

Plaza Centers N.V.
Condensed Consolidated Interim Financial Information
For the six months period ended June 30, 2011

Plaza Centers N.V.
Condensed Consolidated Interim Financial Information
June 30, 2011

Contents

	<u>Page</u>
Independent Auditor's Report on review of interim financial information	3
Condensed consolidated interim financial information	
- Condensed consolidated interim statement of financial position	4
- Condensed consolidated interim income statement	5
- Condensed consolidated interim statement of comprehensive income	6
- Condensed consolidated interim statement of changes in equity	7
- Condensed consolidated interim statement of cash flows	8
- Notes to the condensed consolidated interim financial information	9-15



KPMG Hungária Kft.
Váci út 99.
H-1139 Budapest
Hungary

Telefon: +36 (1) 887 71 00
+36 (1) 270 71 00
Telefax: +36 (1) 887 71 01
+36 (1) 270 71 01
e-mail: info@kpmg.hu
Internet: www.kpmg.hu

Independent Auditors' Report on Review of Interim Financial Information

Board of Directors
Plaza Centers N.V.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Plaza Centers N.V. as at June 30, 2011, the condensed consolidated interim income statements, statements of comprehensive income, changes in equity and cash flows for the six month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "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 International Standards on Auditing 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, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'

Budapest, August 23, 2011

KPMG Hungária Kft.

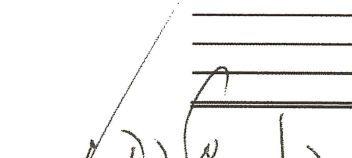


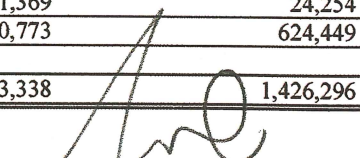
Plaza Centers N.V.
Condensed consolidated interim statement of financial position

	June 30, 2011 € '000	December 31, 2010 € '000
ASSETS		
Cash and cash equivalents	140,952	137,801
Restricted bank deposits	26,811	29,954
Short term deposits	33,108	-
Available for sale financial assets	29,299	27,098
Trade receivables	3,822	4,064
Other receivables and prepayments	68,231	47,828
Derivatives	8,573	10,535
Trading properties	833,859	807,887
Total current assets	1,144,655	1,065,167
Long term deposits and other investments	52,401	52,559
Deferred tax assets	221	282
Derivatives	32,406	42,110
Property and equipment	9,252	11,361
Investment property	227,681	238,702
Restricted bank deposits	16,167	15,751
Other non-current assets	555	364
Total non-current assets	338,683	361,129
Total assets	1,483,338	1,426,296
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Interest bearing loans from banks	259,610	232,902
Debentures at fair value through profit or loss	42,162	48,318
Debentures at amortized cost	31,166	20,762
Trade payables	12,438	11,260
Related parties	3,870	3,758
Provisions	15,597	15,597
Other liabilities	29,863	19,474
Total current liabilities	394,706	352,071
Non-current liabilities		
Interest bearing loans from banks	122,152	133,514
Debentures at fair value through profit or loss	184,539	211,997
Debentures at amortized cost	145,332	97,979
Other liabilities	4,943	5,330
Deferred tax liabilities	893	956
Total non-current liabilities	457,859	449,776
Equity		
Share capital	2,972	2,967
Translation reserve	(8,582)	8,074
Other reserves	28,567	31,272
Share premium	261,773	261,773
Retained earnings	324,674	296,109
Total equity attributable to equity holders of the Company	609,404	600,195
Non-controlling interest	21,369	24,254
Total equity	630,773	624,449
Total equity and liabilities	1,483,338	1,426,296

23 August 2011

**Date of approval of the
financial statements**


Ran Shtarkman
**Director, President and Chief
Executive Officer**


Shimon Yitzchaki
**Director and Chairman of the
Audit Committee**

The notes on pages 9 - 15 form an integral part of this condensed consolidated interim financial information.

Plaza Centers N.V.
Condensed consolidated interim income statement

	For the six months period ended June 30,	
	2011	2010
	€ '000	€ '000
Revenues from operation of shopping centers	23,690	9,547
Revaluation of Investment properties	4,933	-
Total Revenues	28,623	9,547
Cost of operations	15,621	7,543
Gross profit	13,002	2,004
Administrative expenses	8,628	8,608
Other income	(86)	(39,042)
Other expenses	1,573	500
Results from operating activities	2,887	31,938
Finance income	48,943	43,303
Finance expenses	(19,259)	(48,298)
Finance income (expenses), net	29,684	(4,995)
Share in loss of associates	(137)	(253)
Profit before income tax	32,434	26,690
Income tax expense (Tax benefit)	(47)	907
Profit for the period	32,481	25,783
Attributable to:		
Equity holders of the Company:	28,565	25,854
Non-controlling interest	3,916	(71)
	32,481	25,783
Basic earnings per share (in EURO)	0.10	0.09
Diluted earnings per share (in EURO)	0.09	0.08

The notes on pages 9 - 15 form an integral part of this condensed consolidated interim financial information.

Plaza Centers N.V.
Condensed consolidated interim statement of comprehensive income

	For the six months period ended June 30,	
	2011	2010
	€ '000	€ '000
Profit for the period	32,481	25,783
Other comprehensive income		
Net change in fair value of available for sale financial assets, net of tax	110	(400)
Capital reserve from acquisition of Non-controlling interest without a change in control	(3,674)	-
Foreign currency translation differences of foreign operations	(19,878)	29,304
Total other comprehensive income (loss) for the period, net of income tax	(23,442)	28,904
Total comprehensive income for the period	9,039	54,687
Total comprehensive income attributable to:		
Equity holders of the Company:	8,345	54,111
Non-controlling interest	694	576
Total comprehensive income for the period	9,039	54,687

The notes on pages 9 - 15 form an integral part of this condensed consolidated interim financial information.

Plaza Centers N.V.
Condensed consolidated interim statement of changes in equity

Attributable to equity holders of the Company										
Capital reserve from acquisition of Non-controlling interest without a change in control										
Share capital	Share premium	Capital reserve	Translation reserve	Reserves from available for sale financial assets	Retained earnings	Total	Non-controlling interest	Total equity		
€ '000										
2,967	261,773	-	30,849	8,074	423	296,109	600,195	24,254	624,449	
-	-	-	864	-	-	-	864	-	864	
5	-	-	(5)	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	(3,579)	(3,579)	
-	-	(3,674)	-	(16,656)	110	28,565	8,345	694	9,039	
2,972	261,773	(3,674)	31,708	(8,582)	533	324,674	609,404	21,369	630,773	
Capital reserve from acquisition of Non-controlling interest without a change in control										
Share capital	Share premium	Capital reserve	Translation reserve	Reserves from available for sale financial assets	Retained earnings	Total	Non-controlling interest	Total equity		
€ '000										
2,942	261,773	28,286	(9,640)	602	285,836	569,799	4,910	574,709		
-	-	1,073	-	-	-	1,073	-	1,073		
23	-	(23)	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	20,984	20,984		
-	-	-	-	-	-	-	704	704		
-	-	-	28,657	(400)	25,854	54,111	576	54,687		
2,965	261,773	29,336	19,017	202	311,690	624,983	27,174	652,157		

The notes on pages 9 - 15 form an integral part of this condensed consolidated interim financial information.

Plaza Centers N.V.
Condensed consolidated interim statement of cash flows

	For the six months period ended June 30,	
	2011	2010
	€ 000'	€ 000'
Cash flows from operating activities		
Profit for the period	32,481	25,783
<u>Adjustments necessary to reflect cash flows used in operating activities:</u>		
Depreciation and impairment	5,023	807
Revaluation of Investment properties	(4,933)	-
Non-controlling interest	-	71
Finance expenses, net	(29,684)	4,995
Interest received in cash	5,676	4,341
Interest paid	(8,109)	(2,187)
Share in loss of associate	137	253
Loss on sale of property and equipment	-	240
Gain from a bargain purchase	-	(37,947)
Loss on sale of trading property	-	160
Income tax expenses (tax benefit)	(47)	907
Share based payments	736	681
	1,280	(1,896)
Decrease (Increase) in trade receivables	87	(1,789)
Decrease (Increase) in other receivables	(22,754)	5,923
Change in restricted cash	2,493	6,923
Increase in trading properties	(37,957)	(46,604)
Increase (decrease) in trade accounts payable	1,371	(6,553)
Increase in other liabilities and provisions	877	1,923
Net proceeds from selling of trading property subsidiaries	-	538
	(55,883)	(39,639)
Income tax received	45	-
Net cash used in operating activities	(54,558)	(41,535)
Cash flows from investing activities		
Capital expenditures on investment property, purchase of property, equipment and other non-current assets	(1,043)	(419)
Acquisition of subsidiaries, net of cash acquired	-	(16,099)
Investment in short term deposits	(33,840)	-
Acquisition of non-controlling interest (refer to note 9(b))	(7,253)	-
Purchase of available for sale financial assets	(4,607)	(16,009)
Proceeds from sale of available for sale financial assets	2,532	4,655
Long term deposits, net	(44)	(4)
Net cash used in investing activities	(44,255)	(27,876)
Cash flows from financing activities		
Proceeds from bank loans and financial institutions	32,370	36,591
Proceeds from selling foreign currency call options	5,948	-
Proceeds from SWAP partial maturity	4,805	-
Repurchase of debentures at amortized cost	(1,618)	-
Proceeds from issuance of long term debentures at amortized cost	62,966	63,024
Repayment of long term loans to banks	(1,657)	(2,020)
Loans repaid to related parties	(300)	-
Net cash from financing activities	102,514	97,595
Effect of exchange rate fluctuation on cash held	(550)	746
Net increase in cash and cash equivalents	3,151	28,930
Cash and cash equivalents at the beginning of the year	137,801	122,596
Cash and cash equivalents at the end of the period	140,952	151,526

The notes on pages 9 - 15 form an integral part of this condensed consolidated interim financial information.

Plaza Centers N.V.
Notes to the condensed consolidated interim financial information

1. Reporting entity

Plaza Centers N.V. ("the Company") is a developer of shopping and entertainment centres, focusing on constructing new centres and, where there is significant redevelopment potential, redeveloping existing centres, in both capital cities and important regional centres, primarily in developing markets. The Company has been present in CEE since 1996. The Company has extended its area of operations beyond CEE into India in 2006 and also into the US in 2010.

The Company has its primary listing on the Main Board of the London Stock Exchange and, starting from October 2007, the Company is also listed on the Warsaw Stock Exchange.

The Company's immediate parent company is EUL Luxemburg B.V. ("EUL"), which holds 62.3% of the Company's shares as of the date of approval of the financial statements. The ultimate parent company is Elbit Imaging Limited ("Elbit"), which is indirectly controlled by Mr. Mordechai Zisser.

The condensed consolidated interim financial information of the Company as at June 30, 2011 and for the six months then ended comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The consolidated financial statements of the Group as at and for the year ended December 31, 2010 are available on the Company's website (www.plazacenters.com) and also upon request from the Company's registered office at Keizersgracht 241, 1016EA Amsterdam, The Netherlands.

During the six months period ended June 30, 2011, no significant change occurred in the Company's holdings, with the exception of the additional purchase of units in EDT (refer to note 9).

2. Basis of presentation

a. Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2010. The condensed consolidated interim financial information was approved for issue by the board of directors on August 23, 2011.

b. Estimates

The preparation of interim financial information in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2010.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2010.

Plaza Centers N.V.

Notes to the condensed consolidated interim financial information

4. Segment reporting

The Group comprises the following main geographical segments: CEE, India and the US (Starting June 30, 2010). In presenting information on the basis of geographical segments, segment revenue is based on the revenue resulting from either selling or operating of trading property and Investment property geographically located in the relevant segment.

Data regarding the geographical analysis in the six months period ended June 30, 2011 and 2010 is as follows:

	Central & Eastern Europe	USA	India	Total
	€ 000'	€ 000'	€ 000'	€ 000'
<u>Six months period ended June 30, 2011:</u>				
Revenues	11,326	12,364	-	23,690
Revaluation of Investment property	-	4,933	-	4,933
Reportable segment profit (loss) before tax	(3,164)	11,932	(1,275)	7,493
Share in losses of associates, net	(137)	-	-	(137)
Less - unallocated general and administrative expenses		-		(3,119)
Financial income, net				29,684
Other expenses, net				(1,487)
Profit before income taxes				32,434
Tax benefit				47
Profit for the period				32,481
Purchase cost of segment assets during the period	29,040	778	9,182	39,000
Depreciation (revaluation) of segment assets	4,956	(4,933)	67	90
<u>June 30, 2011</u>				
Total segment assets	727,476	229,603	195,283	1,152,362
Unallocated assets				330,976
				1,483,338
Segment liabilities	169,627	133,982	29,973	333,582
Unallocated liabilities				518,983
				852,565

Plaza Centers N.V.

Notes to the condensed consolidated interim financial information

5. Segment reporting (cont.)

	Central & Eastern Europe € 000'	USA € 000'	India € 000'	Total € 000'
<u>Six months period ended June 30, 2010:</u>				
Revenues	9,547	-	-	9,547
Reportable segment profit (loss) before tax	(2,295)	-	(1,510)	(3,805)
Share in losses of associates, net	(253)	-	-	(253)
Less - unallocated general and administrative expenses		-		(2,799)
Financial expenses, net				(4,995)
Other income, net				38,542
Profit before income taxes				26,690
Income tax expenses				(907)
Profit for the period				25,783
Purchase cost of segment assets during the period	33,946	-	8,983	42,929
Depreciation of segment assets	441	-	366	807
<u>June 30, 2010</u>				
Total segment assets	662,382	268,474	197,654	1,128,510
Unallocated assets				325,508
				1,454,018
Segment liabilities	53,158	184,671	2,289	240,118
Unallocated liabilities				561,743
				801,861

5. Financial risk management

During the six months period ended June 30, 2011 there have been no significant changes in the Group's financial risk management. Objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2010.

6. Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual effective income tax rate expected for the full financial year. The effective tax rate resulted for the six months period ended June 30, 2011 was 0%, as the profit, which is generated mostly by the parent company, is either not taxed in the Netherlands, or it is offset from losses carry forward.

Plaza Centers N.V.

Notes to the condensed consolidated interim financial information

7. Interest-bearing loans from banks

The interest-bearing loans from banks relate to both investment properties and trading properties.

The following movements occurred during the six months period ended June 30, 2011:

	Currency	Interest rate	Face value	Carrying amount	Year of maturity
		%	€ 000'	€ 000'	
Balance at January 1, 2011				366,416	
Received loans					
Secured bank loan	EUR	3m Euribor+3.5%	5,870	5,870	2017
Secured bank loan	EUR	3m Euribor+5.5%	150	150	2011
Secured bank loan	EUR	3m Euribor+1.85%	3,616	3,616	2020
Secured bank loan	INR	12. 5% p.a	15,035	15,036	2011
Secured bank loan	USD	5.25% p.a	1,609	1,609	2016
Secured bank loan	EUR	3m Euribor+5.5%	4,857	4,857	2027
Secured bank loan	EUR	3m Euribor+0.5%	1,232	1,232	2011
				32,370	
Repayments and foreign exchange differences					
Secured bank loan	USD	3m Libor+4%		(86)	2014
Secured bank loan	USD	3m Libor+3.25%		(683)	2013
Secured bank loan	EUR	3m Euribor+4% (*)		(2,255)	2012
Secured bank loan	EUR	3m Euribor+2.5%		(648)	2014
		Foreign exchange			
Secured bank loan	USD	gain, net (**)		(12,879)	
Secured bank loan	EUR	3m Euribor+1.75%		(234)	2016
Secured bank loan	EUR	3m Euribor+3.5%		(239)	2014
				(17,024)	
Balance at June 30, 2011				381,762	

(*) Debt was assigned to the Joint Venture partner of the Company

(**) Net foreign exchange gain of EUR 11.2 million recorded in Other comprehensive income due to loans denominated in USD

8. Related parties

	June 30, 2011	December 31, 2010
	€ 000'	
<u>Statement of financial position</u>		
Trade and other receivables	1,488	1,185
Trade and other payables	3,870	3,758

Plaza Centers N.V.
Notes to the condensed consolidated interim financial information

8. Related parties (cont.)

	For the six months period ended June 30,	
	2011	2010
	€ 000'	
<u>Income statements</u>		
Related parties - interest income	50	89
Related parties – charges to Indian subsidiaries	181	-
Related parties – charges from Indian subsidiaries	(251)	-
Related parties – recharges from Elbit	(88)	(84)

The Control Centers Group of companies, controlled by Mr. Mordechay Zisser, the main shareholder of Elbit, is providing project management services to various projects developed by the Company and has charged EUR 1.9 million for services provided during the six months period ended June 30, 2011.

Jet Link, a Company controlled by Mr. Mordechay Zisser, which provides aviation services for the Company has charged a total of EUR 0.3 million for services provided in the six months period ended June 30, 2011.

The Company estimates the liability arising from an agreement for management and supervision services signed with the former Executive Vice Chairman of Elbit regarding investments in India, in an amount of EUR 1.1 million. A liability is included in other liabilities – related parties and updates to the liability are included as administrative expenses in the condensed consolidated interim income statement.

9. Significant events during the period

a. Additional issuance of series A and series B debentures

In January 2011, following the public offering in Israel of unsecured nonconvertible Series A and B debentures, pursuant to the Company's prospectus, it was agreed with Israeli investors to issue an additional principal amount of approximately NIS 88 million (approximately EUR 19 million) in Series A Debentures for an aggregate consideration of approximately NIS 99 million (approximately EUR 21 million), and an additional principal amount of approximately NIS 179 million (approximately EUR 39 million) in Series B Debentures for an aggregate consideration of approximately NIS 201 million (approximately EUR 44 million) by way of a private placement (the "Additional Debentures"). For credit rating see below. The terms of all Additional Debentures are identical to the terms of the Series A and B Debentures issued under the Company's prospectus dated July 2007 and February 2008, respectively.

Rating update

Both debentures series A and B are rated (effective August 2011) ilA/negative by S&P Maalot Ltd. on a local scale and A3/negative by MIDROOG Ltd., the Israeli Credit Rating Agency and an affiliate of Moody's Investors Service ("Midroog").

b. Off-market takeover bid for EDT Retail Trust ("EDT")

In March 2011, the Company announced that EPN has made an off-market takeover bid to acquire all of the outstanding units of EDT. EPN's unconditional offer was to buy all outstanding units of EDT that EPN's affiliate does not already own (approximately 52%), for AUD 0.078 cash per EDT unit.

Plaza Centers N.V.

Notes to the condensed consolidated interim financial information

9. Significant events during the period (cont.)

Off-market takeover bid for EDT Retail Trust ("EDT") (cont.)

Following the off-market takeover bid mentioned above, the Company's jointly controlled US subsidiary, EPN Holdings II LLC ("EPN Holdings", together with EPN GP, LLC: "EPN"), has increased the offer price per ordinary unit of EDT from AUD 0.078 to AUD 0.09 in its off-market takeover bid ("Bid") by EPN Holdings for all of the units in EDT it did not already owned ("Offer"). Consequently, the Company announced in July 2011 that the Offer by EPN for all of the units in EDT not already held by EPN, closed on 14 July 2011.

As a result of the purchases of EDT's units during the Offer period, EPN has increased its interest in EDT from approximately 47.8% to approximately 96.4% (as of June 30, 2011, EPN held 58.3% interest in EDT). EPN now plans to proceed with the compulsorily acquisition of the remaining EDT units, under the terms of the Offer. Following this, the JV will become the holder of 100% of the outstanding units of EDT and it is expected that EDT will be delisted from the official list of the Australian Stock Exchange ("ASX") shortly thereafter. The total cost for the 52.2% interest purchased and/or to be purchased in EDT totals USD 242 million (EUR 170 million), of which Plaza's share is approximately USD 57 million (EUR 40 million).

As of June 30, 2011, the Company's part in the purchase cost of EDT unit holding totalled EUR 7.3 million, purchasing Non-controlling interest in an amount of EUR 3.6 million. The Company recorded a capital reserve due to this transaction in a total amount of EUR 3.7 million.

c. Foreign currency hedge using call options

In January 2011, the company decided to use a call options strategy (through major Israeli banks) in order to hedge its foreign currency risk (EUR-NIS) inherent in its long term debentures series A and series B issued in NIS which are not hedged by other derivative instruments (e.g. cross currency interest rate swaps, forwards).

During the first and second quarter of 2011, the company wrote EUR 175 million call options with Strike prices (EUR/NIS exchange rate) between 4.74 and 5 and an expiration date of June 30, 2011. Premiums received totalled EUR 6 million. The call option settlements generated a gain of EUR 1.4 million, included in the Company's income statement as part of the finance income.

The company has secured deposits in amount of approximately EUR 7.5 million in respect of the abovementioned call options. The hedge is not qualified for special hedge accounting. The premium received on sale of the options is recognized as finance income over the life of the options. Regarding writing of call option after date of statement of financial position refer to note 10 below.

d. Net capitalization ratio

Under the terms of the bonds issued in Poland in November 2010 (Totalling PLN 60 million (EUR 15 million)), the Company requires to maintain a Net Capitalization Ratio (the "Ratio") which should not exceed 70%. As at statement of financial position date the Ratio was 42%.

e. Significant impairment during the six months period ended June 30, 2011

In the course of the six months ended June 30, 2011, the Company recorded an impairment of one of its trading properties in Poland in a total amount of EUR 3.1 million. The impairment is included as part of the cost of operations in the consolidated income statement. In addition, the Company performed an impairment of its airplane in an amount of EUR 1.6 million. The impairment of the airplane is included at other expenses in the consolidated income statement.

Plaza Centers N.V.

Notes to the condensed consolidated interim financial information

9. Significant events during the period (cont.)

f. Bond Buyback programme

On May 23, 2011 the Company's Board of Directors approved a buyback programme of up to NIS 150 million (approximately EUR 30.2 million) of its Series A and Series B Debentures, which are traded on the Tel Aviv Stock Exchange.

The repurchases will be made either on an opportunistic basis in the open market on the Tel-Aviv Stock Exchange, or in privately negotiated transactions, or in a combination of the two. The board approval should not be deemed a commitment to purchase any debentures. The timing and amounts of any debentures repurchased will be determined by the Company's management, based on its evaluation of market conditions and other factors. The repurchase programme may be suspended or discontinued at any time.

As of the financial statements approval date, the Company has purchased a total of NIS 22 million par value Debentures (with adjusted value of NIS 25 million), for a total consideration of NIS 20 million (EUR 3.4 million).

g. Significant changes in financial instruments issued/held by the Company

In the course of the six months ended June 30, 2011, the Company recorded, as a result of weakening of the NIS against EUR, as well as a decline in the quoted Debentures' prices, a total finance income of EUR 37.4 million due to its NIS denominated Debentures. Financial expenses of EUR 8.1 million were recorded on the SWAP derivatives of the Company, mainly due to weakening of the NIS against EUR.

In respect of financial instruments not presented at its fair value (Debentures at amortized cost, structures), the result of presenting them in fair value would have totalled in an additional finance income in an amount of EUR 26.1 million.

10. Post balance sheet events

a. Update on financial covenants

All of the group's companies are in compliance with the entire loan covenants with the exception of covenants in respect of three of the secured loans granted in CEE. The Company is in negotiation with the financing banks in respect of settling the bank requirements and agreeing on new covenants and/or waivers.

The delisting of EDT from the ASX causes an event of default under one of the facilities agreements in EDT. This facility has USD 172.9 million (EUR 120 million) outstanding at 30 June 2011. Management are in discussions with the bank to obtain a waiver for this event. At the time of finalising the financial statements the waiver has not been received, however while there can be no assurance that the bank will waive the default, management expect the waiver request to be approved. The loan has been treated as a non-current liability in the statement of financial position.

b. Foreign currency hedge using call options

In July 2011, the company wrote EUR 195 million call options with Strike prices (EUR/NIS exchange rate) between 4.9 and 4.94 and an expiration date of September 27, 2011. Premiums received totalled EUR 3.6 million. The company has secured deposits in amount of approximately EUR 8.9 million in respect of the abovementioned call options.

STATEMENT OF THE DIRECTORS

The results for the six months ended 30 June 2011 (**Semi-Annual Financial Statements 2011**) fairly represent the Company's financial condition and the results of the Company's operations and provide the required disclosures.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

In view of all the above, hereby following the requirements of article 5:25c paragraph 2 under c of the Netherlands Act on the financial supervision (*Wet op het financieel toezicht*) the directors hereby confirm that: (i) the Semi-Annual Financial Statements 2011 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its affiliated companies that are included in the consolidated Semi-Annual Financial Statements 2011 and (ii) the Semi-Annual Financial Statements 2011 include a fair review of the position at the balance sheet date and the development and performance of the business of the Company and its affiliated companies that are included in the Semi-Annual Financial Statements 2011 and that the principal risks and uncertainties that the Company faces, are described.

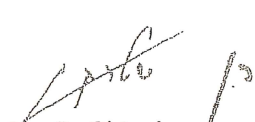
The Board of Managing Directors:



Mr. M. Zisser

Executive Director

August 23, 2011



Mr. R. Shtarkman

Executive Director

August 23, 2011