

**Part of the Financial
Statements
translated from the
Hebrew original**

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2018

UNAUDITED

Please find attached an extract English translation of the Hebrew version of the interim consolidated financial statements of Direct Insurance Financial Investments Ltd. which were approved on August 30, 2018.

The full set of financial statements in Hebrew can be viewed on the website of the Israeli Securities Authority (<http://www.magna.isa.gov.il>).

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2018

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INDEX

	<u>Page</u>
Auditor's Report	2 - 3
Condensed Interim Consolidated Statements of Financial Position	4 - 5
Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss)	6 - 8
Condensed Interim Consolidated Statements of Changes in Equity	9 - 11
Condensed Interim Consolidated Statements of Cash Flows	12 - 14
Notes to the Condensed Interim Consolidated Financial Statements	15 - 21



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AUDITORS' REPORT

To the Shareholders of

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

Introduction

We have reviewed the accompanying financial information of DIRECT INSURANCE FINANCIAL INVESTMENTS LTD. and its subsidiaries (hereunder - the Group) which comprise the condensed consolidated statements of financial position as of June 30, 2018, and the related condensed interim consolidated statements of profit or loss and other comprehensive income (loss), 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 this period in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements as prescribed by the Supervisor of Insurance Business pursuant to the Supervision of Financial Services (Insurance) Law, 1981, and are also responsible for the preparation of financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent that these regulations apply to a corporation that unifies insurance companies. Our responsibility is to express a conclusion regarding the financial information for this interim period, based on our review.

We did not review the condensed interim financial information of consolidated subsidiaries whose assets constitute about 22.8% of the total consolidated assets as at June 30, 2018, and whose revenues constitute about 4.7% and about 4.8% of the total consolidated revenues for the six and three months period then ended, respectively. The condensed interim financial information of those companies was reviewed by other auditors whose review reports were furnished to us, and our opinion, 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 and in accordance with the disclosure requirements as prescribed by the Supervisor of Insurance Business pursuant to the Supervision of Financial Services (Insurance) Law, 1981,

In addition to the abovementioned, based on our review and on 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, to the extent that these regulations apply to a corporation that unifies insurance companies.

Emphasis of matter (attention)

Without qualifying our above conclusion, we draw attention to Note 5 to the financial statements regarding exposure to class actions and the approval of claims as class actions of a subsidiaries.

Tel-Aviv,
August 30, 2018

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

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u>		<u>December 31,</u>
	<u>2018</u>	<u>2017</u>	<u>2017</u>
	<u>Unaudited</u>		<u>Audited</u>
<u>NIS in thousands</u>			
CURRENT ASSETS			
Cash and cash equivalents	904,172	831,096	881,057
Cash and cash equivalents for yield-dependent contracts	8,780	7,498	8,279
Financial assets	581,140	976,574	579,375
Derivatives	3,540	13,169	2,198
Outstanding insurance premiums	598,759	537,577	540,705
Debtors and receivables	162,027	158,571	498,276
Deposits	16,416	15,840	18,030
Current taxes receivable	1,302	67,068	75,357
Reinsurance assets	66,665	42,054	55,214
Deferred acquisition costs	114,675	99,605	98,515
	<u>2,457,476</u>	<u>2,749,052</u>	<u>2,757,006</u>
Assets designated for sale	<u>1,190,155</u>	<u>747,655</u>	<u>844,634</u>
	<u>3,647,631</u>	<u>3,496,707</u>	<u>3,601,640</u>
NON-CURRENT ASSETS			
Financial assets	2,790,117	2,290,173	2,557,583
Derivatives	2,781	14,378	6,485
Reinsurance assets	326,942	152,226	138,995
Debtors and receivables	57,073	71,599	88,458
Deposits	95,952	87,868	92,943
Deferred acquisition costs	203,768	187,779	199,426
Investment property and investment property under construction	4,054,313	3,603,775	3,873,869
Fixed assets	178,561	149,684	178,658
Goodwill and intangible assets	250,462	214,321	231,290
Deferred taxes	5,157	1,351	5,451
	<u>7,965,126</u>	<u>6,773,154</u>	<u>7,373,158</u>
	<u>11,612,757</u>	<u>10,269,861</u>	<u>10,974,798</u>

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u>		<u>December 31,</u>
	<u>2018</u>	<u>2017</u>	<u>2017</u>
	<u>Unaudited</u>		<u>Audited</u>
<u>NIS in thousands</u>			
CURRENT LIABILITIES			
Financial liabilities	1,252,763	1,159,249	1,363,466
Creditors and payables	603,462	379,977	537,146
Current taxes payable	13,677	16,411	609
Derivatives	14,219	16,186	13,210
Liabilities for insurance contracts and investment contracts	<u>1,174,116</u>	<u>991,694</u>	<u>1,186,408</u>
	<u>3,058,237</u>	<u>2,563,517</u>	<u>3,100,839</u>
NON-CURRENT LIABILITIES			
Financial liabilities	4,327,920	3,878,979	3,888,991
Liabilities for employee benefits	31,837	19,864	30,837
Creditors and payables	36,205	33,185	37,509
Liabilities for insurance contracts and investment contracts	<u>2,319,779</u>	<u>2,139,138</u>	<u>2,045,495</u>
Derivatives	16,953	20,778	20,206
Deferred taxes	<u>183,565</u>	<u>171,222</u>	<u>204,202</u>
	<u>6,916,259</u>	<u>6,263,166</u>	<u>6,227,240</u>
EQUITY			
Share capital	57,554	77,715	57,554
Share premium	-	180,848	-
Reserves	(75,966)	(111,022)	(80,843)
Retained earnings	708,612	733,574	714,411
Treasury shares	<u>-</u>	<u>(249,733)</u>	<u>-</u>
Total equity attributed to shareholders of the Company	690,200	631,382	691,122
Non-controlling interests	<u>948,061</u>	<u>811,796</u>	<u>955,597</u>
Total equity	<u>1,638,261</u>	<u>1,443,178</u>	<u>1,646,719</u>
	<u>11,612,757</u>	<u>10,269,861</u>	<u>10,974,798</u>

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (LOSS)

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands				
INCOME					
Premiums earned on retention	1,150,503	1,035,625	575,578	529,754	2,182,752
Income from lease of properties	116,357	105,566	58,689	53,713	218,482
Increase in value of investment property and property under construction, net	3,536	2,674	2,688	2,674	17,001
Net gains from investments and other finance income	33,319	45,061	24,259	22,766	110,330
Income from management fees	2,880	3,125	1,453	1,552	6,222
Income from grant of consumer credit	275,233	190,401	127,152	102,568	422,680
Income from commissions	23,129	8,783	13,850	3,968	17,960
Company's share in losses of affiliate	-	(333)	-	(333)	(578)
Other income	168	169	-	134	399
Total income	1,605,125	1,391,071	803,669	716,796	2,975,248
EXPENSES					
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	800,222	725,873	400,155	368,979	1,539,327
Marketing and other acquisition expenses	256,858	212,973	133,552	110,145	449,780
Maintenance, administrative and general expenses	195,194	163,642	101,319	81,712	339,212
Finance expenses	103,175	102,259	60,523	55,357	191,941
Other expenses	367	329	238	248	898
Total expenses	1,355,816	1,205,076	695,787	616,441	2,521,158
Income before taxes on income	249,309	185,995	107,882	100,355	454,090
Taxes on income	95,312	29,162	42,768	40,289	116,700
Net income	153,997	156,833	65,114	60,066	337,390

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (LOSS)**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands				
Net income	153,997	156,833	65,114	60,066	337,390
Other comprehensive income (loss) (after the tax effect):					
Amounts that will be reclassified subsequently to profit or loss					
Net loss in respect of debt instruments measured at fair value through other comprehensive income (loss)	(4,274)	-	(2,887)	-	-
Net profit in respect of debt instruments measured at fair value through other comprehensive income transferred to profit or loss	2,525	-	2,474	-	-
Profit (loss) from cash flow hedging transactions	(1,661)	6,556	(2,401)	3,731	7,288
Transfer to profit or loss in respect of cash flow hedging transactions, net	1,951	-	-	-	-
Adjustments resulting from translation of financial statements of activities abroad	5,500	(16,615)	(3,379)	4,120	(3,282)
Amounts that will not be reclassified subsequently to profit or loss					
Revaluation in respect of fixed assets	-	-	-	-	15,554
Loss from remeasurement in respect of defined benefit plans	-	-	-	-	(4,612)
Total other comprehensive income (loss)	4,041	(10,059)	(6,193)	7,851	14,948
Total comprehensive income	158,038	146,774	58,921	67,917	352,338

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (LOSS)**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	NIS in thousands				
Net income attributable to:					
Shareholders of the Company	71,146	73,892	28,763	25,043	163,881
Non-controlling interests	82,851	82,941	36,351	35,023	173,509
	<u>153,997</u>	<u>156,833</u>	<u>65,114</u>	<u>60,066</u>	<u>337,390</u>
Total comprehensive income attributable to:					
Shareholders of the Company	72,914	67,466	26,332	28,572	171,160
Non-controlling interests	85,124	79,308	32,589	39,345	181,178
	<u>158,038</u>	<u>146,774</u>	<u>58,921</u>	<u>67,917</u>	<u>352,338</u>
Net earnings per share attributable to shareholders of the Company (in NIS):					
Basic earnings, net	<u>1.44</u>	<u>1.50</u>	<u>0.58</u>	<u>0.51</u>	<u>3.32</u>
Diluted earnings, net	<u>1.42</u>	<u>1.49</u>	<u>0.57</u>	<u>0.50</u>	<u>3.29</u>

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Attributable to equity holders of the Company</u>				Non- controlling interests	Total equity
	Share capital	Reserves	Retained earnings	Total		
	NIS in thousands					
Balance at January 1, 2018 (Audited)	57,554	(80,843)	714,411	691,122	955,597	1,646,719
Effect of first-time implementation of IFRS 9 and IFRS 15 standards	-	2,931	(36,929)	(33,998)	(21,886)	(55,884)
Balance at January 1, 2018 after first-time implementation	57,554	(77,912)	677,482	657,124	933,711	1,590,835
Net income	-	-	71,146	71,146	82,851	153,997
Total other comprehensive income	-	1,768	-	1,768	2,273	4,041
Total comprehensive income	-	1,768	71,146	72,914	85,124	158,038
Cost of share-based payment	-	178	-	178	2,080	2,258
Realization of options to shares in subsidiaries by non-controlling interest holders	-	-	(16)	(16)	615	599
Dividend to Company's shareholders	-	-	(40,000)	(40,000)	-	(40,000)
Dividend to non-controlling interest holders	-	-	-	-	(73,469)	(73,469)
Balance at June 30, 2018 (Unaudited)	<u>57,554</u>	<u>(75,966)</u>	<u>708,612</u>	<u>690,200</u>	<u>948,061</u>	<u>1,638,261</u>

	<u>Attributable to equity holders of the Company</u>					Non- controlling interests	Total equity	
	Share capital	Share premium	Reserves	Retained earnings	Treasury shares			Total
	NIS in thousands							
Balance at January 1, 2017 (Audited)	77,715	180,848	(104,928)	689,682	(249,733)	593,584	757,414	1,350,998
Net income	-	-	-	73,892	-	73,892	82,941	156,833
Total other comprehensive loss	-	-	(6,426)	-	-	(6,426)	(3,633)	(10,059)
Total comprehensive income (loss)	-	-	(6,426)	73,892	-	67,466	79,308	146,774
Cost of share-based payment	-	-	332	-	-	332	4,684	5,016
Dividend to Company's shareholders	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Dividend to non-controlling interest holders	-	-	-	-	-	-	(29,610)	(29,610)
Balance at June 30, 2017 (Unaudited)	<u>77,715</u>	<u>180,848</u>	<u>(111,022)</u>	<u>733,574</u>	<u>(249,733)</u>	<u>631,382</u>	<u>811,796</u>	<u>1,443,178</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Attributable to equity holders of the Company</u>				<u>Non-controlling interests</u>	<u>Total equity</u>
	<u>Share capital</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Total</u>		
	NIS in thousands					
<u>Balance at April 1, 2018 (Unaudited)</u>	57,554	(73,624)	679,865	663,795	917,902	1,581,697
Net income	-	-	28,763	28,763	36,351	65,114
Total other comprehensive loss	-	(2,431)	-	(2,431)	(3,762)	(6,193)
Total comprehensive income (loss)	-	(2,431)	28,763	26,332	32,589	58,921
Cost of share-based payment	-	89	-	89	925	1,014
Realization of options to shares in subsidiaries by non-controlling interest holders	-	-	(16)	(16)	615	599
Dividend to non-controlling interest holders	-	-	-	-	(3,970)	(3,970)
<u>Balance at June 30, 2018 (Unaudited)</u>	<u>57,554</u>	<u>(75,966)</u>	<u>708,612</u>	<u>690,200</u>	<u>948,061</u>	<u>1,638,261</u>

	<u>Attributable to equity holders of the Company</u>					<u>Non-controlling interests</u>	<u>Total equity</u>	
	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Treasury shares</u>			
	NIS in thousands							
<u>Balance at April 1, 2017 (Unaudited)</u>	77,715	180,848	(114,717)	708,531	(249,733)	602,644	770,907	1,373,551
Net income	-	-	-	25,043	-	25,043	35,023	60,066
Total other comprehensive income	-	-	3,529	-	-	3,529	4,322	7,851
Total comprehensive income	-	-	3,529	25,043	-	28,572	39,345	67,917
Cost of share-based payment	-	-	166	-	-	166	1,544	1,710
<u>Balance at June 30, 2017 (Unaudited)</u>	<u>77,715</u>	<u>180,848</u>	<u>(111,022)</u>	<u>733,574</u>	<u>(249,733)</u>	<u>631,382</u>	<u>811,796</u>	<u>1,443,178</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total		
	NIS in thousands							
Balance at January 1, 2017 (Audited)	77,715	180,848	(104,928)	689,682	(249,733)	593,584	757,414	1,350,998
Net income	-	-	-	163,881	-	163,881	173,509	337,390
Total other comprehensive income	-	-	7,279	-	-	7,279	7,669	14,948
Total comprehensive income	-	-	7,279	163,881	-	171,160	181,178	352,338
Issue of a subsidiary's shares, net to non-controlling interest holders	-	-	16,142	(25,428)	-	(9,286)	117,458	108,172
Cost of share-based payment	-	-	664	-	-	664	7,489	8,153
Cancellation of treasury shares	(20,161)	(180,848)	-	(48,724)	249,733	-	-	-
Dividend to Company's shareholders	-	-	-	(65,000)	-	(65,000)	-	(65,000)
Dividend to non-controlling interest holders	-	-	-	-	-	-	(107,942)	(107,942)
Balance at December 31, 2017 (Audited)	<u>57,554</u>	<u>-</u>	<u>(80,843)</u>	<u>714,411</u>	<u>-</u>	<u>691,122</u>	<u>955,597</u>	<u>1,646,719</u>

CONDENSED INTERIM 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 thousands				
CASH FLOWS PROVIDED BY (USED IN) CURRENT ACTIVITIES (App. A)	(223,069)	(176,908)	(103,875)	(99,953)	57,290
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Settlement (grant) of deposits	(494)	(37,550)	405	(30,820)	(44,847)
Acquisition of fixed assets	(11,948)	(12,649)	(7,837)	(9,416)	(24,649)
Acquisition of investment property and investment property under construction	(137,897)	(64,084)	(94,851)	(36,148)	(242,702)
Interest paid and capitalized to cost of investment property under construction	(3,250)	(1,955)	(2,044)	(1,130)	(4,062)
Investment in intangible assets	(38,689)	(29,667)	(20,038)	(9,450)	(59,552)
Proceeds from the sale of fixed assets	1,652	2,465	753	2,102	4,717
Investment in affiliates, net	-	(333)	-	(333)	(578)
Proceeds in respect of settlement of hedging transactions	1,030	7,053	563	5,486	4,330
Payment for acquisition of hedging transactions	(3,859)	(1,292)	(2,391)	(1,292)	(4,346)
Cash deducted due to acquisition in the framework of business combination	-	(6,000)	-	(6,000)	(6,000)
Net cash used in investment activities	(193,455)	(144,012)	(125,440)	(87,001)	(377,689)
CASH FLOWS FROM FINANCE ACTIVITIES					
Settlement of CPI hedging transactions and interest rate determination	(2,601)	(5,709)	-	-	(15,529)
Sale, net and issue of shares of subsidiary to non-controlling interest holders, net of tax	599	-	599	-	108,172
Issue of bonds and subordinated deeds	473,576	517,799	36,130	170,925	517,799
Settlement of bonds and subordinated deeds	(168,099)	(198,723)	(101,652)	(132,475)	(235,022)
Receipt of loans from banking institutions and others	355,828	58,631	284,494	34,404	168,631
Settlements of loans from banking institutions and others	(53,358)	(290,610)	(31,030)	(40,921)	(353,480)
Dividend paid to non-controlling interest holders	(124,997)	(35,803)	(65,804)	(3,846)	(62,607)
Dividend paid to Company's shareholders	(40,000)	(30,000)	(40,000)	-	(65,000)
Change in short term credit from banking institutions, net	-	(764)	-	-	(764)
Net cash provided by finance activities	440,948	14,821	82,737	28,087	62,200
Exchange rate differences in respect of balances of cash and cash equivalents	(808)	1,318	(1,408)	1,802	4,160
Increase (decrease) in cash and cash equivalents	23,616	(304,781)	(147,986)	(157,065)	(254,039)
Balance of cash and cash equivalents as at the beginning of the period (App. B)	889,336	1,143,375	1,060,938	995,659	1,143,375
Balance of cash and cash equivalents as at the end of the period (App. C)	912,952	838,594	912,952	838,594	889,336

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.
CONDENSED INTERIM 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 thousands				
APPENDIX A - CASH FLOWS FROM CURRENT ACTIVITIES					
Net income	153,997	156,833	65,114	60,066	337,390
Adjustments to the profit and loss items:					
Net profits from financial investments for yield- dependent insurance contracts and investment contracts	(860)	(3,388)	(2,233)	(2,055)	(14,421)
Net profits from other financial investments	(201,217)	(135,748)	(107,747)	(70,035)	(317,032)
Finance expenses for financial liabilities and other	103,175	102,259	60,523	55,357	191,941
Net investment losses (income) and other finance expenses (income)	10,571	(6,381)	2,792	(501)	(1,184)
Increase in value of investment property and property under construction, net	(3,536)	(2,674)	(2,688)	(2,674)	(17,001)
Loss from sale of fixed assets, net	367	329	238	248	880
Depreciation and amortization	32,534	27,023	16,787	14,324	58,082
Change in liabilities for insurance contracts and investment contracts	261,992	208,352	103,490	73,862	313,646
Cost of share-based payment	2,258	5,016	1,014	1,710	8,153
Change in reinsurance assets	(199,398)	(21,725)	(99,234)	(9,064)	(21,654)
Change in deferred acquisition costs	(20,502)	(24,556)	(4,596)	(4,900)	(35,113)
Company's share in losses of affiliate	-	333	-	333	578
Taxes on income	95,312	29,162	42,768	40,289	116,700
Other financial investments:					
Sales of financial investments for yield dependent insurance contracts and investment contracts	9,019	6,003	3,161	3,043	15,298
Net acquisitions of other financial investments	(172,278)	(406,798)	(203,719)	(130,236)	(578,136)
Acquisitions and investments in investment property in insurance subsidiary	(16)	(808)	(16)	(656)	(821)
Changes in other assets and liabilities items:					
Short-term credit, net from banking institutions and others in respect of consumer credit grant activities	(305,839)	136,843	6,837	(77,509)	295,821
Change in liability in respect of borrowing securities	-	(183,126)	-	(64,076)	(183,126)
Change in deposits used as guarantee for borrowing securities transactions, net	-	184,730	-	62,728	187,709
Outstanding insurance premiums	(58,054)	(82,758)	(5,965)	(23,033)	(85,886)
Debtors and receivables	(68,618)	(60,845)	(36,037)	(30,416)	(139,086)
Creditors and payables	94,219	(34,530)	71,011	36,499	65,881
Liabilities for employee benefits	1,000	1,953	800	1,023	1,696
Total adjustments required to present cash flows from current activities	(265,874)	(104,501)	(87,700)	(65,673)	200,315
Cash paid and received during the period for:					
Interest paid	(96,347)	(93,289)	(46,071)	(45,123)	(185,864)
Interest received	128,738	98,146	54,998	52,835	206,510
Taxes paid	(45,323)	(83,176)	(27,750)	(43,643)	(173,465)
Taxes received	49,984	1,856	606	64	1,856
Dividend received	5,753	4,056	2,042	1,587	7,938
Total cash flows provided by (used in) current activities	(223,069)	(176,908)	(103,875)	(99,953)	57,290

CONDENSED INTERIM 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 thousands				
APPENDIX B - CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD					
Cash and cash equivalents for yield-dependent contracts	8,279	10,740	10,537	9,235	10,740
Other cash and cash equivalents	881,057	1,132,635	1,050,401	986,424	1,132,635
Balance of cash and cash equivalents at beginning of period	889,336	1,143,375	1,060,938	995,659	1,143,375
APPENDIX C - CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD					
Cash and cash equivalents for yield-dependent contracts	8,780	7,498	8,780	7,498	8,279
Other cash and cash equivalents	904,172	831,096	904,172	831,096	881,057
Balance of cash and cash equivalents as at the end of the period	912,952	838,594	912,952	838,594	889,336
APPENDIX D - SIGNIFICANT NON-CASH TRANSACTIONS					
Acquisition of fixed assets, investment property and property under construction against creditors and payables	57,981	30,326	57,981	30,326	38,118
Securitization of loans portfolio against debtors	-	-	-	-	314,748
Dividend declared but not yet paid to holders of non-controlling interests	-	-	-	-	51,528

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY

a. The Company operates in the following segments of activity:

1. The segment of life assurance and long term savings

The segment of life assurance and long term savings includes the lines of life assurance and it focuses mainly, on insurance coverage for various risks such as: death, disability, disability income insurance, etc. and on long term savings (in the framework of various types of life insurance policies).

2. Health insurance segment

The segment of health insurance includes medical expenses, personal accident, dread disease and travel abroad.

3. General insurance segment

The segment of general insurance includes the liability and property branches. Pursuant to the Regulator of Insurance's directives, the general insurance segment is detailed according to the lines of motor act, motor casco, property and others and other liability lines.

a. The motor act insurance line of business

The motor act insurance line of business focuses on coverages that their acquisition by the owner of the vehicle or the driver is compulsory by law and it provides a coverage for bodily injuries (to the driver of the vehicle, the passengers in the vehicle or to the pedestrians), as a result of the use of the motor vehicle.

b. The motor casco line of business

The motor casco line of business focuses on the property damage coverage for the insured vehicle and property damages that the insured vehicle will cause to a third party.

c. Property and other branches

The rest of the insurance lines of business that are not vehicle and liabilities mainly residential line.

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

a. The Company operates in the following segments of activity: (Cont.)

3. General insurance segment (Cont.)

d. Other liabilities branches

Liabilities lines are designated for coverage of the policyholder liabilities in respect of damage he causes to a third party including: third party liability, employers' liability and professional liability.

4. Granting of consumer credit segment

Includes granting of consumer credit activity for the acquisition of vehicles (mainly second hand), granting of credit for loans for any purpose and granting loans for special purposes in different businesses.

5. Investment property

Includes mainly the lease of office buildings in Israel, Canada, Poland and Belgium.

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

b. Hereunder are the results of the segments of activity:

	Six months ended as at June 30, 2018										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				
	Unaudited										
NIS in thousands											
INCOME											
Gross premiums earned	-	143,098	121,896	275,331	617,109	94,547	8,898	995,885	-	-	1,260,879
Premiums earned by reinsurers	-	16,963	5,001	59,928	1,686	26,169	629	88,412	-	-	110,376
Premiums earned on retention	-	126,135	116,895	215,403	615,423	68,378	8,269	907,473	-	-	1,150,503
Income from lease of properties	119,807	-	-	-	-	-	-	-	-	(3,450)	116,357
Increase in value of investment property and property under construction, net	3,536	-	-	-	-	-	-	-	-	-	3,536
Net gains (losses) from investments and other finance income (expenses)	(2,936)	1,736	677	17,498	5,848	1,180	565	25,091	119	8,632	33,319
Income from management fees	-	2,880	-	-	-	-	-	-	-	-	2,880
Income from grant of consumer credit	-	-	-	-	-	-	-	-	275,349	(116)	275,233
Income from commissions	-	5,871	1,290	10,787	-	5,181	-	15,968	-	-	23,129
Other income	-	-	-	-	-	-	-	-	60	108	168
Total income	120,407	136,622	118,862	243,688	621,271	74,739	8,834	948,532	275,528	5,174	1,605,125
EXPENSES											
Payments and changes in liabilities in respect of gross insurance contracts and investment contracts	-	70,635	49,535	292,222	440,999	51,694	5,327	790,242	-	(614)	909,798
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	12,731	2,441	82,583	83	11,204	534	94,404	-	-	109,576
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	-	57,904	47,094	209,639	440,916	40,490	4,793	695,838	-	(614)	800,222
Marketing and other acquisition expenses	-	29,203	33,985	30,831	67,428	13,302	1,246	112,807	82,387	(1,524)	256,858
Maintenance, administrative and general expenses	33,682	10,814	14,588	10,646	22,865	4,225	351	38,087	90,221	7,802	195,194
Finance expenses	56,827	35	-	221	279	37	-	537	23,696	22,080	103,175
Other expenses	19	-	-	-	-	-	-	-	-	348	367
Total expenses	90,528	97,956	95,667	251,337	531,488	58,054	6,390	847,269	196,304	28,092	1,355,816
Income (loss) before taxes on income	29,879	38,666	23,195	(7,649)	89,783	16,685	2,444	101,263	79,224	(22,918)	249,309
Other comprehensive income (loss) before taxes on income	5,968	-	-	(955)	(319)	(65)	(31)	(1,370)	-	(1,288)	3,310
Comprehensive income (loss) before taxes on income	35,847	38,666	23,195	(8,604)	89,464	16,620	2,413	99,893	79,224	(24,206)	252,619

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

b. Hereunder is the breakdown of results of the segments of activity: (Cont.)

	Six months ended as at June 30, 2017										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				
											Total
Unaudited NIS in thousands											
INCOME											
Gross premiums earned	-	133,339	102,609	239,818	517,930	87,591	8,010	853,349	-	-	1,089,297
Premiums earned by reinsurers	-	15,435	4,907	15,775	1,148	15,825	582	33,330	-	-	53,672
Premiums earned on retention	-	117,904	97,702	224,043	516,782	71,766	7,428	820,019	-	-	1,035,625
Income from lease of properties	108,691	-	-	-	-	-	-	-	-	(3,125)	105,566
Increase in value of investment property and property under construction, net	2,674	-	-	-	-	-	-	-	-	-	2,674
Net gains from investments and other finance income	6,220	4,105	703	14,914	4,626	862	421	20,823	55	13,155	45,061
Income from management fees	-	3,125	-	-	-	-	-	-	-	-	3,125
Income from grant of consumer credit	-	-	-	-	-	-	-	-	190,433	(32)	190,401
Income from commissions	-	5,503	1,082	-	-	2,198	-	2,198	-	-	8,783
Company's share in losses of affiliates	-	-	-	-	-	-	-	-	-	(333)	(333)
Other income	-	-	-	-	-	-	-	-	80	89	169
Total income	117,585	130,637	99,487	238,957	521,408	74,826	7,849	843,040	190,568	9,754	1,391,071
EXPENSES											
Payments and changes in liabilities in respect of gross insurance contracts and investment contracts	-	66,992	39,338	222,090	388,951	40,133	5,734	656,908	-	(598)	762,640
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	8,212	3,795	21,208	63	3,186	303	24,760	-	-	36,767
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	-	58,780	35,543	200,882	388,888	36,947	5,431	632,148	-	(598)	725,873
Marketing and other acquisition expenses	-	22,029	24,954	28,215	59,712	11,160	1,356	100,443	67,030	(1,483)	212,973
Maintenance, administrative and general expenses	30,464	12,281	11,668	11,285	23,473	3,321	404	38,483	66,583	4,163	163,642
Finance expenses	59,426	41	-	-	-	29	-	29	17,534	25,229	102,259
Other expenses	-	-	-	-	-	-	-	-	-	329	329
Total expenses	89,890	93,131	72,165	240,382	472,073	51,457	7,191	771,103	151,147	27,640	1,205,076
Income (loss) before taxes on income	27,695	37,506	27,322	(1,425)	49,335	23,369	658	71,937	39,421	(17,886)	185,995
Other comprehensive loss before taxes on income	(8,468)	-	-	-	-	-	-	-	-	-	(8,468)
Comprehensive income (loss) before taxes on income	19,227	37,506	27,322	(1,425)	49,335	23,369	658	71,937	39,421	(17,886)	177,527

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

b. Hereunder is the breakdown of results of the segments of activity: (Cont.)

	Three months ended as at June 30, 2018										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				Total
NIS in thousands											
INCOME											
Gross premiums earned	-	72,083	62,110	139,684	315,101	48,179	4,312	507,276	-	-	641,469
Premiums earned by reinsurers	-	8,548	2,527	39,647	853	13,998	318	54,816	-	-	65,891
Premiums earned on retention	-	63,535	59,583	100,037	314,248	34,181	3,994	452,460	-	-	575,578
Income from lease of properties	60,356	-	-	-	-	-	-	-	-	(1,667)	58,689
Increase in value of investment property and property under construction, net	2,688	-	-	-	-	-	-	-	-	-	2,688
Net gains from investments and other finance income	1,320	3,199	511	11,319	4,295	1,096	380	17,090	104	2,035	24,259
Income from management fees	-	1,453	-	-	-	-	-	-	-	-	1,453
Income from grant of consumer credit	-	-	-	-	-	-	-	-	127,208	(56)	127,152
Income from commissions	-	2,813	605	7,634	-	2,798	-	10,432	-	-	13,850
Total income	64,364	71,000	60,699	118,990	318,543	38,075	4,374	479,982	127,312	312	803,669
EXPENSES											
Payments and changes in liabilities in respect of gross insurance contracts and investment contracts	-	39,783	25,280	166,729	216,188	27,441	2,071	412,429	-	(306)	477,186
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	3,819	1,344	64,054	16	7,612	186	71,868	-	-	77,031
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	-	35,964	23,936	102,675	216,172	19,829	1,885	340,561	-	(306)	400,155
Marketing and other acquisition expenses	-	14,602	17,112	16,050	35,709	7,076	502	59,337	43,262	(761)	133,552
Maintenance, administrative and general expenses	17,575	5,555	7,566	5,683	11,775	2,124	141	19,723	45,499	5,401	101,319
Finance expenses	32,094	17	-	135	143	26	-	304	17,433	10,675	60,523
Other expenses	19	-	-	-	-	-	-	-	-	219	238
Total expenses	49,688	56,138	48,614	124,543	263,799	29,055	2,528	419,925	106,194	15,228	695,787
Income (loss) before taxes on income	14,676	14,862	12,085	(5,553)	54,744	9,020	1,846	60,057	21,118	(14,916)	107,882
Other comprehensive loss before taxes on income	(6,378)	-	-	(143)	(115)	(54)	(7)	(319)	-	(309)	(7,006)
Comprehensive income (loss) before taxes on income	8,298	14,862	12,085	(5,696)	54,629	8,966	1,839	59,738	21,118	(15,225)	100,876

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

b. Hereunder is the breakdown of results of the segments of activity: (Cont.)

	Three months ended as at June 30, 2017										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				
	Unaudited										
NIS in thousands											
INCOME											
Gross premiums earned	-	66,336	52,770	122,259	266,885	44,495	3,998	437,637	-	-	556,743
Premiums earned by reinsurers	-	7,860	2,467	7,993	572	7,807	290	16,662	-	-	26,989
Premiums earned on retention	-	58,476	50,303	114,266	266,313	36,688	3,708	420,975	-	-	529,754
Income from lease of properties	55,280	-	-	-	-	-	-	-	-	(1,567)	53,713
Increase in value of investment property and property under construction, net	2,674	-	-	-	-	-	-	-	-	-	2,674
Net gains (losses) on investments and other finance income (expenses)	(1,021)	2,658	506	9,321	3,191	655	268	13,435	60	7,128	22,766
Income from management fees	-	1,552	-	-	-	-	-	-	-	-	1,552
Income from grant of consumer credit	-	-	-	-	-	-	-	-	102,591	(23)	102,568
Income from commissions	-	2,545	454	-	-	969	-	969	-	-	3,968
Company's share in losses in affiliate	-	-	-	-	-	-	-	-	-	(333)	(333)
Other income	-	-	-	-	-	-	-	-	45	89	134
Total income	56,933	65,231	51,263	123,587	269,504	38,312	3,976	435,379	102,696	5,294	716,796
EXPENSES											
Payments and changes in liabilities in respect of gross insurance contracts and investment contracts	-	32,047	21,309	112,939	196,714	21,471	3,312	334,436	-	(306)	387,486
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	4,263	2,293	10,045	(7)	1,531	382	11,951	-	-	18,507
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	-	27,784	19,016	102,894	196,721	19,940	2,930	322,485	-	(306)	368,979
Marketing and other acquisition expenses	-	10,521	11,986	14,943	31,941	6,017	500	53,401	34,996	(759)	110,145
Maintenance, administrative and general expenses	14,714	6,187	5,866	5,211	11,532	1,662	149	18,554	33,644	2,747	81,712
Finance expenses	29,809	22	-	-	-	14	-	14	11,205	14,307	55,357
Other expenses	-	-	-	-	-	-	-	-	-	248	248
Total expenses	44,523	44,514	36,868	123,048	240,194	27,633	3,579	394,454	79,845	16,237	616,441
Income (loss) before taxes on income	12,410	20,717	14,395	539	29,310	10,679	397	40,925	22,851	(10,943)	100,355
Other comprehensive income before taxes on income	8,824	-	-	-	-	-	-	-	-	-	8,824
Comprehensive income (loss) before taxes on income	21,234	20,717	14,395	539	29,310	10,679	397	40,925	22,851	(10,943)	109,179

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

b. Hereunder is the breakdown of results of the segments of activity: (Cont.)

	Year ended as at December 31, 2017										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				Total
NIS in thousands											
INCOME											
Gross premiums earned	-	272,963	218,667	503,505	1,101,172	180,362	16,623	1,801,662	-	-	2,293,292
Premiums earned by reinsurers	-	31,640	9,848	32,348	2,339	33,181	1,184	69,052	-	-	110,540
Premiums earned on retention	-	241,323	208,819	471,157	1,098,833	147,181	15,439	1,732,610	-	-	2,182,752
Income from lease of properties	225,051	-	-	-	-	-	-	-	-	(6,569)	218,482
Increase in value of investment property and property under construction, net	17,001	-	-	-	-	-	-	-	-	-	17,001
Net gains on investments and other finance income	2,080	15,684	1,196	33,145	12,692	2,209	946	48,992	98	42,280	110,330
Income from management fees	-	6,222	-	-	-	-	-	-	-	-	6,222
Income from grant of consumer credit	-	-	-	-	-	-	-	-	423,395	(715)	422,680
Income from commissions	-	10,858	1,776	-	531	4,795	-	5,326	-	-	17,960
Company's share in losses of affiliates	-	-	-	-	-	-	-	-	-	(578)	(578)
Other income	31	-	-	-	-	-	-	-	177	191	399
Total income	244,163	274,087	211,791	504,302	1,112,056	154,185	16,385	1,786,928	423,670	34,609	2,975,248
EXPENSES											
Payments and changes in liabilities in respect of gross insurance contracts and investment contracts	-	142,471	89,063	459,104	811,969	81,491	10,050	1,362,614	-	(1,213)	1,592,935
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	14,272	7,578	25,073	75	5,959	651	31,758	-	-	53,608
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	-	128,199	81,485	434,031	811,894	75,532	9,399	1,330,856	-	(1,213)	1,539,327
Marketing and other acquisition expenses	-	45,503	51,761	59,577	125,543	23,677	2,134	210,931	144,596	(3,011)	449,780
Maintenance, administrative and general expenses	62,905	24,795	23,494	20,980	47,387	6,826	663	75,856	142,718	9,444	339,212
Finance expenses	110,452	81	-	-	(525)	58	-	(467)	31,602	50,273	191,941
Other expenses	107	-	-	-	-	-	-	-	-	791	898
Total expenses	173,464	198,578	156,740	514,588	984,299	106,093	12,196	1,617,176	318,916	56,284	2,521,158
Income (loss) before taxes on income	70,699	75,509	55,051	(10,286)	127,757	48,092	4,189	169,752	104,754	(21,675)	454,090
Other comprehensive income (loss) before taxes on income	26,345	(1,129)	(1,260)	(1,158)	(2,957)	(461)	(42)	(4,618)	-	-	19,338
Comprehensive income (loss) before taxes on income	97,044	74,380	53,791	(11,444)	124,800	47,631	4,147	165,134	104,754	(21,675)	473,428