ORTHOLOGIC CORP
Form 4
May 16, 2006

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
STEER RANDOLPH C
(Last) (First) (Middle)
1275 WEST WASHINGTON
(Street)
TEMPE, AZ 85281
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ORTHOLOGIC CORP [OLGC]

3. Date of Earliest Transaction (Month/Day/Year)
05/12/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Securitie (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amou Numbe Shares
Stock Option (Right to Buy)	$ 1.75	05/12/2006	A		200,000		05/12/2006 (1)	05/12/2016	Common Stock	200,0

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STEER RANDOLPH C 1275 WEST WASHINGTON TEMPE, AZ 85281			President	

Signatures

/s/ Les M. Taeger, Attorney-in-fact	05/16/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The options vest in twenty-four equal monthly installments beginning on May 12, 2006

Remarks:

Exhibit List - Exhibit 24 - Power of Attorney

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Net income	9,984	9,846	4,028

The accompanying notes form an integral part of the financial statements.

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TRINET VENTURE CAPITAL LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS DEFICIENCY

Adjusted to NIS of December 2001
(NIS in thousands)

	Share capital	Capital reserves	Accumulated deficit	Total
Balance at January 1, 1999	2	6,473	(24,882)	(18,407)
Effect of changes in the CPI on unlinked capital notes	-	279	-	279
Net income for the year	-	-	4,028	4,028
Balance at December 31, 1999	2	6,752	(20,854)	(14,100)
Translation adjustments	-	(140)	-	(140)
Net income for the year	-	-	9,846	9,846
Balance at December 31, 2000	2	6,612	(11,008)	(4,394)
Effect of changes in the CPI on unlinked capital notes	-	290	-	290
Translation adjustments	-	(131)	-	(131)
Net income for the year	-	-	9,984	9,984
Dividend	-	-	(19,830)	(19,830)
Balance at December 31, 2001	2	6,771	(20,854)	(14,081)

The accompanying notes form an integral part of the financial statements.

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TRINET VENTURE CAPITAL LTD.
STATEMENTS OF CASH FLOWS
Adjusted to NIS of December 2001
(NIS in thousands)

	Year ended December 31,		
	2001	**2000**	**1999**
Cash flows from operating activities			
Net income	9,984	9,846	4,028
Adjustments to reconcile net income (loss) to net cash used in operating activities (Appendix A)	(9,986)	(9,563)	(4,736)
Net cash provided by (used in) operating activities	(2)	283	(708)
Cash flows from investments activities			
Proceeds from realization of investment in other company	-	-	714
Investments in affiliates	-	(281)	-
Net cash provided by (used in) investment activities	-	(281)	714
Cash flows from financing activities			
Short-term bank credit, net	-	-	(3)

	Year ended December 31,		
Net cash used in financing activities	-	-	(3)
Net change in cash and cash equivalents	(2)	2	3
Cash and cash equivalents at beginning of year	5	3	-
Cash and cash equivalents at end of year	3	5	3

The accompanying notes form an integral part of the financial statements.

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TRINET VENTURE CAPITAL LTD.
STATEMENTS OF CASH FLOWS
Adjusted to NIS of December 2001
(NIS in thousands)

	Year ended December 31,		
	2001	**2000**	**1999**
Appendix A			
Adjustments to reconcile net income to net cash used in operating activities:			
Items not involving cash flows:			
Gains from realization of investments	(17,051)	-	(183)
Gains on changes in ownership interests of affiliates	(1,889)	(24,238)	-
Equity in operating results of affiliates	8,672	14,302	(3,962)
Write-down for decline in value of long-term investments	173	-	-
	(10,095)	(9,936)	(4,145)
Changes in assets and liabilities:			
Decrease (increase) in receivables from related parties	100	357	(579)
Decrease in other current assets	-	1	3
Increase (decrease) in current liabilities	9	15	(15)
	109	373	(591)
	(9,986)	(9,563)	(4,736)

Appendix B
Activities non involving cash flows:

Dividend	19,830		
Proceeds from realization of investments	26,000		

The accompanying notes form an integral part of the financial statements.

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TRINET VENTURE CAPITAL LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001

Note 1 General

A. The Company was incorporated and registered on February 1, 1994 and commenced operations shortly thereafter. The Company was established for the purpose of investing in high-tech companies and projects that are in the manufacturing development stage or the production and marketing stage of developed products and to generate profits from the activities and holdings in such companies.

B. Definitions

(1)	The Company	Trinet Venture Capital Ltd.
(2)	Affiliate	A company in which the Company has significant influence and the investment in which is presented according to the equity method of accounting (equity basis).
(3)	Other company	A company, the investment in which is presented at cost.
(4)	Shareholders	Koonras Technologies Ltd., owner of 50% of the Company s shares from September 2000. Ampal Industries (Israel) Ltd., owner of 50% of the Company's shares.

(5)	Related party	As defined in Opinion No. 29 of the Institute of Certified Public Accountants in Israel.
(6)	NIS	New Israeli shekel
(7)	Dollar	U.S. dollar.

TRINET VENTURE CAPITAL LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001

Note 2 Summary of Significant Accounting Policies

A. Financial statements in adjusted values

(1) General

In accordance with certain pronouncements of the Institute of Certified Public Accountants in Israel, the Company prepares its financial statements on the basis of cost, adjusted for changes in the purchasing power of the NIS. Condensed financial data in nominal NIS, on the basis of which the adjusted financial statements have been prepared, is presented in Note 10.

(2) Principles of adjustment

(a) Balance sheets

Non-monetary items (i.e. investments and shareholders equity) have been adjusted for changes in the Israeli Consumer Price Index (CPI) from the month of the transaction to the last month of the reporting period.

Investments in affiliates reported on the equity basis have been presented based upon the adjusted financial statements of such companies.

The adjusted values of non-monetary assets do not necessarily represent the market or economic values of such assets, but rather their cost adjusted for changes in the purchasing power of the NIS.
Monetary items (items whose amounts reflect current or realizable values) have been presented in the adjusted balance sheet at their nominal amounts as of the balance sheet date.

(b) Statements of operations

Items in the statements of operations (other than financing) representing transactions during the reporting period have been adjusted on the basis of changes in the CPI from the month of the transaction to the CPI for the last month of the reporting period.

Amounts related to non-monetary items and to various balance sheet accruals have been adjusted based on the related balance sheet amounts.

The Company s equity in the results of subsidiaries and affiliates has been determined based on the adjusted financial statements of such companies.

Financing income or expenses are derived from the other items in the financial statements, and include, inter alia, amounts required to reconcile certain other components in the statements of operations for the element of inflation that is included therein.

(c) The comparative figures in the financial statements have been adjusted to NIS of December 2001.

TRINET VENTURE CAPITAL LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001

Note 2 Summary of Significant Accounting Policies (contd.)

B. Investments in affiliates

The Company s investments in affiliates are presented on the equity basis. In this regard, investments are presented at original cost plus/minus the Company s equity in the operating results of the affiliates or other changes in shareholders equity which have occurred since acquisition.

The Company does not record its portion of losses in affiliates to the extent that the Company has not guaranteed the affiliates liabilities.

Gains deriving to the Company from the issuance of shares of an investee company to a third company, which is a Start Up company, have been recorded as deferred income and are amortized to the statement of operations in accordance with Opinion No. 68 of the Institute of Certified Public Accountant in Israel.

Differences arising between the Company s investments in affiliates (which have been adjusted based on changes in the CPI) and the Company s equity in the net assets of certain affiliates (based on the financial statements in dollars) are charged or credited to capital reserves.

C. Investments in other companies

Investments in long-term marketable securities are presented in accordance with Opinion No. 44 of the Institute of Certified Public Accountants in Israel, on the cost basis, net of an allowance for decline in value.

Investments in other companies, which are not publicly traded, are presented at cost less allowances for decline in value as per management estimate.

D. Transactions between the Company and Controlling Parties

The erosion of unlinked, non-interest-bearing capital notes issued by the Company to a shareholder and a related party are reflected in the Company s capital reserves.

E. Deferred income taxes

Deferred income taxes are computed for timing differences between the amounts of assets and liabilities as reported in the financial statements and their amounts for income tax purposes. The deferred taxes are computed at tax rates that are expected to apply when the deferred taxes are realized.

The Company has not recorded deferred taxes for accumulated losses for tax purposes due to the uncertainty of their realization.

F. Use of estimates in preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

TRINET VENTURE CAPITAL LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001
(NIS in thousands)

Note 2 Summary of Significant Accounting Policies (contd.)

G. Linkage basis

(1) Balances, which are linked to the CPI, are presented on the basis of the relevant CPI (according to the term of the transaction).

(2) Data in respect of the CPI and the U.S. dollar (dollar):

Year ended	CPI as of December	Percentage increase during year	Exchange rate of dollar as of December 31	Percentage increase (decrease) during year
		%	NIS	%
2001	108.1	1.4	4.416	9.3
2000	106.6	-	4.041	(2.7)

Year ended	CPI as of December	Percentage increase during year	Exchange rate of dollar as of December 31	Percentage increase (decrease) during year
1999	106.6	1.3	4.153	(0.2)

Note 3 Investments in Affiliates

	December 31,	
	2001	**2000**
A. Composition:		
(1) Cost (including payments on account of shares)	-	12,745
Company s share in cumulative net changes from acquisition date	-	2,902
	-	15,647
Deferred income (See Note 3B(2))	-	(1,889)
Presented as investments in affiliates	-	13,758
(2) NetFormx Ltd.	-	-
Smart Link Ltd.	-	13,758
	-	13,758

B. Additional details

(1) In December 2001 the Company sold all of its investments in affiliates and other companies to its shareholders in exchange for NIS 26 million, which not yet been paid and presented in balance sheet as of December 31, 2001 within Related parties .

(2) NetFormx Ltd. (NetFormx) (formerly Imagenet Ltd.
NetFormx develops, markets and supports computer-aided network engineering and software products for network design simulation and optimization. During 1996, the Company invested in the shares of NetFormx the amount of $1.5 million.

TRINET VENTURE CAPITAL LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001
(NIS in thousands)

Note 3 Investments in Affiliates (contd.)

B. Additional details(contd.)

(2) NetFormx Ltd. (NetFormx) (formerly Imagenet Ltd.)(contd.)

In March 2000, Netformx issued additional shares to a group of investors, for net proceeds of NIS 75.5 million. As a result, the Company s holding in Netformx was reduced to 16.8%. In accordance with Opinion No.68 of the Institute of Certified Public Accountants in Israel regarding third party issuances, the gain of NIS 9,823 was recorded as deferred income, of which NIS 7,934 was credited to income in 2000 against the Company s share in the losses of Netformx and the remainder of NIS 1,889 was credited to income in 2001.

See Note 3B(1) above in respect of realization of investment in Netformx by the Company.

(3) Smart Link Ltd. (Smart)

Smart is engaged in the development and marketing of efficient software communication. As of December 31, 1996 the Company held 43.7% of Smart.

In March 2000, Smart issued additional shares to a group of investors, for net proceeds of NIS 57 million. As a result, the Company s holding in Smart was reduced to 28.73%. The gain of NIS 15,227 was credited to income. During the period after March 2000 up to date of realization of investment in Smart (see Note 3B(1) above), the Company s holding in Smart was reduced to 28.41% due to exercise of options by third parties.

Note 4 Investments in Other Companies

	December 31,	
	2001	**2000**
A. Composition:		
Peptor Ltd.	-	2,106
Simplayer.com Ltd. (formerly Logal Ltd.)	-	173
	-	2,279

B. Additional details

See Note 3B(1) above in respect of realization of investments by the Company.

Peptor Ltd. (Peptor)

Peptor is engaged in the research and development of peptides for pharmaceutical medications. The original investment as of the balance sheet date amounted to $705 thousand representing 0.98% of Peptor s shares.

Simplayer.com Ltd. (formerly Logal Ltd.)(Simplayer)

In October 1999, the Company sold all of its investment in Simplayer in exchange for NIS 694. As a result of the sale the Company recorded a gain of approximately NIS 183.

In March 2000, the Company exercised its option to buy back 84,894 shares of Simplayer for $ 42 thousand.

TRINET VENTURE CAPITAL LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001
(NIS in thousands)

(NIS in thousands)

Note 5 Current Liabilities

	December 31,	
	2001	**2000**
Composition:		
Dividend to pay	19,830	-
Accrued expenses	53	45
	19,883	45

Note 6 Capital Notes

The capital notes, which were issued to a related party and a shareholder, are unlinked and non-interest-bearing.

Note 7 Share Capital

	December 31, 2001 and 2000	
	Authorized	**Issued and paid-up**
Number of shares:		
Ordinary shares NIS 1 par value	25,000	1,000

Note 8 General and Administrative Expenses

	Year ended December 31,		
	2001	**2000**	**1999**
Composition:			
Professional services	111	90	90
Other	-	-	16
	111	90	106

Note 9 Income Taxes

A. The Company is subject to the provisions of the Income Tax (Inflationary Adjustments) Law 1985.

B. The Company has received final tax assessments for the years up to and including tax year 1997.

Note 10 Condensed Financial Information in Nominal NIS

A. Condensed balance sheets:

	December 31,	
	2001	2000
Assets		
Current assets	26,384	479
Investments	-	13,567
Affiliates	-	1,364
Other companies	-	14,931
	26,384	15,410
Liabilities and Shareholders Deficiency		
Current liabilities	19,883	44
Capital notes	20,582	20,582
Shareholders' deficiency	(14,081)	(5,216)
	26,384	15,410

TRINET VENTURE CAPITAL LTD.
NOTES TO THE FINANCIAL STATEMENTSAS
OF DECEMBER 31, 2001
(NIS in thousands)

Note 10 Condensed Financial Information in Nominal NIS (contd.)

B. Condensed statements of operations:

	Year ended December 31,		
	2001	2000	1999
Revenues			
Gains from realization of investments	18,494	-	190
Gains on changes in ownership interests in affiliates	1,863	23,718	-
Financing, net	6	-	-
	20,363	23,718	190
Expenses			
General and administrative	110	88	102

	Year ended December 31,		
Financing, net	-	1	9
	110	89	111
Income before equity in operating results of subsidiaries and affiliates	20,253	23,629	79
Equity in operating results of subsidiaries and affiliates	(8,646)	(14,105)	3,528
Write-down for decline in value of long-term investments	(169)	-	-
Net income	11,438	9,524	3,607

C. Statement of changes in shareholders deficiency:

	Share capital	Capital reserves	Accumulated deficit	Total
Balance at January 1, 1999	1	49	(18,821)	(18,771)
Net income for the year	-	-	3,607	3,607
Balance at December 31, 1999	1	49	(15,214)	(15,164)
Translation adjustments	-	424	-	424
Net income for the year	-	-	9,524	9,524
Balance at December 31, 2000	1	473	(5,690)	(5,216)
Translation adjustments	-	(473)	-	(473)
Net income for the year	-	-	11,438	11,438
Dividend	-	-	(19,830)	(19,830)
Balance at December 31, 2001	1	-	(14,082)	(14,081)

TRINET VENTURE CAPITAL LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001

Note 11 Condensed Financial Data in Dollars and in Accordance with Generally Accepted Accounting Principles (GAAP) in the United States

A. Basis of presentation

(1) The Company s functional currency is the NIS. Pursuant to the request of a shareholder, the financial information of the Company in nominal historical NIS, as presented in Note 11, has been remeasured into U.S. dollars in accordance with the principles of Statement No. 52 of the Financial Accounting Standards Board of the United States, Foreign Currency Translation .

(2) The Company s objective is to achieve long-term capital appreciation from its portfolio of venture capital investments in new and developing companies and other special investment situations. In accordance with the U.S. GAAP, such portfolio investments should be reflected at fair value, defined as the quoted market price for securities for which market quotations are readily available, or as an estimate of fair value as determined in good faith by the Board of Directors and management.

In accordance with the above policy, the following condensed financial information reflects investments in publicly traded securities at market value and investments in privately held portfolio securities at cost until significant developments affecting the portfolio company provide a basis for a change in valuation. In this regard, the fair value of private securities is adjusted to reflect meaningful third-party transactions in the private market or to reflect significant progress or deterioration in the development of the portfolio of the Company s business, such that cost is no longer reflective of fair value. Unrealized appreciation or depreciation in the value of investments is reflected in earnings.

(3) Deferred income taxes in the condensed financial information below have been recorded on the unrealized appreciation of investments, net of deferred tax benefits in respect of tax loss carryforwards.

TRINET VENTURE CAPITAL LTD.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001

Note 11 Condensed Financial Data in Dollars and in Accordance with Generally Accepted Accounting Principles (GAAP) in the United States (contd.)

B. Condensed balance sheets (dollars in thousands):

	December 31,	
	2001	**2000**
Assets		
Current assets	5,975	119
Investments	-	14,768
	5,975	14,887
Liabilities and Shareholders Equity (Deficiency)		
Current liabilities		
Deferred income taxes	-	3,153
Other current liabilities	4,502	11
	4,502	3,164
Capital notes	4,661	5,093
Shareholders' equity (deficiency)	(3,188)	6,630
	5,975	14,887

C. Condensed statements of operations (dollars in thousands):

	Year ended December 31,		
	2001	**2000**	**1999**
Revenues			
Gain from realization in other company	-	-	44
Gain from increase in investments' value	-	10,693	-
Financing, net	2	-	9

	Year ended December 31,		
	2	10,693	53
Expenses			
Depreciation of portfolio investments (1)	7,585	4,251	-
Loss from changes in ownership interests in affiliate	70	-	-
General and administrative	25	22	24
	7,680	4,273	24
Income (loss) before tax benefit (income taxes)	(7,678)	6,420	29
Tax benefit (income taxes)	2,886	(2,395)	-
Net income (loss)	(4,792)	4,025	29
Other comprehensive income (loss)(2)	(536)	(25)	4
Comprehensive income (loss)	(5,328)	4,000	33

TRINET VENTURE CAPITAL LTD.
NOTES TO THE FINANCIAL STATEMENTSAS
OF DECEMBER 31, 2000

Note 11 Condensed Financial Data in Dollars and in Accordance with Generally Accepted Accounting Principles (GAAP) in the United States (contd.)

C. Condensed statements of operations (dollars in thousands) (contd.)

(1) Due to various developments relating to the operations of certain portfolio companies, the Company determined that the fair value of such companies was less than the value reflected in the Company s books.

(2) In accordance with Statement of Financial Accounting Standards No. 130 (SFAS 130) foreign currency translation adjustments have been presented as a component of comprehensive income. The capital reserves include other comprehensive income reflecting this foreign currency translation of 2000, 1999 and 1998, respectively. No other provision of SFAS 130 affects the financial statement presentation of the Company.

D. Statement of changes in shareholders equity (deficiency) (dollars in thousands):

	Share capital	Retained earnings	Capital reserves	Total
Balance at January 1, 1999	1	3,381	(785)	2,597
Net income	-	29	-	29
Other comprehensive income - Translation adjustments	-	-	4	4
Balance at December 31, 1999	1	3,410	(781)	2,630
Net income	-	4,025	-	4,025
Other comprehensive loss - Translation adjustments	-	-	(25)	(25)
Balance at December 31, 2000	1	7,435	(806)	6,630

	Share capital	Retained earnings	Capital reserves	Total
Net loss	-	(4,792)	-	(4,792)
Other comprehensive income -				
Translation adjustments	-	-	(536)	(536)
Dividend	-	(4,490)	-	(4,490)
Balance at December 31, 2001	1	(1,847)	(1,342)	(3,188)

INDEPENDENT AUDITORS SPECIAL REPORT

We have audited the balance sheets of Am-Hal Ltd. (the Company) and the consolidated balance sheets of the Company and a consolidated partnership as of December 31, 2002 and 2001, and the related statements of operations, changes in shareholders deficiency and cash flows - of the Company and on a consolidated basis - for each of the three years in the period ended December 31, 2002, and have issued our unqualified report thereon dated February 19, 2003. The aforementioned financial statements (not presented separately herein) were prepared in new Israeli shekels (NIS) on the historical cost basis, adjusted for changes in the general purchasing power of the NIS in accordance with standards established by the Institute of Certified Public Accountants in Israel. As mentioned in our abovementioned auditor s report, we did not audit the 2000 financial statements of a partnership, whose revenues included in consolidation constitute approximately 28% of total consolidated revenues for the year ended December 31, 2000. The financial statements of the partnership for that year were audited by other auditors whose reports have been furnished to us and our abovementioned opinion, insofar as it related to the amounts included in respect of the aforementioned partnership, was based solely on the reports of the other auditors.

As described in Note 2B, the accompanying Company and consolidated financial data in U.S. dollars as of the abovementioned dates and for the abovementioned years then ended were prepared on the basis of financial data in nominal NIS (the basis on which the Company and consolidated adjusted NIS financial statements were also prepared), translated into US dollars in accordance with the principles described in Note 2B.

In our opinion, the accompanying financial data in US dollars was translated in accordance with the principles described in Note 2B.

This report is intended solely for the information and use of the Boards of Directors and management of the Company and Ampal-American Israel Corp., and should not be used for any other purpose.

Brightman Almagor & Co.
Certified Public Accountants

Tel Aviv, February 19, 2003

INDEPENDENT AUDITORS REPORT
TO THE SHAREHOLDERS OF
BAY HEART LTD. AND SUBSIDIARY

We have audited the accompanying balance sheets of Bay Heart Ltd. (the Company) as of December 31, 2002 and 2001, and the consolidated balance sheets as of such dates, and the related statements of operations, changes in shareholders equity and cash flows - of the Company and on a consolidated basis - for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - of the Company and on a consolidated basis - at December 31, 2002 and 2001, and the results of operations, changes in shareholders equity and cash flows - of the Company and on a consolidated basis - for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in Israel.

Accounting principles generally accepted in Israel differ in certain respects from accounting principles generally accepted in the United States. With respect to these financial statements, the difference in the application of the latter is described in Note 20.

As described in Note 2A, the above mentioned financial statements have been prepared in adjusted values based on the changes in the general purchasing power of the Israeli currency in accordance with pronouncements of the Institute of Certified Public Accountants in Israel.

The condensed consolidated financial information in U.S. dollars presented in Note 19 to the financial statements, prepared at the request of an investor, represents a translation of the Company s financial statements in nominal values, as stated in Note 19A. In our opinion, such translation into U.S. dollars was appropriately performed on the basis stated in Note 19A.

As described in Note 1C to the financial statements regarding the Company s business condition, the Company has a working capital deficit of NIS 90 million as of December 31, 2002. The steps undertaken by management for meeting the Company s commitments and guarantees are also described in that note.

Brightman Almagor & Co.
Certified Public Accountants
Member firm of Deloitte Touche Tohmatsu

Israel, February 27, 2003.

REPORT OF INDEPENDENT AUDITORS

To the Shareholders of

CARMEL CONTAINER SYSTEMS LTD.

We have audited the accompanying consolidated balance sheets of Carmel Container Systems Ltd. (the Company) and its subsidiaries as of December 31, 2001 and 2002, and the related consolidated statements of operations, changes in shareholders equity and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We did not audit the financial statements of certain subsidiaries, whose assets included in the consolidation constitute approximately 20% and 10% of total consolidated assets as of December 31, 2001 and 2002, respectively, and whose revenues included in the consolidation constitute approximately 30%, 29% and 9% of total consolidated revenues for each of the three years ended December 31, 2000, 2001 and 2002, respectively. The financial statements of 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 audits in accordance with auditing standards generally accepted in the United States and in Israel, including those prescribed by the Israeli 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2001 and 2002, and the consolidated results of their operations and cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in Israel, which differ in certain respects from those followed in the United States (see Note 21 to the consolidated financial statements).

As explained in Note 2, the consolidated financial statements referred to above have been prepared on the basis of historical cost adjusted to reflect the changes in the general purchasing power of the Israeli currency, in accordance with pronouncements of the Institute of Certified Public Accountants in Israel.

Tel-Aviv, Israel	KOST FORER & GABBAY
March 4, 2003	A Member of Ernst & Young Global

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS
OF CORAL WORLD INTERNATIONAL LTD.

We have audited the accompanying consolidated balance sheets of **Coral World International Ltd.** (the Company) and its subsidiaries as of December 31, 2002 and 2001 and the related consolidated statements of income, changes in shareholders equity and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the board of directors and the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of certain consolidated subsidiaries whose assets included in the consolidation represent 61% and 74% of the total consolidated assets as of December 31, 2002 and 2001 respectively, and whose revenues included in the consolidation represent 61%, 61% and 54% of the total consolidated revenues for the years ended December 31, 2002, 2001 and 2000, respectively. The statements of these subsidiaries were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based on the reports of the other auditors.

Moreover, the data included in the financial statements relating to the equity value of the investment and to the Company s equity in the operating results of an affiliated company, are based on financial statements which were audited by other auditors.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed under the Auditors Regulations (Auditor s Mode of Performance), 1973 and, accordingly, we have performed such auditing procedures as we considered necessary in the circumstances. For purposes of these financial statements, we conducted our audits in accordance with auditing standards generally accepted in the United States and Israel. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentations. We believe that our audit and the reports of other audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and on the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Coral World International Ltd. and its subsidiaries as of December 31, 2002 and 2001, and the results of operations, changes in shareholders equity and cash flows for each of the three years in the period ended December 31, 2002, in accordance with generally accepted accounting principles in Israel. As applicable to the Company s financial statements, generally accepted accounting principles, in the United States and Israel are substantially identical in all material respects.

Fahn, Kanne & Co.
Certified Public Accountants (Isr.)

Tel-Aviv, Israel, March 19, 2003

To: PricewaterhouseCoopers - Tel Aviv
Date: March 5 2003

<u>Report of Independent Public Accountants</u>
Country Club Kfar Saba Ltd.

We have audited the balance sheets of Country Club Kfar Saba Ltd. as of December 31, 2002, the related statements of income, changes in shareholders equity and cash flows for the year then ended. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Israel and in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentations. We believe that our audits provide a reasonable basis for our opinion.

The above statements have been prepared on the basis of historical cost as adjusted for the changes in the general purchasing power of the Israel currency in accordance with opinions issued by the Institute of Certified Public Accountants in Israel.

Condensed statements in historical values which formed the basis of the adjusted statements appear in Note 16 to the financial statements. These amounts have been translated into U.S. dollars using the method described in Note 2F.

In our opinion, based on our audit, the above-mentioned financial statements present fairly the financial position of the Company as of December 31, 2002, the results of its operations, the changes in shareholders equity and cash flows for the year then ended, in conformity with accounting principles generally accepted in Israel, consistently applied. As applicable to the Company s financial statements, accounting principles generally accepted in the United States and in Israel are substantially identical in all material respects. Also, in our opinion, the financial statements based on nominal data (Note 16) present fairly, in conformity with generally accepted accounting principles, the financial position of the Company as of December 31, 2002, and the results of its operations, the changes in shareholder equity, and its cash flows for the year then ended, on the basis of the historical cost convention.

Luboshitz Kasierer

Certified Public Accountants (Isr.)

Report of Independent Public Accountants
To The Shareholders
of
COUNTRY CLUB KFAR-SABA LIMITED

We have audited the accompanying balance sheets of Country Club Kfar-Saba Ltd. (the company) as of December 31,2000 and 1999, and the related statements of operations, changes in shareholders equity and cash flows of the Company for each of the three years in the period ended December 31,2000. These financial statements are the responsibility of the Company s Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed under the Auditors Regulations (Auditor s Mode of Performance) - 1973. For purposes of these financial statements there is no material difference between generally accepted Israeli auditing standards and auditing standards generally accepted in the U.S. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles and significant estimates made by the Board of Directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2000 and 1999, and the results of operations, change in shareholders equity and cash flows of the Company for each of the three years in the period ended December 31, 2000, in accordance with generally accepted accounting principles. Also, in our opinion, the financial statements based on nominal data (Note 20) present fairly, in conformity with generally accepted accounting principles, the financial position of the Company as at December 31, 2000 and 1999, and the results of its operations, the changes in shareholders equity, and its cash flows for each of the three years in the period ended December 31, 2000, on the basis of the historical cost convention.

As described in Note 2A the aforementioned financial statements have been prepared in adjusted values on the basis of the changes in the general purchasing power of the Israeli currency in accordance with pronouncements of the Institute of Certified Public Accountants in Israel. Condensed nominal Israeli currency data, on the basis of which the adjusted financial statements were prepared, is presented in Note 20.

The condensed financial information in U.S. dollars presented in Note 20 to the financial statement represents a translation of the Company s nominal Israeli currency financial data in accordance with the basis stated in Note 2G. In our opinion, such translation into U.S. dollars was properly made in accordance with the stated basis.

Accounting principles generally accepted in Israel differ in certain respects from accounting principles generally accepted in the United States. The application of the latter would have affected the determination of nominal/historical net income (loss) and shareholders equity to the extent summarized in Note 21 to the financial statements.

Porat & Co.

Certified Public Accountants (Isr.)

Ramat Gan, March 12, 2001

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF

EPSILON INVESTMENT HOUSE .LTD

We have audited the consolidated balance sheets of **Epsilon Investment House Ltd.,** (an Israeli corporation), (hereinafter the Company) and its subsidiaries as at December 31, 2000 and 1999, and the related consolidated statements of income, comprehensive income and changes in shareholders equity for each of the three years ended December 31, 2000, translated into U.S dollars. These financial statements are the responsibility of the Company management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A statement of cash flows for the period has not been included in the financial statements.

In our opinion, the financial statement referred to above, present fairly, in all material respects, the financial position of the Company and its subsidiaries, as at December 31, 2000 and 1999, the results of their operations and the changes in their shareholders equity, for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Also, in our opinion, the translated amounts in the accompanying consolidated financial statements in U.S Dollars have been computed on the basis set forth in Note 2 to the consolidated financial statements.

Brightman, Almagor & Co.
Certified Public Accountants

Tel Aviv, February 21, 2001

To: PricewaterhouseCoopers - Tel Aviv
Date: February 27, 2003

Report of Independent Public Accountants
Hod Hasharon Sport Center Ltd.

We have audited the balance sheets of Hod Hasharon Sport Center Ltd. as of December 31, 2002, the related statements of income and company s equity and cash flows for the year then ended. These financial statements are the responsibility of the Company s management.

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Israel and in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentations. We believe that our audits provide a reasonable basis for our opinion.

The above statements have been prepared on the basis of historical cost as adjusted for the changes in the general purchasing power of the Israel currency in accordance with opinions issued by the Institute of Certified Public Accountants in Israel.

Condensed statements in historical values which formed the basis of the adjusted statements appear in Note 7 to the financial statements. These amounts have been translated into U.S. dollars using the method described in Note 2D.

In our opinion, based on our audit, the above-mentioned financial statements present fairly the financial position of the company as of December 31, 2002, the results of its operations, the changes in company s equity and cash flows the year then ended, in conformity with accounting principles generally accepted in Israel, consistently applied. As applicable to the Company s financial statements, accounting principles generally accepted in the United States and in Israel are substantially identical in all material respects. Also, in our opinion, the financial statements based on nominal data (Note 7) present fairly, in conformity with generally accepted accounting principles, the financial position of the company as of December 31, 2002, and the results of its operations, the changes in company s equity, and its cash flows for the year then ended, on the basis of the historical cost convention.

Luboshitz Kasierer
Certified Public Accountants

Report of Independent Public Accountants
To The Shareholders
of
Hod Hasharon Sport Center Ltd.

We have audited the accompanying balance sheet of Hod Hasharon Sport Center Ltd. as at December 31, 2000, and the related statements of income and changes in shareholders equity for each of the three years in the period then ended, December 31, 2000 expressed in New Israel Shekels. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed under the Auditors Regulations (Auditor s Mode of Performance) - 1973. For purposes of these financial statements there is no material difference between generally accepted Israeli auditing standards and auditing standards generally accepted in the U.S. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2000 and 1999, and the results of operations, change in shareholders equity for each of the three years in the period ended December 31, 2000, in accordance with generally accepted accounting principles.

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Report of Independent Public Accountants
To The Shareholders
of
Hod Hasharon Sport Center Ltd.

As described in Note 2A the aforementioned financial statements have been prepared in adjusted values on the basis of the changes in the general purchasing power of the Israeli currency in accordance with pronouncements of the Institute of Certified Public Accountants in Israel. Condensed nominal Israeli currency data, on the basis of which the adjusted financial statements were prepared, is presented in Note 7.

The condensed financial information in U.S. dollars presented in Note 7 to the financial statement represents a translation of the Company s nominal Israeli currency financial data in accordance with the basis stated in Note 2D. In our opinion, such translation into U.S. dollars was properly made in accordance with the stated basis.

Porat and Co.

Certified Public Accountants (Isr.)
Ramat Gan, February 22, 2001

To: PricewaterhouseCoopers - Tel Aviv
Date: February 27, 2003

Report of Independent Public Accountants
Hod Hasharon Sport Center (1992) Limited Partnership

We have audited the balance sheets of Hod Hasharon Sport Center (1992) Limited Partnership as of December 31, 2002, the related statements of income changes in partners equity and cash flows for the year then ended. These financial statements are the responsibility of the Partnership s management.

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Israel and in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentations. We believe that our audits provide a reasonable basis for our opinion.

The above statements have been prepared on the basis of historical cost as adjusted for the changes in the general purchasing power of the Israel currency in accordance with opinions issued by the Institute of Certified Public Accountants in Israel.

Condensed statements in historical values which formed the basis of the adjusted statements appear in Note 16 to the financial statements. These amounts have been translated into U.S. dollars using the method described in Note 2E.

In our opinion, based on our audit, the above-mentioned financial statements present fairly the financial position of the partnership as of December 31, 2002, the results of its operations, the changes in partners equity and cash flows for the year then ended, in conformity with accounting principles generally accepted in Israel, consistently applied. As applicable to the partnership s financial statements, accounting principles generally accepted in the United States and in Israel are substantially identical in all material respects. Also, in our opinion, the financial statements based on nominal data (Note 16) present fairly, in conformity with generally accepted accounting principles, the financial position of the partnership as of December 31, 2002, and the results of its operations, the changes in partners equity, and its cash flows for the year then ended, on the basis of the historical cost convention.

Luboshitz Kasierer
Certified Public Accountants

AUDITORS REPORT Report of Independent Public Accountants
of
Hod Hasharon Sport Center (1992) Limited Partnership

We have audited the balance sheet of Hod Hasharon Sport Center (1992) Limited Partnership as at December 31, 2000 and 1999, and the related statements of income, partners capital and cash flows for each of the three years in the period ended December 31, 2000, expressed in New Israel Shekels. These financial statements are the responsibility of the partnership management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards, including those prescribed under the Auditors Regulations (Auditor s Mode of Performance) - 1973. For purposes of these financial statements there is no material difference between generally accepted Israeli auditing standards and auditing standards generally accepted in the U.S. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2000 and 1999, and the results of operations, change in Partners Capital and cash flows for each of the three years in the period ended December 31, 2000, in accordance with generally accepted accounting principles.

Report of Independent Public Accountants
of
Hod Hasharon Sport Center (1992) Limited Partnership

As described in Note 2A the aforementioned financial statements have been prepared in adjusted values on the basis of the changes in the general purchasing power of the Israeli currency in accordance with pronouncements of the Institute of Certified Public Accountants in Israel. Condensed nominal Israeli currency data, on the basis of which the adjusted financial statements were prepared, is presented in Note 20.

The condensed financial information in U.S. dollars presented in Note 20 to the financial statement represents a translation of the Partnership nominal Israeli currency financial data in accordance with the basis stated in Note 2D. In our opinion, such translation into U.S. dollars was properly made in accordance with the stated basis.

Porat and Co.

Certified Public Accountants (Isr.)

Ramat Gan, February 22, 2001

REPORT OF INDEPENDENT AUDITORS

To the shareholders of

OPHIR HOLDINGS LTD.

We have audited the financial statements of Ophir Holdings Ltd. (the Company) and the consolidated financial statements of the Company and its subsidiaries: balance sheets as of December 31, 2001 and the related statements of income, changes in shareholders equity and cash flows for each of the two years in the period ended December 31, 2001. These financial statements are the responsibility of the Company s Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We did not audit the financial statements of a subsidiary, whose revenues included in consolidation constitute approximately 8% of total consolidated revenues for the year ended December 31, 2000. We did not audit the financial statements of certain associated companies, the Company s interest in which, as reflected in the balance sheets as of December 31, 2001, is adjusted NIS 160,595,000, and the Company s share in excess of profits over losses of which is a net amount of adjusted NIS 819,000 in 2001, and the Company s share in excess of losses over profits of which is a net amount of adjusted NIS 297,000 in 2000. The financial statements of the above subsidiary and associated companies were audited by other independent 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 independent auditors.

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

In our opinion, based upon our audits and the reports of the other independent auditors, the financial statements referred to above present fairly, in all material respects, the financial position - of the Company and consolidated - as of December 31, 2001 and the results of operations, changes in shareholders equity and cash flows - of the Company and consolidated - for each of the two years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in Israel. Furthermore, in our opinion, the financial statements referred to above are prepared in accordance with the Israeli Securities (Preparation of Annual Financial Statements) Regulations, 1993.

As explained in note 1b, the financial statements referred to above are presented in values adjusted for the changes in the general purchasing power of Israeli currency, in accordance with pronouncements of the Institute of Certified Public Accountants in Israel.

Accounting principles generally accepted in Israel differ in certain respects from accounting principles generally accepted in the United States. The application of the latter would have affected the determination of nominal historical net income and shareholders equity to the extent summarized in note 17.

The special condensed consolidated financial statements which are presented in note 17 have been translated into U.S. dollars for the convenience of one of the Company s shareholders, in accordance with the principles set forth in Statement of Financial Accounting Standards No. 52 of the Financial Accounting Standards Board of the United States. In our opinion, the translation has been properly made.

Tel-Aviv, Israel	Kesselman & Kesselman
March 10, 2002	Certified Public Accountants (Isr.)

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF

RENAISSANCE INVESTMENT CO.LTD

We have audited the consolidated balance sheets of **Renaissance Investments Co.Ltd.,** (an Israeli corporation), (hereinafter the Company) and its subsidiaries as at December 31, 2000 and 1999, and the related consolidated statements of income, comprehensive income and changes in shareholders equity for each of the three years ended December 31, 2000, translated into U.S dollars. These financial statements are the responsibility of the Company management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A statement of cash flows for the period has not been included in the financial statements.

In our opinion, the financial statement referred to above, present fairly, in all material respects, the financial position of the Company and its subsidiaries, as at December 31, 2000 and 1999, the results of their operations and the changes in their shareholders equity, for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Also, in our opinion, the translated amounts in the accompanying consolidated financial statements in U.S Dollars have been computed on the basis set forth in Note 2 to the consolidated financial statements.

Brightman, Almagor & Co.
Certified Public Accountants

Tel Aviv, February 21, 2001

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Messrs. Ampal Ltd.

Re: Financial statements of Shmay-Bar Real Estate (1993) Ltd.
(the Company) translated into U.S. dollars

As you know, the Company publishes in Israel financial statements in NIS adjusted to the changes in the Consumer Price Index, in accordance with Statements of the Institute of Certified Public Accountants in Israel. These primary annual financial statements of the Company for the years 2002 and 2001, which were audited by us, and on which we expressed our opinion on February 16, 2003, have been provided to you.

We have audited the accompanying translated U.S. dollar balance sheets of the Company as of December 31, 2002 and 2001, and the related translated U.S. dollar statements of income for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel and the United States, including those prescribed by the Israeli Auditors Regulations (Mode of Performance) (Israel), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, either originating within the financial statements themselves, or due to any misleading statement included therein. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The aforementioned translated U.S. dollar financial statements have been prepared on the basis of nominal NIS historical cost. Disclosure of the effect of the changes in the general purchasing power of the Israeli currency in the financial statements as stated in the Opinions of the Institute of Certified Public Accountants in Israel, has not been included in the above mentioned statements.

Full financial statement disclosures and statements of cash flows that are as required according to generally accepted accounting principles have not been presented and as such, the translated U.S. dollar financial statements mentioned above are to be read in conjunction with the primary annual audited financial statements of the Company, as of December 31, 2002 and their accompanying Notes.

In our opinion, except for the effects of the matters discussed in the preceding paragraphs, the translated U.S. dollar financial statements referred to above present fairly, in all material respects, the translated U.S. dollar financial position of the Company as of December 31, 2002 and 2001, and the related translated U.S. dollar results of its operations for each of the three years in the period ended December 31, 2002, in conformity with generally accepted accounting principles in Israel. As applicable to the Company s financial statements, accounting principles generally excepted in the United Sates and in Israel are substantially identical in all material respects.

Also, in our opinion, the translation of the aforementioned nominal figures into U.S. dollars was made in accordance with the principles set forth in SFAS 52, see Note 2.

The aforementioned financial statements are designated solely for you as shareholders of the Company, are not to be published or delivered to others.

Tel-Aviv, Israel
February 16, 2003

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Messrs. Ampal Ltd.

Re: Financial statements of Shmay-Bar (I.A) 1993 Ltd.
(the Company) translated into U.S. dollars

As you know, the Company publishes in Israel financial statements in NIS adjusted to the changes in the Consumer Price Index, in accordance with Statements of the Institute of Certified Public Accountants in Israel. These primary annual financial statements of the Company for the years 2002 and 2001, which were audited by us, and on which we expressed our opinion on February 16, 2003, have been provided to you.

We have audited the accompanying translated U.S. dollar balance sheets of the Company as of December 31, 2002 and 2001, and the related translated U.S. dollar statements of income for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel and the United States, including those prescribed by the Israeli Auditors Regulations (Mode of Performance) (Israel), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, either originating within the financial statements themselves, or due to any misleading statement included therein. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The aforementioned translated U.S. dollar financial statements have been prepared on the basis of nominal NIS historical cost. Disclosure of the effect of the changes in the general purchasing power of the Israeli currency in the financial statements as stated in the Opinions of the Institute of Certified Public Accountants in Israel, has not been included in the above mentioned statements.

Full financial statement disclosures and statements of cash flows that are as required according to generally accepted accounting principles have not been presented and as such, the translated U.S. dollar financial statements mentioned above are to be read in conjunction with the primary annual audited financial statements of the Company, as of December 31, 2002 and their accompanying Notes.

In our opinion, except for the effects of the matters discussed in the preceding paragraphs, the translated U.S. dollar financial statements referred to above present fairly, in all material respects, the translated U.S. dollar financial position of the Company as of December 31, 2002 and 2001, and the related translated U.S. dollar results of its operations for each of the three years in the period ended December 31, 2002, in conformity with generally accepted accounting principles in Israel. As applicable to the Company s financial statements, accounting principles generally excepted in the United Sates and in Israel are substantially identical in all material respects.

Also, in our opinion, the translation of the aforementioned nominal figures into U.S. dollars was made in accordance with the principles set forth in SFAS 52, see Note 2.

The aforementioned financial statements are designated solely for you as shareholders of the Company, are not to be published or delivered to others.

Tel-Aviv, Israel
February 16, 2003

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Messrs. Ampal Ltd.

Re: Financial statements of Shmay-Bar (T.H) 1993 Ltd. (the Company) translated into U.S. dollars

As you know, the Company publishes in Israel financial statements in NIS adjusted to the changes in the Consumer Price Index, in accordance with Statements of the Institute of Certified Public Accountants in Israel. These primary annual financial statements of the Company for the years 2002 and 2001, which were audited by us, and on which we expressed our opinion on February 16, 2003, have been provided to you.

We have audited the accompanying translated U.S. dollar balance sheets of the Company as of December 31, 2002 and 2001, and the related translated U.S. dollar statements of income for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel and the United States, including those prescribed by the Israeli Auditors Regulations (Mode of Performance) (Israel), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, either originating within the financial statements themselves, or due to any misleading statement included therein. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The aforementioned translated U.S. dollar financial statements have been prepared on the basis of nominal NIS historical cost. Disclosure of the effect of the changes in the general purchasing power of the Israeli currency in the financial statements as stated in the Opinions of the Institute of Certified Public Accountants in Israel, has not been included in the above mentioned statements.

Full financial statement disclosures and statements of cash flows that are as required according to generally accepted accounting principles have not been presented and as such, the translated U.S. dollar financial statements mentioned above are to be read in conjunction with the primary annual audited financial statements of the Company, as of December 31, 2002 and their accompanying Notes.

In our opinion, except for the effects of the matters discussed in the preceding paragraphs, the translated U.S. dollar financial statements referred to above present fairly, in all material respects, the translated U.S. dollar financial position of the Company as of December 31, 2002 and 2001, and the related translated U.S. dollar results of its operations for each of the three years in the period ended December 31, 2002, in conformity with generally accepted accounting principles in Israel. As applicable to the Company s financial statements, accounting principles generally excepted in the United Sates and in Israel are substantially identical in all material respects.

Also, in our opinion, the translation of the aforementioned nominal figures into U.S. dollars was made in accordance with the principles set forth in SFAS 52, see Note 2.

The aforementioned financial statements are designated solely for you as shareholders of the Company, are not to be published or delivered to others.

Tel-Aviv, Israel
February 16, 2003

KOST FORER & GABBAY
A Member of Ernst & Young International

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
TRINET INVESTMENTS IN HIGH-TECH LTD.

We have audited the accompanying balance sheets of Trinet Investments in High-Tech Ltd. (the Company) as of December 31, 2002 and 2001, and the related statements of operations and changes in shareholders deficiency for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company s Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed under the Auditors Regulations (Auditor s Mode of Performance) - 1973, which, for purposes of these financial statements, are substantially identical to generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

During 2002 the company ceased its operations.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2002 and 2001, and the results of its operations and changes in shareholders deficiency for each of the three years in the period ended December 31, 2002, in accordance with generally accepted accounting principles in Israel.

As described in Note 2, the aforementioned financial statements have been prepared on the basis of historical cost, adjusted to reflect changes in the general purchasing power of the Israeli currency in accordance with pronouncements of the Institute of Certified Public Accountants in Israel.

The financial information presented in U.S. dollars and in accordance with generally accepted accounting principles in the United States is based on nominal historical amounts in Israeli currency and is presented in Note 8 to the financial statements.

Brightman Almagor & Co.
Certified Public Accountants

Tel Aviv, March 13, 2003

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 27 th day of March, 2003.

AMPAL-AMERICAN ISRAEL CORPORATION

By: /s/JACK BIGIO

Jack Bigio, Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 27, 2003.

Signatures	**Title**	**Date**
/s/ YOSEF A. MAIMAN Yosef A. Maiman	Chairman of the Board of Directors	March 27, 2003
/s/ JACK BIGIO Jack Bigio	President & CEO - Director	March 27, 2003
/s/ LEO MALAMUD Leo Malamud	Director	March 27, 2003
/s/ DR. JOSEPH YERUSHALMI Dr. Joseph Yerushalmi	Director	March 27, 2003
/s/ YEHUDA KARNI Yehuda Karni	Director	March 27, 2003
/s/ EITAN HABER Eitan Haber	Director	March 27, 2003
/s/ MICHAEL ARNON	Director	March 27, 2003

Michael Arnon		
/s/ IRIT ELUZ Irit Eluz	CFO, Vice President Finance and Treasurer	March 27, 2003
/s/ ALLA KANTER Alla Kanter	Vice President Accounting and Controller (Principal Accounting Officer)	March 27, 2003
/s/ GIORA BAR NIR Giora Bar-Nir	Controller	March 27, 2003

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I, Jack Bigio, certify that:

1. I have reviewed this annual report on Form 10-K of Ampal-American Israel Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the Evaluation Date); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003

Jack Bigio
President and CEO
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I, Irit Eluz, certify that:

1. I have reviewed this annual report on Form 10-K of Ampal-American Israel Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the Evaluation Date); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003

Irit Eluz
CFO, Vice President Finance and Treasurer
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