



ELRON

IDB GROUP

COMPANY PRESENTATION MARCH 2011



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An exploded view of a complex mechanical assembly, likely a motor or actuator, shown in white wireframe against a blue grid background. The assembly consists of numerous parts including gears, shafts, bearings, housing components, and electrical connectors. The parts are arranged in a disassembled state to show their relative positions and how they fit together.

ELRON 09-10

OVERVIEW

In the first half of 2009, Elron began implementing a series of management and organizational measures

FOCUSING ACTIVITIES

IDENTIFYING OPPORTUNITIES

REDUCING COSTS

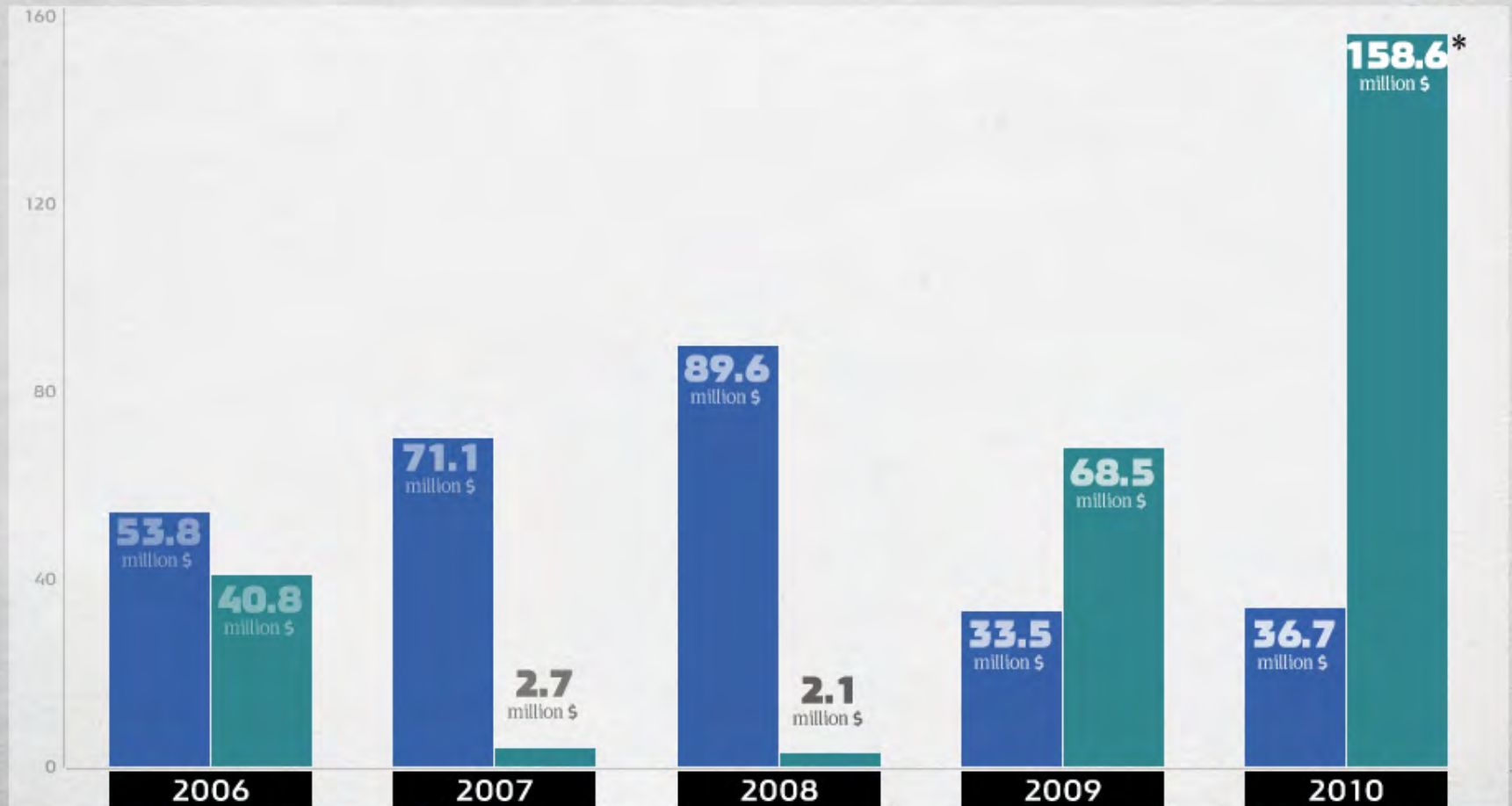
FOCUSING INVESTMENTS IN CORE COMPANIES

Reducing investments in companies with limited potential

From 2008 to 2010 the number of group companies was reduced by

50%

Investments and Exits 2006-2010



* including earn-out and escrow amounts from the sale of Medingo



INVESTMENTS REALIZATION

2009-2010

May 2010

Sale of Medingo to F. Hoffman-La Roche in Switzerland for

~\$* 200,000,000

MEDINGO



* The proceeds from the sale of Medingo include earn-out and escrow amounts.

October 2009

Sale of Elron's holding in NetVision to IDB group companies for

~\$60,000,000



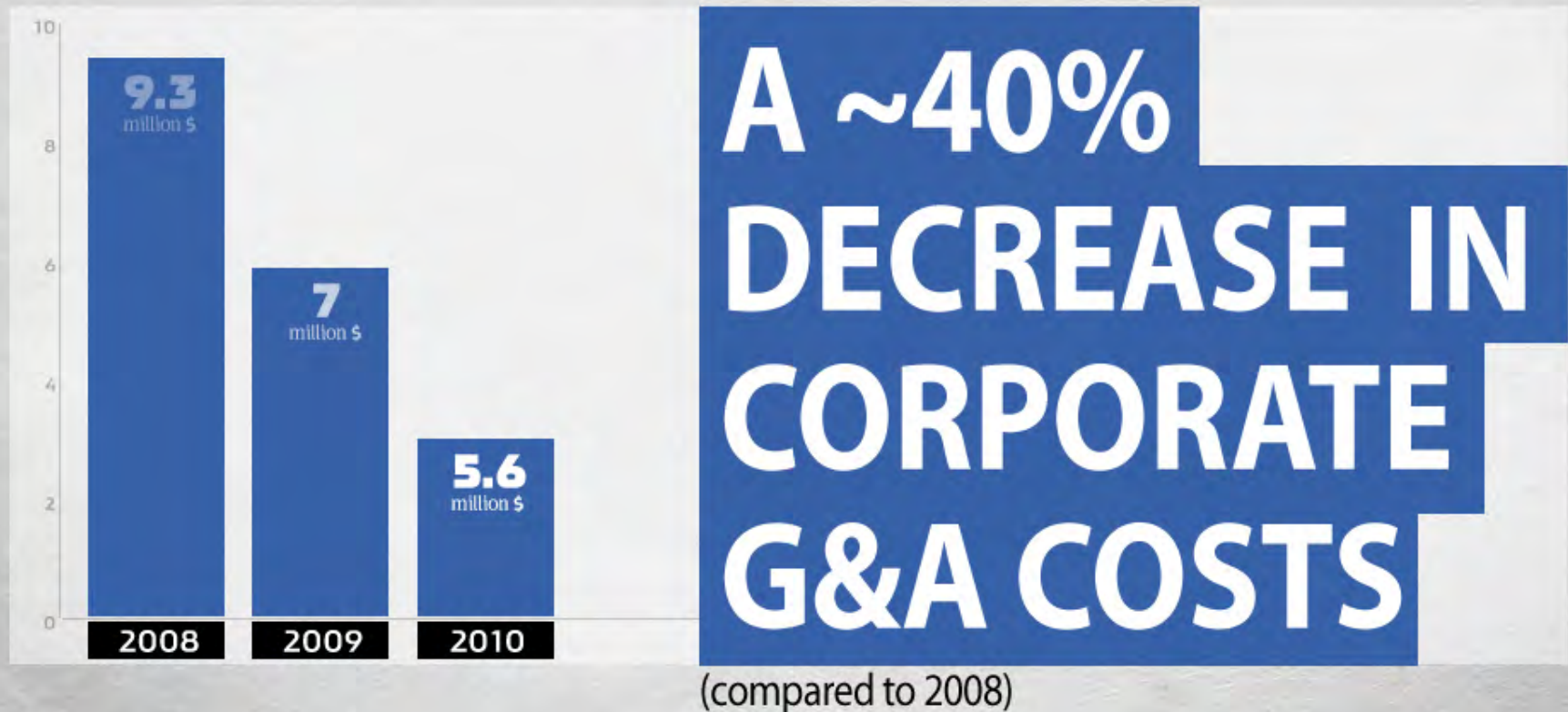
June 2010

Sale of Teledata by way of merger to
Enablence in Canada for

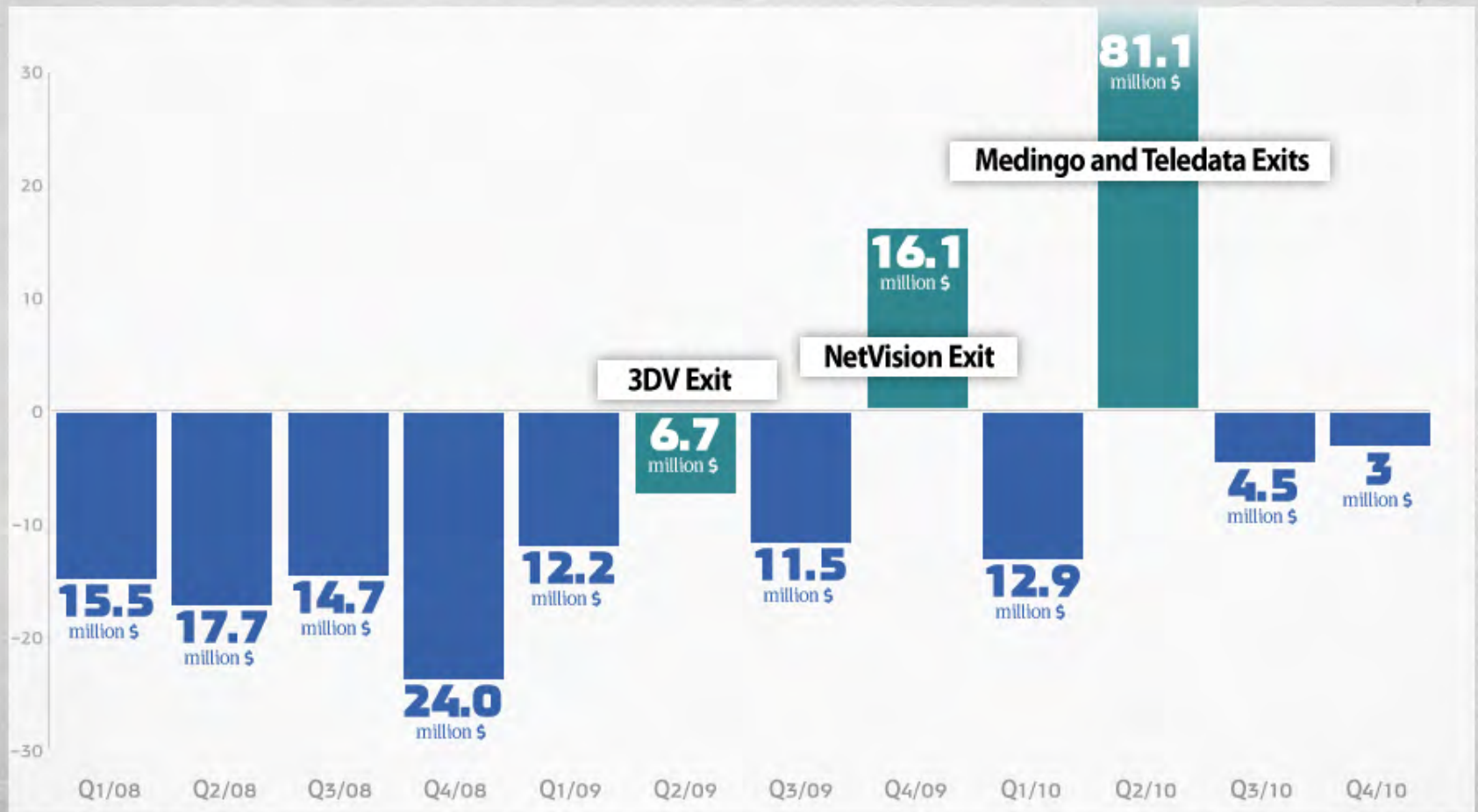
~\$50,000,000



- New management team appointed
- Manpower reduced by half
- Entered into Services Agreement with DIC



Income (Loss)* Development 2008-2010



* attributable to Company's shareholders

**Net income * for 2010
amounted to**

~\$61 million

* attributable to Company's shareholders

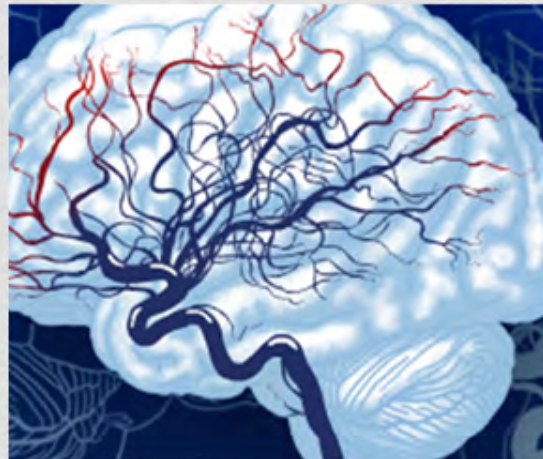
SPOTLIGHT 2011

GROUP COMPANIES

Pocared
(37%)



BrainsGate
(23%)



Nulens
(35%)



POCARED
Diagnostics

Overview

- High throughput in-vitro diagnostics (IVD) system.
- Rapid, automated microbiological testing of pathogens in body fluids based on optical technology.

Technological Advantage

- Real-time diagnosis, whereas current methods take 24-72 hrs.
- Automated, whereas current methods require highly-trained technician teams.
- Accurate, whereas current methods are prone to human error.
- Pocared's first application focuses on diagnosing urinary tract infections (UTI).

Market Potential

- Pocared's technological advantage is expected to enable its potential customers (labs) to significantly reduce expenses. ~125 million urine cultures are performed each year in the US.

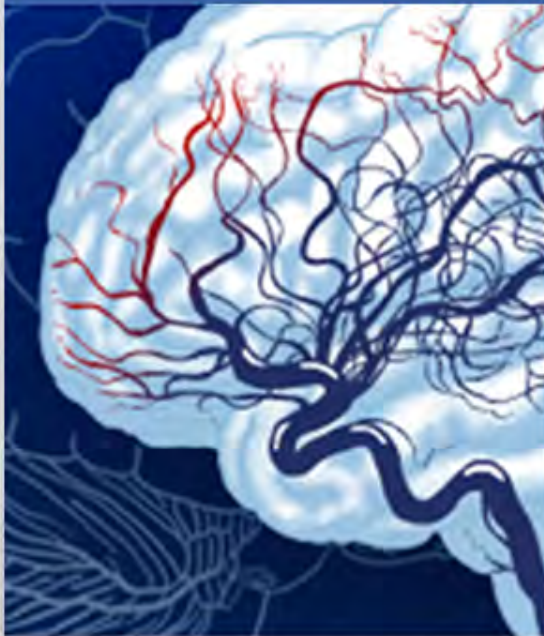


NEXT

MILESTONE

Pocared expects to commence a broad diagnostic clinical trial during the second half of 2011.

Also, Pocared intends to act toward obtaining the CE Mark for the product under its development during 2011.



Overview

- Broad platform technology for treatment of central nervous system diseases.
- Stimulates the SPG (a nerve center located behind the nasal cavity) to increase blood flow to the brain using a miniature implantable electrode.
- Additional investors include Johnson & Johnson.

Technological Advantage

- Enables treatment of Ischemic Stroke in 24h window post symptom onset; there is currently no treatment approved for use beyond a 3-4.5h window.
- Only ~5% of stroke victims arrive at hospitals in time to receive medical treatment in the approved window. As a result, a large number of stroke victims suffer from disabilities which could have been prevented.
- BrainsGate's platform may also be used for the treatment of Vascular Dementia.

Market Potential

- BrainsGate's solution is expected to revolutionize the stroke market; the direct expenditure on stroke in the US in 2010 was estimated at ~\$74 billion.



NEXT MILESTONE

BrainsGate is working towards improving its clinical trial protocol, and expects to commence an IDE clinical trial based on a new protocol during 2011.



Overview

- First real accommodating intraocular lens ("IOL") for implantation in Cataract and Impaired Vision patients.
- Additional investors include Warburg Pincus.

Technological Advantage

- Expected to provide over 6 diopters of accommodative power compared to 1-2 diopters today.
- Designed to mimic the natural function of the eye, enabling patients to see clearly at all distances.

Market Potential

- NuLens' product may provide a solution in several markets: Cataract – Over 15m people worldwide undergo cataract surgery each year, ~4m of which are in the US; AMD – AMD is considered the leading cause of blindness in the western world. The only available solution today to the best of NuLens' knowledge is external optical devices; Presbyopia – a progressively diminished ability to focus on near objects with age. To the best of NuLens' knowledge the only available solution today is glasses.

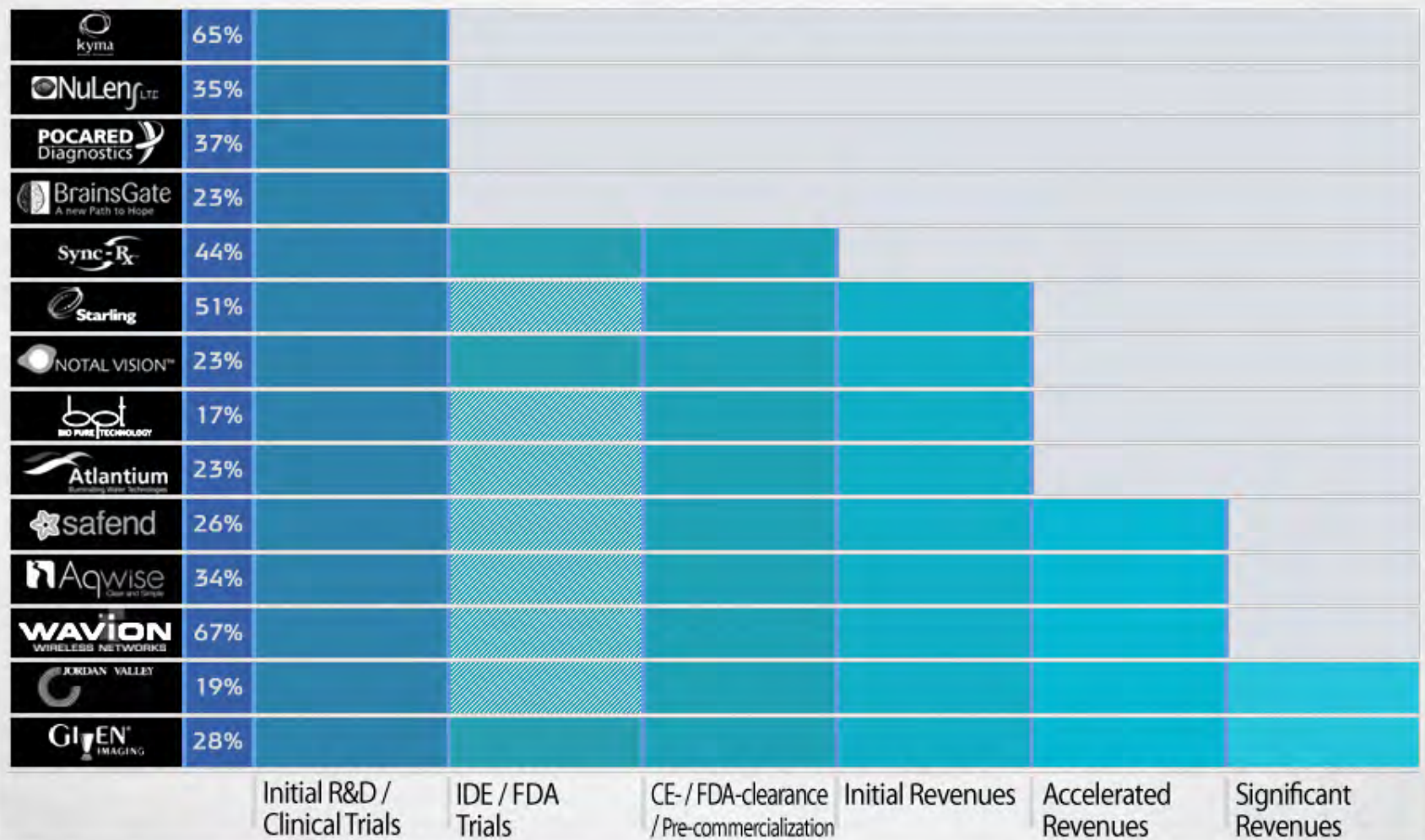


NEXT

MILESTONE

NuLens expects to commence an IDE clinical trial during the first half of 2012.

Holdings in Companies at Various Stages Of Development





LOOKING FORWARD

ELRON'S VISION

ELRON'S ASSETS

Access to Deal Flow

Proven success in building break-through companies

Networked team

IDB group

One of Israel's most influential business enterprises

Leading corporations in insurance & capital markets, communications, technology, industry, real estate development, retail, trade & tourism

Holding Company (not VC)

Flexibility for long-term support and commitment

Significant shareholding ("hands-on")

Identify strategic partners, secure financing, nominate management, lead IPOs & M&As

Focus

Focusing on creating leading global companies based on Israeli technology

Focus on technological capability, market potential, IP, securing partnerships

Strategic Partnership with Rafael

RDC: Strategic partnership between Elron (50.1%) and Rafael Advanced Defense Systems (Israeli MoD's largest R&D organization) (49.9%)

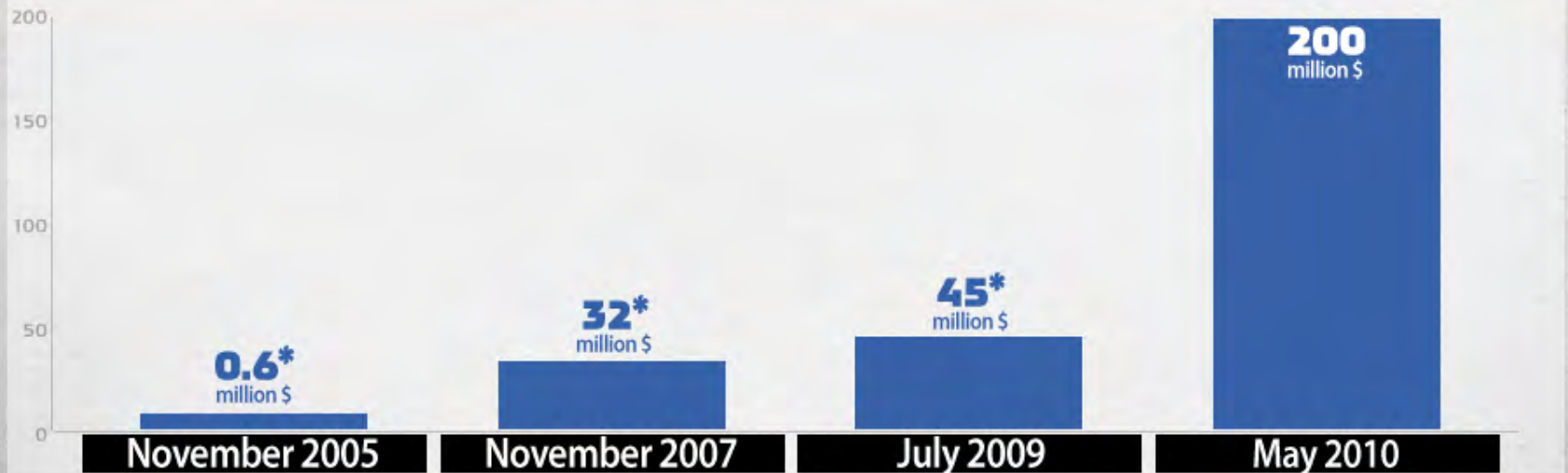
First rights to commercially exploit technologies developed by Rafael

- The Company is continuing to implement a strategy of identifying and building leading companies based on Israeli technology.
- Seeking investments with a focus on medical devices, in which Elron has experience, connections & proven capabilities.
- Continuing to invest through RDC.

MEDINGO

Implementing Elron's Strategy

2005	2007	2009	2010
Established by RDC	Elron leads internal financing round	FDA clearance received	Medingo sold for \$160m + add'l contingent payment of up to \$40m



* cumulative investment

Identifying Opportunities: Investment in



Overview

- Miniature, radar technology based device for the continuous monitoring of chronic heart failure (CHF) patients.
- The device comprises of a miniature patch attached to the patient's torso.

Technological Advantage

- Data is transferred wirelessly, enabling remote monitoring, early treatment, and as a result, reduced hospitalization admissions.
- The first application is intended for CHF patients suffering from lung edema.

Market Potential

- Kyma's solution is expected to generate savings on hospitalization admissions of CHF patients. The annual CHF expenditure in the US is estimated at ~\$37 billion.

A close-up, high-angle photograph of several US dollar bills, likely \$100 bills, showing intricate security patterns and the words "IN GOD WE TRUST". The bills are slightly out of focus, creating a sense of depth. A black rectangular box with the word "FINANCE" in white, bold, sans-serif capital letters is superimposed over the center-left portion of the image.

FINANCE

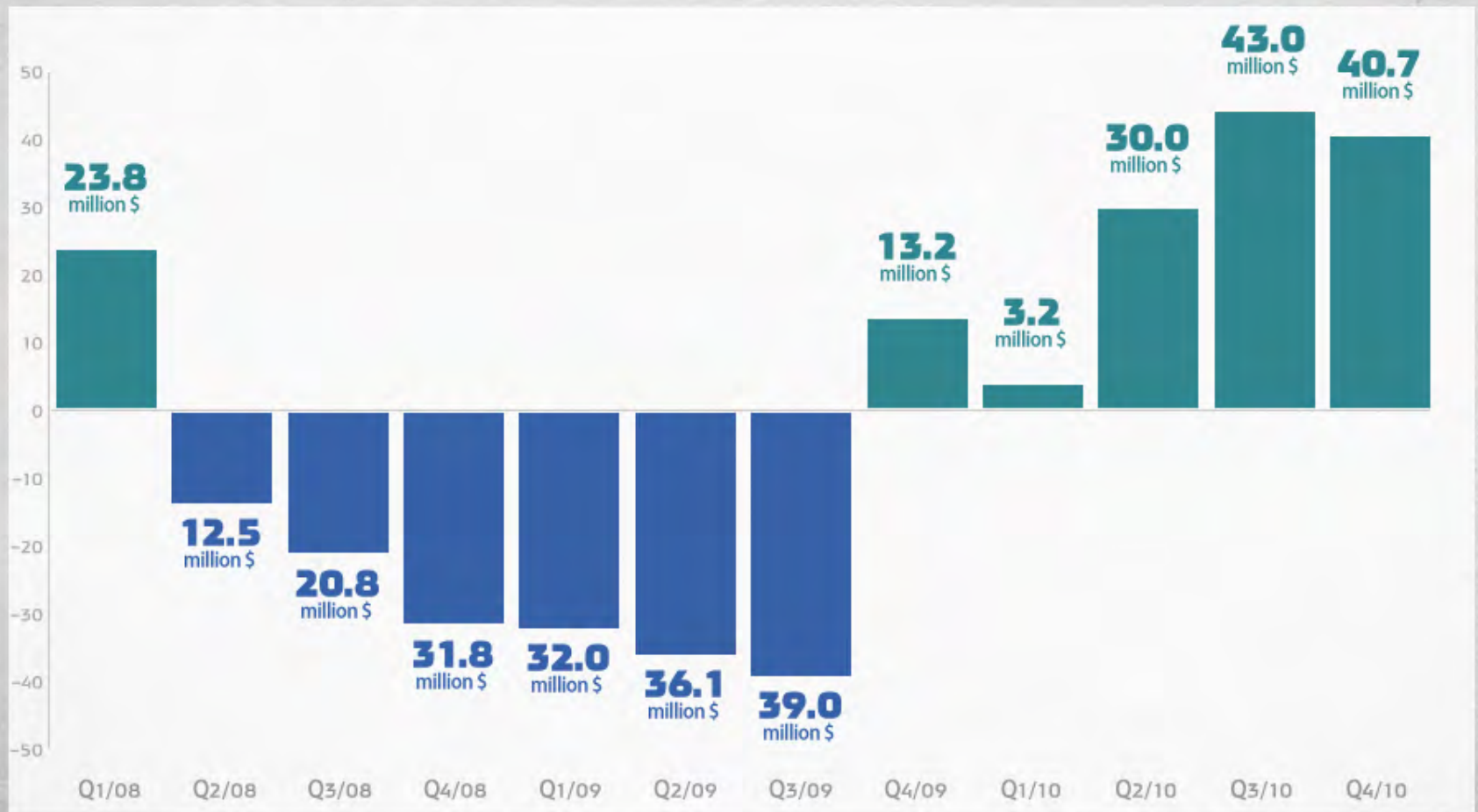
2010 Results		2008	2009	2010
Net Income for 2010 (\$ million)	Income (loss) attributable to shareholders	(71.8)	(14.3)	60.7
Main contributors to income (loss) (\$ millions)*	Equity in losses of group companies	56.1	27.4	23.7
* net of non-controlling interest and of tax	Excess cost amortization	5.0	5.9	5.6
	Impairment charges	0.9	1.9	3.3
	Total losses with respect to group companies	62.0	35.2	32.6
	Corporate G&A Expenses	9.6	7.0	5.6
	Income from disposal of businesses and changes in holdings	0.1	29.5	96.4

STATEMENT OF FINANCIAL POSITION

(US\$ million)	31.12.10	31.12.09
Cash and cash equivalents	56.5	64.7
Current assets and assets held for sale (excluding cash)	30.3	9.2
Long-term investments	129.6	127.8
Property, plant & equipment, net	2.1	3.0
Intangible assets	3.6	7.5
Other long-term receivables	28.3	0.9
Total Assets	250.3	213.1
Current liabilities	12.7	13.9
Short-term loans	0.9	10.9
Long-term loans	0.6	53.7
Convertible debentures	3.4	3.4
Other long-term liabilities	13.4	9.1
Total Liabilities	30.7	91.0
Non-controlling interests	23.6	(4.4)
Shareholders' equity attributable to shareholders	195.9	126.5
Total liabilities and equity	250.3	213.1
Equity out of total assets	78%	59%

Repayment of ~\$30m in bank loans and ~\$17m in shareholders loans

Net cash development



Quarter/Year



THANK YOU

ELRON ELECTRONIC INDUSTRIES LTD

WWW.ELRON.COM

+972-3-6075555

ELRON@ELRON.COM