FATTAL HOLDINGS (1998) LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2019

UNAUDITED

INDEX

- - - - - - - - -

Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

AUDITORS' REVIEW REPORT

To the shareholders of

FATTAL HOLDINGS (1998) LTD.

Introduction

We have reviewed the accompanying financial information of Fattal Holdings (1998) Ltd. and subsidiaries ("the Group"), which comprises the condensed consolidated statements of financial position as of March 31, 2019 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months periods then ended. The Company's board of directors and management are responsible for the preparation and presentation of 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 not the financial statements of a certain company accounted for at equity, the investment in which amounted NIS 17,005 thousand as of March 31, 2019 and the Company's share of their losses amounted NIS 1,777 thousand for the three months periods then ended. The financial statements of this company were reviewed by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for this company, is based on the 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 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 reports of the 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.

Kost Forer Gabbay and Kasierer

Tel-Aviv, Israel
May 30 , 2019

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2018	March 31, 2018	March 31, 2019	Convenience translation (Note 1b) March 31, 2019
	Audited	Unaudited		Unaudited
		N I S (In thousands)		Euro
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	661,260	373,754	537,789	131,869
Securities held for trading	238,721	304,119	132,206	32,418
Trade receivables	320,081	244,301	367,691	90,160
Other accounts receivable	223,988	187,001	303,064	74,313
Income tax receivable	67,790	42,264	76,916	18,860
Inventories	16,336	8,322	16,820	4,125
	1,528,176	1,159,761	1,434,486	351,745
Assets held for sale	143,752	144,735	144,745	35,492
NON-CURRENT ASSETS:				
Long-term receivables	605,098	64,806	89,938	22,053
Advance on Fixed Assets	32,342	670,809	37,390	9,168
Loans and Investments in companies and partnerships accounted for at equity	941,919	817,711	932,032	228,540
Property, plant and equipment, net	5,151,003	4,127,019	5,550,852	1,361,103
Right-of-use assets, net	-	-	12,669,902	3,106,739
Deferred taxes on right-of-use assets	-	-	75,263	18,455
Deferred taxes	22,966	11,799	24,553	6,021
Intangible assets	463,644	3,942	437,867	107,368
	7,216,972	5,696,086	19,817,797	4,859,447
	8,888,900	7,000,582	21,397,028	5,246,684

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2018	March 31, 2018	March 31, 2019	Convenience translation (Note 1b) March 31, 2019
	Audited	Unaudited		Unaudited
	NIS (In thousands)			Euro
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Short-term credit from banks and others	285,857	348,844	303,532	74,428
Current maturities of liabilities from leases of right-of-use assets	-	-	217,602	53,357
Current maturities of debentures	177,716	82,815	100,902	24,742
Trade payables	173,725	172,443	272,053	66,709
Income tax payable	118,592	31,244	108,430	26,588
Other accounts payable	613,673	358,922	647,442	158,757
Shareholders	55,907	-	56,325	13,811
	1,425,470	994,268	1,706,286	418,392
Liabilities attributed to assets held for sale	45,729	47,474	45,600	11,181
NON-CURRENT LIABILITIES:				
Loans from banks and others	2,245,324	1,969,371	2,375,865	582,577
Debentures, net	1,147,056	764,618	1,419,382	348,041
Liabilities from leases of right-of-use assets	-	-	12,549,718	3,077,269
Deferred taxes	335,349	289,589	347,127	85,118
Employee benefit liabilities, net	14,851	12,672	15,675	3,844
Other non-current liabilities	448,862	172,010	104,403	25,600
Shareholders	6,029	56,610	5,772	1,415
	4,197,471	3,264,870	16,817,942	4,123,864
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:				
Share capital and premium	635,177	635,620	635,177	155,749
Capital reserves	876,765	915,515	853,588	209,305
Retained earnings	1,577,938	1,021,076	1,211,819	297,146
	3,089,880	2,572,211	2,700,584	662,200
Non-controlling interests	130,350	121,759	126,616	31,047
Total equity	3,220,230	2,693,970	2,827,200	693,247
	8,888,900	7,000,582	21,397,028	5,246,684

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

May 30, 2019		
Date of approval of the financial statements	David Fattal Chairman of the Board and CEO	Shachar Aka CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Year ended December 31, 2018	Three months ended March 31, 2018	Three months ended March 31, 2019	Convenience translation (Note 1b) Three months ended March 31, 2019
	Audited	Unaudited		Unaudited
		N I S		Euro
		(In thousands)		
Revenues from hospitality services and others	3,765,643	603,549	1,024,443	251,200
Cost of revenues	1,994,383	374,106	624,229	153,065
	1,771,260	229,443	400,214	98,135
Selling and marketing expenses	111,029	22,879	35,027	8,589
General and administrative expenses	340,229	58,770	106,172	26,034
	1,320,002	147,794	259,015	63,512
Hotel lease expenses	599,262	101,027	16,110	3,950
Operating income before depreciation and amortization and other operating income	720,740	46,767	242,905	59,562
Depreciation and amortization	170,061	33,185	66,719	16,360
Depreciation of revaluation of step-up	42,726	10,481	9,636	2,363
Depreciation on right-of-use assets	-	-	123,620	30,312
Other operating expenses, net	(44,392)	(4,244)	(5,097)	(1,250)
Operating income (loss)	463,561	(1,143)	37,833	9,277
Finance income	4,815	479	492	121
Finance expenses	(129,953)	(26,237)	(14,841)	(3,639)
Financing expenses on liabilities from leases of right-of-use assets	-	-	(127,537)	(31,273)
Group's share of earnings (losses) of companies and partnerships accounted for at equity	2,966	(3,712)	2,443	599
Income before taxes on income	341,389	(30,613)	(101,610)	(24,915)
Tax benefit (Taxes on income)	(99,463)	7,046	13,712	3,362
Net income (loss)	241,926	(23,567)	(87,898)	(21,553)
Attributable to:				
Shareholders of the Company	238,682	(23,747)	(88,044)	(21,589)
Non-controlling interests	3,244	180	146	36
	241,926	(23,567)	(87,898)	(21,553)
Net profit (loss) per share attributed to the Company's shareholders (in NIS)				
Basic and diluted earnings (losses) per share	16.80	(1.76)	(5.47)	(5.47)
Diluted earnings (losses) per share	16.78	(1.76)	(5.47)	(5.47)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE PROFIT OT LOSS

	Year ended December 31,	Three months ended March 31,		Convenience translation (Note 1b) Three months ended March 31,
	2018	2018	2019	2019
	Audited	Unaudited		Unaudited
	N I S			Euro
	(In thousands)			
Net income (loss)	241,926	(23,567)	(87,898)	(21,553)
Other comprehensive income (loss) (after tax effect):				
Amounts that will not be reclassified subsequently to profit or loss:				
Actuarial income, net	717	-	-	-
Revaluation of properties, net	267,371	39,519	71,998	17,654
Group's share in revaluation of properties in companies and partnerships accounted for at equity	54,910	17,952	1,124	276
Total amounts that will not be reclassified subsequently to profit or loss	322,998	57,471	73,122	17,930
Amounts that will be classified or reclassified subsequently to profit or loss under specific conditions:				
Income (loss) in respect of cash flow hedging transaction	(34,955)	(47,886)	28,634	7,021
Foreign currency translation adjustments	84,343	101,318	(119,946)	(29,412)
Total amounts that will be reclassified subsequently to profit or loss	49,348	53,432	(91,312)	(22,391)
Total other comprehensive income	372,346	110,903	(18,190)	(4,461)
Total comprehensive income	614,272	87,336	(106,088)	(26,014)
Attributable to:				
Shareholders of the Company	598,149	82,424	(102,582)	(25,154)
Non-controlling interests	16,123	4,912	(3,506)	(860)
	614,272	87,336	(106,088)	(26,014)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company								
	Share Capital and premium	Share-Based Payment	Retained earnings	Foreign currency translation adjustments	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Audited								
	NIS thousands								
Balance as of January 1, 2018	148,487	-	1,034,581	(98,748)	(18,224)	936,188	2,002,284	98,910	2,101,194
Net income	-	-	238,682	-	-	-	238,682	3,244	241,926
Other comprehensive income (loss)	-	-	-	85,976	(34,995)	308,486	359,467	12,879	372,346
Total comprehensive income (loss)	-	-	238,682	85,976	(34,995)	308,486	598,149	16,123	614,272
Issuance of share capital (net of issuance expenses)	486,690	-	-	-	-	-	486,690	-	486,690
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	15,317	15,317
Vesting option to employees	-	2,757	-	-	-	-	2,757	-	2,757
Transfer from revaluation reserve, due to exercise, net	-	-	264,881	-	-	(264,881)	-	-	-
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	39,794	-	-	(39,794)	-	-	-
Balance as of December 31, 2018	635,177	2,757	1,577,938	(12,772)	(53,219)	939,999	3,089,880	130,350	3,220,230

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company								
	Share Capital and premium	Share-Based Payment	Retained earnings	Foreign currency translation adjustments	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited NIS (In thousands)								
Balance as of January 1, 2018 (audited)	148,487	-	1,034,581	(98,748)	(18,224)	936,188	2,002,284	98,910	2,101,194
Net income (loss)	-	-	(23,747)	-	-	-	(23,747)	180	(23,567)
Other comprehensive income (loss)	-	-	-	102,022	(47,886)	52,035	106,171	4,732	110,903
Total comprehensive income (loss)	-	-	(23,747)	102,022	(47,886)	52,035	82,424	4,912	87,336
Issuance of share capital	487,133	-	-	-	-	-	487,133	-	487,133
A loan granted to non-controlling interests	-	-	-	-	-	-	-	17,937	17,937
Vesting options for employees	-	370	-	-	-	-	370	-	370
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	10,242	-	-	(10,242)	-	-	-
Balance as of March 31, 2018	635,620	370	1,021,076	3,274	(66,110)	977,981	2,572,211	121,759	2,693,970

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company								
	Share Capital and premium	Share-Based Payment	Retained earnings	Foreign currency translation adjustments	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS thousands								
Balance as of January 1, 2019 (audited)	635,177	2,757	1,577,938	(12,772)	(53,219)	939,999	3,089,880	130,350	3,220,230
Cumulative effect as a result of the initial adoption of IFRS 16 as of January 1, 2019 - see Note 2c(1)	-	-	(287,324)	-	-	-	(287,324)	-	(287,324)
Balance as of January 1, 2019 (after initial adoption of IFRS 16)	635,177	2,757	1,290,614	(12,772)	(53,219)	939,999	2,802,556	130,350	2,932,906
Net income (loss)	-	-	(88,044)	-	-	-	(88,044)	146	(87,898)
Comprehensive income (loss)	-	-	-	(121,575)	28,634	78,403	(14,538)	(3,652)	(18,190)
Total comprehensive income (loss)	-	-	(88,044)	(121,575)	28,634	78,403	(102,582)	(3,506)	(106,088)
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	(228)	(228)
Vesting option to employees	-	610	-	-	-	-	610	-	610
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	9,249	-	-	(9,249)	-	-	-
Balance as of March 31, 2019	635,177	3,367	1,211,819	(134,347)	(24,585)	1,009,153	2,700,584	126,616	2,827,200

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company								
	Share Capital and premium	Share-Based Payment	Retained earnings	Foreign currency translation adjustments	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited								
	Convenience translation into Euro (Note 1b) (In thousands)								
Balance as of January 1, 2019 (audited)	155,749	676	386,921	(3,132)	(13,050)	230,494	757,658	31,963	789,621
Cumulative effect as a result of the initial adoption of IFRS 16 as of January 1, 2019 - see Note	-	-	(70,454)	-	-	-	(70,454)	-	(70,454)
Balance as of January 1, 2019 (after initial adoption of IFRS 16)	155,749	676	316,467	(3,132)	(13,050)	230,494	687,204	31,963	719,167
Net income (loss)	-	-	(21,589)	-	-	-	(21,589)	36	(21,553)
Comprehensive income (loss)	-	-	-	(29,811)	7,021	19,225	(3,565)	(896)	(4,461)
Total comprehensive income (loss)	-	-	(21,589)	(29,811)	7,021	19,225	(25,154)	(860)	(26,014)
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	(56)	(56)
Vesting option to employees	-	150	-	-	-	-	150	-	150
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	2,268	-	-	(2,268)	-	-	-
Balance as of March 31, 2019	155,749	826	297,146	(32,943)	(6,029)	247,451	662,200	31,047	693,247

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2018	Three months ended March 31, 2018	Three months ended March 31, 2019	Convenience translation (Note 1b) Three months ended March 31, 2019
	Audited	Unaudited		Unaudited
	N I S (In thousands)			Euro
Cash flows from operating activities:				
Net income (loss)	241,926	(23,567)	(87,898)	(21,553)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	212,787	43,666	199,975	49,035
Finance expenses, net	125,327	22,725	146,135	35,831
Group's share of losses (earnings) of companies and partnerships accounted for at equity	(2,966)	3,712	(2,443)	(599)
Change in liabilities for time-sharing rights, net	(1,081)	(240)	(226)	(55)
Change in employee benefit liabilities, net	(666)	892	1,071	263
Costs related to transactions for the purchase of assets	18,124	-	4,016	985
Taxes on income (Tax benefit)	99,463	(7,046)	(13,712)	(3,362)
Loss from impairment of fixed assets	-	4,271	-	-
Share-based payment expense	2,757	370	610	150
Loss (profit) from a change in the value of securities held for trading	2,538	480	(3,725)	(913)
	456,283	68,830	331,701	81,335
Changes in asset and liability items:				
Increase in trade receivables	(21,468)	(26,897)	(32,048)	(7,858)
Increase in other accounts receivable	(18,548)	(56,690)	(25,681)	(6,297)
Decrease (increase) in inventories	(778)	(253)	707	173
Decrease (increase) in long-term receivables	1,263	1,345	(12,076)	(2,961)
Increase (decrease) in trade payables	(23,553)	35,389	56,490	13,852
Increase (decrease) in other accounts payable	(25,919)	8,174	(34,400)	(8,435)
Increase in other non-current liabilities	9,071	5,033	8,696	2,132
	(79,932)	(33,899)	(38,312)	(9,394)
Cash paid during the period for:				
Taxes received	-	-	12,985	3,184
Taxes paid	(133,256)	(18,701)	(27,079)	(6,640)
interest paid for leases of right-of-use assets	-	-	(128,173)	(31,429)
Other Interest paid, net	(123,257)	(23,635)	(20,186)	(4,950)
	(256,513)	(42,336)	(162,453)	(39,835)
Net cash provided by (used in) operating activities	361,764	(30,972)	43,038	10,553

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2018	Three months ended March 31, 2018	Three months ended March 31, 2019	Convenience translation (Note 1b) Three months ended March 31, 2019
	Audited	Unaudited		Unaudited
	N I S			Euro
	(In thousands)			
Cash flows from investing activities:				
Proceeds from sale of fixed assets	668,051	-	-	-
Purchase of property, plant and equipment, net	(765,193)	(91,486)	(432,166)	(105,970)
Advance of investment in fixed assets	(1,627)	(2,012)	(7,002)	(1,717)
Purchase of companies initially consolidated (Appendix A)	(728,962)	-	(50,121)	(12,290)
Exit from consolidation (Appendix B)	20,741	-	-	-
Sale and purchase of securities held for trading, net	(210,673)	(274,013)	110,240	27,032
Loans and Investment in companies and partnerships accounted for at equity	(86,539)	(15,426)	(11,811)	(2,896)
Other assets, net	(167)	(163)	(1,501)	(368)
Withdrawal of (placement in) designated deposit	(59,142)	10,514	1,620	397
Investment (return of investment) in various companies	(113)	50	(5,937)	(1,456)
Net cash used in investing activities	(1,163,624)	(372,536)	(396,678)	(97,268)
Cash flows from financing activities:				
Dividend paid	(49,544)	(49,544)	-	-
Issuance of share capital (net of issuance expenses)	480,497	481,187	-	-
Short-term credit from banking corporations, net	(19,958)	(4,642)	297	73
Repayment of long-term loans from corporations and others	(383,771)	(52,753)	(54,417)	(13,343)
Repayment of debentures	(82,814)	(28,305)	(117,510)	(28,814)
Repayment of liabilities from leases of right-of-use assets	-	-	(203,029)	(49,784)
Receipt of long-term loans from banking corporations and others	582,774	12,000	310,393	76,110
Issue of debentures, net	524,455	-	312,786	76,697
Net cash provided by financing activities	1,051,639	357,943	248,520	60,939
Translation differences in respect of balances of cash and cash equivalents	1,489	9,487	(18,220)	(4,468)
Increase (decrease) in cash and cash equivalents	251,268	(36,078)	(123,340)	(30,244)
Cash included in assets held for sale	321	161	(131)	(32)
Cash and cash equivalents at beginning of period	409,671	409,671	661,260	162,145
Cash and cash equivalents at end of period	661,260	373,754	537,789	131,869
Material non-cash activity:				
Recognition of the right-of-use assets against lease liabilities	-	-	3,557,799	872,394
Purchase of property, plant and equipment	3,184	-	25,985	6,372

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31, 2018	Three months ended March 31, 2018	Three months ended March 31, 2019	Convenience translation (Note 1b) Three months ended March 31, 2019
		Audited	Unaudited		Unaudited
		N I S			Euro
		(In thousands)			
(a)	Acquisition of initially consolidated subsidiaries:				
	The subsidiaries' assets and liabilities at date of acquisition:				
	Working capital (excluding cash and cash equivalents)	199,968	-	20,038	4,913
	Non - current assets	(471,292)		(38,860)	(9,529)
	Deferred taxes	47,818	-	1,280	314
	Property, plant and equipment	(902,188)	-	(70,159)	(17,203)
	Goodwill created on acquisition (including brand)	(451,036)		5,472	1,342
	Non - current liabilities	273,385	-	32,108	7,873
	Less advance that paid in previous periods	574,383		-	-
		(728,962)	-	(50,121)	(12,290)
(b)	Exit from consolidation:				
	Current assets	23,262	-	-	-
	Non-current assets	17,913	-	-	-
	Current liabilities	(255)	-	-	-
	Non-current liabilities	(20,179)	-	-	-
		20,741	-	-	-

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

NOTE 1: - GENERAL

a. These financial statements have been prepared in a condensed format as of March 31, 2019 and for the 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, 2018 and for the year then ended and accompanying notes, which are included as part of the prospectus ("annual financial statements").

b. The financial statements as of March 31, 2019 and for the three months then ended have been translated into Euro using the representative exchange rate as of that date (€ 1 = NIS 4.0782) The translation was made solely for the convenience of the reader. The amounts presented in these financial statements should not be construed to represent amounts receivable or payable in Euros or convertible into Euros, unless otherwise indicated in these statements.

NOTE 2- : SIGNIFICANT ACCOUNTING POLICIES

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

The interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34 ("Interim Financial Reporting"), and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The principal accounting policies and methods of calculation used for preparation of consolidated interim financial statements are consistent with those implemented for preparation of the annual financial statements, except as described below:

b. Leases:

As detailed in paragraph 2c(1) below regarding the initial adoption of IFRS 16, "Leases" ("the Standard"), the Company chose to adopt the provisions of the Standard using the modified retrospective approach (without restatement of comparative figures).

The accounting policy on leases applied before December 31, 2018 is as follows:

The criteria for classifying leases as finance or operating leases depend on the substance of the agreements and are made at the inception of the lease in accordance with the following principles as set out in IAS 17.

The Group as lessee

1. Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset to the Group is classified as a finance lease. At the commencement of the lease term, the leased asset is measured at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

The leased asset is depreciated over the shorter of its useful life and the lease term.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Operating leases

Leases in which substantially all the risks and rewards of ownership of the leased asset are not transferred to the Group are classified as operating leases. Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The accounting policy on leases applied effective from January 1, 2019 is as follows:

The Company accounts for a contract as a lease when the contract terms convey the right-of-use an underlying asset for a period of time in exchange for consideration.

1. The Group as a lessee

For leases in which the Company is the lessee, the Company recognizes on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these leases, the Company has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term

On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate. After the commencement date, the Company measures the lease liability using the effective interest rate method.

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability adjusted for any prepaid or accrued lease payments, plus initial direct costs incurred in respect of the lease. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life or the lease term. The Company tests for impairment the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36.

2. Variable lease payments that depend on an index

On the commencement date, the Company uses the index rate prevailing on the commencement date to calculate the future lease payments.

For leases in which the Company is the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset. The effect of the change in the index on current payments is recorded in profit or loss.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

3. Variable lease payments

Variable lease payments that do not depend on an index or interest rate but are based on performance or usage are recognized as an expense as incurred when the Company is the lessee.

4. Lease extension and termination options

A non-cancellable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised, and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

In the event of any change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Company remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognized in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognized in profit or loss.

5. Lease modifications

If a lease modification does not reduce the scope of the lease and does not result in a separate lease, the Company remeasures the lease liability in the modified contract at the revised discount rate on the modification date and carries the change in the lease liability to the right-of-use asset.

If a lease modification reduces the scope of the lease, the Company recognizes a profit or loss arising from the partial or full reduction in the carrying amount of the right-of-use asset and the lease liability. The Company subsequently remeasures the carrying amount of the lease liability according to the revised lease terms, at the revised discount rate on the modification date and carries the change in the lease liability to the right-of-use asset.

c. Initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards:

1. Initial adoption of IFRS 16, "Leases"

In January 2016, the IASB issued IFRS 16, "Leases" ("the Standard"), which supersedes IAS 17, "Leases" ("the old Standard"), IFRIC 4, "Determining Whether an Arrangement Contains a Lease", and SIC-15, "Operating Leases - Incentives". According to the Standard, a lease is a contract, or part of a contract, that conveys the right-of-use an asset for a period of time in exchange for consideration.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards (cont.):

1. Initial adoption of IFRS 16, "Leases" (cont.)

The effects of the adoption of the Standard are as follows:

- According to the Standard, lessees are required to recognize all leases in the statement of financial position (excluding certain exceptions, see below). Lessees will recognize a liability for lease payments with a corresponding right-of-use asset, similar to the accounting treatment for finance leases under the existing standard, IAS 17, "Leases". Lessees will also recognize interest expense and depreciation expense separately.

- Variable lease payments that are not dependent on changes in the CPI or interest rates but are based on performance or usage are recognized as an expense by the lessees as incurred or recognized as income by the lessors as earned.

- In the event of changes in variable lease payments that are CPI-linked, lessees are required to remeasure the lease liability and record the effect of the remeasurement as an adjustment to the carrying amount of the right-of-use asset.

- The Standard includes two exceptions which allow lessees to account for leases based on the existing accounting treatment for operating leases - leases for which the underlying asset is of low financial value and short-term leases (up to one year).

- The accounting treatment by lessors remains substantially unchanged from the existing standard, namely classification of a lease as a finance lease or an operating lease.

The Standard has been applied for the first time in these financial statements. As permitted by the Standard, the Group elected to adopt the provisions of the Standard using the modified retrospective method whereby the carrying amount of the right-of-use assets were measured as if the Standard has been applied from the commencement date of the lease but for the purpose of calculation, the lessee's incremental borrowing rate on the date of initial adoption was used.

According to this approach, no comparative figures are restated. The carrying amount of the lease liability as of the date of initial adoption of the Standard is calculated using the Company's incremental borrowing rate on the date of initial adoption of the Standard.

See details of the accounting policy applied from the date of initial adoption of the Standard in paragraph b above.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards (cont.):

1. Initial adoption of IFRS 16, "Leases" (cont.)

The main effect of the initial adoption of the Standard relates to existing leases in which the Company acts as lessee. According to the Standard, as explained in paragraph b above, excluding certain practical expedients, the Company recognizes for each lease contract in which it acts as lessee the carrying amount of the lease liability against the carrying amount of the right-of-use asset, as opposed to the treatment in the old Standard according to which the lease payments in leases in which substantially all the risks and rewards incidental to ownership of the leased asset were not effectively transferred to the lessee were recognized as an expense in profit or loss using the straight-line method over the lease term.

Following are data relating to the initial adoption of the Standard as of January 1, 2019, in respect of existing leases as of that date:

a) Effects of the initial application of the Standard on the Company's financial statements as of January 1, 2019:

	According to the previous accounting policy	Impact of IFRS 16	As presented in these financial statements
	NIS in thousands		
As of January 1, 2019:			
Non-current assets:			
Other receivables	605,098	(516,024)	89,074
Right-of-use assets, net	-	9,482,516	9,482,516
Loans and Investment in companies and partnerships accounted for at equity	941,919	3,046	944,965
Deferred taxes on right-of-use assets	-	69,004	69,004
Current liabilities:			
Current maturities of liabilities from leases of right-of-use assets	-	(310,033)	(310,033)
Non-current liabilities:			
Liabilities from leases of right-of-use assets	-	(9,363,563)	(9,363,563)
Other non-current liabilities	(448,862)	347,730	(97,265)
Retained earnings	(1,577,938)	287,324	(1,290,614)

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards (cont.):

1. Initial adoption of IFRS 16, "Leases" (cont.)

a) Effects of the initial application of the Standard on the Company's financial statements as of January 1, 2019 (cont.):

	According to the previous accounting policy	Impact of IFRS 16	As presented in these financial statements
	Euro in thousands		
As of January 1, 2019:			
Non-current assets:			
Other receivables	148,374	(126,532)	21,842
Right-of-use assets, net	-	2,325,172	2,325,172
Loans and Investment in companies and partnerships accounted for at equity	230,964	747	231,711
Deferred taxes on right-of-use assets	-	16,920	16,920
Current liabilities:			
Current maturities of liabilities from leases of right-of-use assets	-	(76,022)	(76,022)
Non-current liabilities:			
Liabilities from leases of right-of-use assets	-	(2,296,004)	(2,296,004)
Other non-current liabilities	(110,064)	85,266	(24,798)
Retained earnings	(386,920)	70,454	(316,466)

b) The Group hired an external valuation expert for determining the nominal interest rate for discounting its leases based on the companies' financing risk, the average duration of the leases and other economic variables such as: quality, geographical area and the currency in which the lease contract is specified

A weighted average incremental borrowing rate of 3.32%-6.76% was used to discount future lease payments in the calculation of the lease liability on the date of initial adoption of the Standard.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards (cont.):

1. Initial adoption of IFRS 16, "Leases" (cont.)

c) The table below explains the difference between the operating lease obligations that were disclosed in Note 19b to the annual financial statements as of December 31, 2018, to the lease liability recognized as of January 1, 2019:

	January 1, 2019 NIS in thousands	January 1, 2019 Euro in thousands
Total future minimum lease payments for non-cancellable leases as per IAS 17 according to the financial statements as of December 31, 2018	14,953,073	3,666,586
The effect of changes in expectation to exercise lease extension options and/or termination options	1,426,352	349,750
Total undiscounted lease liabilities as per IFRS 16	16,379,425	4,016,336
Effect of discount of future lease payments at the Company's incremental borrowing rate on initial date of adoption	(6,741,182)	(1,652,980)
Total lease liabilities as per IFRS 16 as of January 1, 2019	9,638,243	2,363,356
Finance lease liabilities as per IAS 17 as of December 31, 2018	35,353	8,670
Total lease liabilities resulting from initial adoption of IFRS 16 as of January 1, 2019	9,673,596	2,372,026

d) Practical expedients applied in the initial adoption of the Standard:

(1) The Company elected to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

(2) The Company elected to rely on its assessment of whether leases are onerous by applying IAS 37, as an alternative to performing an impairment review of the right-of-use asset on the date of initial adoption.

(3) The Company elected to exclude initial direct costs from the measurement of right-of-use assets at the date of initial adoption.

(4) The Company elected to use hindsight in determining the lease term in contracts containing options to extend or terminate the lease.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards (cont.):

1. Initial adoption of IFRS 16, "Leases" (cont.)

e) The effect of application of the Standard on the following balance sheet items as at March 31, 2019:

	According to the previous accounting policy	Impact of IFRS 16	As presented in these financial statements
	NIS in thousands		
Current assets:			
Other receivables	431,187	(128,123)	303,064
Non-current assets:			
Long-term receivables	632,637	(542,699)	89,938
Right-of-use assets, net	-	12,669,902	12,669,902
Loans and investments in associates and partnerships accounted for at equity	925,204	6,828	932,032
Deferred taxes on right-of-use assets	-	75,263	75,263
Current liabilities:			
Current maturities of liabilities from leases of right-of-use assets	-	(217,602)	(217,602)
Non-current liabilities:			
Liabilities from leases of right-of-use assets	-	(12,549,718)	(12,549,718)
Other non - current liabilities	(477,565)	373,162	(104,403)
Total Equity	(3,140,187)	312,987	(2,827,200)

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards (cont.):

1. Initial adoption of IFRS 16, "Leases" (cont.)

e) The effect of application of the Standard on the following balance sheet items as at March 31, 2019 (cont.):

	According to the previous accounting policy	Impact of IFRS 16	As presented in these financial statements
	Euro in thousands		
Current assets:			
Other receivables	105,730	(31,417)	74,313
Non-current assets:			
Long-term receivables	155,127	(133,074)	22,053
Right-of-use assets, net	-	3,106,739	3,106,739
Loans and investments in associates and partnerships accounted for at equity	226,866	1,674	228,540
Deferred taxes on right-of-use assets	-	18,455	18,455
Current liabilities:			
Current maturities of liabilities from leases of right-of-use assets	-	(53,357)	(53,357)
Non-current liabilities:			
Liabilities from leases of right-of-use assets	-	(3,077,269)	(3,077,269)
Other non - current liabilities	(117,102)	91,502	(25,600)
Total Equity	(769,993)	76,746	(693,247)

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards (cont.):

1. Initial adoption of IFRS 16, "Leases" (cont.)

f) Effect of application of the standard on profit and loss items for the three months ended March 31, 2019:

	According to the previous accounting policy	Impact of IFRS 16	As presented in these financial statements
	NIS in thousands		
Operating profit before depreciation and amortization and other expenses	39,539	203,366	242,905
Depreciation and amortization	(76,355)	(123,620)	(199,975)
Financing expenses, net	(14,349)	(127,537)	(141,886)
The Group's share in profits of companies and partnerships accounted for using the equity method	(1,338)	3,781	2,443
Loss before tax benefit	(57,600)	(44,010)	(101,610)
Tax benefit	5,449	8,263	13,712
Loss for the period	(52,151)	(35,747)	(87,898)

	According to the previous accounting policy	Impact of IFRS 16	As presented in these financial statements
	Euro in thousands		
Operating profit before depreciation and amortization and other expenses	9,695	49,867	59,562
Depreciation and amortization	(18,723)	(30,312)	(49,035)
Financing expenses, net	(3,518)	(31,273)	(34,791)
The Group's share in profits of companies and partnerships accounted for using the equity method	(328)	927	599
Loss before tax benefit	(14,124)	(10,791)	(24,915)
Tax benefit	1,336	2,026	3,362
Loss for the period	(12,788)	(8,765)	(21,553)

The main impact on profit and loss is an increase in depreciation expenses of NIS 124 million and financing of NIS 127 million, while a decrease in rental expenses of NIS 203 million.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Amendment to IAS 28 Investments in Associates and Joint Ventures

In October 2017, the IASB issued an amendment to IAS 28 Investments in Associates and Joint Ventures ("the Amendment"). The amendment clarifies that long-term rights (such as loans to receive or investment in preferred shares) that are part of the net investment in an associate or a joint venture will be fully subject to the provisions of IFRS 9 (both for measurement and for impairment) Are subject to the provisions of IAS 28. In view of the provisions of the amendment, the application of the "tier method" as expressed in Accounting Enforcement Decision 11-2 of the Securities Authority is no longer relevant.

The amendment is first applied in these financial statements. After examining the implications of implementing the amendment, the Company concluded that its implementation has no material effect on the Company's financial statements.

NOTE 3: - SEASONALITY OF OPERATIONS

Israel

The Group's leisure hotels in Israel are impacted by a clear trend of seasonality, with the turnover increasing in the months of spring and summer and a large part of Jewish holidays.
The peak season in the Group's business hotels in Israel is during the months of May - June and October – November, and also during periods in which special events take place in areas where the hotels are located.

Europe (including UK and Ireland)
The peak season for the Group's hotels abroad, which are mostly characterized as business hotels, is the months of May – June and September – October and also during periods in which special events take place in areas where the hotels are located.

Mediterranean Basin
The tourist season in the region runs from the beginning of spring and finishes in the autumn. During the rest of the year, most of the leisure hotels in the region are closed.

The financial results should be reviewed taking this seasonality into account.

NOTE 4: - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

a. Below is a table of the commitments of the Company during and after the reporting:

Location of property	Transaction date	Transaction type	No. of rooms	Percentage holding	Property cost annual rent	Expected date of opening / Lease period
Bristol, England	January 2019	Leased	200	100%	About £ 1.4 million	During 2020
Cologne, Germany	January 2019	Leased	198	100%	About € 1.4 million	During 2020
Tel Aviv, Israel	January 2019	Leased	26	100%	About NIS 2.2 million	During 2020
Jerusalem, Israel	February 2019	Leased	90	100%	About NIS 2.7 million	During 2022
Rhodes, Greece	February 2019	Owned	114	50%	About € 4.5 million	During 2019
Athens, Greece	February 2019	Leased	180	100%	About € 1.3 million	During 2020
Rome, Italy	February 2019	Owned	81	100%	About € 16 million	Operated since acquisition date
London, United Kingdom (1)	March 2019	Leased	1,311	100%	About £ 55 million	Operated since March 2019
Dublin, Ireland	March 2019	Owned	175	50%	About € 23.6 million	During 2021
Tel Aviv, Israel	April 2019	Leased	90	100%	About NIS 2.7 million	During 2022

(1) In March, 2019, the Company entered into an agreement through its subsidiary to lease 4 hotels in London (1,311 rooms) in consideration of annual leasing fees of £55 million. The lease agreement is for a period of 25 years with an option to extend for an additional five years. The rent will be updated every five years linked to the increase in the price index in the United Kingdom. It was agreed between the parties that the hotels would be renovated in accordance with an overall renovation plan financed by the lessor who undertook to extend a total of £ 34.5 million to finance the renovation. In addition, the hotel owners undertook to supplement the Company with shortfall on profitability of the hotels up to a total of £ 55 million a year, and in total, £ 34.5 million, in accordance with the conditions agreed between the parties.

In the event that the profitability of the hotels exceeds a total of £ 55 million in two consecutive years, the entire balance of the amount outstanding will be transferred to the tenant.

Pursuant to the agreement, the Company extended a guarantee limited in amount vis-à-vis the abovementioned hotel owners for the payment of the tenant's obligations, including the payment of leasing fees when due. Up to the date on which the EBITDAR multiplier in the two years preceding that date is equal to or higher than 1:1.5 (hereinafter: the date of the change), the amount of the guarantee will be limited to an amount equal to the annual leasing fees in five years (currently £ 275 million). From the date of the change, the amount of the guarantee will be limited to an amount equal to twice the annual leasing fees (currently £ 110 million).

b. On November 27, 2018, the Company's Board of Directors approved an early redemption in full at the Company's initiative of the balance of the par value of the Series A bonds of the Company, which was executed on January 1, 2019. On the date of early redemption, the Company paid the Series A bondholders the total of about NIS 89.5 million (in respect of principal, interest, linkage and additional payment amounts in respect of early redemption in full).

NOTE 4: - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (cont.)

c. On January 14, 2019, the Company carried out an expansion of the Series B bonds, by way of a private placement to investors of NIS 125,828 thousand par value of Series B bonds of NIS 1 par value each of the Company, registered for trading, for gross monetary consideration of NIS 122,682 thousand (before deduction of issue costs of NIS 250 thousand), at a price of NIS 0.975 for each NIS 1 par value. Following the aforesaid allocation, the total amount of Series B bonds in circulation is NIS 581,668 thousand par value.

d. On March 14, 2019, Fattal Properties (Europe) carried out an expansion of the series of Series C bonds, by way of an allocation to the public of NIS 200,000 thousand par value of Series C bonds of NIS 1 each of the Company, registered for trading, for gross monetary consideration of NIS 191,600 thousand (before the deduction of issue costs amounting to NIS 1,496 thousand) at a price of NIS 0.958 for each NIS 1 par value. Following the aforesaid allocation, the total of Series C bonds in circulation is NIS 388,000 par value.

e. In April 2019, Fattal Properties (Europe) carried out an expansion of the Series B bonds by way of a private placement of NIS 12,500 thousand par value of Series B bonds of NIS 1 par value each of the Company, listed for trading, at a price of NIS 101.5 per NIS 1 par value of bonds and a total of approximately NIS 12,687 thousand for all of the said Series B bonds. Subsequent to the said placements, the total amount of Series B bonds in circulation amounted to NIS 215,260 thousand par value.

f. Further to that stated in Note 21e of the annual financial statements as of December 31, 2018 regarding the balance of shareholders' loans received, it should be noted that as at the date of approval of the financial statements, the balance was repaid in full.

g. On May 30, 2019, the Company's Board of Directors decided to distribute a dividend in the amount of NIS 60,000 thousand.

h. A claim was filed against the Company in March 2019, in respect of which a petition was filed for approval as a class action, alleging that the Company violated the provisions of the contracts signed with customers who purchased vacation rights in a hotel owned by the Company. As at the date of approval of the financial statements, the Company is examining the said claim through its legal advisors.

NOTE 5: - FINANCIAL INSTRUMENTS

Fair value:

The table below compares the balance in the books and the fair value of the Company's financial instruments presented in the financial statements, which are not according to their fair value:

	March 31, 2018		December 31, 2018	
	Book value	Fair value	Book value	Fair value
	N I S (In thousands)			
Loans from banking corporations and other liabilities				
Debentures (Level 1 of the fair value hierarchy)	847,433	887,427	1,324,772	1,324,962
Fixed interest loans (Level 3 of the fair value hierarchy)	1,190,807	1,240,925	1,007,573	1,048,507
Total	2,038,240	2,128,352	2,332,345	2,373,469

			Convenience translation (note 1b)	
	Book value	Fair value	Book value	Fair value
	March 31, 2019		March 31, 2019	
	Unaudited			
	NIS (In thousands)		Euro (In thousands)	
Loans from banking corporations and other liabilities				
Debentures (Level 1 of the fair value hierarchy)	1,520,284	1,560,668	372,783	382,685
Fixed interest loans (Level 3 of the fair value hierarchy)	1,049,423	1,075,732	257,325	263,776
Total	2,569,707	2,636,400	630,108	646,461

It is noted that, as at March 31, 2019, the Company has a consolidated working capital deficit (including assets and liabilities held for sale) of about NIS 173 million. In the estimation of the Company's management and the Board of Directors, the Company expects to repay the said excess liabilities from cash produced from the ongoing operations of the Company.

NOTE 6: - OPERATING SEGMENTS

a. General:

The operating segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") for making decisions about resources to be allocated and assessing performance. To the end of the second quarter of 2018, the Group's activity was conducted through two reportable operating segments: In Israel and in Europe (except for Cyprus), from the third quarter of 2018, as a result of completing the acquisition of the operating platform of 36 hotels as detailed in Note 4a to the annual financial statements as of December 31, 2018, the Group presents a new segment – United Kingdom and Ireland, and therefore, from the third quarter of 2018, the Group's activity is conducted through three reportable operating segments: in Israel, in Europe (except for the United Kingdom, Ireland and Cyprus) and in the United Kingdom and Ireland. Comparative figures have been restated to reflect the change in the structure of the Group's reportable segments. In addition, from March 2017, the Group has investment through subsidiaries in 3 hotels in Cyprus, which do not amount a reportable segment, and, accordingly, is reported as one.

Segment performance is evaluated principally based on revenues and operating income before depreciation and amortization, financing and other expenses (EBITDA), including in respect of hotels owned through associate companies.

The segment results reported to the CODM include items that are allocated directly to the segments and items that can be allocated on a reasonable basis. Items that were not allocated, mainly the Group's headquarter assets, general and administrative costs, finance and taxes on income are managed on a group basis.

The chief operating decision maker continues to examine the operating segments according to the old leases standard, IAS 17. Accordingly, adjustments were added in respect of the new leases standard, IFRS 16.

NOTE 6: - OPERATING SEGMENTS (cont.):

b. Reporting on operating segments:

	Israel	Abroad, mainly Germany	UK and Ireland	Other	Adjustments to financial reporting (No adjustments for IFRS 16)	Total	Adjustments for IFRS 16	Total	Convenience translation (Note 1b) Total
	NIS (In thousands)								Euro
Three months ended March 31, 2019 (unaudited):									
Segment revenues	329,713	397,137	317,789	-	(20,196)	1,024,443	-	1,024,443	251,200
Operating income before depreciation and amortization, other operating expenses and rental expenses	59,229	117,411	89,756	(4,872)	(2,508)	259,015	-	259,015	63,512
Operating income before depreciation and amortization and other operating expenses	26,597	41,907	(4,200)	(7,264)	(17,501)	39,539	203,366	242,905	59,562
Depreciation and amortization	(20,111)	(61,300)	(3,835)	(2,055)	10,946	(76,355)	(123,620)	(199,975)	(49,035)
Finance expenses, net								(141,886)	(34,791)
Other operating expenses, net								(5,097)	(1,250)
Group's share of earnings of associate companies and partnerships accounted for at equity								2,443	599
Loss before tax benefit								(101,610)	(24,915)
Tax benefit								13,712	3,362
Loss for the period								(87,898)	(21,553)

NOTE 6: - OPERATING SEGMENTS (cont.):

	Israel	Abroad, mainly Germany	UK and Ireland	Other	Adjustments	Total
				N I S		
Three months ended March 31, 2018 (unaudited):						
Segment revenues	294,380	301,735	23,156	1,518	(17,240)	603,549
Operating income before depreciation and amortization, other operating expenses and rental expenses	57,301	95,289	2,057	(3,221)	(3,632)	147,794
Operating income before depreciation and amortization and other operating expenses	26,445	42,560	(1,582)	(5,161)	(15,495)	46,767
Depreciation and amortization	(18,929)	(32,350)	(2,022)	(1,285)	10,920	(43,666)
Finance expenses, net						(25,758)
Other operating expenses, net						(4,244)
Group's share of earnings of associate companies and partnerships accounted for at equity						(3,712)
Loss before taxes						(30,613)
Tax benefit						7,046
Loss for the period						(23,567)

	Israel	Abroad, mainly Germany	UK and Ireland	Other	Adjustments	Total
			N I S (In thousands)			
Year ended December 31, 2018 (audited):						
Segment revenues	1,526,806	1,631,164	617,358	96,073	(105,758)	3,765,643
Operating income before depreciation and amortization, other operating expenses and rental expenses	402,319	639,916	267,430	40,815	(30,478)	1,320,002
Operating income before depreciation and amortization and other operating expenses	271,006	374,403	139,303	27,112	(91,084)	720,740
Depreciation and amortization	(76,829)	(140,791)	(32,891)	(8,080)	45,804	(212,787)
Other operating expenses, net						(44,392)
Finance expenses, net						(125,138)
Group's share of earnings of companies and partnerships accounted for at equity						2,966
Income before taxes on income						341,389
Taxes on income						(99,463)
Net income						241,926