ETNs and CDs):

	Level 1	Level 2	Level 3
	NIS in millions		
June 30, 2018 (unaudited)			
Financial assets at fair value through profit or loss			
Shares and options, debentures and ETNs	107	5	48
Forwards and futures	-	12	-
Available-for-sale financial assets			
Shares	1	-	4
	108	17	52
Financial liabilities			
Shares, debentures and marketable options	32	-	-
Index forwards used for hedging	-	3	-
Contingent liability for business combination	-	-	27
	32	3	27

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy (Cont.):

Movement in financial assets and liabilities classified at Level 3 (unaudited):

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Total
Balance as at January 1, 2018	23	4	(33)	(6)
Total income recognized in profit or loss	2	-	-	2
Acquisitions	23	-	-	23
Repayments of liabilities	-	-	6	6
Balance as at June 30, 2018	48	4	(27)	25

In addition, as of June 30, 2018, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members in the amount of approximately NIS 7 million.

	Level 1	Level 2	Level 3
		NIS in millions	
June 30, 2017 (unaudited)			
Financial assets at fair value through profit or loss			
Shares and options, debentures and ETNs	182	-	1
Forwards and futures	-	12	-
Investment in financial derivative measured at fair value	-	-	4
Available-for-sale financial assets			
Shares	1	-	4
	183	12	9
Financial liabilities			
Shares, debentures and marketable options	72	-	-
Forwards and swaps	-	5	-
Contingent liability for business combination	-	-	40
	72	5	40

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy (Cont.):

Movement in financial assets classified at Level 3 (unaudited):

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Total
Balance as at January 1, 2017	5	4	(47)	(38)
Repayments of liabilities	-	-	7	7
Balance as at June 30, 2017	5	4	(40)	(31)

In addition, as of June 30, 2017, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members in the amount of approximately NIS 5 million.

	Level 1	Level 2	Level 3
		NIS in millions	
December 31, 2017 (audited)			
Financial assets at fair value through profit or loss			
Shares and options, debentures and ETNs	108	3	23
Forwards and futures	-	6	-
Available-for-sale financial assets			
Shares	1	-	4
	109	9	27
Financial liabilities			
Shares, debentures and marketable options	29	-	-
Index forwards used for hedging	-	5	-
Contingent liability in business combination	-	-	33
	29	5	33

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy (Cont.):

Movement in financial assets classified at Level 3 (audited):

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Financial liabilities at fair value through profit or loss	Total
	NIS in millions			
Balance at January 1, 2017	5	4	(47)	(38)
Total income recognized in profit or loss	22	-	-	22
Repayment of liabilities	-	-	14	14
Sale of assets	(4)	-	-	(4)
Balance at December 31, 2017	23	4	(33)	(6)

Details of levels in the fair value hierarchy of current investments and current liabilities of special purpose subsidiary:

	June 30, 2018 (unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS in millions			
Financial assets at fair value through profit or loss:				
Short-term deposits	-	3,243	-	3,243
Government bonds	4,778	163	-	4,941
Marketable corporate debentures	4,445	122	-	4,445
Marketable shares	6,394	-	-	6,394
ETNs	8	76	-	84
IRSs	3	133	-	136
Forwards and futures	9	138	-	147
	15,637	3,875	-	19,637
Financial liabilities:				
Marketable corporate debentures	52	-	-	52
Marketable shares	255	-	-	255
IRSs	-	53	-	53
Forwards and futures	25	62	-	87
	332	115	-	447

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy (Cont.):

	June 30, 2017 (unaudited)			
	Level 1	Level 2	Level 3	Total
	NIS in millions			
Financial assets at fair value through profit or loss:				
Government bonds	4,619	-	-	4,619
Marketable corporate debentures	5,005	-	-	5,005
Marketable shares	7,378	19	-	7,397
ETNs	11	135	-	146
IRSs	51	35	-	86
Options	9	-	-	9
Forwards and futures	6	1	-	7
	17,079	190	-	17,269
Financial liabilities:				
Marketable shares	62	-	-	62
ETNs	266	-	-	266
IRSs	14	29	-	43
Forwards and futures	44	167	-	211
Options	4	-	-	4
	390	196	-	586

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy (Cont.):

	December 31, 2017 (audited)			
	Level 1	Level 2	Level 3	Total
	NIS in millions			
Financial assets at fair value through profit or loss:				
Government bonds	5,492	-	-	5,492
Marketable corporate debentures	4,819	213	-	5,032
Marketable shares	7,295	24	-	7,319
ETNs	331	887	-	1,218
IRSs	17	179	-	196
Options	2	10	-	12
Forwards and futures	2	38	-	40
	17,958	1,351	-	19,309
Financial liabilities:				
Marketable corporate debentures	162	-	-	162
Marketable shares	216	-	-	216
ETNs	6	-	-	6
IRSs	2	5	-	7
Forwards and futures	6	97	-	103
	392	102	-	494

NOTE 4:- INTANGIBLE ASSETS

The Company tested impairment of goodwill on June 30, 2018, for the cash-generating units Managing portfolios and mutual funds. The recoverable amount of assets allocated to managing portfolios and mutual funds is determined based on the value in use which is derived from the discounted DCF method. For the calculation of the pre-tax value in use using the DCF method, the Company used forecasts regarding future income derived from the scope of managed assets as of June 30, 2017 based on its profits for the period ended June 30, 2018, its expected future profits, evaluations of a future growth rate of 2.5% and a pre-tax discount rate of about 14.5%. The goodwill allocated to the managing portfolios and mutual funds unit, as of June 30, 2018, amounts to approximately NIS 191 million. The recoverable amount exceeds the carrying amount and therefore no provision for impairment is needed.

NOTE 5:- OPERATING SEGMENTS

a. General:

1. The Group operates in five reportable business segments:

Long and medium term savings management segment	-	Marketing and managing compensation and severance pay funds, study funds, central severance pay funds, pension funds and funds earmarked for other purposes.
Current savings management segment	-	Marketing and managing security investment portfolios for private and institutional customers and managing mutual funds.
ETN and CD segment	-	Managing ETNs and CDs.
TASE member and institutional brokerage segment	-	Providing TASE member and institutional brokerage services that consist, among others, of security custodian services and security transactions for a wide variety of customers.
Non-bank loans	-	Extending credit to small and medium-sized corporates.

The other activities in the Group are included in the "other" segment and mainly consist of insurance agencies (other than an insurance agency that is wholly owned by the Company and is included in the Long and medium term savings management segment), distribution of foreign funds and the Capital Markets College

2. Management separately monitors the operating results of its business units for the purpose of making decisions of resource allocation and performance evaluation. Segment performances are evaluated based on the operating income or loss which in certain cases is measured differently from the operating income or loss in the consolidated financial statements.

NOTE 5:- OPERATING SEGMENTS (Cont.)

a. General: (Cont.)

The finance expenses, finance income and taxes on income are managed on a group basis and not allocated to operating segments. Other expenses, which mainly consist of amortization of intangible assets, are not allocated to operating segments since they are not part of the CODM's decision-making process. Moreover, expenses that are not allocated to segments mainly include headquarter expenses.

3. The Group accounts for inter-segment revenues as if the revenues are derived from third parties and therefore recognizes them at current market prices.

4. In the context of liabilities for ETNs in the consolidated financial statements, the Company's share is included in several indices, which are tracked by the ETNs. Against those liabilities, the special purpose subsidiaries of the ETNs hold Company shares as part of the assets backing the liabilities. These shares are presented in the Company's consolidated financial statements as treasury shares and accordingly, the gains or losses from revaluation and exercise of these shares are not recognized in profit or loss. For the purpose of making decisions, the CODM takes into account the gains and losses arising from the liabilities for the Company's shares.

   As a result of the above, the Company's consolidated revenues in the statement of comprehensive income differ from the total consolidated revenues of the segments.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments:

	Six months ended June 30, 2018							
	Long and medium term savings management	Current savings management	ETNs and CDs	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Unaudited							
	NIS in millions							
Revenues:								
Revenues from external entities	161	108	52	51	28	37	-	437
Inter-segment revenues	-	2	-	-	-	2	(4)	-
Total revenues	161	110	52	51	28	39	(4)	437
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	-	1	-	1
Segment income	24	38	17	16	13	9	-	117
Expenses not allocated to segments								(17)
Gain from securities held for nostro portfolio investments, net								2
Finance expenses, net								(20)
Other expenses, net								(16)
Income before taxes on income								66

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Six months ended June 30, 2017							
	Long and medium term savings management	Current savings management	ETNs and CDs	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Unaudited							
	NIS in millions							
Revenues:								
Revenues from external entities	167	109	63	36	27	41	-	443
Inter-segment revenues	-	1	-	-	-	3	(4)	-
Total revenues	167	110	63	36	27	44	(4)	443
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	-	2	-	2
Segment income	22	41	30	9	12	16	(1)	129
Expenses not allocated to segments								(17)
Gain from liability arising from treasury shares								1
Gain from securities held for nostro portfolio investments, net								1
Finance expenses, net								(19)
Other expenses, net								(16)
Income before taxes on income								79

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Three months ended June 30, 2018							
	Long and medium term savings management	Current savings management	ETNs and CDs	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Unaudited							
	NIS in millions							
Revenues:								
Revenues from external entities	80	54	31	26	14	16	-	221
Inter-segment revenues	-	1	-	-	-	1	(2)	-
Total revenues	80	55	31	26	14	17	(2)	221
Segment income	11	19	13	9	7	-	-	59
Expenses not allocated to segments								(7)
Gain from securities held for nostro portfolio investments, net								1
Finance expenses, net								(14)
Other expenses, net								(9)
Income before taxes on income								30

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments: (Cont.):

	Three months ended June 30, 2017							
	Long and medium term savings management	Current savings management	ETNs and CDs	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Unaudited							
	NIS in millions							
Revenues:								
Revenues from external entities	84	54	32	17	14	19	-	220
Inter-segment revenues	-	-	-	-	-	2	(2)	-
Total revenues	84	54	32	17	14	21	(2)	220
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	-	1	-	1
Segment income	12	21	16	4	6	6	-	65
Expenses not allocated to segments								(9)
Gain from liability arising from treasury shares								1
Finance expenses, net								(13)
Other expenses, net								(8)
Income before taxes on income								36

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Year ended December 31, 2017							
	Long and medium term savings management	Current savings management	ETNs and CDs	TASE member and institutional brokerage	Non-bank loans	Other	Adjustments	Total
	Audited							
	NIS in millions							
Revenues:								
Revenues from external entities	338	218	112	77	56	72	-	873
Inter-segment revenues	-	2	-	-	-	6	(8)	-
Total revenues	338	220	112	77	56	78	(8)	873
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	-	5	-	5
Segment income	48	80	46	21	26	27	(2)	246
Expenses not allocated to segments								(35)
Gain from liability arising from treasury shares								1
Gain from securities held for nostro portfolio investments, net								4
Finance expenses, net								(30)
Other expenses, net								(16)
Income before taxes on income								170

NOTE 6:- SIGNIFICANT EVENTS IN THE REPORTING PERIOD

a. In keeping with the matters discussed in Note 4a(8) to the annual consolidated financial statements regarding agreements signed between Meitav Dash Trade Ltd. ("Meitav Dash Trade") and Meitav Dash Brokerage Ltd. ("Meitav Dash Brokerage") for the purchase of the operation of Bank of Jerusalem Ltd. ("the Bank") for providing securities trading services to independent and institutional customers, respectively, on January 25, 2018, following the fulfillment of the suspending conditions underlying the institutional customer portfolio sale transaction in consideration of NIS 6.5 million, the sale was completed. Meitav Dash Brokerage also signed an agreement with the Bank according to which the Bank continue to grant Meitav Dash Brokerage Stock Exchange Member and operating services in connection with the sold operation until 30 June, 2018. In the PPA study underlying the above transaction, Meitav Dash Brokerage allocated an amount of approximately NIS 6.1 million to customer relations and the balance of approximately NIS 0.4 million to goodwill.

On February 15, 2018, following the fulfillment of the suspending conditions, the transaction for the sale of the independent customer portfolio to Meitav Dash Trade was consummated. Accordingly, the overall price of the operation amounted to approximately NIS 18.2 million, of which NIS 14.5 million was paid to the Bank for the purchase of the operation and approximately NIS 3.7 million was allocated to the Bank's customer credit portfolio which was transferred to Meitav Dash Trade. It should be noted that the purchased credit portfolio is secured by the customers' securities portfolios acquired in the context of the transaction. Meitav Dash Trade is also required to hold variable liquid assets in respect of the acquired operation as per the TASE's regulations. In the PPA study underlying the above transaction, Meitav Dash Trade allocated an amount of approximately NIS 14.3 million to customer relations and the balance of approximately NIS 0.2 million to goodwill.

b. On March 15, 2018, the Company entered into an investment agreement and a shareholders' agreement with Liquidity Capital General Partner Ltd. ("Liquidity") and Liquidity's founders. Liquidity plans to focus on the purchase of SaaS based portfolios of international and local tech companies for nostro and third party accounts through a Cayman limited partnership (fund), whose general partner is Liquidity Capital (Cayman) G.P., which is the general partner of the above partnership (the holding structure in the general partner is similar to the holding structure in Liquidity). In the context of the transaction, the Company invested approximately $ 540 thousand in Liquidity against the allocation of shares to the Company, as a result of which, the Company holds 54% of the share capital of Liquidity on a fully diluted basis. Moreover, after obtaining the approval of the Company's Audit Committee and Board, the Company's CEO, Mr. Ilan Raviv, invested in Liquidity a total of approximately $ 60 thousand in return for shares in Liquidity accounting for 6% of its share capital on a fully diluted basis. According to the transaction, the Company also undertook to invest an amount of $ 3.4 million by itself or through potential investors that will be recruited by it for making the initial investments in Liquidity. The above investments are subject to an agreed profit distribution mechanism established between the Company and Liquidity. In the context of the transaction, Liquidity's shareholders, Mr. Yaron Sela and Mr. Ron Daniel, signed an agreement with the Company for settling their interests in Liquidity. These shareholders will also provide management services to Liquidity.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

c. In keeping with the matters discussed in Note 23b(1)(a) to the annual consolidated financial statements regarding a claim and motion to approve the claim as a class action filed with the Central District Court on March 23, 2009 against 26 defendants (among which are the underwriters in the issuance including M.D. Treasury Ltd., "M.D. Treasury")), in hearings held on March 14, 2018 and March 21, 2018 in the case of a derivative action approved against officers in Pacifica Holdings Ltd. ("the approved derivative action" and "Pacifica", respectively), intensive negotiations were held between the parties as a result of which the Court proposed a potential settlement which, if signed and approved, will conclude all the pending proceedings in Pacifica's case.

On April 1, 2018, the Court validated the proposed settlement as a court decision and ordered the parties to reach a settlement based on the proposed settlement by May 6, 2018. On April 29, 2018, the underwriters in the class action filed a notice and petition by mutual consent with the petitioners for delaying the class action proceeding and receiving the underwriters' response to the motion for approval. On May 1, 2018, among others, the Court ordered to extend the date for submitting the underwriters' response to the motion for approval.

During the reporting period, procedural proceedings were held in various cases relevant to the Pacifica, which were mainly intended to give the parties additional time to formulate a compromise settlement.

d. In keeping with the matters discussed in Note 23b(1)(c) to the annual consolidated financial statements regarding a claim and motion to approve the claim as a derivative action filed with the Tel-Aviv District Court on September 14, 2017, among others against M.D. Treasury, in view of the settlement proceedings, as specified in paragraph c above, on March 25, 2018, the Court decided to defer the date of submitting the petitioners' response to the motion for approval until a different decision is rendered.

Regarding the proceedings detailed in paragraph c above and in this paragraph, and in view of the advanced stage of the settlement proceedings, the attorneys handling the motion believe that the entire proceedings being held in Pacifica's case will be concluded in a settlement.

e. In keeping with the matters discussed in Note 23b(2)(d) to the annual consolidated financial statements regarding various claims and motions to approve the claims as class actions regarding similar matters filed with the Jerusalem Regional Labor Court and the Central District Court in October, November and December 2016 against Meitav Dash Provident Ltd. ("Meitav Dash Provident") and Ayalon Pension and Provident Ltd. (which was merged into Meitav Dash Provident on January 1, 2017), on May 15, 2018, the Commissioner of Capital Markets, Insurance and Savings at the Ministry of Finance submitted her response to the claim. Among others, the response states that institutional entities may charge expenses directly from members or policyholders even if it is not explicitly prescribed in the institutional entity's articles of association, provided that it is done in conformity with the Regulations.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

From this date until the date of approval of the financial statements, the following developments occurred in these proceedings:

(1) In respect of two claims and motions to approve the claims as class actions, on June 12, 2018, a pretrial hearing was held and on that date it was decided on the dates for submission of summaries in the case. The plaintiff has to submit its summaries by October 7, 2018 and Meitav Dash Provident has to submit its summaries by December 6, 2018.

(2) In respect of another claim and motion to approve the claim as class action which was filed by an Amuta, on June 12, 2018, the plaintiff replied to the answer of Meitav Dash Provident. A preliminary hearing is scheduled for October 21, 2018.

f. In keeping with the matters discussed in Note 23b(2)(f) to the annual consolidated financial statements regarding a claim and motion to approve the claim as a class action filed with the Tel-Aviv District Court on July 10, 2017 against Meitav Dash Provident, on April 17, 2018, a hearing of the case was held at the Court (Economic Department). As agreed upon between the parties, the hearing was assigned to the Labor Court (including the negligence clause) and it was decided to allow the petitioner to file an amended motion for approval to the Labor Court. In view of the preliminary stage of the proceedings, the attorneys handling the case cannot presently assess the chances of the claim or motion for approval.

g. On March 20, 2018, a claim and motion to approve the claim as a class action were filed with the Tel-Aviv Regional Labor Court against Meitav Dash Provident and five other managing companies (jointly with Meitav Dash Provident - "the defendants") by members of pension funds managed by the defendants. The claim alleges that survivors' insurance fees were charged from members with no survivors. The group which the plaintiffs wish to represent includes anyone who joined or was added to a pension fund managed by any of the defendants who has no survivors but was charged for survivors' insurance fees nonetheless. In their claim, the plaintiffs state that they are unable to assess the overall damage caused to the group members. In view of the preliminary stage of the proceedings, the attorneys handling the case cannot presently assess the chances of the claim or motion for approval.

h. In keeping with the matters discussed in Note 23b(2)(a) to the annual consolidated financial statements regarding claims and motions approved as class actions which were filed with the Tel-Aviv District Court on December 23, 2012 and on September 1, 2014 against Meitav Dash Provident and which were consolidated and discussed together, on June 5, 2018, affidavits of Meitav Dash Provident and opinion were submitted on its behalf. A hearing in the case was scheduled for December 5, 2018.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

i. On April 25, 2018, Midroog Ltd. announced a rating of A1.il with a stable outlook for the debentures (series C) which the Company will issue at a maximum scope of NIS 100 million par value in view of a master decision made by the Company's Board on April 25, 2018 to execute a public offering of debentures by way of expansion of an existing series of debentures (series C) which had been initially issued by virtue of the Company's shelf prospectus of November 29, 2010. On April 30, 2018, based on a shelf offering report issued based on the Company's shelf prospectus, the Company raised approximately NIS 94.9 million (net of issuance expenses) in debentures (series C). According to the shelf offering report, the Company offered to the public up to NIS 100 million par value of debentures (series C). The effective interest rate of the issued debentures is 1.08%.

The debentures (series C) are repayable in eight equal installments on December 10 of each of the years 2018 through 2025 (inclusive), bearing annual interest of 3.95% and are linked (principal and interest) to the Israeli CPI.

j. In keeping with the matters discussed in Note 10(1) to the annual consolidated financial statements regarding the approval of Meitav Dash Trade's board to respond to the TASE's tender for offers from its shareholders for the purchase of shares out of the 5.3 million TASE shares held by Meitav Dash Trade (accounting for about 5.3% of the TASE's shares) for a total of NIS 26.5 million, on April 16, 2018, Meitav Dash Trade received the TASE's notice of accepting Meitav Dash Trade's offer for the purchase of the entire offered TASE shares ("the notice of acceptance").

According to the notice of acceptance, the transaction consummation is scheduled for June 19, 2018, subject to obtaining the ISA's approval and the Antitrust Authority's approval (if needed) ("the regulatory approvals").

In furtherance to the above, Meitav Dash Trade responded to the ISA's request to extend the closing date of the sale until August 31, 2018, in order to allow the ISA additional time to examine the outline of the said acquisition.

If the transaction is not completed by said date for any reason, including due to failure to obtain the required regulatory approvals and if this date is not extended by agreement, the transaction will be canceled.

It should be clarified that the completion of the transaction depends, as stated, on the fulfillment of various conditions, including receipt of regulatory approvals and that there is no certainty that said conditions will be met and/or that the transaction will be completed.

Income from fair value adjustment of TASE shares of approximately NIS 1.9 million was recorded in the reporting period in other expenses, net, and included in these financial statements.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

k. On April 23, 2018, the Peninsula Group Ltd. ("Peninsula") issued a shelf offering report based on its shelf prospectus of January 27, 2016 which was extended until January 26, 2019, according to which it offered to the public 100,188 thousand debentures (series B) of NIS 1 par value each. The debentures bear fixed annual interest of 1.5% and are not linked (principal or interest) to any index. The immediate (gross) proceeds from the public offering amounted to approximately NIS 98.7 million. The debenture principal is repayable in eight equal consecutive quarterly installments of 12.5% each of the overall principal from April 1, 2020. The interest on the unsettled principal balance of the debentures is payable in 15 quarterly installments from July 1, 2018.

l. On May 1, 2018, the Knesset Finance Committee approved the special regulations for ETN by virtue of the Joint Investment Trust Law (Amendment No. 28) (ETN). The reform will come into force gradually at the beginning of October 2018 and is expected to take full effect by the end of the year.

m. On March 15, 2018, the Company declared a dividend distribution of NIS 0.2 per share, totaling approximately NIS 13 million, net (less dividends to subsidiaries holding Company shares). The dividend was paid on April 9, 2018.

On May 24, 2018, the Company declared a dividend distribution of NIS 0.15 per share, totaling approximately NIS 9.8 million, net (less dividends to subsidiaries holding Company shares). The dividend was paid on June 18, 2018.

n. On June 24, 2018, an agreement was signed between the Company and the Israeli Financial Institute Ltd. ("IFI") according to which the Company sold its holdings in Meitav Dash's College Ltd. ("the College") for a sum derived from the gross revenues and the net income of IFI and The College for a period of 4 years, commencing from January 1, 2019, as stipulated in the agreement. Upon fulfillment of the suspending conditions for closing, said transaction was completed on July 31, 2018.

NOTE 7:- EVENTS AFTER THE REPORTING DATE

a. On July 8, 2018, Midroog Ltd. announced that it reaffirms the A1.il rating with a stable outlook for the Company's debentures.

b. On July 23, 2018, a motion to approve the claim as a class action was filed with the Labor Court against the Company and subsidiaries in connection with payment of social benefits and other benefits associated with commissions. In view of the preliminary stage of the proceedings, presently, the chances of the claim cannot be assessed.

c. On August 13, 2018, the Company declared a dividend distribution of NIS 0.15 per share, totaling NIS 9.8 million, net (less dividends to the subsidiaries holding Company shares).

d. In furtherance to the stated in Note 23a(9) to the annual consolidated financial statements regarding the declaration of a representative employee organization among the Company's employees, on August 13, 2018, the Company's Board approved the collective agreement with the National Workers Union and the Employees Committee.

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