

ELECTRA LTD.

CONSOLIDATED FINANCIAL INFORMATION

AS OF DECEMBER 31, 2019

(CONVENIENCE TRANSLATION INTO U.S. DOLLARS)

ELECTRALIMITED
Consolidated Financial Information
As of December 31, 2019

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**THE BOARD OF DIRECTORS OF ELECTRA LTD.
HEREBY PRESENTS THE REPORT OF THE BOARD OF DIRECTORS ON THE STATE OF
THE AFFAIRS OF THE COMPANY AND ITS CONSOLIDATED COMPANIES ("THE
GROUP") FOR THE YEAR ENDED DECEMBER 31, 2019 ("THE REPORTING PERIOD")**

1. Description of the corporation and its business environment

As of the time of this report, the Group operates in Israel and abroad in five principal segments: the construction and infrastructure projects in Israel segment; the construction projects and infrastructure projects abroad segment; the facility management segment; the development and construction of entrepreneurial real estate segment and the concessions segment.

The Group's activity is carried out through the Company and its investee companies. For details see section 2 of the report on the description of the entity's business as at December 31, 2019.

For information regarding the economic environment and the impact of external factors on the Group's operations, see section 6 of the report on the description of the entity's business.

2. Financial position

The following are the main figures that appear in the sections of the information of financial position (in US\$ thousands)

	31.12.2019		31.12.2018		Change In-%
	Total	%	Total	%	
Current assets	1,077,489	61.3	1,017,260	68.5	5.9
Non-current assets	679,637	38.7	468,041	31.5	45.2
Current liabilities	821,782	46.8	782,664	52.7	5.0
Non-current liabilities	609,677	34.7	409,229	27.6	49.0
Equity	325,667	18.5	293,408	19.7	11.0
Total of the statement of financial position	1,757,126	100.0	1,485,301	100.0	18.3

The Group's assets in the consolidated information of financial position at the end of the period amounted to approximately US\$ 1,757 million, as compared to approximately US\$ 1,485 million at the end of 2018, an increase of approximately 18%.

The surplus of the current assets over the current liabilities amounted to approximately US\$ 256 million, as compared with approximately US\$ 235 million at the end of 2018.

The current ratio is 1.3 as of December 31, 2019 and as of December 31, 2018.

3. Equity

As of the date of the information of financial position, equity amounts to approximately US\$ 326 million, as compared with approximately US\$ 293 million as of December 31, 2018. The increase in equity as of the date of the information of financial position derives primarily from the net income of approximately US\$ 71 million for the year, less the other comprehensive loss of approximately US\$ 13 million, dividends of approximately US\$ 20 million to shareholders in the Company and dividends of approximately US\$ 8 million to non-controlling interests. For additional details, see the consolidated statements of changes in shareholders' equity, which form part of the consolidated annual financial information.

4. Operating results

The following table summarizes the business results by quarter (U.S. Dollars in thousands):

	<u>Q 10-12/19</u>	<u>Q 07-09/19</u>	<u>Q 04-06/19</u>	<u>Q 01-03/19</u>	<u>Q 10-12/18</u>
Revenues from the performance of works and the provision of services	540,469	514,062	496,445	476,758	450,044
Cost of works and services	(500,359)	(472,262)	(450,283)	(438,369)	(*) (410,595)
Gross profit	40,110	41,800	46,162	38,389	39,449
Administrative and general expenses	(15,688)	(18,660)	(16,849)	(17,098)	(13,520)
Selling and marketing expenses	(2,194)	(3,425)	(2,260)	(2,056)	(*) (3,158)
The Company's share of profits (losses) of entities accounted for at equity, net	(179)	1,907	64	2,560	1,492
Other income (expenses), net	606	33,435	91	651	(5,422)
Operating income (EBIT)	22,655	55,057	27,208	22,446	18,841
EBITDA (**)	35,588	68,758	40,559	35,054	24,894
Financing income (expenses), net	(5,368)	(5,881)	(6,538)	(2,875)	(2,560)
Income before taxes on income	17,287	49,176	20,670	19,571	16,281
Taxes on income	(5,046)	(12,496)	(6,081)	(5,797)	(2,928)
Income from continuing operations	12,241	36,680	14,589	13,774	13,353
Loss from discontinued operations, net	(449)	(4,026)	(1,012)	(674)	(861)
Net income	11,792	32,654	13,577	13,100	12,492
Attributed to:					
Shareholders in the Company	9,781	31,062	12,038	11,481	10,959
Non-controlling interests	2,011	1,592	1,539	1,619	1,533
	11,792	32,654	13,577	13,100	12,492

(*) Reclassified.

(**) The operating profit with the addition of depreciation and amortization. This index is not based on generally accepted accounting principles and does not constitute a replacement for the information that is included in the financial information. Inter alia, this index is used by the Company's management to receive an indication regarding the Group's ability to generate cash from business operations.

5. Revenues from the performance of works and the provision of services

The Group's revenues in 2019 (hereinafter - the reporting period) amounted to US\$ 2,028 million as compared with US\$ 1,741 million in the previous year, an increase of approximately 16%, which derived primarily from initially consolidated companies, which were not included in the comparative picture in the previous year. See section 13 below for details regarding the Group's revenues with a break-down by operating segment.

The revenues from the performance of works and the provision of services do not include additional revenues of approximately US\$ 85 million (previous year approximately US\$ 123 million) of entities accounted for at equity, net.

6. Gross profit

The gross profit in the reporting period amounted to US\$ 166 million, as compared with US\$ 147 million in the previous year, an increase of approximately 13%, which derived primarily from companies that were initially consolidated in the year and which were not recorded in the comparative period in the previous year.

7. Administrative and general expenses

Administrative and general expenses amounted to US\$ 68 million in the reporting period, as compared with US\$ 58 million in the previous year, an increase of approximately 18%. The change derived primarily from companies that were initially consolidated this year and which were not recorded in the comparative period in the previous year.

8. Selling and marketing expenses

Selling and marketing expenses amounted to US\$ 9.9 million in the reporting period, as compared with US\$ 9.8 million in the previous year, an increase of approximately 2%, without any significant change.

9. The Company's share of the profits of entities accounted for at equity, net

The Company's share of the profits of entities that are accounted for at equity, net amounted to approximately US\$ 4.4 million in the reporting period, as compared with approximately US\$ 4.0 million in the previous year, without any significant change.

10. Other income (expenses), net

Other income, net amounted to approximately US\$ 34.8 million in the reporting period, as compared with other expenses, net of approximately US\$ 4.6 million in the previous year. The other income, net in the reporting period derive primarily from the recording of pre-tax income of approximately US\$ 35 million from the sale of a subsidiary company's holdings in Negev Natural Gas Ltd., Negev Natural Gas South Ltd. and Negev Natural Gas Infrastructure Company A.P.C. Ltd.

11. Financing expenses, net

Financing expenses, net amounted to approximately US\$ 20.7 million in the reporting period, as compared with approximately US\$ 8.0 million in the previous year. The increase in the financing expenses, net derived primarily from an increase in financing expenses in respect of the adjustment of financial liabilities and the recording of financing expenses in respect leasing as a result of the initial implementation of international Accounting Standard IFRS 16 in the reporting period.

12. Net income

The Group's net income amounted to approximately US\$ 71.1 million in the reporting period, as compared with approximately US\$ 52.7 million in the previous year.

13. **Report in respect of business segments**

1. **Revenues:** (In US\$ thousands)

	For the year ended December 31		
	2019	2018	2017
Construction and infrastructure projects in Israel	1,067,982	1,085,624	1,161,068
Construction and infrastructure projects abroad	323,205	108,659	86,929
Facility management	553,830	491,574	475,016
Development & construction of entrepreneurial real estate	125,234	115,274	71,244
Concessions	58,747	23,353	13,848
Consolidation adjustments	(101,264)	(83,838)	(66,938)
Total	<u>2,027,734</u>	<u>1,740,646</u>	<u>1,741,167</u>

A. Construction and infrastructure projects in Israel

The revenue turnover in the reporting period amounted to approximately US\$ 1,068 million (approximately 50% of the revenues) as compared with approximately US\$ 1,086 million (approximately 60% of the revenues) in the previous year, a decrease of approximately 2%, which derived primarily from progress in the performance of a number projects in the comparative period in the previous year, which have come to an end.

B. Construction and infrastructure projects abroad

The revenue turnover in the reporting period amounted to approximately US\$ 323 million (approximately 15% of the revenues) as compared with approximately US\$ 109 million (approximately 6% of the revenues) in the previous year, an increase of approximately 197% which derived primarily from revenues of companies that were initially consolidated in the reporting period, which were not recorded in the comparative period in the previous year.

C. Facility management

The revenue turnover in the reporting period amounted to approximately US\$ 554 million (approximately 26% of the revenues) as compared with approximately US\$ 492 million (approximately 27% of the revenues) in the previous year, an increase of approximately 13%, which derived primarily from an increase in the facility management activity and from revenues of a company that was initially consolidated in the reporting period, which was not recorded in the comparative period in the previous year.

D. Development & construction of entrepreneurial real estate

The revenues turnover in the reporting period amounted to approximately US\$ 125 million (approximately 6% of the revenues) as compared with approximately US\$ 115 million (approximately 6% of the revenues) in the previous year, an increase of approximately 9%, which derived from an increase in the scope of Electra Residence's activities in the reporting period.

E. Concessions

The revenue turnover in the reporting period amounted to approximately US\$ 59 million, (approximately 3% of the revenues), as compared with approximately US\$ 23 million, (approximately 1% of the revenues) in the previous year.

The increase in revenues derived as a result of progress in the works in a project for the entrepreneurial, construction and operation of the Electra Campus at Bar Ilan University.

2. Segmental operating income (loss) (in US\$ thousands)

	<u>Operating income (loss) (EBIT)</u>			<u>EBITDA</u>		
	<u>For the year ended December 31</u>			<u>For the year ended December 31</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Construction and infrastructure projects in Israel	21,240	38,064	48,930	43,583	47,114	58,830
Construction and infrastructure projects abroad	20,312	6,160	1,582	26,395	6,793	2,090
Facility management	52,297	49,220	43,716	72,559	58,682	52,345
Development & construction of entrepreneurial real estate	16,216	9,683	5,221	16,224	9,696	5,226
Concessions	32,963	(1,993)	(768)	35,140	883	1,000
	<u>143,028</u>	<u>101,134</u>	<u>98,681</u>	<u>193,901</u>	<u>123,168</u>	<u>119,491</u>
Unallocated expenses and consolidation adjustments	<u>(15,662)</u>	<u>(22,042)</u>	<u>(17,237)</u>	<u>(13,942)</u>	<u>(21,182)</u>	<u>(16,359)</u>
Total	<u>127,366</u>	<u>79,092</u>	<u>81,444</u>	<u>179,959</u>	<u>101,986</u>	<u>103,132</u>

A. Construction and infrastructure projects in Israel

The operating income in the reporting period amounted to approximately US\$ 21.2 million (approximately 15% of segmental operating income) as compared with approximately US\$ 38.1 million (approximately 38% of segmental operating income) in the previous year. The decrease in the income derived primarily as a result of the recording of income in respect of the progress in the performance of a number of projects in the comparative period in the previous year, which have come to an end

B. Construction and infrastructure projects abroad

The operating income in the reporting period amounted to approximately US\$ 20.3 million (approximately 14% of segmental operating income) as compared with approximately US\$ 6.2 million (approximately 6% of segmental operating income) in the previous year, an increase of approximately 230%, which derived primarily from profits of companies that were initially consolidated in the reporting period, which were not recorded in the comparative period in the previous year.

C. Facility management

The operating income in the reporting period amounted to approximately US\$ 52.3 million (approximately 37% of segmental operating income) as compared with approximately US\$ 49.2 million (approximately 49% of segmental operating income) in the previous year, an increase of approximately 6%, which derived primarily from profits of a company that was initially consolidated in the reporting period, which was not recorded in the comparative period in the previous year, as well as from an increase in income in a number of fields of activity in this segment.

D. Development & construction of entrepreneurial real estate

The operating income in the reporting period amounted to approximately US\$ 16.2 million (approximately 11% of segmental operating income) as compared with approximately US\$ 9.7 million (approximately 10% of segmental operating income) in the previous year, an increase of approximately 67%, which derived primarily from an increase in the scope of Electra Residence's activity and from an increase in the Company's share of the income of entities accounted for at equity operating in this segment, compared to the comparative period in the previous year.

E. Concessions

The operating income in the reporting period amounted to approximately US\$ 33.0 million (approximately 23% of segmental operating income) as compared with an operating loss of approximately US\$ 2.0 million in the previous year. The considerable increase in income in the reporting period derived from the recording of a gain from the sale of a subsidiary company's holdings in Negev Natural Gas Ltd., Negev Natural Gas South Ltd. and Negev Natural Gas Infrastructure Company E.P.C. Ltd.

14. Orders backlog

The Group's backlog of orders as at December 31, 2019 amounted to approximately US\$ 4,142 million, compared with approximately US\$ 3,394 million at the end of 2018. The backlog as of December 31, 2019 includes the Group's share of affiliated companies and companies under joint control, which accounted for at equity, in an amount of approximately US\$ 185 million (December 31, 2018 – US\$ 244 million).

2019				2018			
Construction and infrastructure projects in Israel segment	Construction and infrastructure projects abroad segment	Facility management segment *)	Total	Construction and infrastructure projects in Israel segment	Construction and infrastructure projects abroad segment	Facility management segment	Total
			(In US\$ millions)				

The distribution of the orders backlog by operating segment

Without affiliated companies	2,564	524	869	3,957	2,105	187	858	3,150
In respect of affiliated companies	7	11	167	185	53	14	177	244
Total	2,571	535	1,036	4,142	2,158	201	1,035	3,394

The distribution of the orders backlog without the Group's share of affiliated companies

For performance in 2020	1,062	307	455	1,824
For performance in 2021 and thereafter	1,502	217	414	2,133
Total	2,564	524	869	3,957

*) The orders backlog in this segment is comprised primarily of commitment contracts, which are generally arranged as service contracts for renewable periods, where the customer has the right, to terminate the arrangement at any stage. In addition, the orders backlog includes a backlog relating to the operation of BOT projects and the operation of waste water treatment plants for long periods of time in an amount of approximately US\$ 363 million, of which approximately US\$ 32 million will be performed within 12 months of the date of the information of financial position.

***) In the fourth quarter of 2018, notification was received of the winning of a project for the establishment of a store and pump station in an amount of US\$ 318 million. This project is not included in the balance of the backlog, because the commissioner of the work has not completed the financial closure. During the reporting period, the commissioner of the work received a demand for payment from the Israel Lands Authority and announced that if the amount of the demand is not reduced, it will consider discontinuing the project.

15. Liquidity and sources of finance

The Group's liquid means (cash and cash equivalents and marketable securities) amounted to approximately US\$ 164 million as of December 31, 2019, compared with approximately US\$ 164 million as of December 31, 2018.

The change in the Group's liquid means in the year 2019 derived, inter alia, from cash of approximately US\$ 113 million generated by operating activities (including approximately US\$ 6 million which were absorbed by operating activities in respect of the acquisition and investment in land) as compared with US\$ 5 million absorbed by operating activities in the previous year (including approximately US\$ 34 million in respect of the acquisition and investment in land) in the comparative period in the previous year.

Net cash absorbed by investment activities amounted to approximately US\$ 102 million in the year 2019, as compared with net cash of approximately US\$ 10 million in the comparative period in the previous year, and included primarily an investment of approximately US\$ 51 million in an intangible asset for a concession project, an investment of approximately US\$ 45 million in initially consolidated companies, investment of approximately US\$ 30 million in fixed and intangible assets, a reduction of approximately US\$ 10 million in investments, restricted cash and a deposit in trust, net, a net investment of US\$ 2 million in investee companies, less consideration of approximately US\$ 32 million from the disposal of companies accounted for at equity, net consideration of approximately US\$ 3 million from the disposal of marketable securities, net and consideration of approximately US\$ 2 million from the disposal of fixed assets.

The cash absorbed by financing activities amounted to approximately US\$ 6 million in the year 2019, as compared with net cash of approximately US\$ 8 million generated by financing activity in the comparative period in the previous year and included primarily a reduction of approximately US\$ 46 million in short-term credit from banking corporations and others and for financing entrepreneurial real estate, net, the repayment of bonds in an amount of approximately US\$ 36 million, the payment of a dividend to the shareholders in the Company and to non-controlling interests in an amount of approximately US\$ 28 million, the repayment of leasing liabilities in an amount of approximately US\$ 25 million, the repayment of long-term loans and other liabilities in an amount of US\$ 4 million, the purchase of treasury shares in an amount of approximately US\$ 1 million, less the receipt of loans to finance a concession project in an amount of approximately US\$ 55 million, the issuance of bonds, net in an amount of approximately US\$ 48 million and the receipt of long-term loans in an amount of US\$ 32 million.

16. Disclosure in respect of the forecast cash flows for the repayment of the group's liabilities

As of the time of this report, there are no warning signs, as defined in Regulation 10 (B) 14 of the Securities Regulations (Periodic and Immediate Reports) – 1970, in existence.

17. Events after the reporting period

During the period from the date of the information of financial position (December 31, 2019) to a time shortly before the publication of the financial information (March 29, 2020), changes occurred in the exchange rates in relation to the Shekel, including in respect of the currencies in the countries in which the Company operates.

The following are details of the changes, as aforesaid (from 31.12.2019 to 25.3.2020):

Currency	As a %
US Dollar	5.38
Euro	1.52
Russian Ruble	(17.41)
Nigerian Naira	0.61
Polish Zloty	(5.56)

Since a significant portion of the Company's revenues are denoted in foreign currency, the Group is of the opinion that the changes in the exchange rates as of the time of the publication of this report, are expected to affect the Group's results and its balance sheet (and this also includes the shareholders' equity). Together with this, the impact of the exchange rates on the business results in the first quarter of 2020 will be determined in accordance with the exchange rates that will be in effect during the course of and at the end of the quarter (March 31, 2020).

18. Self-purchase programs

- A. On August 19, 2018, the Company's Board of Directors approved the updating of the self-purchase plan for the company's regular shares, by increasing the volume of the shares in the self-purchase plan by an additional US\$ 14.5 million, such that the Company will be entitled to execute the self-purchase of shares in the Company on a scale of up to US\$ 28.9 million (instead of US\$ 14.5 million).

For additional details regarding the Company's self-purchase plan and regarding the self-purchase of shares in the Company in the reporting period, see the changes in shareholders' equity in the Hebrew version of the annual consolidated financial statement and the immediate reports that the Company published on March 14, 2011 (Document Number 2011-01-078342) and on August 19, 2018 (Document Number 2018-01-076993)

- B. On March 19, 2015 the Company's Board of Directors approved a program for the self-purchase of bonds, in an amount of up to US\$ 28.9 million in replacement of the previous program, dated August 22, 2011. For additional details, see the immediate report, which the Company published on March 19, 2015 (Document Number 2015-01-055612).

19. Directors having accounting and financial expertise

The minimum number of directors having accounting and financial expertise that is appropriate for the Company has been determined to be one director. This determination has been made taking into account the size of the Company and of the Board of Directors, the Company's fields of activity and the complexity thereof.

The members of the Company's board of Directors who have accounting and financial skills are: Ehud Ratzabi (External Director), Irit Stern (Independent Director), Ariel Even (External Director), Michal Gur (External Director), Michael Salkind, Daniel Salkind and Avraham Israeli. See Regulation 26 in the additional details on the entity for details in respect of the said members of the Board of Directors, in reliance upon which the Company views them as having accounting and financial skills.

20. Independent directors

As of the time of this report the Company has not adopted any provisions in its articles of association in respect of the rate of independent directors within the definition of that term in section 1 of the Companies Law – 1999.

**21. Disclosure in respect of the Internal Auditor
Details in respect of the internal auditor**

1. The Chief Internal Auditor in the entity is Mr. Hillel Lavie and he has held office since 01.04.1994.
2. The Internal Auditor complies with the provisions of section 3 (A) of the Internal Audit Law – 1992 ("The Internal Audit Law").
3. The Internal Auditor complies with the provisions of section 146 (B) of the Companies Law and the provisions of section 8 of the Internal Audit Law.

4. As of the date of this report, the Internal Auditor does not hold any securities in the Company. In 2016, the Internal Auditor was awarded 39,418 options in the controlling interest, Elco Ltd. In the Company's Board of Directors' assessment, there is nothing in the holding of such securities that influences the Internal Auditor's work.
5. The Internal Auditor is employed by the controlling interest - Elco Ltd. However, in the assessment of the Board of Directors, there is nothing in this employment that creates a conflict of interests with his role as Internal Auditor.
6. The Internal Auditor is not an employee of the Company.
7. The Internal Auditor is a salaried employee of the controlling interest – Elco Ltd. and holds office as the internal auditor in Elco Ltd. and its subsidiary companies in the Group and this includes the Company and its subsidiary companies.

The manner of the appointment

Mr. Hillel Lavie was appointed as the Company's Internal Auditor in accordance with a recommendation of the Audit Committee on February 21, 1994 and a decision by the Company's Board of Directors on March 3, 1994. The appointment was approved against the background of his appointment as the internal auditor of the Elco Group and also against the background of his education, his skills and the experience he has gained over many years.

The identity of the person to whom the Internal Auditor is subordinated

The person in the organization to whom the internal auditor is subordinated is the Chairman of the Board of Directors.

The work program

1. The work plan is a tri-annual plan. The internal audit work plan for the Company and the subsidiary companies is determined, inter alia, in accordance with the following considerations: The coverage of the Company's main fields of activity, the focuses of risk and exposure that are known to the Internal Auditor and the management, the potential for savings and increased efficiency, cycles and the performance of repeat audits in order to monitor the correction of weaknesses and the implementation of recommendations. The audit work plan also includes the entities in which the Company has significant holdings.
2. The audit work plan is presented for review and approval by the company's Audit Committee and its Board of Directors.
3. The Internal Auditor can exercise judgment in diverging from the work program where the need arises.
4. No significant transactions/ transactions with related parties and interested parties, were examined were examined in the reporting period.

Overseas audits and the audit of investee entities

The work program also relates to significant entities that are held by the entity, including those that are held overseas. The audit is performed by the Internal Auditor and a team that is subordinated to him professionally and which is guided by him.

The scope of the activity

1. The following is an estimation of the annual audit that has been performed by the Chief Internal Auditor and the team of professional staffs who are subordinated to him and who are guided by him:

	Estimated scope of the hours worked		
	In the Company	In the Company's investee entities	Total
In respect of activity in Israel	450	2,350	2,800
In respect of activity abroad	-	-	-
Total	450	2,350	2,800

2. The scope of the work is determined in accordance with the needs of the audit plan, and in accordance with the Internal Auditor's recommendation.
3. The audit work plan is a tri-annual plan and the actual annual volume of hours varies from year to year, with the objective of meeting the auditing needs.

The conduct of the audit

1. The Internal Auditor conducts the audit in accordance with generally accepted professional standards as stated in section 4 (B) of the Internal Audit Law and the professional guidelines that have been approved and published by the Institute of Internal Auditors in Israel, and as stated in the Companies Law.
2. To the best of the Company's Board of Directors' knowledge, in reliance on a declaration by the Internal Auditor, the Internal Auditor meets the requirements that have been set in the professional standards.

Access to information

The Internal auditor is given free, perpetual and unrestricted access to documents and information that are held by the Company and in the entities that it controls, inter alia, by means of visits to the company's assets as necessary and including the receipt of information from the information systems and financial data, as stated in section 9 of the Internal Audit Law.

The report by the Internal Auditor

1. The Internal Auditor routinely presents written reports on his findings, from time to time and in accordance with the subjects for auditing that are audited during the course of the year. The audit reports are presented, inter alia, to the Chairman of the Board of Directors, the Chairman of the Audit Committee, the members of the Audit Committee and the Chief Executive Officer of the Company and accordingly, discussions are held in respect of the findings in the appropriate bodies.
2. During the course of the year 2019, 2 meetings of the Audit Committee were held, in which the Internal Auditor's findings were discussed, on the following dates: 20.05.2019 and 08.12.2019, in connection with audit reports that were presented in the reporting year.

The evaluation of the activities of the Internal Auditor by the Board of Directors

In the opinion of the Company's Board of Directors, the scale, the nature and the continuity of the Internal Auditor's activities and his work plan are reasonable in the circumstances and they can achieve the internal audit objectives in the entity.

Remuneration

1. The Internal auditor is a salaried employee of the parent company Elco Ltd. and his services are made available to the Company within the context of the management agreement between the Company and Elco Ltd.. As aforesaid, as part of his terms of employment, the Internal Auditor has received options issued by Elco Ltd.
2. In the opinion of the Board of Directors, the remuneration of the Internal Auditor is not a factor that affects his professional judgment.

22. Donations

A. Social involvement and contribution to the community

When selecting the fields for social involvement in which the Group will be active, we look not only at the added value for the associations and the populations in which we operate, but also at the contribution for the employee who volunteers and the feeling of satisfaction from the social involvement that is created among the employees. It is now more than seven years that the Group's employees have been participating in various activities, where the foundation for the activity is the Group's election to take action for and together with disabilities populations. Our ambition is to reach a situation in which every employee volunteers one day a year, so that most of the employees will be partners in contributing to the community. Some 4,200 employees participated in this in 2019.

In order to put the idea into action, the Group is assisted by professional bodies, such as Zionism 2000 and Socialize, which help us both with making a connection with appropriate associations and population and also by accompanying, organizing and operating volunteer days. During the course of the year we have operated with numerous associations and organizations, inter alia, the Special Games Association, Lev Chash, Migdal Or, The Etzion School in Bnei Brak, the Bnei Arazim School in Rishon Le'Zion, Ilan, Studio and Joy and many more. In parallel to this activity, a network of social activists has been formed from among the Group's employees, who have a significant commitment to the field, who help in bringing the spirit of volunteering to all of the companies in the Group.

Anyone who has already taken part in the social activity up to now knows that the interpersonal meetings that are created in the course of the activity and the feeling of ability and pride in the group are irreplaceable.

B. Scholarship fund in the name of the late Gershon Salkind

On December 30, 2018, the Company's Board of Directors, following the receipt of the approval of the Audit Committee, gave approval for a period of three years for the Company's share in the establishment and financing of a scholarship fund in the name of the late Gershon Salkind, pursuant to Regulation 1(4) of the Companies Regulations (Reliefs on transactions with interested parties) – 2000 (hereinafter – "The Relief Regulations"), based on a fixed amount and the manpower employed by the Company as compared with the other companies in the Group.

C. Donations

In 2019, the Group donated an amount of US\$ 208 thousand in Israel. The donations are directed towards charitable institutions. The following is a report regarding donations to a particular body in an amount exceeding US\$ 14.5 thousand in the reporting year:

Meorot - Sochatchov Kolel	US\$ 43.4 thousand
Isuf- International Education Fund (see Section B above for details)	US\$ 35.0 thousand
Yesha V'Mazor- help and assistance for patients and the needy	US\$ 30.3 thousand
Association for the Promotion of Football in Tiberias	US\$ 14.5 thousand

23. The implications of the spread of the Corona virus

At the present time, a global event having macro-economic implications is occurring, which is sourced in the spread of the Corona virus to many countries throughout the world. As a result, many countries, including the state of Israel have taken significant steps in an attempt to prevent the spread of the Corona virus, such as limiting the transportation of passengers and goods, closing borders between countries, the imposition of full or partial curfews, a duty to self-quarantine for people carrying the virus or who have been physically close to some carrying it and other restrictions. These steps and the uncertainty that exist in relation to the continuation of the spread of the virus have resulted in significant implications for many economies across the globe and to sharp falls in prices on the capital market.

In light of the aforesaid, the Company's management is continuously considering the implications of the crisis on various aspects that are connected to the Group, including, the examination of the financial implications that may derive from various factors, such as delays in the arrival of goods, implications for the prices of commodities, the absence of employees and/or sub-contractors and as a result delays that may occur in projects and etcetera.

The Group is taking action in order to reduce the impact of the spread of the Corona Virus on the Group's operations and as of the time of this report, the Group has not been affected significantly as a result of the impacts resulting from its spread. Electra is a strong and stable business with a healthy balance sheet, a low leverage rate and a long backlog of orders supporting its local and global operations. However, if this crisis deepens and leads to a significant slow-down in business activity in Israel and globally, then that would be expected to have an adverse impact on the Group's operations and its results. At this stage, the Company's management is of the opinion that the Corona virus is not expected to have a significant adverse impact on the Group's operations and on its results. However, the Company's management is unable to assess or quantify the impact of the continuation of the spread of the Corona Virus on the results of its business operations.

The Group's expectations in connection with the impact of the Corona virus constitute "forward looking information" as defined in Section 32A of the Securities Law, which is based on the information that the Group has as of the date of the report, the Group's assessments taking past experience and the accumulated knowledge that it has, various assessments in relation to the state of the markets in which the Group operates and external factors that are not controlled by the Group into account. Accordingly, there is no certainty that the aforesaid will be realized and the actual results may be significantly different from the assessments that are detailed above.

The Board wishes to thank the Company's managers and staff for their contribution.

THE BOARD

Itamar Deutscher
Chief Executive Officer

Michael Salkind
Chairman of the Board of Directors

March 29, 2020

In this Report of the Board of Directors for the year ended December 31, 2019, the figures in US Dollars are a convenience translation of the amounts originally reported in new Israeli Shekels at the representative exchange rate of the New Israeli Shekel against US Dollar on December 31, 2019 (US\$ 1.- = NIS 3.456).

To: Electra LTD.

Re: Convenience Translation of Financial Information

Per your request, we have audited the accompanying consolidated financial information of Electra Ltd. ("the Company") as of December 31, 2019 and 2018 and for each of the three years in the period ended on December 31, 2019 ("the Financial Information"). The Financial Information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on the Financial Information based on our audits.

We did not audit the financial information of certain subsidiaries, whose assets constitute approximately 3% and 4% of the total consolidated assets as of December 31, 2019 and 2018, respectively, and whose revenues constitute approximately 1%, 3% and 8% of the total consolidated revenue for the years ended December 31, 2019, 2018 and 2017, respectively. Furthermore, we did not audit the financial information of certain companies accounted for at equity, the investment in which amounted to approximately 10,108 thousand dollars and 90,479 thousand dollars as of December 31, 2019 and 2018, respectively, and the Company's share of their profits amounted to approximately 2,541 thousand dollars, 5,931 thousand dollars and 4,438 thousand dollars for the years ended December 31, 2019, 2018 and 2017, respectively. The financial information for those companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Information are free of material misstatement. An audit includes examining, on the test basis, evidence supporting the amounts in the Financial Information. An audit also includes assessing the accounting principles used and the significant estimates made by the Company's Board of Directors and management, as well as evaluating the overall Financial Information presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion

The accompanying Financial Information in US Dollars are a convenience translation of the consolidated financial statements as prepared in New Israeli Shekels as the rate of exchange of the Shekel into US Dollars prevailing on December 31, 2019 as described in Note 2 of the Financial Information.

The accompanying Financial Information, which are derived from the Company's consolidated financial statements, are condensed financial information and do not include the disclosures required by International Financial Reporting Standards (IFRS). If the omitted disclosures were included in the accompanying Financial Information, it might influence the user's conclusions about the consolidated financial position, changes in equity, results of operations and cash flows of the Company. Accordingly, the accompanying Financial Information are not designed for those who are not informed about such matters.

Based on our audits and the reports of other auditors, we expressed an unqualified opinion on the consolidated financial statements in our report dated March 29, 2020.

In our opinion, based on our audit and the reports of other auditors, the abovementioned Financial Information presents fairly, in all material respects, the information contained therein.

**CONSOLIDATED INFORMATION OF FINANCIAL POSITION
 CONVENIENCE TRANSLATION INTO US DOLLARS**

	December 31	
	2019	2018
	U.S. Dollars in thousands	
<u>Current assets</u>		
Cash and cash equivalents	156,926	153,682
Investments, restricted cash and deposit in trust	48,439	41,765
Trade receivables	327,905	289,083
Other receivables	70,583	46,063
Income receivable from works under construction contracts	329,134	273,719
Inventory	35,412	32,070
Inventories of real estate and rights in real estate	109,090	147,291
Asset held for sale	-	33,587
	<u>1,077,489</u>	<u>1,017,260</u>
<u>Non-current assets</u>		
Investments in entities accounted for at equity	145,790	134,247
Other long-term receivables	5,514	4,377
Fixed assets, net	79,470	71,256
Usage right assets	86,436	-
Goodwill and other intangible assets, net	238,960	172,965
Intangible asset for a concession project, net	78,626	35,613
Receivables for concession for the provision of services	21,105	25,630
Long-term inventories of real estate	18,217	19,390
Deferred taxes	5,519	4,563
	<u>679,637</u>	<u>468,041</u>
	<u><u>1,757,126</u></u>	<u><u>1,485,301</u></u>

**CONSOLIDATED INFORMATION OF FINANCIAL POSITION
CONVENIENCE TRANSLATION INTO US DOLLARS**

	December 31	
	2019	2018
	U.S. Dollars in thousands	
<u>Current liabilities</u>		
Credit from banking entities and others	18,129	8,313
Loan to finance entrepreneurial real estate	32,277	68,044
Current maturities of loans to finance a concession project	3,241	-
Current maturities of bonds	37,832	37,302
Current maturities of leasing liabilities	22,573	-
Trade payables	389,916	352,855
Other payables	194,812	193,806
Liabilities in respect of works under construction contracts	123,002	122,344
	<u>821,782</u>	<u>782,664</u>
<u>Non-current liabilities</u>		
Liabilities to banking entities	23,312	26,214
Loans to finance a concession project	78,313	26,832
Bonds	244,378	234,138
Leasing liabilities	66,563	-
Other long-term liabilities	137,942	69,559
Employee benefit liabilities, net	12,317	10,949
Deferred taxes	46,852	41,537
	<u>609,677</u>	<u>409,229</u>
<u>Equity attributed to shareholders in the company</u>		
Share capital	34,033	34,022
Share premium	95,186	93,509
Capital reserves on translation differences in investee companies and other reserves	(104,422)	(92,309)
Treasury shares	(20,861)	(19,886)
Retained earnings	310,714	266,650
	<u>314,650</u>	<u>281,986</u>
<u>Non-controlling interests</u>		
	<u>11,017</u>	<u>11,422</u>
<u>Total equity</u>		
	<u>325,667</u>	<u>293,408</u>
	<u>1,757,126</u>	<u>1,485,301</u>

March 29, 2020

Date of approval of the
financial information
Michael Salkind
Chairman of the Board of
Directors

Itamar Deutscher
Chief Executive Officer

Isaac Nissim
Chief Financial Officer

ELECTRA LIMITED**CONSOLIDATED INFORMATION OF PROFIT OR LOSS
CONVENIENCE TRANSLATION INTO US DOLLARS**

	Year ended December 31		
	2019	2018	2017
	U.S. Dollars in thousands (except per share data)		
Revenues from the performance of works and the provision of services	2,027,734	1,740,646	1,741,167
Cost of works and services	(1,861,273)	(1,593,166)	(1,606,521)
Gross profit	166,461	147,480	134,646
Administrative and general expenses	(68,295)	(58,030)	(56,338)
Selling and marketing expenses	(9,935)	(9,782)	(8,483)
Company's share of the profits of entities accounted for at equity, net	4,352	4,004	9,519
Other income (expenses), net	34,783	(4,580)	2,100
	(39,095)	(68,388)	(53,202)
Operating income	127,366	79,092	81,444
Financing income	9,453	11,570	9,374
Financing expenses	(30,115)	(19,591)	(23,049)
Financing expenses, net	(20,662)	(8,021)	(13,675)
Income before taxes on income	106,704	71,071	67,769
Taxes on income	(29,420)	(17,560)	(17,112)
Income from continuing operations	77,284	53,511	50,657
Loss from discontinued operations	(6,161)	(805)	(409)
Net income	71,123	52,706	50,248
<u>Net income attributable to:</u>			
Shareholders in the Company	64,362	46,860	45,826
Non-controlling interests	6,761	5,846	4,422
	71,123	52,706	50,248
<u>Net earnings (loss) per share attributable to shareholders in the company (in U.S. Dollars):</u>			
Basic net earnings (loss) per share:			
From continuing operations	19.45	13.20	12.85
From discontinued operations	(1.70)	(0.22)	(0.11)
	17.75	12.98	12.74
Diluted net earnings (loss) per share:			
From continuing operations	19.45	13.20	11.45
From discontinued operations	(1.70)	(0.22)	(0.11)
	17.75	12.98	11.34

**CONSOLIDATED INFORMATION OF COMPREHENSIVE INCOME
CONVENIENCE TRANSLATION INTO US DOLLARS**

	Year ended December 31		
	2019	2018	2017
	U.S. Dollars in thousands		
Net income	71,123	52,706	50,248
Other comprehensive income (loss) - (after tax effects):			
<u>Amounts that will never be reclassified to profit or loss:</u>			
Income (loss) on the re-measurement of defined benefit plans, net	(615)	545	(294)
<u>Amounts that will be classified or reclassified to profit or loss, when specific conditions are met:</u>			
Adjustments deriving from the translation of the financial statements of foreign operations, net	(10,618)	(970)	(634)
Gain (loss) from cash flow hedging transactions, net	(1,290)	530	707
Total other comprehensive income (loss)	(12,523)	105	(221)
Total comprehensive income	58,600	52,811	50,027
Comprehensive income attributable to:			
Shareholders in the Company	51,908	46,974	45,615
Non-controlling interests	6,692	5,837	4,412
	58,600	52,811	50,027

ELECTRA LIMITED

**CONSOLIDATED INFORMATION OF CHANGES IN SHAREHOLDERS' EQUITY
CONVENIENCE TRANSLATION INTO US DOLLARS**

	Attributable to shareholders in the Company							Treasury shares	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Capital reserve for share-based payment transactions	Capital reserve for hedging transactions	Capital reserve on the remeasurement of defined benefit plans	Adjustments deriving from the translation of financial statements of foreign operations				
U.S. Dollars in thousands											
Balance as of January 1, 2019	34,022	93,509	266,650	2,624	620	417	(95,970)	(19,886)	281,986	11,422	293,408
Net income	-	-	64,362	-	-	-	-	-	64,362	6,761	71,123
Total other comprehensive loss	-	-	-	-	(1,290)	(615)	(10,549)	-	(12,454)	(69)	(12,523)
Total comprehensive income (loss)	-	-	64,362	-	(1,290)	(615)	(10,549)	-	51,908	6,692	58,600
Exercise of option warrants into shares	11	1,677	-	(1,677)	-	-	-	-	11	-	11
Acquisition of treasury shares, net	-	-	-	-	-	-	-	(975)	(975)	-	(975)
Cost of share-based payment	-	-	-	2,018	-	-	-	-	2,018	-	2,018
Initially consolidated company	-	-	-	-	-	-	-	-	-	802	802
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(7,899)	(7,899)
Dividend to shareholders in the company	-	-	(20,298)	-	-	-	-	-	(20,298)	-	(20,298)
Balance at December 31, 2019	34,033	95,186	310,714	2,965	(670)	(198)	(106,519)	(20,861)	314,650	11,017	325,667

ELECTRA LIMITED

**CONSOLIDATED INFORMATION OF CHANGES IN SHAREHOLDERS' EQUITY
CONVENIENCE TRANSLATION INTO US DOLLARS**

	Attributable to shareholders in the Company							Treasury shares	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Capital reserve for share-based payment transactions	Capital reserve for hedging transactions	Capital reserve on the remeasurement of defined benefit plans	Adjustments deriving from the translation of financial statements of foreign operations				
U.S. Dollars in thousands											
Balance as of January 1, 2018	34,008	91,045	242,569	3,753	90	(128)	(95,009)	(7,739)	268,589	11,574	280,163
Changes following the initial implementation of IFRS 9	-	-	(1,434)	-	-	-	-	-	(1,434)	-	(1,434)
Balance as of January 1, 2018 following the initial implementation of IFRS 9	34,008	91,045	241,135	3,753	90	(128)	(95,009)	(7,739)	267,155	11,574	278,729
Net income	-	-	46,860	-	-	-	-	-	46,860	5,846	52,706
Total other comprehensive income (loss)	-	-	-	-	530	545	(961)	-	114	(9)	105
Total comprehensive income (loss)	-	-	46,860	-	530	545	(961)	-	46,974	5,837	52,811
Exercise of option warrants into shares	14	2,464	-	(2,464)	-	-	-	-	14	-	14
Acquisition of treasury shares, net	-	-	-	-	-	-	-	(12,147)	(12,147)	-	(12,147)
Purchase non-controlling interests	-	-	(204)	-	-	-	-	-	(204)	298	94
Cost of share-based payment	-	-	-	1,335	-	-	-	-	1,335	-	1,335
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(6,287)	(6,287)
Dividend to shareholders in the company	-	-	(21,141)	-	-	-	-	-	(21,141)	-	(21,141)
Balance at December 31, 2018	34,022	93,509	266,650	2,624	620	417	(95,970)	(19,886)	281,986	11,422	293,408

ELECTRA LIMITED

**CONSOLIDATED INFORMATION OF CHANGES IN SHAREHOLDERS' EQUITY
CONVENIENCE TRANSLATION INTO US DOLLARS**

	Attributable to shareholders in the Company							Treasury shares	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Capital reserve for share-based payment transactions	Capital reserve for hedging transactions	Capital reserve on the rereasurement of defined benefit plans	Adjustments deriving from the translation of financial statements of foreign operations				
	U.S. Dollars in thousands										
Balance as of January 1, 2017	34,000	104,621	216,605	3,514	(617)	239	(94,385)	(8,074)	255,903	7,190	263,093
Net income	-	-	45,826	-	-	-	-	-	45,826	4,422	50,248
Total other comprehensive income (loss)	-	-	-	-	707	(294)	(624)	-	(211)	(10)	(221)
Total comprehensive income (loss)	-	-	45,826	-	707	(294)	(624)	-	45,615	4,412	50,027
Exercise of option warrants into shares	8	1,701	-	(2,036)	-	-	-	335	8	-	8
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,283)	(4,283)
Purchase non-controlling interests	-	-	33	-	-	-	-	-	33	271	304
Reclassification of balances in respect of the discontinuation of a consolidated company's operations	-	-	73	-	-	(73)	-	-	-	-	-
Initially consolidated company	-	-	-	-	-	-	-	-	-	3,984	3,984
Acquisition of an affiliated company under the same control	-	(15,277)	-	-	-	-	-	-	(15,277)	-	(15,277)
Cost of share-based payment	-	-	-	2,275	-	-	-	-	2,275	-	2,275
Dividend to shareholders in the company	-	-	(19,968)	-	-	-	-	-	(19,968)	-	(19,968)
Balance at December 31, 2017	34,008	91,045	242,569	3,753	90	(128)	(95,009)	(7,739)	268,589	11,574	280,163

ELECTRA LIMITED

**CONSOLIDATED INFORMATION OF CASH FLOWS
CONVENIENCE TRANSLATION INTO US DOLLARS**

	Year ended December 31		
	2019	2018	2017
	U.S. Dollars in thousands		
<u>Cash flows from operating activities:</u>			
Net income	71,123	52,706	50,248
Adjustments required to present cash flows from operating activities:			
Adjustments to profit and loss items:			
Company's share of profits of entities accounted for at equity, net	(4,352)	(4,004)	(9,519)
Dividends received from entities accounted for at equity	4,664	6,192	19,226
Depreciation and amortization	52,593	22,894	21,688
Increase (decrease) in employee benefit liabilities, net	1,005	1,354	(1,370)
Adjustments in respect of discontinued operations	6,161	805	409
Gain on the disposal of fixed assets and investments, net	(33,461)	(2,357)	(3,142)
Decrease (increase) in the value of marketable securities, net	(371)	99	(152)
Cost of share-based payment	2,018	1,335	2,275
Deferred taxes, net	3,926	572	379
Erosion of long-term receivables and payables, long-term loans and bonds, net	9,862	812	5,851
Other (income) expenses	(547)	3,263	-
Changes in asset and liability items:			
Increase in trade receivables	(8,914)	(48,849)	(7,807)
Decrease (increase) in other receivables and in respect of concession for the provision of services	(3,354)	(1,246)	7,226
Increase in income receivable from works under construction contracts	(9,579)	(30,584)	(36,825)
Decrease (increase) in inventory	(3,887)	(2,988)	32
Decrease in inventories and inventories of real estate (before acquisition of and investment in land) *)	44,135	22,182	19,755
Increase (decrease) in trade payables	16,406	(21,356)	43,290
Increase (decrease) in other payables	(17,693)	(10,784)	3,936
Increase (decrease) in liabilities in respect of works under construction contracts	(5,747)	41,642	(15,986)
	<u>52,865</u>	<u>(21,018)</u>	<u>49,266</u>
Net cash generated by continuing operating activities (before acquisition of and investment in land)	123,988	31,688	99,514
Acquisition of and investment in land *)	(5,666)	(33,806)	(23,713)
Net cash generated (absorbed) by continuing operating activities	118,322	(2,118)	75,801
Net cash absorbed by discontinued operating activities	(5,428)	(2,959)	(1,031)
Net cash generated (absorbed) by operating activities	112,894	(5,077)	74,770

*) The acquisition of and the investment in land are presented in the information of financial position under inventory of land and rights in land.

ELECTRA LIMITED

**CONSOLIDATED INFORMATION OF CASH FLOWS
CONVENIENCE TRANSLATION INTO US DOLLARS**

	Year ended December 31		
	2019	2018	2017
	U.S. Dollars in thousands		
<u>Cash flows from investment activities:</u>			
Investment in investee companies, net	(2,256)	(1,837)	(11,065)
Decrease (increase) in investments, restricted cash and deposit in trust, net	(10,251)	5,288	63
Purchase of fixed assets	(25,000)	(14,821)	(25,653)
Purchase of intangible assets	(4,964)	(2,604)	(1,275)
Investment in intangible asset for a concession project	(50,666)	(12,868)	(7,635)
Acquisition of initially consolidated companies (a)	(45,294)	687	(38,597)
Proceeds from the sale of fixed assets	2,204	5,701	6,002
Realization of (investment in) marketable securities, net	3,040	11,102	(11,028)
Increase in long-term receivables, net	(1,006)	(962)	(1,590)
Consideration from the disposal of investments in companies accounted for at equity, net	32,483	-	-
Net cash absorbed by continuing investment activities	(101,710)	(10,314)	(90,778)
Net cash absorbed by discontinued investment activities	(358)	(45)	(820)
Net cash absorbed by investment activities	(102,068)	(10,359)	(91,598)
<u>Cash flows from financing activities:</u>			
Issuance of share capital	11	14	8
Dividends paid to non-controlling interests and to shareholders in the company and others	(28,197)	(29,768)	(31,958)
Purchase of treasury shares, net	(975)	(12,147)	-
Issuance of bonds, net	47,681	62,783	29,952
Receipt of long-term loans	32,182	336	29,556
Receipt of loans to finance a concession project	54,721	10,353	16,479
Repayment of long-term loans and liabilities	(3,547)	(5,187)	(8,864)
Repayment of bonds	(36,406)	(36,166)	(33,046)
Repayment of leasing liabilities	(25,081)	-	-
Short-term credit from banking entities and others and for financing entrepreneurial real estate, net	(45,764)	18,091	(12,575)
Net cash generated (absorbed) by continuing financing activities	(5,375)	8,309	(10,448)
Net cash generated (absorbed) by discontinued financing activities	(147)	72	1,375
Net cash generated (absorbed) by financing activities	(5,522)	8,381	(9,073)
<u>Exchange differences on balances of cash and cash equivalents</u>	(2,060)	255	(145)
<u>Increase (decrease) in cash and cash equivalents</u>	3,244	(6,800)	(26,046)
<u>Cash and cash equivalents at the beginning of the year</u>	153,682	160,482	186,528
<u>Cash and cash equivalents at the end of the year</u>	156,926	153,682	160,482

**CONSOLIDATED INFORMATION OF CASH FLOWS
CONVENIENCE TRANSLATION INTO US DOLLARS**

	Year ended December 31		
	2019	2018	2017
	U.S. Dollars in thousands		
(a) <u>The initial consolidation of a consolidated companies</u>			
Assets and liabilities of the consolidated companies at the time of acquisition:			
Working capital, net (excluding cash and cash equivalents)	(26,161)	9	(7,601)
Fixed assets, net	(2,256)	(40)	(8,107)
Usage right assets, net	(3,529)	-	-
Identified intangible assets	(15,064)	(3,951)	(36,830)
Goodwill	(63,274)	(4,645)	(35,106)
Non-current assets	(189)	-	(823)
Deferred taxes	345	1,062	6,531
Liability for put option, conditional consideration and future dividends for non-controlling interests	52,434	4,913	37,302
Other long-term liabilities	11,451	207	2,053
Non-controlling interests	802	-	3,984
Collection of Income receivable for cash flows in an interim period	147	3,132	-
	<u>(45,294)</u>	<u>687</u>	<u>(38,597)</u>
(b) <u>Additional cash flow information:</u> *)			
Cash paid during the year for:			
Interest	<u>15,273</u>	<u>12,717</u>	<u>16,873</u>
Taxes on income	<u>32,827</u>	<u>19,377</u>	<u>16,986</u>
Cash received during the year for:			
Interest	<u>3,302</u>	<u>7,215</u>	<u>5,080</u>
Taxes on income	<u>2,677</u>	<u>4,182</u>	<u>857</u>
(c) <u>Significant activities, not involving cash flows:</u>			
Dividend payable to non-controlling interests	<u>-</u>	<u>-</u>	<u>2,340</u>

*) Including cash in respect of discontinued operations.

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS**

Note 1 – General

- A. The accompanying Financial Information, is derived from Hebrew version of the annual consolidated financial statement as at December 31, 2019 and for the year ended on that date and the accompanying notes thereto (hereinafter - The annual consolidate financial statement), and is condensed financial information and it does not include the disclosures that are required under the International Financial Reporting Standards (IFRS).
- B. Electra Ltd., a subsidiary company of Elco Ltd., is resident in and was incorporated in Israel. In November 1971 the Company became a public company whose securities are traded on the Tel-Aviv Stock Exchange.

As of the reporting date, the Group operates in Israel and abroad in five main segments: the construction and infrastructure projects in Israel segment, the construction and infrastructure projects abroad segment, the facility management segment, the development and construction of entrepreneurial real estate segment and the concessions segment.

The following is a description of the Company's operating segments:

- **The construction and infrastructure projects in Israel segment:** The Group's operations in this segment are carried out such that the Group offers the customer services in the field of buildings and infrastructure in Israel, which is generally done as a package transaction. In this way, the Group is equipped to accompany the customer during each stage of the project that is requested, starting from the provision of construction, infrastructure and installation of electro-mechanical systems in the building (air conditioning, electricity and plumbing systems, elevators, escalators and generators) services, the instillation of electrical infrastructure products for very high voltage power lines, high/intermediate voltage and low voltage supplies for buildings, industries and infrastructure and the establishment of national infrastructure facilities.
- **The construction and infrastructure projects abroad segment:** In this segment the Group extends instillation services for electro-mechanical systems to its customers.
The operations in this segment are conducted in the following countries:
 - USA – As from 2019, the Group operates in the electrical works field in New York City in the United States. After the date of the statement of financial position, the Group completed a transaction for the acquisition of a company that specializes in mechanical air-conditioning works in the infrastructure, transportation, commercial and other fields.
 - Nigeria – The planning and instillation of projects and the sale of equipment in the electro-mechanical field through O.T.S. which holds a wholly owned foreign company in Nigeria.
 - Others – The planning and instillation of projects in the electro-mechanical field, primarily in Poland, Germany, Romania and Hungary, directly or via subsidiary companies and partnerships abroad.
- **The facility management segment**
Within the framework of this segment, the Group provides a range of services for the management and operation of properties and infrastructures, in the maintenance and management fields, in order to achieve an improvement in affectivity, profitability and the availability of the facilities as well as for cost savings, thus enabling the customer to focus on its core business. The Group's activity in this segment supplements its activity in the projects for buildings and infrastructure in Israel and abroad segments.

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS**

Note 1 – General (Continued)

A. (Continued)

- **The facility management segment** (Continued)

In addition, within the context of this segment, the Group provides services for elevators, escalators, wheelchair lifts and electro-mechanical systems, fire detection and extinguishing solutions, the management and maintenance of buildings, cleaning and security services and the operation of sewage treatment facilities, services for generators, the hiring of generators, towable light towers and mobile air conditioning systems, as well as technological services for the Group's project activities and services.

In many cases, the know-how that has been accumulated in these spheres within the context of the construction and infrastructure projects in Israel and abroad, also serves the Group's operations in this segment.

- **The development and construction of entrepreneurial real estate segment:** The Group is engaged in the development and construction of entrepreneurial real estate in Israel and abroad. This activity has been and is performed by acquiring land whether it be wholly owned or held together with strategic partners or combination transactions, obtaining the permits that are required, obtaining the re-zoning of the land, if needed, marketing, planning and constructing the projects and/or by selling the real estate during one of the various stages of development. Within the framework of this activity, the Group has acquired lands in Israel and abroad, which have or will be developed for the generality of projects. The Group acquires lands in Israel within the context of the Group's strategy of developing entrepreneurial activity in Israel under the Electra Residential brand.

- **The concessions segment:** The Group's activities in this segment complements its activities in the construction and infrastructure projects in Israel segment and in the facility management segment, the concessions operations are focused on national infrastructure projects, which are executed using financing from the private sector (primarily BOT, BOO and PFI projects). These operations are carried out through participation in national tenders and also by competing for projects that are promoted under an outline of licenses and/or specific regulation. At this stage the operations are focused in Israel.

Note 2 – Convenience translation

The annual Financial information in US Dollars are a translation of the statements as prepared in New Israeli Shekels ("NIS" or "Shekel") at the rate of exchange of the Shekel for the US Dollar prevailing on December 31, 2019 (NIS 3.456 = US\$ 1).

It should be noted that the New Israeli Shekel amounts, on the basis of which the convenience translation figures were prepared, do not necessarily represent the current cost amounts of the various elements within The Annual Consolidate Financial Statement and, also, that it should not be construed from the translation into US Dollar figures that the Israeli currency amounts actually represent, or could be converted into Dollars. This financial information has been prepared for the convenience of the reader. In the event of any discrepancy between the contents of this translation and the annual consolidated financial statements, the annual consolidated financial statements prevail.