



## **Unitronics (1989) (R"G) Ltd**

### **Quarterly Report as of March 31, 2015**

The Company is a "Small Corporation" as this term is defined in the Amendment to the Securities Regulations (Periodic and Immediate Reports) (Amendment), 2014 (hereinafter – "the Amendment"). On March 9, 2014 the Board of Directors of the Company adopted all the reliefs prescribed in the Amendment. For additional details see Immediate Report dated March 9, 2014 (Reference No. 2014-01-009177), which is hereby included by way of reference.

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## CHAPTER A – PREFACE

### **1.1 General**

Company Name: Unitronics (1989) (R"G) Ltd. (hereinafter: "the **Company**" or "**Unitronics**")

Company No.: 520044199

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### **1.2 Description of the Company and Its Business Environment**

Unitronics engages, through its Products Department, and Unitronics Inc., a wholly owned subsidiary of the Company, incorporated in the United States (hereinafter: "**Unitronics Inc.**"), in the design, development, production, marketing, sale and support of its products, mainly various models of series of programmable controllers which incorporate an operating panel (keyboard and display) as an integral part of the controller, and connectivity (including Internet, intranet and cellular phone communications), as well as external controller expansion units and software for the management of automated systems including industrial automation, logistics systems, automatic parking facilities, for the management of production floors and additional auxiliary items. The Company also engages, through its systems department (the activity of which is to be transferred to Unitronics Automated Solutions Ltd. (hereinafter: "**Unitronics Solutions**"), a wholly owned subsidiary of the Company, as specified in section 1.3.3 below), in the design, construction and maintenance services of computerized storage and/or logistics systems, mainly automated warehouses, and automated distribution centers, including the installation of new systems and/or the upgrading and servicing of existing systems and maintenance services for these systems based on framework agreements or individual call requests. In addition, the Company engages, through Unitronics Solutions and Unitronics Systems Inc., a second-tier subsidiary, wholly owned by Unitronics Solutions (hereinafter: "**Systems**"), in the design, development, production, establishment and maintenance of automated parking systems, including the installation of new systems and/or the upgrading and servicing of existing systems and maintenance services for these systems based on framework agreements or individual call requests.

The Company's controllers are distributed and sold through the Company's own marketing system and via Unitronics Inc. as well as through a chain of distributors comprising 165 distributors (of which 110 in the US) in approximately sixty countries (including Israel) throughout Europe, Asia, South and Central America, North America and Africa. The Systems Department services are provided mainly to customers in Israel, and, in a few cases, outside of Israel as well. The services of the Parking Solutions Department are primarily provided to customers in Israel and in the US.

The Company mainly operates from facilities located in "Unitronics Building," an office and industrial building which is leased, in part, by the Company, and a different part therein is rented to the Company. The Unitronics Building is situated at Airport City next

to the David Ben-Gurion Airport, and it houses the Company's offices and all its other facilities in Israel. For additional details see sections 1.13.1 and 1.13.2 in Chapter A of the Company's Periodic Report for 2014, which was published by the Company on March 12, 2015, , reference no: 2015-01-050227 (hereinafter – **"the Periodic Report"**).

As from May 2004, the Company's shares are traded on the Tel Aviv Stock Exchange, and as from September 1999 on the Belgian Stock Exchange (first on the EuroNM Belgium Stock Exchange and, starting from the year 2000, on the EuroNext Stock Exchange in Brussels, Belgium).

### **1.3 Main Events in the Period of the Report and up to Its Publication**

#### **1.3.1 Signature on a binding letter of intent - establishment of an automated parking lot in Canada**

On March 4, 2015, an Canadian customer, unrelated to the Company or to interested parties therein, Prestige Properties Corp. (hereinafter the "**Customer**") signed, with the Company (through Unitronics Systems Inc.), a binding letter of intent (BLOI) (hereinafter the "**Letter of Intent**") for the design, supply and establishment of an automated parking system of 1,400 parking spaces in Calgary, Alberta, Canada (hereinafter: the "**Project**"). In accordance with the letter of intent, the customer will pay the Company for the project a total of US \$ 24 million (about NIS 96 million). For additional details see the Immediate Report dated March 8, 2015, on an Event or Matter Not in the Ordinary Course of the Corporation's Business, reference no. 2015-01-045496, included herein by way of reference).

#### **1.3.2 Principal payment of Debenture (Series 4)**

On February 1, 2015 the Company made the first payment of six principal payments of the debentures (Series 4), which were issued by the Company under a Shelf Prospectus published on February 22, 2011 and amended on March 17, 2011 (hereinafter – "**the 2011 Shelf Prospectus**") and a Shelf Offering Report published by the Company on January 24, 2013 pursuant to the 2011 Shelf Prospectus (hereinafter: "**2013 Offering Report**"). For a full version of the 2011 Shelf Prospectus see company report dated February 22, 2011, reference no.: 2011-01-058260 and March 17, 2011, reference no.: 2011-01-084435. For a full version of the 2013 Shelf Offering Report see company report dated January 24, 2013, reference no.: 2013-01-021699.

#### **1.3.3 Reorganization – agreement signed to transfer the activity in the field of systems to a subsidiary**

On March 15, 2015, the Board of Directors of the Company approved a restructuring agreement (hereinafter: the "**Restructuring Agreement**") with Unitronics Solutions, whereby the Company will transfer to Unitronics Solutions its activities in the field of design, establishment and maintenance of storage systems and/or logistics systems, mainly automated warehouses and automated distribution centers. The restructuring agreement was signed on March 29, 2015; details of the properties, rights and obligations to be transferred to Unitronics Solutions within the framework of the transferred activities have yet to be finalized between the parties. However, as part of the restructuring agreement the Company and Unitronics Solutions agreed to complete the details regarding the composition of the properties, rights and obligations from time to time, as required and by mutual agreement, subject to all the approvals required by law. The restructuring is expected to be implemented as a transfer exempt from income tax in accordance with Part 2E of the Israeli Income Tax Ordinance and subject to the conditions set out therein. The validity of the restructuring agreement is conditional upon the receipt of pre-ruling tax arrangement from the tax authorities in this regard. Subject to

the said tax approval, the restructuring is expected to come into effect from April 1, 2015 (for further details see the immediate report dated March 15, 2015 of an Event or Matter not in the Ordinary Course of the corporation's Business, reference no. 2015-01-501688, included herein by way of reference).

#### 1.3.4 Change of Company's officers

On May 15, 2015, Mr. Daniel Rafael Nygate, VP and Purchasing Manager, ceased to hold office, even though he continued to serve as a senior officer in the Company as specified below (for further details see immediate report dated March 15, 2015, regarding a senior officer that ceased to hold office, reference no. 2015-01-051697, included herein by way of reference).

On May 15, 2015, Mr. Daniel Rafael Nygate was appointed as the CEO of Unitronics Solutions (for further details see immediate report dated March 15, 2015 regarding the appointment of a senior officer, reference no. 2015-01-051721, included herein by way of reference).

On March 15, 2015, CPA Ronen Zalayet was appointed as the CFO of Unitronics Solutions (for further details see immediate report dated March 15, 2015 regarding the appointment of a senior officer, reference no. 2015-01-051709, included herein by way of reference).

On March 15, 2015, Mr. Josef Ratsabi was appointed as Vice President of Unitronics Solutions (for further details see immediate report dated March 15, 2015 regarding the appointment of a senior officer, reference no. 2015-01-051724, included herein by way of reference).

## Chapter B – Board of Directors’ Report

### 2.1 Financial Position

#### 2.1.1 Balance Sheet

	As of March 31		As of December 31, 2014	Board of directors’ explanations for changes in balance sheet balances compared to December 31, 2014
	2015	2014		
	NIS in thousand			
Current assets	122,743	130,555	131,977	The decrease is mainly due to the following factors: A decrease in the balance of cash, cash equivalents and restricted cash of NIS 4,686 thousand; a decrease in the marketable securities of NIS 6,875 thousand in order to fund principal payment of debentures (Series 4) as explained below; a decrease of NIS 2,964 thousand in the inventory in the products segment which reflects a return to the required inventory levels (following an increase in inventory in 2014 as explained in section 2.2.1 of the periodic report); and a decrease in inventory - work in progress of NIS 2,674 thousand which reflects progress in the execution of projects as of the reporting date only. On the other hand there was an increase in trade receivables of NIS 5,399 thousand stemming mainly from the parking solutions segment.
Non-current assets	76,603	66,811	74,070	The increase is mainly due to the following factors: An increase in intangible assets of NIS 2,915 thousand mainly due to continued investments in development.
<b>Total assets</b>	<b>199,346</b>	<b>197,366</b>	<b>206,047</b>	
Current liabilities	58,423	73,392	64,587	The decrease is mainly due to the following factors: A decrease in trade payables of NIS 6,147 thousand, stemming mainly from the products segment due to a decrease in inventory levels as explained above.
Non-current liabilities	83,830	79,916	91,800	The decrease is mainly due to the following factors: A decrease in the debenture balances of NIS 7,273 thousand following the first payment (of six payments) of the principal of debentures (Series 4) during the reported period.
Equity attributable to Company shareholders	57,093	44,058	49,660	
<b>Total liabilities and equity</b>	<b>199,346</b>	<b>197,366</b>	<b>206,047</b>	

The Company’s working capital as of March 31, 2015 totaled NIS 64,320 thousand compared to the working capital as of December 31, 2014, which totaled NIS 67,390 thousand. The decrease resulted mainly from the decrease in cash and cash equivalents as explained in section 2.2 below.

## 2.1.2 Results of operations

	For the three month period ended on March 31		For the year ended December 31	Board of directors' explanations for changes in profit and loss items in comparison to the corresponding period last year
	2015	2014	2014	
	NIS in thousand			
Income	46,563	40,548	171,311	The growth in the reporting period compared to the same period last year is attributed to an increase in revenues from the parking and product segments offset by a decrease in income from the systems segment. For details on income by segments, see section 2.1.3 below.
Cost of income	30,057	29,208	117,566	
Gross profit (gross profit rate)	16,506 (35.5%)	11,340 (28%)	53,745 (31.4%)	The increase in gross profit margins in the reporting period compared to the same period last year is mainly attributed to the products and systems segments, as detailed in section 2.1.3 below.
Development expenses, net	1,583	1,301	6,102	During the reporting period, an intangible asset was recognized in respect of development costs of NIS 5,148 thousand, compared with NIS 4,378 thousand in the same period last year. Total development costs in the reporting period reflect the continued development of technologies required to support the Company's operations and to provide a response to the Company's business plans in the various segments of activity, with adjustments in the number of development personnel.
Selling and marketing expenses	5,324	4,395	20,657	The growth in the reporting period compared to the corresponding period last year is mainly attributed to the Products segment and it is designated to support an increase in the products segment and to provide a response to Company's business plans in this area.

	For the three month period ended on March 31		For the year ended December 31	Board of directors' explanations for changes in profit and loss items in comparison to the corresponding period last year
	2015	2014	2014	
	NIS in thousand			
Administrative and general expenses	3,506	2,626	14,811	The increase in general and administrative expenses during the reporting period compared to the same period last year is mainly due to a provision for a bonus for the CEO of the Company in respect of the profit for the period.
Other expenses	-	2,191	2,150	The Other Expenses in the corresponding period last year is mainly due to the capital loss from the sale of a real estate property as specified in section 1.13.3 of the Periodic Report.
Profit from ordinary activities	6,093	827	13,668	See explanations of the analysis by activity segments in section 2.1.3.2 below.
Income (expenses) from financing, net	1,776	(385)	(8,531)	During the reporting period the Euro weakened against the Shekel by approximately 9.55% and the Israeli consumer price index decreased by about 1.3%. As a result, the Company recorded an exceptional financing income from Euro-Shekel hedging transactions, an erosion of bank loans denominated in Euros and an erosion of the principal of the Debentures (Series 4) linked to the Israeli consumer price index.
Profit before taxes on income	7,869	442	5,157	
Taxes on income	895	190	1,811	Tax expenses during the reporting period are due primarily to current taxes in respect of the expected profit for tax purposes for the period and taking into account the tax benefits to which the Company is entitled as part of the approved enterprise program of the Investment Center as specified in Note 24(3) to the financial statements for 2014 attached to the Periodic Report.
Net profit for the period	6,974	252	3,346	

### 2.1.3 Analysis of Business Results by Operating Segment

As mentioned above, the Company's main commercial operations are carried out by three business segments: the Products segment, the Systems segment and the Parking Solutions segment. For further details regarding the Company's operating segments, see Chapter A, sections 1.8, 1.9, 1.10 and 1.11 of the Company's Periodic Report.

During 2014, the management of the Company began to examine the performance of the segments after allocation of the development costs to the products segment and the parking solutions segment. Accordingly, the development costs were attributed by comparative figures for the first quarter of 2014 for these segments.

#### 2.1.3.1 Revenues

	For the three month period ended on March 31		For the year ended December 31	Board of directors' explanations for the changes in comparison to the corresponding period
	2015	2014	2014	
	NIS in thousand			
Products	27,987	24,619	108,442	The growth recorded during the reporting period stems from an increase in sales of products compared to the corresponding period last year, which is mainly due to enhanced marketing activity and the launch of new products at the end of 2014, and the strengthening of the dollar against the Shekel during the reporting period despite the weakening of the Euro against the Shekel during the reporting period.
Percentage of total company revenues	60%	61%	63%	
Systems	9,912	12,131	37,835	The decrease in revenues in the systems segment during the reporting period stems from actual changes in the progress of construction of several logistic systems, mainly in relation to the planning and construction of logistic systems to major customers in Israel (for details see section 1.10.9 of the Periodic Report) and from the rate of the receipt of orders from customers for logistic systems during the reporting period, due to, among others, the volatility in this market.
Percentage of total company revenues	21%	30%	22%	
Parking solutions	8,558	3,713	24,641	The growth in revenues in the parking solutions segment during the reporting period compared to the corresponding period last year is attributable mainly to an increase in the volume of projects in this area and from the actual progress of the establishment of several current automated parking systems.
Percentage of total company revenues	18%	9%	14%	

### 2.1.3.2 Segment results

	For the three month period ended on March 31		For the year ended December 31	Board of directors' explanations for the changes in comparison to the corresponding period last year
	2015	2014	2014	
	<u>NIS in thousands</u>			
<b>Operating segments</b>				
Products	5,831	5,516	26,535	The growth in the operating results of the products segment in the reporting period compared to the corresponding period last year is mainly due to an increase in revenues in this segment as explained in section 2.1.3.1 above, while continuing the trend of efficiency and a decrease in production costs.
Systems	4,192	1,155	4,737	The growth in the operating results of this segment in the reporting period compared to the corresponding period last year stems from a mix of revenues from projects the gross profit margin of which is higher in comparison to the corresponding period and from a certain decrease of fixed costs in this segment.
Parking solutions	(1,281)	(1,682)	(7,109)	The decrease in operating loss in the results of the parking solutions segment compared to the corresponding period last year is mainly due to an increase in the number of projects, while maintaining a stable cost structure.

## 2.2 Liquidity and Sources of Financing

The balance of cash, cash equivalents and marketable securities of the Company as of March 31, 2015, totaled to NIS 55,422 thousand compared with NIS 66,808 thousand as of December 31, 2014. Below are explanations on the changes in cash flows:

	For the three month period ended on March 31		For the year ended December 31	Board of directors' explanations for the changes in comparison to the corresponding period last year
	2015	2014	2014	
	NIS in thousands			
Cash flows from operating activities	643	9,652	14,264	During the reporting period, the positive cash flows were mainly due to the profit for the period, offset by the changes in asset and liability items (mainly an increase in trade receivables and a decrease in inventory and trade payables) compared to positive cash flows in the corresponding period last year which was mainly due to a increase in trade payables and an decrease in inventory - work in progress.
Cash flows from investment activities	1,821	14,954	454	During the reporting period, the positive cash flows stemmed mainly from the sale of marketable securities (for payment of the first of six principal payments of debentures (Series 4)) offset by investments in development. In the corresponding period last year the positive cash flow stemmed mainly from the sale of a real estate property, offset by investments in development.
Cash flows from financing activities	(7,322)	(12,938)	(14,330)	During the reporting period, the negative cash flow was mainly due to the first of six principal payments of debentures (Series 4), as specified in section 1.3.2 above. The negative cash flow in the corresponding period last year resulted mainly from the payment of the second of five principal payments of debentures (Series 3).

On March 31, 2015, the total credit lines available to the Company for its operating activities amounted to NIS 25.7 million. As of March 31, 2015 a total of NIS 24.8 million of this amount was used to secure the Company's obligations in projects carried out in the Systems and Parking Solutions segments.

## 2.3 Dedicated Disclosure to Debenture Holders

### 2.3.1

(1)	Security	Debentures (Series 4)
A	Issue date	January 2013
B	Total par value on issue date	53,125,000
C	Par value as of the reporting date	46,484,375
D	Par value according to linkage terms – as of the report date	46,482,000
E	Accrued interest as of the report date	409,000
F	Liability value as of the report date	45,519,000
G	Stock Exchange value	50,645,000
H	Type of interest, including description	5.4% fixed annual interest
I	Payment dates of outstanding principal	Five unequal annual installments payable on January 31 of each year from 2016 to 2020 (inclusive), at the following rates by years in chronological order: (a) 12.5% of the principal, (b) 12.5% of the principal, (c) 20.5% of the principal (d) 21% of the principal, (e) 21% of the principal, (f) 21% of the principal.
J	Future interest payment dates	Every January 31 and July 31 from July 31, 2015 up to (and including) January 31, 2020
K	Details of linkage basis of interest and principal	Principal and interest linked to the Consumer Price Index. Base index - December 2012 CPI without hedging
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the terms of the Company to exercise its right to early redemption, see section 12 of the Shelf Offering Report dated January 24, 2013, Reference No. 2013-01-021699)
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Mishmeret Trust Company Ltd. 48 Menachem Begin Road, Tel Aviv 66184, Israel Phone: 03-6374352, Fax: 03-6374344 Email: <a href="mailto:ramis@bdo.co.il">ramis@bdo.co.il</a>

(5 +6) As of and during the reporting period, the Company, to the best of its knowledge, complied with all the terms and obligations in the trust deed for the debentures (Series 4), the Company is not in breach of any obligation or condition set forth in the

Deed of Trust, and there are no grounds for calling for the immediate repayment of the debentures.

- (8) On February 12, 2013, a lien on the deposit funds in a bank account in the amount of the semi-annual interest on the debentures was created at the Registrar of Companies which was designated to secure the payment of interest pursuant to the debentures (Series 4). As long as the Company has an outstanding balance of debentures (Series 4), the Company and all of its subsidiaries (on the date of the signing of the Deed of Trust and any other subsidiary established or acquired until the date of full repayment of the debentures (Series 4) as it may be) shall avoid the creation of a general lien on its assets to any third party without the prior consent of a simple majority of the debenture holders. It is emphasized that the Company and / or any of its subsidiaries shall be entitled to grant a first and/or second ranking pledge over their property, in whole or in part, including cash and cash equivalents for the benefit of financing entities, which will provide it with financing for the purchase of property or equipment, including a floating charge over the specific asset/s, including for the purchase of building construction services, including the replacement of financing entities that hold specific pledges on other entities on the date of the Offering Report, without having to obtain consent of the holders of the debentures (Series 4) for this.

Pursuant to the terms of issue of the debentures (Series 4), the Company has made the following undertakings:

- Dividend distribution – the Company has undertaken that during the period in which the Debentures (Series 4) are outstanding, it shall not distribute dividend at a rate exceeding 30% of the annual cumulative net profit (calendar) attributable to the Company's shareholders, based on the recent audited consolidated financial statements of the Company, which were published prior to the date of the Company's resolution regarding distribution of the dividend, unless the Company obtains the prior consent of the debenture holders (Series 4), which was received by special resolution in a meeting of debenture holders convened in accordance with the Second Addendum to the Trust Deed of Debentures (Series 4). For additional details on the said restriction, see section 11.1 of the Offering Report that was published on January 24, 2013 (Reference No. 2013-01-021699) (hereinafter – "**2013 Offering Report**").
- The net financial debt to CAP ratio – the Company undertook that as of the date of listing the debentures (Series 4) and as long as the debentures (Series 4) are outstanding, the ratio between the Company's net financial debt and the Company's net CAP (solo) according to its financial statements (solo), whether audited or reviewed (as the case may be), in relation to the Company's financial statements as of the periods ended June 30 and December 31, shall not exceed 80%. If the Company is in breach of this undertaking, at any review date, the rate of interest payable by the Company to the holders of Series 4 Debentures on the first payment date following the date of the breach, will be raised by 0.5% only per annum above the interest rate determined in the tender, during the period in which the breach occurred. Should the Company breach this undertaking on the date following the previous review date, the rate of interest which is to be paid by the Company to the holders of the Series 4 Debentures, shall be increased by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If, on two consecutive review dates, such breach is discovered, such that this ratio is 85% or more, then such breach shall constitute grounds for declaring the outstanding balance of the Debentures (Series 4) immediately due and payable. For additional details regarding the aforesaid restriction, see section 11.2 of the 2013 Offering Report.

- The net financial debt to EBITDA ratio – the Company undertook that as of the date of listing the Debentures (Series 4) and as long as the Debentures (Series 4) are outstanding, the ratio between the Company's net financial debt and the Company's EBITDA according to its audited or reviewed consolidated financial statements (as the case may be), in relation to the Company's financial statements as of the periods ended June 30 and December 31, shall not exceed 10. Should the Company breach this undertaking, at any review date, the interest rate payable by the Company to the holders of the Series 4 Debentures on the first payment date following the date of the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period of the breach. If the Company is in breach of this undertaking on the date following the previous review date, the interest rate which is to be paid by the Company to the holders of Series 4 Debentures, will be raised by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If on two consecutive review dates said breach is discovered, such that this ratio is 12% or more, then such breach shall constitute grounds for declaring the outstanding balance of the Debentures (Series 4) immediately due and payable. For additional details regarding the aforesaid restriction, see section 11.3 of the 2013 Offering Report.
- Restriction on shareholders' equity – the Company's shareholders' equity according to the Company's audited or reviewed financial statements (solo) (as the case may be), as of June 30 and December 31, shall not be less than NIS 20 million during two consecutive quarters. Should the Company breach this undertaking, at any review date, the interest rate which is to be paid by the Company to the holders of the Series 4 Debentures on the first payment date following the publication of the recent financial statements which point to the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period of the breach. If the Company is in breach of this undertaking on the date following the previous review date, the interest rate which is to be paid by the Company to the holders of Series 4 Debentures, shall be raised by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If, on two consecutive review dates said breach is discovered, such that the shareholders equity fall below NIS 15 million, then such breach shall constitute grounds for declaring the outstanding balance of the Debentures (Series 4) immediately due and payable. For additional details regarding the aforesaid restriction, see section 11.4 of the 2013 Offering Report.
- The Company's undertaking not to create charges – the Company undertook not to create a floating charge over on its assets, and to ascertain that each of its subsidiaries (on the date of execution of the Trust Deed and any additional subsidiary of the Company that will be established or acquired until the date of final repayment of the Debentures (Series 4), if any) shall not create any charge as aforesaid. For additional details regarding the aforesaid restriction, see section 11.5 of the 2013 Offering Report.

The Company shall be entitled (but not obligated), in its sole discretion, to make an early redemption, in whole or in part, of the Debentures (Series 4), upon such terms and subject to such restrictions as set forth in the Amended Shelf Prospectus and in the 2013 Offering Report.

Upon the occurrence of certain events, and upon certain conditions, the trustee of the Debentures (Series 4) may declare the debentures immediately due and payable. Among these events, the following may be enumerated, in brief: a material deterioration in the Company's business and a real concern that the Company may not be able to repay its debentures on time; the imposition of an attachment on the Company's assets, the

performance of an execution action against the Company's assets, the appointment of a temporary or permanent receiver to the Company's assets, which were not removed and/or cancelled within 45 days; the sale of the bulk of the Company's assets; if Mr. Haim Shani ceases to be the controlling shareholder of the Company, whether directly or indirectly, without obtaining the consent of the holders of Series 4 Debentures to the transfer of control; a fundamental breach of the terms of the Debenture and the Deed of Trust (Series 4), which were not remedied within 14 days of the date on which the trustee notified the Company of the said breach; a breach of any of the financial covenants set forth in section 11 of the 2013 Offering Report, where it is explicitly stated that the breach thereof constitutes grounds for immediate repayment. For details regarding the list of the grounds available to the trustee for declaring the Debentures (Series 4) due and payable, see section 18.1 of the 2013 Offering Report.

### 2.3.2

(1)	Security	Debentures (Series 5)
A	Issue date	September 2014
B	Total par value on issue date	40,000,000
C	Par value as of the reporting date	40,000,000
D	Par value according to linkage terms – as of the report date	40,000,000
E	Accrued interest as of the report date	195,000
F	Liability value as of the report date	38,809,000
G	Stock Exchange value	42,000,000
H	Type of interest, including description	5.8% fixed annual interest
I	Payment dates of outstanding principal	Nine unequal annual installments payable on August 31 of each year from 2015 to 2023 (inclusive), at the following rates by years in chronological order: (a) 10% of the principal, (b) 10% of the principal, (c) 5% of the principal (d) 5% of the principal, (e) 5% of the principal, (f) 5% of the principal, (g) 20% of the principal, (h) 20% of the principal, (i) 20% of the principal.
J	Future interest payment dates	Every February 28 and August 31 of the years 2015 to 2023 (inclusive)
K	Details of linkage basis of interest and principal	Unlinked
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the terms in which the Company may exercise its right to early redemption, see section 8.4 of the Shelf Offering Report dated September 10, 2014, Reference No. 2014-01-155406)
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Hermetic Trust (1975) Ltd. 113 Hayarkon Street, Tel Aviv, Israel Phone: 03-5274867, Fax: 03-5271736 Email: <a href="mailto:hermetic@hermetic.co.il">hermetic@hermetic.co.il</a>

- (5 +6) As of and during the reporting period, the Company, to the best of its knowledge, complied with all the terms and obligations in the trust deed for the debentures (Series 5), the Company is not in breach of any obligation or condition set forth in the Deed of Trust, and there are no grounds for calling for immediate repayment of the debentures.

Pursuant to the terms of issue of the debentures (Series 5), the Company has made the following undertakings:

- Dividend distribution – the Company has undertaken that during the period in which the Debentures (Series 5) are outstanding, it shall not make a distribution, as this term is defined in the Companies Law, 1999, at a rate exceeding 30% of the annual net profit in the last calendar year that ended prior to the distribution, attributable to the Company's shareholders, based on the recent audited consolidated financial statements of the Company, which were published prior to the date of the Company's resolution regarding distribution of the dividend, unless the Company obtains the prior approval of the debenture holders (Series 5), which was adopted by special resolution in a meeting of debenture holders convened in accordance with the Second Addendum to the Trust Deed of Debentures (Series 5). For additional details on the said restriction, see section 1 of Appendix 5 of the Shelf Offering Report published on September 10, 2014 (reference no. 2014-01-155406) (hereinafter: the "**Offering Report 2014**").
- The net financial debt to net CAP ratio – the Company undertook that as of the date of listing the debentures (Series 5) and as long as the debentures (Series 5) are outstanding, the ratio between the Company's net financial debt and the Company's net CAP (solo) according to its financial statements (solo), whether audited or reviewed (as the case may be), based on the Company's financial statements as of the periods ended June 30 and December 31, shall not exceed 70%. If the Company is in breach of this undertaking, at any review date, the rate of interest payable by the Company to the holders of Debentures (Series 5) on the first payment date following the date of the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period in which the breach occurred. If the Company is in breach of this undertaking on the date following the previous review date, the rate of interest which is to be paid by the Company to the holders of Debentures (Series 5), shall be increased by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If the said breach is discovered on two consecutive review dates, such that this ratio is 75% or more, then such breach shall constitute grounds for declaring the outstanding balance of the Debentures (Series 5) due and payable. For additional details regarding the aforesaid restriction, see section 2 of Appendix 5 to the 2014 Offering Report.
- Restriction on shareholders' equity – the Company's shareholders' equity according to the Company's audited or reviewed financial statements (solo) (as the case may be), as of June 30 and December 31, shall not be less than NIS 25 million. If the Company is in breach of this undertaking, at any review date, the interest rate payable by the Company to the holders of Debentures (Series 5) on the interest payment date following the publication of the last financial statements which point to the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period of the breach. If the Company is in breach of this undertaking on the date subsequent to the previous review date, the interest rate payable by the Company to the holders of Debentures (Series 5), will be raised by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If said breach is discovered on two consecutive review dates, such that the shareholders' equity falls below NIS 20 million, then such breach shall constitute grounds for declaring the outstanding

balance of Debentures (Series 5) due and payable. For additional details regarding the aforesaid restriction, see section 3 of Appendix 5 to the 2014 Offering Report.

- The net financial debt to EBITDA ratio – the Company undertook that as of the date of listing the Debentures (Series 5) and as long as the Debentures (Series 5) are outstanding, the ratio between the Company's net financial debt and its EBITDA according to the Company's audited or reviewed consolidated financial statements (as the case may be), in relation to the 12 month period preceding the review date, shall not exceed 10. The review of the Company's compliance with the net financial debt to EBITDA ratio shall be conducted twice in each calendar year on the date of publication of the financial statements as of June 30 and December 31 of each year. If the Company is in breach of this undertaking, at any review date, the interest rate payable by the Company to the holders of Debentures (Series 5) on the first payment date following the date of the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period of the breach. If the Company is in breach of this undertaking on the date subsequent to the previous review date, the interest rate which is to be paid by the Company to the holders of Debentures (Series 5), will be raised by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If said breach is discovered on two consecutive review dates, indicating a ratio of 12 or more, then this breach shall constitute grounds for declaring the outstanding balance of the Debentures (Series 5) due and payable. For additional details regarding the aforesaid restriction, see section 4 of Appendix 5 to the 2014 Offering Report.
- The Company's undertaking not to create charges – the Company undertook not to create a floating charge over on its assets, and to ascertain that each of its subsidiaries (on the date of signing the Trust Deed and any additional subsidiary of the Company that will be established or acquired until the date of final repayment of the Debentures (Series 5), if any) shall not create any charge as aforesaid. For additional details regarding the aforesaid restriction, see section 5 of Appendix 5 to the 2014 Offering Report.

The Company shall be entitled (but not obligated), in its sole discretion, to make an early redemption, in whole or in part, of Debentures (Series 5), upon such terms and subject to such restrictions as set forth in the 2014 Shelf Prospectus and in the 2014 Offering Report.

Upon the occurrence of certain events, and upon certain conditions, the trustee of the Debentures (Series 5) may declare the debentures due and payable. Among these events, the following may be set forth in brief: a material deterioration in the Company's business compared to the situation on the date of the offering and a real concern that the Company may not be able to repay its debentures on time; the debentures were not repaid on time or another material undertaking provided to the holders was not met; the Company failed to publish a financial statement that it is required to published under the law, within 30 days from the last date required by the statute; there is concern that the Company will not meet its material obligations to the holders; the Company ceased or announced its intention to cease payments; the Company is in breach of any of the financial covenants set forth in Appendix 5 to Trust Deed of the Debentures (Series 5), where it is explicitly stated that the breach thereof constitutes grounds for immediate repayment. For details regarding the list of grounds available to the trustee for declaring the Debentures (Series 5) due and payable, see section 8 of the 2014 Offering Report.

## 2.4 Quarterly report on the Company's liabilities by maturity dates

For details on the Company's liabilities by repayment dates, as of March 31, 2015, see report dated May 20, 2015, which the Company published concurrently with the publication of this report.

## 2.5 Projected Cash Flows

The Board of Directors determined, following an examination of the warning signs specified in Regulation 10(b) (14) of the Securities Regulations (Periodic and Immediate Reports), 1970, regarding disclosure of the projected cash flows for repayment of the Company's obligations, that no warning sign exists, that the Company has no liquidity problems and is able to meet its obligations, including the full payment of its liabilities in respect of the Debentures (Series 4 and 5). An examination as stated is performed by the Board of Directors on a quarterly basis, along with the approval of the quarterly financial statements published by the Company.

## 2.6 Details of the Approval Process of the Company's Financial Statements

### 2.6.1 Preparation of the Financial Statements

The Company's financial statements were prepared by the Company's CFO. The statements were reviewed by the Company's auditor, who is given full access to all data and information in the Company, including meetings with the Company's employees and managers, as required by him. Subsequent to the auditor's review, the financial statements were submitted to the members of the Financial Statements Review Committee.

### 2.6.2 Financial Statements Review Committee

Once the Companies Regulations (Directives and Conditions Concerning the Procedure for Approving Financial Statements), 2010, came into effect, the Audit Committee was appointed by the Company's Board of Directors (in its meeting on November 11, 2010) to also serve as a Financial Statements Review Committee (hereafter: "**the Committee**"), said committee having a composition and significance that are consistent with said regulations, in all matters related to the Financial Statements as of December 31, 2010, and thereafter. As of the reporting date, the following directors serve on this committee:

Name	Zvi Livne, CPA	Yoel Sela, CPA	Moshe Braz, CPA
An independent or an external director	No	External director	External director
Chairman of the Committee for Review of the Financial Statements	No	No	Yes
Has accounting and financial expertise	Yes	Yes	Yes
Did he provide a statement prior to his nomination?	Yes	Yes	Yes

\* For details regarding the education and experience of the members of the Committee for Review of the Financial Statements, see section 4.10 of Chapter D of the Periodic Report.

As a part of the approval process of the financial statements as of March 31, 2015, a Committee meeting was held on May 18, 2015. A comprehensive discussion of material issues took place in order to formulate the Committee's recommendations to the Board of Directors, for the purpose of approval of the financial statements; later, the Committee approved its recommendations.

The following people were invited to, and attended, the Committee meeting on May 18, 2015: members of the Committee (CPAs Yoel Sela, Zvi Livne and Moshe Braz), the other members of the Board of Directors (Messrs. Haim Shani, Bareket Shani and Edna Ramot); CPA Gaby Badusa, CFO; CPA Avi Peleg, Controller, Mr. Nir Weisberger, Legal Counsel of the company, CPA Haim Halfon and CPA Lior Shmuel from the Company's Auditing firm.

The committee discussed and formulated its recommendations to the Board of Directors regarding the following matters: assessments and estimates made in connection with the financial statements; the integrity and adequacy of the disclosure in the financial statements; the accounting policy adopted and the accounting policy implemented in material issues; valuations including the underlying assessments and estimates; the draft financial statements and Committee recommendations were submitted to the Board for review four business days before the Board convened to discuss the financial statements, which is, in the Board's estimation, a reasonable timeframe to submit the recommendations to the Board of Directors.

### **2.6.3 The Company's Board of Directors**

The Company regards the Board of Directors as the entity in charge of entity-level control of the Company's financial statements. The members of the Company's Board of Directors and their respective duties in the Company are as follows:

1. Mr. Haim Shani – Chairman of the Board and Company CEO, and a director with professional qualifications.
2. Ms Bareket Shani – Director with professional qualifications, Vice President and Head of Human Resources.
3. Mr. Zvi Livne, CPA – Director with accounting skills, member of the Audit Committee, member of the Committee for Review of the Financial Statements and member of the Remuneration Committee.
4. Mr. Yoel Sela, CPA – External and independent director with accounting skills, member of the Audit Committee, member of the Committee for Review of the Financial Statements and a member of the Remuneration Committee.
5. Mr. Moshe Braz, CPA – External and independent director with accounting skills, member and Chairman of the Audit Committee, member and Chairman of the Committee for Review of the Financial Statements, member and Chairman of the Remuneration Committee.
6. Mrs. Edna Ramot - director with professional qualifications.

Following the Board of Directors' review of the financial statements, a Board meeting was held for the purpose of presenting and discussing the financial statements. In a meeting held on May 20, 2015, the Company's management reviewed the main data of the financial statements. The Company's auditor attended the meeting and responded to the questions addresses to him by the Board of Directors (together with the Company's CEO and CFO, who responded to questions addressed to them). At the end of the discussion, the financial statements were unanimously approved by a vote of the Board of Directors.

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Haim Shani, Chairman of the  
Board of Directors and CEO

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Moshe Braz,  
External Director

Date: May 20, 2015

**UNITRONICS (1989) (R"G) LTD.**

**Condensed Consolidated Interim  
Financial Statements  
March 31, 2015**

**(Unaudited)**

**Unitronics (1989) (R"G) Ltd.**

**Condensed Consolidated Interim  
Financial Statements**

**March 31, 2015**

**(Unaudited)**

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**REVIEW REPORT OF THE AUDITOR TO THE SHAREHOLDERS OF UNITRONICS (1989) (R"G) LTD.**

**Introduction**

We reviewed the attached financial information of Unitronics (1989) (R"G) Ltd. and its subsidiaries (hereinafter – “the Group”) which include the condensed consolidated interim statement of financial position as of March 31, 2015 and the condensed consolidated interim statements of operations, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Board of Directors and management are responsible for the preparation and presentation of the financial information for this interim period in accordance with IAS 34 “Financial reporting for interim periods”, and they are responsible for the preparation of the financial information for this interim period and in accordance with Chapter D of the Israeli Securities Regulations (Periodic and Immediate Report) – 1970. Our responsibility is to express a conclusion on the financial information for the interim period, based on our review.

**Scope of the review**

We prepared our review in accordance with Review Standard No.1 of the Institute of Certified Public Accountants in Israel “Review of interim financial information performed by the independent auditor of the entity”. The review of the financial information for interim periods comprises clarifications, mainly with the people responsible for financial and accounting matters, and from adopting analytical and other review procedures. A review is more limited in scope to a much larger extent than an audit performed in accordance with generally accepted auditing standards in Israel, and therefore does not enable us to be certain that we will know of all the significant matters which could have been identified in an audit. Consequently, we are not issuing an audit opinion.

**Conclusion**

Based on our review, nothing came to our attention that causes us to believe that the above financial information has not been prepared, in all significant aspects, in accordance with IAS 34.

In addition to the remarks in the previous paragraph, based on our review, nothing came to our attention which cause us to believe that the above financial information does not meet, in all significant aspects, the provisions of Disclosure under Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970.

Amit, Halfon  
Certified Public Accountants (Israel)

Ramat Gan,  
May 20, 2015

**Unitronics (1989) (R" G) Ltd.**

**Condensed consolidated interim statement of financial position**

	<u>March 31, 2015</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>December 31, 2014</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>		<u>NIS</u>	
<u>Current assets</u>				
Cash and cash equivalents	8,419	35,977	50,135	40,488
Restricted cash	548	2,341	3,496	2,516
Marketable securities	4,550	19,445	25,864	26,320
Accounts receivable	7,587	32,425	17,885	27,026
Trade	613	2,618	1,327	2,486
Other	667	2,852	-	418
Inventory	5,851	25,003	(2) 19,678	27,967
Inventory - work in progress	487	2,082	12,170	4,756
	<u>28,722</u>	<u>122,743</u>	<u>130,555</u>	<u>131,977</u>
<u>Non-current assets</u>				
Deferred taxes	-	-	94	-
Long-term deposits	67	287	405	432
Property and equipment, net	4,529	19,356	19,475	19,593
Intangible assets, net	13,329	56,960	46,837	54,045
	<u>17,925</u>	<u>76,603</u>	<u>66,811</u>	<u>74,070</u>
	<u><b>46,647</b></u>	<u><b>199,346</b></u>	<u><b>197,366</b></u>	<u><b>206,047</b></u>

\_\_\_\_\_  
Haim Shani  
Chairman of the Board of  
Directors and C.E.O.

\_\_\_\_\_  
Moshe Braz  
External Director

\_\_\_\_\_  
Gavriel Badusa  
Chief Financial Officer

Approved: May 20, 2015

(1) See note 1D.

(2) See note 1C.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Unitronics (1989) (R"G) Ltd.**

**Condensed consolidated interim statement of financial position**

	<u>March 31, 2015</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>December 31, 2014</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>(in thousands)</u>			
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
<u>Current liabilities</u>				
Current maturities of long-term loans	357	1,526	2,807	1,915
Current maturities of bonds	2,380	10,169	17,751	10,259
Accounts payable -				
Trade	3,837	16,398	(2) 21,402	22,545
Other	7,020	30,000	30,410	29,395
Embedded derivatives	77	330	1,022	473
	<u>13,671</u>	<u>58,423</u>	<u>73,392</u>	<u>64,587</u>
<u>Non - current liabilities</u>				
Loans from banks and others	1,110	4,744	6,764	5,461
Bonds	17,353	74,159	69,115	81,432
Liabilities for benefits to employees, net	441	1,883	2,478	1,787
Deferred taxes	712	3,044	1,559	3,120
	<u>19,616</u>	<u>83,830</u>	<u>79,916</u>	<u>91,800</u>
<u>Equity</u>				
Share capital	82	352	352	352
Share premium	11,838	50,588	50,588	50,588
Capital reserve from translation of foreign operations	215	917	(1,545)	458
Company shares held by the company	(1,648)	(7,042)	(7,042)	(7,042)
Reserve deriving from a transaction with a controlling party	24	104	104	104
Retained earnings	2,849	12,174	1,601	5,200
	<u>13,360</u>	<u>57,093</u>	<u>44,058</u>	<u>49,660</u>
	<u><b>46,647</b></u>	<u><b>199,346</b></u>	<u><b>197,366</b></u>	<u><b>206,047</b></u>

(1) See note 1D.

(2) See note 1C.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Unitronics (1989) (R" G) Ltd.**

**Condensed consolidated interim statement of operations**

	For the three months period ended March 31, <u>2015</u>	For the three months period ended March 31, <u>2015</u> <u>2014</u>		For the year ended December 31, <u>2014</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
Revenues	10,896	46,563	40,548	171,311
Cost of revenues	<u>7,034</u>	<u>30,057</u>	<u>29,208</u>	<u>117,566</u>
Gross profit	3,862	16,506	11,340	53,745
Development expenses, net	370	1,583	1,301	6,102
Selling & marketing expenses	1,246	5,324	4,395	20,657
General & administrative expenses	820	3,506	2,626	11,148
Other expenses	<u>-</u>	<u>-</u>	<u>2,191</u>	<u>2,150</u>
Operating profit	1,426	6,093	827	13,688
Financing income	1,071	4,579	962	1,927
Financing expenses	<u>656</u>	<u>2,803</u>	<u>1,347</u>	<u>10,458</u>
Profit before taxes on income	1,841	7,869	442	5,157
Taxes on income	<u>209</u>	<u>895</u>	<u>190</u>	<u>1,811</u>
Net profit for the period	<u><u>1,632</u></u>	<u><u>6,974</u></u>	<u><u>252</u></u>	<u><u>3,346</u></u>
Profit per 1 ordinary share NIS 0.02 par value (NIS):				
Basic and diluted earnings per 1 ordinary share	<u><u>0.163</u></u>	<u><u>0.697</u></u>	<u><u>0.025</u></u>	<u><u>0.335</u></u>

(1) See note 1D.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Unitronics (1989) (R" G) Ltd.**

**Condensed consolidated interim statement of comprehensive income**

	<b>For the three months period ended March 31, <u>2015</u></b>	<b>For the three months period ended March 31, <u>2015</u>      <u>2014</u></b>		<b>For the year ended December 31, <u>2014</u></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>		<b>(audited)</b>
		<b>(in thousands)</b>		
	<b>Convenience translation into Euro (1)</b>	<b>NIS</b>		
Net profit for the period	..... 1,632	..... 6,974	..... 252	..... 3,346
<u>Other comprehensive income (after tax)</u>				
Items that may not be classified afterwards to profit or loss -				
Re-measurement gain from defined benefit plans	-	-	-	505
Items that may be reclassified to profit or loss in the future if certain conditions are met -				
Adjustments arising from translating financial statements of foreign operations	..... 108	..... 459	..... 43	..... 2,046
Other comprehensive income for the period	..... 108	..... 459	..... 43	..... 2,551
Total comprehensive income for the period	..... 1,740	..... 7,433	..... 295	..... 5,897

(1) See note 1D.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Unitronics (1989) (R"G) Ltd.**

**Condensed consolidated interim statement of changes in equity**

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserve from translation of foreign operation</u>	<u>Company shares held by the company</u>	<u>Reserve deriving from a transaction with a controlling party</u>	<u>Retained earnings</u>	<u>Total</u>
	<b><u>NIS, in thousands</u></b>						
<u>Balance at January 1, 2014 (audited)</u>	352	50,588	(1,588)	(7,042)	104	1,349	43,763
Net profit for the year	-	-	-	-	-	3,346	3,346
Other comprehensive income for the year	-	-	2,046	-	-	505	2,551
Total comprehensive income for the year	-	-	2,046	-	-	3,851	5,897
<u>Balance at December 31, 2014 (audited)</u>	352	50,558	458	(7,042)	104	5,200	49,660
Net profit for the period	-	-	-	-	-	6,974	6,974
Other comprehensive income for the period	-	-	459	-	-	-	459
Total comprehensive income for the period	-	-	459	-	-	6,974	7,433
<u>Balance at March 31, 2015 (unaudited)</u>	352	50,588	917	(7,042)	104	12,174	57,093
<u>Balance at January 1, 2014 (audited)</u>	352	50,588	(1,588)	(7,042)	104	1,349	43,763
Net profit for the period	-	-	-	-	-	252	252
Other comprehensive income for the period	-	-	43	-	-	-	43
Total comprehensive income for the period	-	-	43	-	-	252	295
<u>Balance at March 31, 2014 (unaudited)</u>	352	50,588	(1,545)	(7,042)	104	1,601	44,058
	<b><u>Convenience translation into Euro (1), in thousands (unaudited)</u></b>						
<u>Balance at December 31, 2014</u>	82	11,838	107	(1,648)	24	1,217	11,620
Net profit for the period	-	-	-	-	-	1,632	1,632
Other comprehensive income for the period	-	-	108	-	-	-	108
Total comprehensive income for the period	-	-	108	-	-	1,632	1,740
<u>Balance at March 31, 2015</u>	82	11,838	215	(1,648)	24	2,849	13,360

(1) See note 1D.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Unitronics (1989) (R"G) Ltd.**

**Condensed consolidated interim statement of cash flows**

	For the three months period ended March 31, <u>2015</u>  (unaudited)	For the three months period ended March 31, <u>2015</u> <u>2014</u>  (unaudited)		For the year ended December 31, <u>2014</u>  (audited)
	Convenience translation into Euro (1)	(in thousands)		
		NIS		
<u>Cash flows - operating activities</u>				
Net profit for the period	1,632	6,974	252	3,346
Adjustments necessary to show the cash flows - operating activities (Appendix A)	(1,481)	(6,331)	9,400	10,918
Cash flows provided by operating activities	151	643	9,652	14,264
<u>Cash flows - investing activities</u>				
Sale of (investment in) marketable securities, net	1,667	7,122	430	(269)
Purchase of property and equipment	(31)	(133)	(76)	(1,442)
Sale of property and equipment	-	-	18,300	18,490
Investment in restricted cash	-	-	-	(929)
Repayment of restricted cash	47	200	655	2,680
Repayment (investment) in long-term deposits	9	40	23	(56)
Investment in intangible assets	(1,266)	(5,408)	(4,378)	(18,020)
Cash flows provided by investing activities	426	1,821	14,954	454
<u>Cash flows - financing activities</u>				
Repayment of long-term loans	(134)	(574)	(1,155)	(3,352)
Bonds issue	-	-	-	38,702
Repayment of bonds	(1,579)	(6,748)	(11,783)	(11,783)
Early redemption of bonds	-	-	-	(37,897)
Cash flows used in financing activities	(1,713)	(7,322)	(12,938)	(14,330)
Translation differences in respect of foreign operation cash balances	81	347	25	1,658
Change in cash and cash equivalents in the period	(1,055)	(4,511)	11,693	2,046
Cash and cash equivalents at beginning of the period	9,474	40,488	38,442	38,442
Cash and cash equivalents at end of the period	8,419	35,977	50,135	40,488

(1) See note 1D.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Unitronics (1989) (R"G) Ltd.**

**Condensed consolidated interim statements of cash flows**

	For the three months period ended March 31, <u>2015</u> <u>(unaudited)</u>	For the three months period ended March 31, <u>2015</u> <u>2014</u> <u>(unaudited)</u>	For the year ended December 31, <u>2014</u> <u>(audited)</u>
	<b>(in thousands)</b>		
	<b>Convenience translation into Euro (1)</b>	<b>NIS</b>	
<u>Appendix A - Adjustments necessary to show the cash flows - operating activities</u>			
<u>Income and expenses not involving cash flows:</u>			
Depreciation and amortization	700	2,993	2,533
Loss (profit) from marketable securities, net	(58)	(247)	(69)
Change in liabilities for benefits to employees, net	22	96	80
Capital loss	-	-	2,191
Change in deferred taxes	(15)	(62)	190
Reevaluation of long-term loans and bonds	(297)	(1,270)	(618)
Reevaluation of restricted cash	-	-	(6)
Reevaluation of embedded derivatives and other financial assets	(603)	(2,577)	(264)
Loss on early redemption of debentures	-	-	-
			2,991
<u>Changes in assets and liabilities:</u>			
Increase in accounts receivable - trade	(1,175)	(5,025)	(1,047)
Decrease (increase) in accounts receivable - other	(10)	(42)	21
Decrease (increase) in inventory	718	3,067	(2) (1,208)
Decrease in inventory - work in progress	626	2,674	3,144
Increase (decrease) in accounts payable - trade	(1,438)	(6,147)	(2) 5,951
Increase (decrease) in accounts payable - other	49	209	(1,498)
	<u>(1,481)</u>	<u>(6,331)</u>	<u>9,400</u>
			<u>10,918</u>
<u>Appendix B - Additional information regarding operating activities</u>			
Cash paid during the period for:			
Interest	<u>603</u>	<u>2,575</u>	<u>2,872</u>
Taxes on income	<u>3</u>	<u>14</u>	<u>27</u>
			<u>5,529</u>
Cash received during the period for:			
Interest and dividend	<u>293</u>	<u>1,252</u>	<u>567</u>
			<u>1,109</u>

(1) See note 1D.

(2) See note 1C.

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Unitronics (1989) (R"G) Ltd.**  
**Notes to the Financial Statements**

**Note 1 - General**

- A. These financial statements have been prepared in a condensed format as of March 31, 2015, and for the three months period then ended (hereinafter - "consolidated interim financial statements"). These financial statements should be read in conjunction with the Company's audited annual financial statements and accompanying notes as of December 31, 2014 and for the year then ended.
- B. Following are data regarding the Israeli CPI and the exchange rate of the U.S. dollar and the Euro:

<u>As of</u>	<u>Israeli CPI</u> <u>Points (*)</u>	<u>Exchange rate of</u> <u>one Euro</u> <u>NIS</u>	<u>Exchange rate of</u> <u>one U.S. dollar</u> <u>NIS</u>
March 31, 2015	220.46	4.2735	3.980
March 31, 2014	222.70	4.8124	3.487
December 31, 2014	223.36	4.7246	3.889
<b><u>Change during the period</u></b>	<b><u>%</u></b>	<b><u>%</u></b>	<b><u>%</u></b>
Three months ended March 31, 2015	(1.30)	(9.55)	2.34
Three months ended March 31, 2014	(0.49)	0.64	0.46
Year ended December 31 2014	(0.20)	(1.20)	12.04

(\*) The index on an average basis of 1993 = 100.

- C. Immaterial adjustment of comparative figures.

Immaterial inventory balances which were held by subcontractors were set off from suppliers' balances and were not part of the inventory item. According to these financial statements, the company adjusted the comparative figures so that the remaining inventory held by sub-contractors was reclassified into the inventory item. The adjustment above had no impact on the total equity of the company or on the comprehensive income (loss) to the comparison periods.

- D. Convenience translation in EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated to EURO by dividing each NIS amount by the representative exchange rate of the EURO as of March 31, 2015 (EURO 1 = NIS 4.2735).

The translated EURO amounts presented in these financial statements should not be construed as representing amounts receivable or payable in EURO unless otherwise indicated.

**Note 2 - Accounting Policies**

The interim consolidated financial statements are prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods as set forth in IAS 34 – "Financial reporting for interim periods" including the requirements of disclosure under Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports) – 1970.

The significant accounting principles and the methods of calculation which were implemented in the preparation of the interim financial statements are identical to those used in the preparation of the last annual consolidated financial statements.

**Unitronics (1989) (R"G) Ltd.**  
**Notes to the Financial Statements**

**Note 3 - Significant events in the reported period**

On March 2015 a Canadian customer, which is not connected to the Company or to interested parties in it - Prestige Properties Corp. (hereinafter: "the Customer") signed with the Company (through a wholly owned sub-subsidiary incorporated in the US - Unitronics Systems Inc.) a Binding Letter of Intent (BLOI) for the planning, supply and construction of an automatic vehicle storage and retrieval system ("AVSRS") for 1,400 parking places in Calgary Alberta Canada (hereinafter: "the Project"), the largest automatic parking facility in North America, for one of the world's premier hotel chains.

According to the BLOI, the customer will pay the Company for the project, a total amount of 24 million US dollars (about NIS 96 million).

According to the BLOI the final agreement between the parties will be based on agreed versions of standard agreements proposed by the Design – Build Institute of America, which determines, inter alia, timetables, milestones and terms of payment.

**Note 4 - Financial Instruments**

A. Fair value

Below the balances in the books and the fair value of financial instruments which are not presented in the financial statements according to their fair value, and there is a substantial difference between the carrying amount to fair value:

	March 31, 2015	
	Book value	Fair value
	(unaudited)	
	NIS, (in thousands)	
<u>Financial liabilities</u> (*)		
Bonds linked to the Israeli CPI	45,519	50,645
Bonds not linked	38,809	42,000
	March 31, 2014	
	Book value	Fair value
	(unaudited)	
	NIS, (in thousands)	
<u>Financial liabilities</u> (*)		
Bonds linked to the Israeli CPI	86,866	93,567
	December 31, 2014	
	Book value	Fair value
	(audited)	
	NIS, (in thousands)	
<u>Financial liabilities</u> (*)		
Bonds linked to the Israeli CPI	52,930	56,047
Bonds not linked	38,761	40,004

(\*) The fair value is based on stock market value as of the report date.

**Unitronics (1989) (R" G) Ltd.**  
**Notes to the Financial Statements**

**Note 4 - Financial Instruments** (cont'd)

**B. Classification of financial instruments at fair value rating**

The financial instruments presented in the statement of financial position at fair value or that disclosure of their fair value, are classified, according to groups with similar characteristics, to the rating of fair value as follows, which is determined in accordance with the source of the data used in determining fair value:

Level 1: Quoted prices (without adjustments) in an active market of identical assets and liabilities.

Level 2: Data which is not quoted prices included in Level 1, which can be seen directly or indirectly.

Level 3: Data which is not based on market data which can be seen (evaluation techniques without the use of market data which can be seen).

The Company holds financial instruments measured at fair value according to the classifications as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>As of March 31, 2015</u> (unaudited)				
<u>NIS, (in thousands)</u>				
<u>Financial assets at fair value:</u>				
Marketable securities	19,445	-	-	19,445
Forward contracts	-	2,852	-	2,852
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	-	330	-	330
<u>As of March 31, 2014</u> (unaudited)				
<u>Financial assets at fair value:</u>				
Marketable securities	25,864	-	-	25,864
Forward contracts	-	10	-	10
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	-	1,022	-	1,022
<u>As of December 31, 2014</u> (audited)				
<u>Financial assets at fair value:</u>				
Marketable securities	26,320	-	-	26,320
Forward contracts	-	418	-	418
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	-	473	-	473

During the specified periods, there were no transfers between Level 1 and Level 2, and there were no transfers to or from Level 3.

**C. Evaluation techniques**

The Company has sales contracts denominated in currencies which are not the Company's functional currency. These contracts included embedded derivatives which are measured based on the current spot rates, the yield curve of the relevant currencies and the margins between the currencies.

**Unitronics (1989) (R" G) Ltd.**  
**Notes to the Financial Statements**

**Note 5 - Business segments**

A. The Group defined the Company's CEO who makes the strategic decisions as the chief operating decision maker, of the Group. The CEO reviews the internal reports of the Group in order to evaluate performance and allocate resources and determines the operating segments based on these reports.

The CEO examines the segment's operating performance on the basis of measuring operating income, this measurement basis is not affected by one-time expenses in the operating segments, such as the costs of structural change and an impairment in the value of assets, where the impairment in value results from a single one time event. Interest revenues and expenses and taxes are not included in the results in each of the operating segments examined by senior management.

From the fourth quarter of 2014 the company examines the segment's operating performance on the basis of measuring operating income, after development costs related to products segment and parking solutions segment. Until the third quarter of 2014, development costs were unallocated to these operative segments. Development costs were allocated in the comparison figures to those operative segments accordingly.

- B. The Group operates in three main business segments.
- Planning, development, manufacture and marketing of industrial controllers (Programmable Logic Controllers) (Hereinafter - "The products segment").
  - System integration projects (Hereinafter - "The system integration projects segment").
  - Planning, construction and maintenance of automated parking systems (hereinafter - "Parking solutions segment").

	<b>For the three months period ended March 31, 2015</b>	<b>For the three months period ended March 31, 2015      2014</b>		<b>For the year ended December 31, 2014</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>		<b>(audited)</b>
	<b>(in thousands)</b>			
	<b>Convenience translation into Euro (1)</b>	<b>NIS</b>		
<b>C. Revenues</b>				
Products	6,549	27,987	24,619	108,442
System integration projects	2,319	9,912	12,131	37,835
Parking solutions	2,003	8,558	3,713	24,641
Other	25	106	85	393
Total revenues	<u>10,896</u>	<u>46,563</u>	<u>40,548</u>	<u>171,311</u>
<b>D. Segment results</b>				
Products	1,365	5,831	5,516	26,535
System integration projects	981	4,192	1,155	4,737
Parking solutions	(300)	(1,281)	(1,682)	(7,109)
Other	(1)	(3)	(4)	(33)
Unallocated corporate expenses	(619)	(2,646)	(4,158)	(10,442)
Operating profit	<u>1,426</u>	<u>6,093</u>	<u>827</u>	<u>13,688</u>
Unallocated financing income (expenses), net	415	1,776	(385)	(8,531)
Taxes on income	209	895	190	1,811
Net profit for the period	<u>1,632</u>	<u>6,974</u>	<u>252</u>	<u>3,346</u>

(1) See note 1D

**UNITRONICS (1989) (R"G) LTD.**

**Financial data from the consolidated financial  
statements attributed to the company itself**

**March 31, 2015**

**(Unaudited)**

**To the shareholders of Unitronics (1989) (R"G) Ltd.**

Re: **Special review report on separate interim financial information under Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970**

**Introduction**

We reviewed the separate interim financial information presented in accordance with Regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970 of Unitronics (1989) (R"G) Ltd. (hereinafter - "the Company") as of March 31, 2015 and for the three months period then ended. The separate interim financial information is in the responsibility of the Company's Board of Directors and Management. Our responsibility is to express a conclusion on the separate interim financial information for the interim period, based on our review.

**Scope of the review**

We prepared our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel "Review of financial information for interim periods prepared by the entity's auditor". The review of the financial information for interim periods comprises clarifications, mainly with the people responsible for financial and accounting matters, and from adopting analytical and other review procedures. A review is more limited in scope to a much larger extent than an audit performed in accordance with generally accepted auditing standards, and therefore does not enable us to be certain that we will know of all the significant matters which could have been identified in an audit. Consequently, we are not issuing an opinion of an audit.

**Conclusion**

Based on our review, nothing came to our notice which would cause us to think that the above separate interim financial information is not prepared, in all significant aspects, in accordance with regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Amit, Halfon  
Certified Public Accountants (Israel)

Ramat Gan,

May 20, 2015

**Unitronics (1989) (R" G) Ltd.**

**Assets and liabilities included in the consolidated interim financial statements  
attributed to the company**

	<u>March 31, 2015</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>December 31, 2014</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>		<u>NIS</u>	
<u>Current assets</u>				
Cash and cash equivalents	6,693	28,601	44,060	33,884
Restricted cash	299	1,276	3,496	1,476
Marketable securities	4,550	19,445	25,864	26,320
Accounts receivable -				
Trade	3,107	13,279	13,189	12,769
Other	296	1,263	402	1,297
Other financial assets	667	2,852	-	418
Accounts receivable - other - subsidiaries	4,390	18,762	13,950	10,303
Inventory	5,315	22,715	(2) 17,897	26,131
Inventory - work in progress	355	1,518	8,437	2,935
	<u>25,672</u>	<u>109,711</u>	<u>127,295</u>	<u>115,533</u>
<u>Non-current assets</u>				
Long-term deposits	67	287	405	432
Property and equipment, net	4,372	18,685	18,946	18,940
Long-term receivables - Subsidiaries	8,190	35,000	15,000	35,000
Intangible assets, net	9,515	40,661	37,326	40,024
	<u>22,144</u>	<u>94,633</u>	<u>71,677</u>	<u>94,396</u>
	<u><b>47,816</b></u>	<u><b>204,344</b></u>	<u><b>198,972</b></u>	<u><b>209,929</b></u>

\_\_\_\_\_  
Haim Shani  
Chairman of the Board of  
Directors and C.E.O.

\_\_\_\_\_  
Moshe Braz  
External Director

\_\_\_\_\_  
Gavriel Badusa  
Chief Financial Officer

Approved: May 20, 2015.

(1) See note 1C.

(2) See note 1B.

The additional information to the financial information form an integral part thereof.

**Unitronics (1989) (R"G) Ltd.**

**Assets and liabilities included in the consolidated interim financial statements  
attributed to the company**

	<u>March 31, 2015</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>December 31, 2014</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>(in thousands)</u>			
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
<u>Current liabilities</u>				
Current maturities of long term loans	357	1,526	2,807	1,915
Current maturities of bonds	2,380	10,169	17,751	10,259
Accounts payable -				
Trade	3,323	14,201	(2) 18,299	19,526
Other	4,246	18,146	22,196	18,991
Embedded derivatives	77	330	1,022	473
	<u>10,383</u>	<u>44,372</u>	<u>62,075</u>	<u>51,164</u>
<u>Non-current liabilities</u>				
Liabilities less assets associated with subsidiaries	4,457	19,049	12,923	17,305
Loans from banks and others	1,110	4,744	6,764	5,461
Bonds	17,353	74,159	69,115	81,432
Liabilities for benefits to employees, net	441	1,883	2,478	1,787
Deferred taxes	712	3,044	1,559	3,120
	<u>24,073</u>	<u>102,879</u>	<u>92,839</u>	<u>109,105</u>
<u>Equity</u>				
Share capital	82	352	352	352
Share premium	11,838	50,588	50,588	50,588
Capital reserve from translation of foreign operations	215	917	(1,545)	458
Company shares held by the company	(1,648)	(7,042)	(7,042)	(7,042)
Reserve arising from a transaction with a controlling party	24	104	104	104
Retained earnings	2,849	12,174	1,601	5,200
	<u>13,360</u>	<u>57,093</u>	<u>44,058</u>	<u>49,660</u>
	<u><b>47,816</b></u>	<u><b>204,344</b></u>	<u><b>198,972</b></u>	<u><b>209,929</b></u>

(1) See note 1C.

(2) See note 1B.

The additional information to the financial information form an integral part thereof.

**Unitronics (1989) (R"G) Ltd.**

**Revenues and expenses included in the consolidated interim financial statements  
attributed to the company**

	For the three months period ended March 31, <u>2015</u>	For the three months period ended March 31, <u>2015</u> <u>2014</u>		For the year ended December 31, <u>2014</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
Revenues	6,238	26,656	28,228	108,602
Revenues from subsidiaries	2,271	9,706	6,970	29,011
Total revenues	8,509	36,362	35,198	137,613
Cost of revenues	5,279	22,557	25,705	94,195
Gross profit	3,230	13,805	9,493	43,418
Development expenses, net	217	926	728	2,958
Selling & marketing expenses	508	2,172	1,952	8,918
General & administrative expenses	614	2,624	1,976	8,162
General & administrative expenses to subsidiaries	40	171	189	835
Other expenses	-	-	782	740
Operating profit	1,851	7,912	3,866	21,805
Financing income	1,147	4,900	1,117	2,830
Financing expenses	641	2,740	1,328	9,975
Profit after financing, net	2,357	10,072	3,655	14,660
The Company's share of subsidiaries losses	(516)	(2,203)	(3,213)	(9,597)
Profit before taxes on income	1,841	7,869	442	5,063
Taxes on income	209	895	190	1,717
Net profit for the period attributed to the company's shareholders	<u>1,632</u>	<u>6,974</u>	<u>252</u>	<u>3,346</u>

(1) See note 1C.

The additional information to the financial information form an integral part thereof.

**Unitronics (1989) (R" G) Ltd.**

**Comprehensive income included in the consolidated interim financial statements  
attributed to the company**

	For the three months period ended March 31, <u>2015</u>	For the three months period ended March 31, <u>2015</u> <u>2014</u>		For the year ended December 31, <u>2014</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
Net profit for the period attributed to the company's shareholders	1,632	6,974	252	3,346
<u>Other comprehensive income (after tax)</u>				
Items that may not be classified afterwards to profit or loss - Re-measurement gain from defined benefit plans	-	-	-	505
Items that may be reclassified to profit or loss in the future if certain conditions are met - Adjustments arising from translating financial statements of foreign operations	108	459	43	2,046
Other comprehensive income for the period	108	459	43	2,551
Total comprehensive income for the period attributed to the company's shareholders	<u>1,740</u>	<u>7,433</u>	<u>295</u>	<u>5,897</u>

(1) See note 1C.

The additional information to the financial information form an integral part thereof.

**Unitronics (1989) (R" G) Ltd.**

**Cash Flows included in the consolidated interim financial statements  
attributed to the company**

	For the three months period ended March 31, <u>2015</u>	For the three months period ended March 31, <u>2015</u> <u>2014</u>		For the year ended December 31, <u>2014</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
<u>Cash flows - operating activities</u>				
Net profit for the period attributed to the company's shareholders	1,632	6,974	252	3,346
Adjustments necessary to show the cash flows - operating activities (Appendix A)	(288)	(1,228)	9,689	21,871
Cash flows provided by operating activities of the company	1,344	5,746	9,941	25,217
Cash flows used in operating activities from transactions with subsidiaries	(1,979)	(8,459)	(3,299)	(19,652)
Cash flows provided by (used in) operating activities	(635)	(2,713)	6,642	5,565
<u>Cash flows - investing activities</u>				
Sale of (investment in) marketable securities, net	1,667	7,122	430	(269)
Purchase of property and equipment	(21)	(91)	(62)	(1,256)
Sale of property and equipment	-	-	18,300	18,490
Repayment of restricted cash	47	200	655	2,680
Repayment (Investment) of long-term deposits, net	9	40	23	(56)
Investment in intangible assets	(590)	(2,519)	(2,655)	(10,605)
Cash flows provided by investing activities of the company	1,112	4,752	16,691	8,984
Cash flows provided by investing activities from transactions with subsidiaries	-	-	1,409	1,409
Cash flows provided by investing activities	1,112	4,752	18,100	10,393
<u>Cash flows - financing activities</u>				
Repayment of long-term loans	(134)	(574)	(1,155)	(3,352)
Bonds issue	-	-	-	38,702
Repayment of bonds	(1,579)	(6,748)	(11,783)	(11,783)
Early redemption of bonds	-	-	-	(37,897)
Cash flows used in financing activities	(1,713)	(7,322)	(12,938)	(14,330)
Change in cash and cash equivalents	(1,236)	(5,283)	11,804	1,628
Cash and cash equivalents at beginning of the period	7,929	33,884	32,256	32,256
Cash and cash equivalents at end of the period	6,693	28,601	44,060	33,884

(1) See note 1C.

The additional information to the financial information form an integral part thereof.

**Unitronics (1989) (R"G) Ltd.**

**Cash Flows included in the consolidated interim financial statements  
attributed to the company**

	<b>For the three months period ended March 31, <u>2015</u>  (unaudited)</b>	<b>For the three months period ended March 31, <u>2015</u>      <u>2014</u>  (unaudited)</b>	<b>For the year ended December 31, <u>2014</u>  (audited)</b>
	<b>(in thousands)</b>		
	<b>Convenience translation into Euro (1)</b>	<b>NIS</b>	
<u>Appendix A - Adjustments necessary to show the cash flows - operating activities</u>			
<u>Income and expenses not involving cash flows:</u>			
The Company's share of subsidiaries losses	516	2,203	3,213
Depreciation and amortization	550	2,351	2,332
Loss (Profit) from marketable securities, net	(58)	(247)	(69)
Change in liabilities for benefits to employees, net	22	96	80
Capital loss	-	-	782
Change in deferred taxes	(15)	(62)	190
Reevaluation of long-term loans and bonds	(297)	(1,270)	(618)
Reevaluation of restricted cash	-	-	(6)
Reevaluation of embedded derivatives and other financial assets	(603)	(2,577)	(264)
Loss from early redemption of bonds	-	-	-
			2,991
<u>Changes in assets and liabilities:</u>			
Decrease (Increase) in accounts receivable - trade	(119)	(510)	(190)
Decrease (increase) in accounts receivable - other	29	125	2
Decrease (increase) in inventory	799	3,416	(2) (1,279)
Decrease in inventory - work in progress	332	1,417	4,033
Increase (decrease) in accounts payable trade	(1,246)	(5,325)	(2) 4,956
Decrease in accounts payable - other	(198)	(845)	(3,473)
	<u>(288)</u>	<u>(1,228)</u>	<u>9,689</u>
			<u>21,871</u>
<u>Appendix B - Non-cash operations</u>			
Providing long-term financing to a subsidiary	-	-	-
			<u>20,000</u>
<u>Appendix C - Additional information regarding operating activities</u>			
<u>Cash paid during the period for:</u>			
Interest	<u>603</u>	<u>2,575</u>	<u>2,872</u>
Taxes on income	<u>3</u>	<u>14</u>	<u>27</u>
<u>Cash received during the period for:</u>			
Interest and dividend	<u>293</u>	<u>1,252</u>	<u>567</u>
			<u>1,109</u>

(1) See note 1C.

(2) See note 1B.

The additional information to the financial information form an integral part thereof.

## Unitronics (1989) (R"G) Ltd.

### Additional information

#### **Note 1 - General**

A. These separate interim financial information as of March 31, 2015 and for the three months period then ended, have been prepared in accordance with regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. These separate interim financial information should be read in conjunction with the Company's audited annual separate financial information as of December 31, 2014 and for the year then ended, and with the related additional information.

B. Immaterial adjustment of comparative figures.

Immaterial inventory balances which were held by subcontractors were set off from supplier's balances and were not part of the inventory item. According to these financial statements, the company adjusted the comparative figures so that the remaining inventory held by subcontractors was reclassified into the inventory item. The adjustment above had no impact on the total equity of the company nor on the comprehensive income (loss) to the comparison periods.

C. Convenience translation to EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated to EURO by dividing each NIS amount by the representative exchange rate of the EURO as of March 31, 2015 (EURO 1 = NIS 4.2735).

The translated EURO amounts presented in these financial statements should not be construed as representing amounts receivable or payable in EURO unless otherwise indicated.

**Chapter D - Statements by the CEO and CFO of the Corporation for the  
First Quarter of 2015**

- a. **Statement by CEO pursuant to Regulation 38C(D)(1) of the regulations**
- b. **Statement by CFO pursuant to Regulation 38C(D)(2) of the regulations**

**Statement by the CEO pursuant to Regulation 38C(D)(1) of the regulations:**

I, HAIM SHANI, certify that:

1. I have reviewed the quarterly report of UNITRONICS (1989) (R"G) Ltd. ("the corporation") for the first quarter of 2015 ("the Report").
2. To the best of my knowledge, the report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the financial statements and other financial information included in the report properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, the Board of Directors and the Audit Committee of the corporation's Board of Directors, any fraud, whether material or not, involving the CEO or any direct report of the CEO, or involving any other employees that have a significant role in the financial reporting and in disclosure and control over financial reporting.

The foregoing shall not detract from my statutory responsibility, or that of any other person.

May 20, 2015

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HAIM SHANI, CEO

**Statement by the CFO pursuant to Regulation 38C(D)(2) of the regulations**

I, GABRIEL BADUSA, certify that:

1. I have reviewed the interim financial statements and other financial information included in the interim reports of UNITRONICS (1989) (R"G) Ltd. ("the corporation") for the first quarter of 2015 (hereinafter - "the Report" or "the Interim Reports").
2. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports are free of any mis-representation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, the Board of Directors and the Audit Committee of the corporation's Board of Directors, any fraud, whether material or not, involving the CEO or any direct report of the CEO, or involving any other employees that have a significant role in the financial reporting and in disclosure and control over financial reporting.

The foregoing shall not detract from my statutory responsibility, or that of any other person.

May 20, 2015

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GAVRIEL BADUSA, CFO



**UNITRONICS (1989) (R"G) LTD.**

**PRESS RELEASE**  
**Airport City, Israel,**  
**May 20, 2015**

**\*\*\*Regulated Information\*\*\***  
**\*\*\*For Immediate Release\*\*\***

**Corporation's Liabilities Status Report by Dates of Payment**

**Airport City, Israel – May 20, 2015** - Unitronics published the attached Immediate Report pursuant to the requirements of Israeli law, in connection with the requirement to report the Corporation's liabilities status by dates of payment.

**About Unitronics**

Unitronics (1989) (R"G) Ltd. is an Israeli company that engages, through its Products Department, in the design, development, production, marketing and sale of industrial automation products, mainly Programmable Logic Controllers ("PLCs"). PLCs are computer-based electronic products (hardware and software), used in the command and control of machines performing automatic tasks, such as production systems and automatic systems for industrial storage, retrieval and logistics. The Company also engages, through its Systems Department and/or its subsidiaries, in the design, construction and maintenance services in the framework of projects for automation, computerization and integration of computerized production and/or logistics systems, mainly automated warehouses, automated distribution centers and automated parking facilities. The Company's PLCs are distributed by over one hundred and forty distributors (and a wholly owned US subsidiary) in approximately fifty countries throughout Europe, Asia, America and Africa. The services of the Systems Department are provided to customers in Israel and also outside Israel.

This press release contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events, the outcome of which is subject to certain risks and other factors which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.

**Unitronics (1989) (R"G) Ltd.**  
(the "Company")

Re: **An Immediate Report Concerning Corporation's Liabilities Status by Dates of Payment**

Pursuant to section 36A of the Israeli Securities Law, 1968.

Reporting period: March 31<sup>th</sup>, for the year: 2015.

Detailed Corporation's liabilities status by dates of payment is as follows:

- A. Debentures issued by the reporting Corporation to the public and held by the public, excluding such Debentures held by the Corporation's parent company, its controlling shareholder, companies controlled by same or companies which are controlled by the Corporation ("Solo" report) (in NIS thousands)

<b>Fund Payments</b>									
	<b>NIS Index Linked</b>	<b>NIS Index Unlinked</b>	<b>Euro</b>	<b>USD</b>	<b>---</b>	<b>---</b>	<b>Other</b>	<b>Gross Interest Payment (Without Tax Deduction)</b>	<b>Total by year</b>
<b>First Year</b>	6,640	4,000						4,714	15,354
<b>Second Year</b>	6,640	4,000						4,123	14,763
<b>Third Year</b>	10,890	2,000						3,591	16,481
<b>Fourth Year</b>	11,156	2,000						2,887	16,043
<b>Fifth Year and So On</b>	11,156	28,000						5,706	44,862
<b>Total</b>	<b>46,482</b>	<b>40,000</b>						<b>21,021</b>	<b>107,503</b>

- B. Private debentures and non banking-credit, excluding debentures or credit which was given by the Corporation's parent company, its controlling shareholder, companies controlled by same or companies which are controlled by the Corporation – based on data from the Corporation's separate financial reports ("Solo" report) (in NIS thousands)

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	Other	Gross Interest Payment (Without Tax Deduction)	Total by year
First Year									
Second Year									
Third Year									
Fourth Year									
Fifth Year and So On									
<b>Total</b>									

- C. Bank credit – from Israeli banks ("Solo" report) (in NIS thousands)

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	Other	Gross Interest Payment (Without Tax Deduction)	Total by year
First Year			1,092	434				173	1,699
Second Year			750	434				140	1,324
Third Year			652	326				108	1,086
Fourth Year			356					87	443
Fifth Year and So On			2,226					259	2,485
<b>Total</b>			<b>5,076</b>	<b>1,194</b>				<b>767</b>	<b>7,037</b>

D. Bank credit – from banks abroad (“Solo” report) (in NIS thousands)

<b>Fund Payments</b>									
	<b>NIS Index Linked</b>	<b>NIS Index Unlinked</b>	<b>Euro</b>	<b>USD</b>	<b>---</b>	<b>---</b>	<b>Other</b>	<b>Gross Interest Payment (Without Tax Deduction)</b>	<b>Total by year</b>
<b>First Year</b>									
<b>Second Year</b>									
<b>Third Year</b>									
<b>Fourth Year</b>									
<b>Fifth Year and So On</b>									
<b>Total</b>									

E. Summary table of tables A-D, Total credit- banking, non-banking and debentures (“Solo” report) (in NIS thousands)

<b>Fund Payments</b>									
	<b>NIS Index Linked</b>	<b>NIS Index Unlinked</b>	<b>Euro</b>	<b>USD</b>	<b>---</b>	<b>---</b>	<b>Other</b>	<b>Gross Interest Payment (Without Tax Deduction)</b>	<b>Total by year</b>
<b>First Year</b>	6,640	4,000	1,092	434				4,887	17,053
<b>Second Year</b>	6,640	4,000	750	434				4,263	16,087
<b>Third Year</b>	10,890	2,000	652	326				3,699	17,567
<b>Fourth Year</b>	11,156	2,000	356					2,974	16,486
<b>Fifth Year and So On</b>	11,156	28,000	2,226					5,965	47,347
<b>Total</b>	<b>46,482</b>	<b>40,000</b>	<b>5,076</b>	<b>1,194</b>				<b>21,788</b>	<b>114,540</b>



H. Total credit balance, banks, non banks and debentures of all consolidated companies, excluding companies which are reporting companies and excluding the reporting Corporation's data included in tables A-D above (in NIS thousands)

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	Other	Gross Interest Payment (Without Tax Deduction)	Total by year
First Year									
Second Year									
Third Year									
Fourth Year									
Fifth Year and So On									
Total									

1. Total credit balance provided to the reporting Corporation by its parent company or controlling shareholder and balance of debentures issued by the reporting Corporation and held by its parent company or controlling shareholder: 0.
  2. Total credit balance provided to the reporting Corporation by companies controlled by its parent company or controlling shareholder which are not controlled by the reporting Corporation, and balance of debentures issued by the reporting Corporation and held by companies controlled by its parent company or controlling shareholder which are not controlled by the reporting Corporation: 0.
  3. Total credit balance provided to the reporting Corporation by consolidated companies and balance of debentures issued by the reporting Corporation and held by the consolidated companies: 0.
- I. (1) Cash and cash equivalents, marketable securities and short term deposits ("Solo" report) (in NIS thousands):48,046  
 (2) Cash and cash equivalents, marketable securities and short term deposits of all consolidated companies (in NIS thousands):55,422  
 (\*) Pledged cash is excluded.

Respectfully,

Unitronics (1989) (R"G) Ltd.