

**Translated
from the
Hebrew original**

MIGDAL INSURANCE AND FINANCIAL HOLDINGS LTD.

FINANCIAL DATA TAKEN FROM

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2012

MIGDAL INSURANCE AND FINANCIAL HOLDINGS LTD.
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AS AT MARCH 31, 2011

INDEX

	<u>Page</u>
Special Auditors' Report on Separate Financial Data	2
Financial data from the Condensed Interim Consolidated Statements of Financial Position	3
Financial data from the Condensed Interim Consolidated Statements of Profit and Loss	4
Financial Data from the Condensed Interim Consolidated Statements of Comprehensive Income	4
Financial Data from the Condensed Interim Consolidated Statements of Changes in Equity	5 - 7
Financial Data from the Condensed Interim Consolidated Statements of Cash Flows	8 - 9
Notes	10



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To:
The Shareholders' of Migdal Insurance and Financial Holdings Ltd.

Dear Sirs,

Re: Special Auditors' Report on Separate Interim Financial Data According to Standard 38D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) – 1970 of Migdal Insurance and Financial Holdings Ltd. (hereunder – the Company) as at March 31, 2012 and for the three month period then ended. The separate interim financial information is the responsibility of the Company's Board of Directors and of its Management. Our responsibility is to express a conclusion on the separate interim financial information for this interim period based on our review.

We did not review the separate interim financial information out of the financial statements of investee companies the investments in which amounted to about NIS 590,144 thousand as at March 31, 2012, and the profit from these investee companies amounted to about NIS 17,316 thousand for the three month period then ended, respectively. The financial statements of those companies were reviewed by other auditors whose review reports thereon were furnished to us, and our conclusion, insofar as it relates to amounts emanating from the financial statements of such companies, is based solely on the said review reports of the other auditors.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 1, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accountants in Israel. A review of separate 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 separate interim financial information was not prepared, in all material respects, in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
May 29, 2012

SOMEKH CHAIKIN
Member of KPMG International
Certified Public Accountants

KOST FORER GABBAY & KASIERER
Member of Ernst & Young Global
Certified Public Accountants

Joint auditors

MIGDAL INSURANCE AND FINANCIAL HOLDINGS LTD.

FINANCIAL DATA FROM THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ATTRIBUTED TO THE COMPANY ITSELF AS AT MARCH 31, 2011

Data of the interim financial position

	As at March		As at
	2012	2011	December 31
	Unaudited		Audited
	NIS in thousands		
ASSETS			
Investments in investee companies	4,360,772	4,444,369	4,402,051
Loans and capital notes to investee companies	143,229	107,747	142,104
Total non-current assets	4,504,001	4,552,116	4,544,155
Financial investments	1,874	-	3,060
Dividend receivable	220,000	130,000	-
Debtors in respect of investee companies	18,809	2,203	18,559
Other debtors	15	1,007	191
Cash and cash equivalents	2,494	89,959	8,964
Total current assets	243,192	223,169	30,774
Total assets	4,747,193	4,775,285	4,574,929
Equity attributable to the Company's shareholders			
Share capital	110,607	110,607	110,607
Share premium	273,735	273,735	273,735
Reserves	168,140	294,045	80,002
Retained earnings	4,015,331	3,886,200	4,073,275
Total equity	4,567,813	4,564,587	4,537,619
Liabilities			
Dividend payable	150,000	150,000	-
Creditors in respect of investee companies	3,742	-	3,742
Other creditors	2,079	60,698	2,018
Financial liabilities	23,559	-	31,550
Total liabilities	179,380	210,698	37,310
Total equity and liabilities	4,747,193	4,775,285	4,574,929

The additional information attached constitutes an integral part of the financial data and the separate interim financial information.

May 29, 2011
Date of approval of
the financial statements

Aharon Fogel
Chairman of the Board

Yonel Cohen
General Manager

Eran Czerninski
Chief Financial Officer

FINANCIAL DATA FROM THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ATTRIBUTED TO THE COMPANY ITSELF AS AT MARCH 31, 2011
Data of the interim profit and loss

	For the three months ended March 31		For the year ended December 31
	2012	2011	2011
	Unaudited		Audited
NIS in thousands			
The Company's share in the profits of the investees	90,608	112,690	296,117
Administration and general expenses	1,009	895	4,176
Profit before financial income and taxes on income	89,599	111,795	291,941
Financial income, net in respect of investees	1,337	1,081	4,464
Finance expenses, net	(217)	(12)	(137)
Income before taxes on income	90,719	112,864	296,268
Taxes on income	-	-	-
Income for the period attributable to the Company's shareholders	<u>90,719</u>	<u>112,864</u>	<u>296,268</u>

Data of the interim comprehensive income

	For the three months ended March 31		For the year ended December 31
	2012	2011	2011
	Unaudited		Audited
NIS in thousands			
Profit for the period attributable to the Company's shareholders	90,719	112,864	296,268
Net change in the fair value of available for sale financial assets recognized in capital reserves	22	-	15
Income /loss, net from realization of available for sale financial assets recognized in profit or loss	-	-	(20)
The Company's share in the other comprehensive income (loss) of investees, net of tax	88,116	(36,832)	(250,870)
Total comprehensive income (loss) for the period	<u>178,857</u>	<u>76,032</u>	<u>45,393</u>

The additional information attached constitutes an integral part of the financial data and the separate interim financial information.

FINANCIAL DATA FROM THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ATTRIBUTED TO THE COMPANY ITSELF AS AT MARCH 31, 2011

Data of the interim changes in equity

	Attributed to Company's shareholders					Total
	Share capital	Share premium	Capital reserve in respect of available for sale assets	Reserve from revaluation of investment following increase in holdings	Retained earnings	
	NIS in thousands					
Balance as at January 1, 2012 (Audited)	110,607	273,735	73,013	6,989	4,073,275	4,537,619
Income for the period	-	-	-	-	90,719	90,719
Other comprehensive income, net of tax	-	-	88,138	-	-	88,138
Total comprehensive income	-	-	88,138	-	90,719	178,857
Benefit in respect of option warrants to employees	-	-	-	-	1,337	1,337
Dividend	-	-	-	-	(150,000)	(150,000)
Balance as at March 31, 2012 (Unaudited)	<u>110,607</u>	<u>273,735</u>	<u>161,151</u>	<u>6,989</u>	<u>4,015,331</u>	<u>4,567,813</u>

The additional information attached constitutes an integral part of the financial data and the separate interim financial information.

FINANCIAL DATA FROM THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ATTRIBUTED TO THE COMPANY ITSELF AS AT MARCH 31, 2011

Data of the interim changes in equity (Cont.)

	Attributed to Company's shareholders					
	Share capital	Share premium	Capital reserve in respect of available for sale assets	Reserve from revaluation of investment following increase in holdings	Retained earnings Total	
	NIS in thousands					
Balance as at January 1, 2011 (Audited)	110,607	273,735	323,888	6,989	3,919,656	4,634,875
Income for the period	-	-	-	-	112,864	112,864
Other comprehensive loss, net of tax	-	-	(36,832)	-	-	(36,832)
Total comprehensive income (loss)	-	-	(36,832)	-	112,864	76,032
Benefit in respect of option warrants to employees	-	-	-	-	3,680	3,680
Dividend	-	-	-	-	(150,000)	(150,000)
Balance as at March 31, 2011 (Unaudited)	<u>110,607</u>	<u>273,735</u>	<u>287,056</u>	<u>6,989</u>	<u>3,886,200</u>	<u>4,564,587</u>

The additional information attached constitutes an integral part of the financial data and the separate interim financial information.

FINANCIAL DATA FROM THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ATTRIBUTED TO THE COMPANY ITSELF AS AT MARCH 31, 2011

Data of the interim changes in equity (Cont.)

	Attributed to Company's shareholders					
	Share capital	Share premium	Capital reserve in respect of available for sale assets	Reserve from revaluation of investment following increase in holdings	Retained earnings Total	
	NIS in thousands					
Balance as at January 1, 2011 (Audited)	110,607	273,735	323,888	6,989	3,919,656	4,634,875
Income for the period	-	-	-	-	296,268	296,268
Other comprehensive loss, net of tax	-	-	(250,875)	-	-	(250,875)
Total comprehensive income (loss)			(250,875)		296,268	45,393
Issue of shares	(*) -	-	-	-	-	-
Benefit in respect of option warrants to employees	-	-	-	-	7,351	7,351
Dividend	-	-	-	-	(150,000)	(150,000)
Balance as at December 31, 2011 (Audited)	<u>110,607</u>	<u>273,735</u>	<u>73,013</u>	<u>6,989</u>	<u>4,073,275</u>	<u>4,537,619</u>

*) Less than NIS 1 thousand

The additional information attached constitutes an integral part of the financial data and the separate interim financial information.

MIGDAL INSURANCE AND FINANCIAL HOLDINGS LTD.

FINANCIAL DATA FROM THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ATTRIBUTED TO THE COMPANY ITSELF AS AT MARCH 31, 2011

Data of the interim cash flows

	For the three months ended March 31		For the year ended December 31
	2012	2011	2011
	Unaudited		Audited
NIS in thousands			
Cash flows from current activities			
Net cash provided by (used in) the Company's current activities (Appendix A)	334	2,535	(8,513)
Net cash provided by (used in) current activities in respect of transactions with investees	(250)	445	(12,169)
Net cash provided by (used in) current activities	84	2,980	(20,682)
Cash flows from investment activities			
	1,224	-	(3,282)
Net cash from the Company's investment activities	-	-	(35,187)
Dividend received from investees	-	4,212	149,954
Net cash provided by investment activities in respect of transactions with investees	-	4,212	114,767
Net cash provided by investment activities	1,224	4,212	111,485
Cash flows from finance activities			
Realization of options to employees into shares	-	-	*) -
Change in financial liabilities	(7,760)	-	31,814
Dividend	-	-	(196,308)
Net cash used in Company's finance activities	(7,760)	-	(164,494)
Net cash from finance activities in respect of transactions with investees	-	-	-
Net cash used in finance activities	(7,760)	-	(164,494)
Effect of exchange rate fluctuations on the balances of cash and cash equivalents	(18)	(4)	(116)
Change in cash and cash equivalents	(6,470)	7,188	(73,807)
Balance of cash and cash equivalents as at the beginning of the period	8,964	82,771	82,771
Balance of cash and cash equivalents as at the end of the period	2,494	89,959	8,964

*) Less than NIS 1 thousand

The additional information attached constitutes an integral part of the financial data and the separate interim financial information.

**FINANCIAL DATA FROM THE CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS ATTRIBUTED TO THE COMPANY ITSELF AS AT MARCH 31, 2011**

Data of the interim cash flows

	For the three months ended March 31		For the year ended December 31
	2012	2011	2011
	Unaudited		Audited
	NIS in thousands		
Appendix A – Cash flows from the Company’s current activities			
Income for the period	90,719	112,864	296,268
Items not involving cash flows:			
Company’s share in net results of investees, treated according to the equity value method	(90,608)	(112,690)	(296,117)
Interest income from investees	(1,122)	(1,067)	(4,272)
Losses from financial investments	(4)	-	130
Taxes on income	-	-	-
Changes in other balance sheet items:			
Debtors and receivables	1,507	3,688	8,104
Creditors and payables	61	(500)	(12,872)
Total adjustments required to present the cash flows from current activities	(90,166)	(110,569)	(305,027)
Cash paid and received during the period for:			
Interest received	12	240	510
Interest paid	(231)		(264)
Taxes paid, net	-	-	-
Net cash provided by the Company’s current activities	334	2,535	(8,513)
Appendix B – Significant activities not involving the Company’s cash flows			
Dividend declared but not yet paid	150,000	150,000	-
Dividend declared by investee but not yet paid	220,000	130,000	-

The additional information attached constitutes an integral part of the financial data and the separate interim financial information.

FINANCIAL DATA FROM THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ATTRIBUTED TO THE COMPANY ITSELF AS AT MARCH 31, 2011

Supplementary Information

1. General

The separate interim financial information is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970, and does not include all the information required according to Regulation 9C and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports) -1970 regarding the corporation's separate financial information. They are to be read in conjunction with the separate financial information as of and for the year ended December 31, 2011 and together with the consolidated interim financial statements as of March 31, 2012 (hereunder: "the consolidated financial statements").

Definitions

The Company - Migdal Insurance and Financial Holdings Ltd.

Investees - Subsidiaries and companies in which the Company's investments is stated, directly or indirectly, on the equity basis.

2. Equity requirements

Regarding the equity Requirements for Group companies and the requisite equity supplements, see Note 6 to the consolidated financial statements.

3. Significant events subsequent to the reporting date

On March 26, 2012, the Board of Directors of Migdal Insurance distributed a dividend totaling NIS 220 million. On the same date, the Company's board of directors approved a dividend distribution totaling NIS 150 million. For additional details on the dividend distribution, see the Company's immediate report on this matter. The dividend (of Migdal Insurance and of the Company) was distributed in May 2012.

Subsequent to the reporting date, Migdal Insurance declared and distributed an additional dividend totaling NIS 5.6 million.

Document No – 2756995

Name - Migdal Insurance and Financial
Holdings Ltd - FS 03-2012

Client No - 9125

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Printing: MIRIAM