



Unitronics (1989) (R”G) Ltd

Quarterly Report as of September 30, 2012

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This report contains forward-looking information within the meaning of Section 32A of the Israeli Securities Law, 1968, including forecasts, assessments, estimates, expectations or other information pertaining to future events or issues, the realization of which is uncertain and not solely under the Company's control, if at all. This information is identified as such where it is used in this report. Although such information is based on data available to the Company as of the date of the report, and reflects the Company's intents and assessments as of such date, the actual occurrences and/or results may differ substantially from those presented in the report or implied therefrom as projected or anticipated, since their realization is subject, inter alia, to uncertainties and other factors beyond the Company's control as set out in this report below.

CHAPTER A – PREFACE

1. General

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

Company No.: 520044199

Address: Unitronics Building, Arava Street, Airport City, P.O.B. 300, Israel 70100

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2. Description of the Company and Its Business Environment

Unitronics engages, through its Products Department, in the design, development, production, marketing and sale of industrial automation products, mainly programmable logic controllers (hereinafter: "**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, and automated parking facilities. The Company also engages, through its Systems Department, in 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. In addition, the Company engages in automated system design, development, production, construction and maintenance services for automated parking solutions, through Unitronics Parking Solutions Ltd., a wholly owned Israeli subsidiary of the Company, and through Unitronics Systems Inc., a wholly owned American subsidiary of the Company.¹

The Company's PLCs are distributed by over one hundred and forty distributors in approx. fifty countries throughout Europe, Asia, America and Africa, as well as by means of Unitronics Inc., a wholly owned company incorporated in the US. The Company's

¹ In its meeting on July 10, 2012, the Board of Directors of the Company resolved to concentrate the Company's Systems Department activities and/or the Company's activities in the field of parking solutions in the US and/or North America within the framework of Unitronics Systems Inc., as set forth in Paragraph 3.5 in Chapter A of this report.

services in the field of parking systems and solutions are provided mainly to customers in Israel, and, in a few cases, outside of Israel as well. The Company's services in the field of parking solutions are mainly provided to customers in Israel through Unitronics Parking Solutions Ltd, and to customers in the US and North America through Unitronics Systems Inc.

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 leased to the Company. 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.

As of May 2004, the Company's shares are traded on the Tel Aviv Stock Exchange, and as of 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).

3. Main Events in the Period of the Report and Up To Its Publication

3.1 Approval of Registration of Property Rights

In July 2011, the Company signed an agreement for the acquisition of the capitalized leasing rights in a property intended for Company use, on an area of about 11,000 m² in the industrial zone of Hevel Modi'in-Tirat Yehuda (hereinafter: "**the Asset**") for consideration of NIS 17.37 million plus VAT ("**the Rights**"). For details on the acquisition of the rights in the asset, see the company's Immediate Report dated July 7, 2011, included herein by way of reference, Ref. No. 2011-01-207288. On May 9, 2012, the Company's rights in the asset were recorded at the Israel Land Administration.

3.2 Plan for the Buyback of the Company Shares

After the balance sheet date, On November 22, 2012, the Board of Directors of the Company adopted a new plan for the buyback of the Company's shares ("**the New Plan**"), which replaced and cancelled a previous plan from August 2012 ("**the August 2012 Plan**"), in the framework of which no shares had been purchased by the Company. Under the New Plan, the Board authorized the Company to purchase, from time to time, in the framework of trading on the Tel Aviv Stock Exchange or the Euronext Stock Exchange in Belgium, or directly from unrelated parties, Company shares for a total sum not exceeding NIS 2 million (including expenses related to the buyback, including the fees of consultants and service providers in connection with the buyback and therefore, the anticipated cost of the plan is up to NIS 2 million). The planned date for implementation of the New Plan is up to March 31, 2013 (For further details see immediate report on the approval of a purchase plan, dated November 22, 2012, Ref. No. 2012-01-287310 included herein by way of reference)

Within the framework of the May 2012 Plan, and during the period of said plan, the Company purchased 11,535 Company shares on the stock exchange for a sum of approximately NIS 68,000. For further details on the Company's purchases, see the report dated July 15, 2012, Ref. No. 2012-01-185475, the report dated July 23, 2012, Ref. No. 2012-01-192084, the report dated July 30, 2012, Ref. No. 2012-01-196938 and the report dated July 31, 2012, Ref. No. 2012-01-198216, which are included herein by way of reference.

As of the date of publication of this report, the Company holds a total of 1,605,432 shares (out of 11,678,504 ordinary shares in the Company's issued share capital). As long as these shares remain under the ownership of the Company, the shares are

“dormant shares” as this term is defined in the Companies Law, 1999. For details regarding previous buyback plans adopted by the Company, see Section 2.1.2.20 of Chapter B of the Company’s Periodic Report for 2011, which was published by the Company on March 29, 2012, Ref. No. 2012-01-086961 (hereinafter – “**the Periodic Report**”). In addition, and on the same matter, see immediate reports on the approval of a purchase plan, included herein by way of reference: report dated March 29, 2012, Ref. No. 2011-01-086538, a report dated May 29, 2012, Ref. No. 2012-01-138882 and a report dated August 30, 2012, Ref. No 2012-01-225633).

3.3 Establishment of a Subsidiary in the US

In its meeting on July 10, 2012, the Board of Directors of the Company resolved to concentrate the Company’s Systems Department activities and/or the Company’s activities in the field of parking solutions in the US and/or North America in a subsidiary wholly owned by the Company. For details, see the Company’s immediate report dated July 10, 2012, Ref. No. 2012-01-182154, included herein by way of reference. As of the date of publication of this report, this subsidiary had not begun to carry out any significant activities.

3.4 Adoption of a negligible transactions procedure

On August 30, 2012, the Board of Directors adopted the recommendation of the Audit Committee, to adopt Negligible Transactions Procedure, as defined in Article 41 (a) (6) of the Securities Regulations (Annual Financial Statements), 2010. For further details see the company’s immediate report regarding an event or matter outside the ordinary business corporation, dated August 30, 2012 (Ref. No. 2012-01-225675), included herein by way of reference.

3.5 Convening of an annual general meeting

The Company has convened an annual general meeting of its shareholders for 09:00 (Brussels time), on Thursday, December 13, 2012 at the Sheraton Zaventem Hotel in Brussels, Belgium. The items on the meeting’s agenda are as follows: (i) presentation of the Periodic Report to the Company’s shareholders; (ii) approval of the re-appointment of the Amit-Halfon accounting firm as the Company’s auditors for 2012 and for the period up to the next annual meeting of the Company’s shareholders and authorizing the Company’s board of directors to determine its fee; (iii) approval of the re-appointment of Mr. Zv Livne as a director of the Company (category B) for an additional term of office of three years up to the date of the Company’s annual general meeting for 2015, in accordance with the Company’s Articles of Association; (iv) approval of the re-appointment of Mr. Moshe Braaz as an external director of the Company for a third three-year term of office, effective as of December 9, 2012 (the end of the current three-year term). For additional details, see immediate report regarding Convening of a Meeting dated October 3, 2012, Ref. No. 2012-01-247902, included herein by way of reference.

3.6 A change in the Company’s officers

After the balance sheet date, on November 22, 2012, Mrs. Miri Ben David, CPA was appointed as the Company’s Controller. For further details see immediate report dated November 22, 2012 regarding the appointment of a senior office holder at the Company, Ref. No. 2012-01-287292, included herein by way of reference.

After the balance sheet date, on November 22, 2012, Adv. Hilit Bar Sorya, the Company's In-House Legal Counsel was appointed as an Independent Authorized Signatory. For further details see immediate report dated November 22, 2012 regarding the appointment of a senior office holder at the Company, Ref. No. 2012-01-287277, included herein by way of reference.

On August 19, 2012, Mr. Ya'acov Vider, VP of NPI quality and reliability, ceased to hold office. For further details see immediate report dated August 19, 2012 regarding a senior officer that ceased to hold office, Ref. No. 2012-01-214110, included herein by way of reference.

3.7 Payment for the debentures (Series 2)

On August 26, 2012, the Company paid four out of five payments of the debentures principal (Series 2), issued by the Company under the 2006 Prospectus. Following this payment, there are 5,380,000 outstanding debentures (Series 2). For details see immediate report on the Status of the Corporation's Capital and Securities Registers, included herein by way of reference, dated 26 August 2012, reference No 2012-01-219201.

3.8 Expiry of options

On August 31, 2012, the remaining 105,000 options allotted to a former employee of the Company in April 2007 expired unexercised. Thus, the 210,000 options allotted to the former employee have expired unexercised. Following the expiry of the said options, all the 5/04 Unitronics options (employee options), security no: 1090406, are no longer outstanding. For details on the grant of options to a former employee, see Section 4.17.6 of the Periodic Report and for details on the expiry of options, see immediate report on the Status of the Corporation's Capital and Securities Registers, included herein by way of reference, dated September 2, 2012, Ref. No. 2012-01-227067.

3.9 Signatory rights on behalf of the Company

After the balance sheet date, it has been resolved by the Company's Board of Directors on November 22nd 2012, to authorize Advocate Hilit Bar Sorya, the Company's In-House Legal Counsel, as a signatory rights on behalf of the Company, replacing Mr. Eyal Saban. For further details see immediate report dated November 22, 2012 regarding Signatory rights on behalf of the Company, Ref. No. 2012-01-287259, included herein by way of reference.

3.10 Remuneration Committee

After the balance sheet date, on November 22, 2012, the Company's Board of Directors appointed a Remuneration Committee on behalf of the Company according to the amendment 20 of the Companies Law – 1999 and appointed the Directors CPA Tzvi Livne and CPA Yoel Sela (External Director) to serve as members in the Remuneration Committee and CPA Moshe Braz (External Director), to serve as the chairman of the Remuneration Committee,

3.11 Legal Proceedings

3.11.1 Administrative Petition against the Company

Pursuant to the Company's reports dated February 6, 2011, about the winning of a

tender for the construction of an automated warehouse (hereinafter in this paragraph: "the **Project**") for a customer in Israel (Ref. No. 2011-01-038982) (hereinafter in this paragraph: "the **Customer**"), and dated March 30, 2011 about the receipt of an agreement signed by the Customer (Ref. No. 2011-01-100404), which are included herein by way of reference, on June 28, 2011, the Company received an administrative petition against the Customer and against the Company ("the **Petition**").

As part of the Petition, the petitioner asked to be given the opportunity to peruse all the documents related to the aforementioned tender, in a manner that will make it possible to assess the Customer's decision to declare that the Company won the tender. Moreover, the Petitioner asked the court to announce that, until it completes its perusal of the tender documents and is given an opportunity to examine and assess the aforementioned decision by the Customer, the tender process is incomplete, and the Customer may not enter into an agreement with the Company in relation to the Project and/or issue a job order to the Company and/or carry out the Customer's decision.

The district court set a date for hearing the Petition, October 24, 2011. However, on October 2, 2011, the district court approved a decision for a deliberative arrangement that the parties agreed to, according to which they would conduct a negotiation in an attempt to end the dispute between them outside of the walls of the court, which would render the proceedings redundant.

As part of a hearing that took place in the courtroom on January 22, 2012, on the matter of the Company's request to annul the administrative petition, the court handed down a verdict on the Petition that ends the proceedings thereon.

As part of the hearing, the Petitioner's legal representative announced that he was not attacking the tender proceedings and results, but he was reserving the right to file a monetary claim, if necessary.

Under these circumstances, the parties reached an agreement regarding continued clarification of the scope of the right to peruse the tender documents, in the framework of the Customer's tender committee, and pursuant to the procedures that were agreed upon. For details, see the Immediate Report of an incident or matter deviating from the corporation's ordinary business, dated January 22, 2012, included herein by way of reference, Ref. No. 2012-01-021807.

On April 1, 2012, the Petitioner requested that the verdict handed down by the district court be annulled, asserting that the representations on which the verdict was based do not actually exist. On April 2, 2012, the court ordered the Customer to respond, pointing out in its decision that, ostensibly, a verdict cannot be annulled in the manner exercised by the Petitioner.

On May 1, 2012, the Customer responded to the verdict annulment request and vehemently opposed it. Although the court did not instruct the Company to respond explicitly to the request to annul the verdict, the Company submitted a response that same day, opposing the verdict annulment request on procedural and material grounds. On May 15, 2012, the court rejected the Petitioner's request to annul the verdict.

3.11.2 A Lawsuit by a Supplier Against the Company and a Counterclaim

On December 15, 2011, a supplier of the Company (hereinafter in this paragraph: "the **Supplier**") filed a monetary claim in a summary procedure against the Company in an immaterial amount at the magistrate's court in Petach Tikvah, alleging that the Company was illegally withholding a payment balance, as well as for illegal forfeiture of a bank guarantee, all in relation to projects implemented by the Company for customers.

On December 27, 2011, the Company requested that a bank guarantee be deposited to secure the payment of its expenses and to extend the deadline for submitting a request

for permission to defend itself by 30 days following deposit of the bank guarantee.

On January 1, 2012, the court granted the Company an extension for submitting the request for permission to defend itself to January 22, 2012, and ordered the Supplier to respond to the request for deposit of a guarantee for expenses within 20 days.

On January 22, 2012, the Company applied, through its legal advisers, for permission to defend itself. As part of said application, it made various claims against the Supplier, alleging that it had conducted itself improperly during the aforementioned projects, failed to implement the jobs it had undertaken to implement, and caused damage to the Company. In addition, the Company requested that the amount of this claim be offset by larger amounts for damages caused to it and sought to claim the said amounts in a separate action.

On February 13, 2012, the Company filed, through its legal advisers, a monetary claim totaling NIS 2.5 million (for fee purposes) at the magistrate's court in Petach Tikvah against the Supplier.

As part of its claim statement, the Company claimed that the Supplier had committed material breaches in everything related to its obligations toward the Company pursuant to agreement regarding those Company projects for those customers and in relation to damages it was caused due to said breaches.

On March 26, 2012, the Supplier filed a defense statement and, in addition, a counter claim in the amount of approx. NIS 1.4 million for a payment balance that, as it claims, is owed to the Supplier by the Company, as well as for damages and losses that, as it claims, it was caused as a result of the Company's conduct.

On April 30, 2012, the Company filed a defense statement, in which it, inter alia, reiterated its allegations in the counterclaim that it had filed, as stated above, on February 13, 2012.

On July 8, 2012, the court accepted the parties' motion to cancel their mutual claims, without an order for expenses, and as part of a compromise agreement that was signed by the parties. As part of the signed compromise agreement, the Company paid the Supplier an immaterial sum for the full and final cancellation of all the reciprocal claims and/or demands and/or petitions between the parties in this lawsuit and in the counter suit, as set forth above. The court granted the compromise agreement the validation of a verdict and quashed the proceedings in these cases.

Chapter B – Board of Directors’ Report

1. Financial Position

Assets

The total assets based on the consolidated balance sheet of the Company as of September 30, 2012, amounted to approx. NIS 173.694 million compared with approx. NIS 164.573 million as of December 31, 2011.

The balance of cash, cash equivalents and marketable securities did not change materially and together they amounted to approx. NIS 51.009 million as of September 30, 2012, compared with approx. NIS 52.696 million as of December 31, 2011.

An increase was recorded in inventory, which totaled approx. NIS 19.495 million as of September 30, 2012, compared with approx. NIS 16.505 million as of December 31, 2011. This increase primarily stems from a certain adjustment of inventory levels, for managerial and operational considerations, in the products segment.

An increase was recorded in the balance of intangible assets, which amounted to NIS 30.988 million as of September 30, 2012, compared with approx. NIS 23.834 million as of December 31, 2011. The increase is mainly attributable to the recording of Company development assets in respect of which development costs satisfy the conditions for recognition as an intangible asset, less current amortization.

In all other asset items, there were no material changes as compared with December 31, 2011.

Liabilities

An increase was recorded in current maturities of long-term liabilities, which totaled approx. NIS 22.550 million as of September 30, 2012, compared with approx. NIS 10.585 million as of December 31, 2011. The increase is mainly attributable to the first-time recording of a current maturity in respect of debentures (Series 3).

An increase was recorded in trade payables, which amounted to approx. NIS 18.568 million as of September 30, 2012, compared with approx. NIS 14.175 million as of December 31, 2011. This item increased primarily due to a rise in the balance of trade payable in the products segment.

Balances of accounts payable increased to approx. NIS 25.686 million as of September 30, 2012 compared with approx. 15.776 million as of December 31, 2011. This increase is mainly due to a rise in income in advance in the systems segment.

Non-current liabilities as of September 30, 2012, totaled approx. NIS 60.371 million, compared with NIS 79.257 million as of December 31, 2011. Most of the decrease stems from the first-time recording of a current maturity in respect of debentures (Series 3), as stated in 3.7 above.

In all other liability items, there were no material changes as compared with December 31, 2011.

A decrease was recorded in the Company’s working capital, which totaled approx. NIS 34.638 million as of September 30, 2012, compared with approx. NIS 58.199 million as of December 31, 2011. Most of the decrease stems from the first-time recording of a current maturity in respect of debentures (Series 3) and from an increase in accounts payable, as stated above.

The Company's shareholders' equity increased to approx. NIS 45.729 million as of September 30, 2012, compared with approx. NIS 43.703 million as of December 31, 2011. The increase mostly derived from the net income for the period as detailed below.

2. Operating Results

Revenues

Company revenues in the first nine months of 2012 came to approx. NIS 34.876 million, compared with approx. NIS 33.094 million in the same period of 2011 (a 5% increase). This increase is mainly attributable to revenues from the product segment, as detailed below. The Company's revenues in the first nine months of 2012 totaled approx. NIS 106.621 million, compared with approx. NIS 108.394 million in the corresponding period of 2011 (a 2% decrease). The decrease since the start of 2012 mainly stems from a decline in revenues from the systems segment, as detailed below.

Company revenues from the products segment in the quarter ended September 30, 2012, amounted to approx. NIS 23.650 million, an increase of 9% compared with approx. NIS 21.673 million in the corresponding quarter of 2011. Revenues from the products segment in the first nine months of 2012 amounted to approx. NIS 70.376 million, a 6% increase compared with approx. NIS 66.372 million in the same period of 2011.

Revenues from the systems segment in the quarter ended September 30, 2012, amounted to approx. NIS 11.088 million, a 2% decrease compared with approx. NIS 11.295 million in the same quarter of 2011. Revenues from the systems segment in the first nine months of 2012 amounted to approx. NIS 35.795 million, a 14% decrease compared with approx. NIS 41.717 million in the same period of 2011. The decrease in revenues from the systems segment stems from changes in the actual rate of progress in the construction of several logistic systems by the Company's systems department, mainly in relation to the planning and construction of a logistics system for a customer in Israel (for details see Sections 1.10.9 of the Company's Annual Periodic Report), and from the rate of receipt of orders from customers for the construction of systems in the reported period, which is partly explained by the relative volatility characteristic of this segment. In May 2012, the Company signed an agreement for the construction of a logistics system with a customer in Israel. (For details see immediate report published by the Company regarding An Even or Matter Outside the Corporation's Ordinary Business Activities, dated May 13, 2012, Ref. No. 2012-01-123351, included herein by way of reference).

Revenues from the products segment in the quarter ended September 30, 2012, accounted for 68% of total Company revenues in this quarter, whereas revenues from the systems segment in the same period accounted for 32% of total revenues. In the corresponding quarter of 2011; revenues from the products segment represented 65% of total Company revenues in that quarter, whereas revenues from the systems segment accounted for 34% of total revenues. Overall for the year 2011, revenues from products accounted for 63% of total revenues, while revenues from systems accounted for 37% of total revenues (less than 1% stems from other revenues).

Cost of Revenues and Gross Profit

Gross profit in the quarter ended September 30, 2012, totaled approx. NIS 7.471 million (about 21% of total revenues for the period), as compared with approx. NIS 9.552 million in the corresponding quarter of 2011 (about 29% of total revenues for the period). The gross profit in the first nine months of 2012 amounted to approx. NIS 27.123 million (25% of total revenues for the period), compared with approx. NIS 29.687 million in the same period of 2011 (about 27% of total revenues for the period).

The change in gross profit margins stems from a change in the revenue mix from different operating segments (the gross profit margins in the systems segment are lower than profit margins in the products segment, and accordingly, when the revenue mix in the systems segment rises, the weighted gross profit margin drops, and vice-versa) and from the change in the gross profit margins in the Company's operating segments (for details, see the analysis of business results by operating segment in Section 2.2.4 of the Company's Periodic Report).

Development Costs, Net

Net development costs in the quarter ended September 30, 2012, amounted to approx. NIS 1.182 million, compared with approx. NIS 691,000 in the corresponding quarter of 2011. Net development costs in the first nine months of 2012 amounted to approx. NIS 3.792 million, compared with approx. NIS 1.909 million in the same period of 2011. In addition, during the reported period, an intangible asset was recognized in respect of development costs in the amount of approx. NIS 9.864 million, compared with NIS 8.531 million in the same period of 2011. Total development costs, including those that were recognized as an intangible asset in the reporting period, grew in comparison with the corresponding period. This reflects a continued development of technologies required to support the Company's continued operations, while its development staff was reorganized to respond to changes in its operations and address its business plans. For details on the Company's estimate of its development costs in 2012, see the details in paragraphs 1.9.20 and 1.11.16 of the Periodic Report.²

Selling and Marketing Expenses

An increase was recorded in the selling and marketing expenses in the quarter ended September 30, 2012, and it totaled approx. NIS 3.981 million (about 11% of revenues), compared with approx. NIS 3.701 million (about 11% of revenues) in the corresponding quarter of 2011. The selling and marketing expenses in the first nine months of 2012 came to approx. NIS 12.351 million (about 12% of revenues), compared with approx. NIS 10.349 million (about 10% of revenues) in the same period of 2011. This increase mainly stemmed from a rise in selling and marketing expenses in the products segment, including the organizing of international conferences. For details on the Company's

² Information regarding the projected development expenses is forward-looking information. The main data that constitute the basis for this information are the Company's development plans, which are based, inter alia, on a market survey analysis, as set forth in Paragraph 1.7, 1.9.3 and 1.11.3 of the Periodic Report for 2011, a market needs analysis, and the consumers' preferences, as these manifest themselves in the Company's direct contacts with the markets, technological feasibility, the Company's estimations of the development costs required for financing the implementation of the developments, as well as the Company's estimations of the anticipated revenues. The main factors likely to prevent this forecast from materializing are the actual revenues that will be generated from sales in 2012; the level of investment that will be required in this activity, which could significantly deviate from the Company's budgets in these segments; limitations in relation to the ability to commercialize these technologies in competitive market prices or in general; the lack of development of markets and consumer culture that are compatible with the use of the developed technologies; and the superior financial and technological means at the disposal of a significant number of the Company's competitors, and all these in addition to the overall risks set forth in Paragraph 1.23 of the Company's Period Report for 2011.

assessment regarding its selling and marketing expenses in 2012, see Section 2.2.3.5 of the Periodic Report³.

General and Administrative Expenses

No material change was recorded in general and administrative expenses in the quarter ended September 30, 2012, and it amounted to approx. NIS 2.201 million, compared with approx. NIS 1.882 million in the corresponding quarter of 2011, and in the first nine months of 2012 it amounted to approx. NIS 6.135 million, compared with approx. NIS 6.022 million in the same period of 2011.

Operating Profit

A decrease in operating profit was recorded in the quarter ended September 30, 2012, and it totaled approx. NIS 107,000 (about 10% of revenues), compared with an operating profit of approx. NIS 3.278 million in the corresponding quarter of 2011. The decrease in operating profit in the reported period primarily stems from the decrease in gross profit and the increase in development expenses as set forth above.

In the first nine months of 2012, a decrease was recorded in the operating profit, which amounted to approx. NIS 4.845 million, compared with an operating profit of approx. NIS 11.407 million in the same period of 2011. The decrease in operating profit in the reported period primarily stems from the decrease in the gross profit, the increase in development expenses and the increase in selling and marketing expenses, as set forth above.

Financing Income and Expenses

Net financing expenses in the quarter ended September 30, 2012, amounted to approx. NIS 78,000, compared with net financing expenses of approx. NIS 2.971 million in the corresponding quarter of 2011. The decrease in net financing expenses primarily stemmed from an increase in revenues from revaluation of marketable securities arising from fluctuations in securities prices on the stock exchange.

Net financing expenses in the first nine months of 2012 amounted to approx. NIS 2.945 million, compared with net financing expenses of approx. NIS 4.718 million in the same period of 2011. The decrease in net financing expenses stems from an increase in revenues from the revaluation of marketable securities as stated above, in addition to a decline in long-term borrowing costs and less a decrease in revenues from revaluation and exchange rate differences in respect embedded derivatives, both of which were caused by the Euro's appreciation against the NIS in the same period of 2011.

Profit

In the reported quarter, the Company posted a net profit of approx. NIS 185,000, compared with a profit of approx. NIS 307,000 in the corresponding quarter of 2011. In the first nine months of 2012, the Company posted a net profit of approx. NIS 1.9 million (about 2% of revenues), compared with a profit of approx. NIS 6.699 million (about 6% of revenues) in the same period of 2011.

³ The information with regard to the anticipated increase in selling and marketing expenses item is forward-looking information. The principal data that served as a basis for this information includes forecasts for the performance of marketing activities by the Company, including staff recruitment, planned visits to trade shows, training for distributors and advertising expenses. The principal factors that might cause this information not to materialize are changes in the Company's marketing plans for reasons that are outside its control (such as changes at the Company's distributors, changes in the Company's principal markets and/or markets in which the Company is not active, and marketing activities on the part of competitors).

The decrease in the net profit and in the net profit margin in the reported period stems, in the Company's estimation, from the decrease in the operating profit less a decline in net financing expenses, as stated above.

Analysis of Business Results by Operating Segment

As mentioned above, the Company's main commercial activity is carried out by means of two business departments: the Products Department and the Systems Department. As of the fourth quarter of 2011, the parking solutions business activity which, until that time, was part of the systems segment, was grouped under a subsidiary wholly owned by the Company, Unitronics Parking Solutions Ltd., the business activity in which, as of September 30, 2012, is immaterial to the Company. 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.

Details on the results of the different segments are presented hereunder.

Products Segment

No material change was recorded in the Products Segment's results, which generated a profit of approx. NIS 7.183 million in the reported quarter, compared with a profit of approx. NIS 6.657 million in the corresponding quarter of 2011. The results of the Products Segment in the first nine months of 2012 totaled approx. NIS 21.584 million, compared with a profit of approx. NIS 20.767 million in the same period of 2011.

Systems Segment

The Systems Segment's results amounted to a loss of approx. NIS 2.880 million in the reported quarter, compared with a profit of approx. NIS 164,000 in the corresponding quarter of 2011. The Systems Segment's results in the nine months of 2012, amounted to loss of approx. NIS 4.580 million, compared with a profit of approx. NIS 1.051 million in the same period of 2011. The decrease in the Systems Segment's results, in the Company's estimation, stems from the decrease in revenues from this segment during the reported period, as explained above, and from the fixed costs required to continue the operations and support in this segment.

3. Liquidity and Sources of Financing

The balance of cash, cash equivalents and marketable securities of the Company, as of September 30, 2012, did not change materially and it totaled approx. NIS 51.009 million, compared with approx. NIS 52.696 million as of December 31, 2011.

The cash flow from operating activities in the quarter ended September 30, 2012, amounted to a positive cash flow of approx. NIS 12.938 million. The net positive cash flow resulted from changes in asset and liability items (mostly the decrease in trade and accounts receivable in addition to an increase in trade and accounts payable which, in the Company's estimation, stems from an increase in income in advance and accrued expenses in the systems segment). In the first nine months of 2012, the cash flow from operating activities amounted to a positive cash flow of approx. NIS 17.694 million. The positive cash flow resulted mainly from the deduction of non-cash expenses, in addition to changes in asset and liability items (an increase in accounts payable, as explained above).

The cash flow used for investment activities in the quarter ended September 30, 2012, amounted to approx. NIS 3.168 million. In the first nine months of 2012, the cash flow

used for investment activities amounted to a total of approx. NIS 9.435 million. The cash flow was mainly used for investments in development assets during the period.

The cash flow used for financing activities in the quarter ended September 30, 2012, amounted to approx. NIS 7.427 million. In the first nine months of 2012, the cash flow used for investment activities amounted to approx. NIS 9.617 million. The cash flow was mainly used for the repayment of debentures (Series 2), as detailed in 3.7 above.

On September 30, 2012, total credit lines available to the Company for its operating activity stood at approx. NIS 23.6 million, of which approx. NIS 23.2 million was used in respect of long-term loans and for securing the Company's obligations in projects carried out by the Systems Department.

4. Qualitative Report Regarding Exposure to Market Risks and Management Thereof

There were no material changes during the reporting period and in the period from the end of 2011 until the date of publication of this quarterly report with respect to the Company's exposure to market risks and the management thereof.

5. Acquisition Plans

For details on the Company's acquisition programs which were reported during the reporting period or which are in effect during the reporting period, see section 3.1 of Chapter A above.

6. Consolidated Linkage Bases Report

| As of September 30, 2012 | | | | | | |
|--------------------------|------------|------------------|--------|---------------------|-----------------------|-------|
| Israeli Currency | | Foreign Currency | | | | Total |
| Unlinked | CPI-Linked | In EURO | In USD | In Other Currencies | Non-Monetary Balances | |

-
NIS in Thousands

Assets

| | | | | | | | |
|-------------------------------|---------------|---------------|---------------|--------------|----------|----------------|----------------|
| Cash and cash equivalents | 4,662 | - | 5,570 | 4,875 | 3 | - | 15,110 |
| Cash restricted in use | 3,336 | - | - | - | - | - | 3,336 |
| Marketable securities | 20,448 | 15,356 | - | 95 | - | - | 35,899 |
| Trade and income receivable | 4,553 | - | 6,577 | 4,966 | - | - | 16,096 |
| Embedded derivatives | - | - | 666 | - | - | - | 666 |
| Accounts receivable | 1,981 | - | - | 39 | - | 923 | 2,943 |
| Inventory | - | - | - | - | - | 19,495 | 19,495 |
| Inventory of work in progress | - | - | - | - | - | 8,687 | 8,687 |
| Long-term deposits | - | - | - | - | - | 196 | 196 |
| Fixed assets | - | - | - | - | - | 40,278 | 40,278 |
| Intangible assets | - | - | - | - | - | 30,988 | 30,988 |
| Total assets | 34,980 | 15,356 | 12,813 | 9,975 | 3 | 100,567 | 173,694 |

Liabilities

| | | | | | | | |
|--|---------------|-----------------|----------------|----------------|----------|---------------|----------------|
| Short-term loans and current maturities of long-term loans | 101 | - | 3,987 | 427 | - | - | 4,515 |
| Current maturities of debentures | - | 18,035 | - | - | - | - | 18,035 |
| Trade payable | 8,190 | - | 1,620 | 8,758 | - | - | 18,568 |
| Embedded derivatives | - | - | 790 | - | - | - | 790 |
| Accounts payable | 6,142 | - | - | 308 | - | 19,236 | 25,686 |
| Long-term loans from banks and others | 126 | - | 10,817 | 1,814 | - | - | 12,757 |
| Debentures | - | 44,976 | - | - | - | - | 44,976 |
| Liabilities due to employee benefits, net | - | - | - | - | - | 2,638 | 2,638 |
| Total liabilities | 14,559 | 63,011 | 17,214 | 11,307 | - | 21,874 | 127,965 |
| Net assets (liabilities) | 20,421 | (47,655) | (4,401) | (1,332) | 3 | 78,693 | 45,729 |

7. Sensitivity Tests on Financial Instruments as of September 30, 2012

As of the balance sheet date, the Company performed 5 sensitivity tests in respect of changes in the upper and lower range of 5% and 10% in market factors.

The market tests were based on the model specified.

- 1) Table listing the changes in the fair value of financial instruments sensitive to fluctuations in the dollar's exchange rate:

| | Profit (Loss) from the change, NIS in thousands | | NIS in thousands Fair Value | Profit (Loss) from the change NIS in thousands | |
|-------------------------------|--|-------------|-----------------------------------|---|------------|
| | 10% | 5% | | -5% | -10% |
| NIS to \$ | 4.303 | 4.108 | 3.912 | 3.716 | 3.521 |
| Cash and cash equivalents | 488 | 244 | 4,875 | (244) | (488) |
| Marketable securities | 10 | 5 | 95 | (5) | (10) |
| Trade and income receivable | 497 | 248 | 4,966 | (248) | (497) |
| Accounts receivable | 4 | 2 | 39 | (2) | (4) |
| Current maturities of loans | (43) | (21) | (427) | 21 | 43 |
| Trade payable | (876) | (438) | (8,758) | 438 | 876 |
| Accounts payable and accruals | (31) | (15) | (308) | 15 | 31 |
| Long-term loans | (181) | (91) | (1,814) | 91 | 181 |
| Total | <u>(132)</u> | <u>(66)</u> | <u>(1,332)</u> | <u>66</u> | <u>132</u> |

- 2) Table listing the changes in the fair value of financial instruments sensitive to fluctuations in the Euro's exchange rate:

| | Profit (Loss) from the change, NIS in thousands | | NIS in Thousands Fair Value | Profit (Loss) from the change, NIS in thousands | |
|-------------------------------|--|--------------|-----------------------------------|--|------------|
| | 10% | 5% | | -5% | -10% |
| NIS to Euro | 5.571 | 5.318 | 5.065 | 4.812 | 4.558 |
| Cash and cash equivalents | 557 | 279 | 5,570 | (279) | (557) |
| Trade and income receivable | 658 | 329 | 6,577 | (329) | (658) |
| Current maturities of loans | (399) | (199) | (3,987) | 199 | 399 |
| Trade payable | (162) | (81) | (1,620) | 81 | 162 |
| Accounts payable and accruals | 0 | 0 | 0 | 0 | 0 |
| Long-term loans | (1,082) | (541) | (10,817) | 541 | 1,082 |
| Total | <u>(428)</u> | <u>(213)</u> | <u>(4,277)</u> | <u>213</u> | <u>428</u> |

- 3) The following table presents the fair value changes in financial instruments sensitive to fluctuations in the Consumer Price Index:

| | Profit (Loss) from the change, NIS in thousands | | NIS in Thousands | Profit (Loss) from the change, NIS in thousands | |
|-----------------------|---|----------------|------------------|---|--------------|
| | 10% | 5% | Fair Value | -5% | -10% |
| CPI in points | 242.93 | 231.89 | 220.84 | 209.80 | 198.76 |
| Marketable securities | 1,536 | 768 | 15,356 | (768) | (1,536) |
| Debentures (*) | <u>(6,301)</u> | <u>(3,151)</u> | <u>(63,011)</u> | <u>2,395</u> | <u>2,702</u> |
| Total | <u>(4,765)</u> | <u>(2,383)</u> | <u>(47,655)</u> | <u>1,627</u> | <u>1,166</u> |

(*) Series 3 debentures linked to the CPI 212.73 (1993 base)

- 4) The following table presents the fair value changes in derivative financial instruments that are sensitive to changes in underlying assets denominated in Euro:

| | Profit (Loss) from the change, NIS in Thousands | | NIS in Thousands | Profit (Loss) from the change, NIS in Thousands | |
|--|---|-------------------------------------|------------------|---|-------------------------------------|
| | 10% increase in the underlying asset | 5% increase in the underlying asset | Fair Value | 5% decline in the underlying asset | 10% decline in the underlying asset |
| Embedded derivatives | 4,380 | 2,190 | 666 | (2,190) | (4,380) |
| Liability in respect of embedded derivatives | <u>1,033</u> | <u>516</u> | <u>(790)</u> | <u>(516)</u> | <u>(1,033)</u> |
| Total | <u>5,413</u> | <u>2,706</u> | <u>(124)</u> | <u>(2,706)</u> | <u>(5,413)</u> |

- 5) The following table presents the fair value changes in financial instruments sensitive to fluctuations in the prices of marketable securities:

| | Profit (Loss) from the change, NIS in thousands | | NIS in Thousands | Profit (Loss) from the change, NIS in thousands | |
|--------------------|---|--------------|------------------|---|----------------|
| | 10% | 5% | Fair Value | -5% | -10% |
| Local – government | 1,875 | 938 | 18,751 | (938) | (1,875) |
| Local – corporate | 1,427 | 713 | 14,267 | (713) | (1,427) |
| Shares | <u>288</u> | <u>144</u> | <u>2,881</u> | <u>(144)</u> | <u>(288)</u> |
| Total | <u>3,590</u> | <u>1,795</u> | <u>35,899</u> | <u>(1,795)</u> | <u>(3,590)</u> |

8. Dedicated Disclosure to the Debenture Holders

The Corporation's Liability Certificates:

| | | |
|-----|---|---|
| (1) | Security | Debentures (Series 2) |
| A | Issue date | August 2006 |
| B | Total par value on issue date | 34,000,000 |
| | Par value as of the reporting date | 5,380,000 |
| C | Par value according to linkage terms – as of the report date | 6,317,000 |
| D | Accrued interest as of the report date | 38,000 |
| E | Liability value as of the report date | 6,139,000 |
| F | Stock Exchange value | 6,446,000 |
| G | Type of interest, including description | 6.1% annual interest |
| H | Payment dates of outstanding principal | Last annual payment on August 25, 2013 |
| I | Future interest payment dates | 2 future interest payments on the 25th of February and the 25 th of August 2013 |
| J | Details of linkage basis of interest and principal | Principal and interest linked to the Consumer Price Index at a base rate of no less than 188.1 (July 2006 index according to the 1993 base) |
| K | Are the liability certificates convertible? | Not convertible |
| L | Corporation's right to perform early redemption | Does not exist |
| M | Has a guarantee been given for payment of the liability in the trust deed? | No |
| N | Is the liability material to the Company? | Yes |
| O | The trustee in charge of the debenture series in the trust company; the trustee's contact details | Hermetic Trust (1975) Ltd Dan Avnon and/or Merav Ofer-Oren, 113 Hayarkon Street, Tel Aviv 63573, Telephone: 03-5274867 Fax: 03-5271451, Email: hermetic@hermetic.co.il |

(5+6) As of the reporting period, and throughout said period, the Company, to the best of its knowledge, was in full compliance with all the terms and obligations of the trust deed for Debentures (Series 2), the Company was not found to be in violation of any undertaking or term that was stipulated in the trust deeds and which are not of a technical nature, and there were no grounds to call for immediate repayment of the liability certificates.

(8) The Debentures (Series 2) are not secured by any charge whatsoever.

| | | |
|-----|---|---|
| (1) | Security | Debentures (Series 3) |
| A | Issue date | March 2011 |
| B | Total par value on issue date | 56,442,000 |
| C | Par value as of the reporting date | 56,442,000 |
| D | Par value according to linkage terms – as of the report date | 58,594,000 |
| E | Accrued interest as of the report date | 64,000 |
| F | Liability value as of the report date | 56,873,000 |
| G | Stock Exchange value | 58,423,000 |
| H | Type of interest, including description | 5.65% annual interest |
| I | Payment dates of outstanding principal | Five equal annual payments as of March 23, 2013 |
| J | Future interest payment dates | Every 23 rd of March and September starting from August 23, 2012, until March 23, 2017 (inclusive) |
| K | Details of linkage basis of interest and principal | Principal and interest linked to the Consumer Price Index at a base rate of no less than 212.73 (February 2011 CPI according to the 1993 basis) |
| L | Are the liability certificates convertible? | Not convertible |
| M | Corporation's right to perform early redemption | Exists (for details regarding the terms for exercising the Company's early redemption option, see section 12 of the Shelf offering Report dated March 22, 2011, Ref. No. 2011-01-088428). |
| 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 | Reznick, Paz, Nevo Trust Ltd 14 Yad Harutzim St, Tel Aviv 67778 Tel: 03-6389200; Fax: 03-6393316 Email: trust@rpn.co.il |

(5+6) As of the reporting period, and throughout the said period, the Company, to the best of its knowledge, was in full compliance with all the terms and obligations of the trust deed for Debentures (Series 3), the Company was not found to be in violation of any undertaking or term that was set forth in the trust deeds and which are not of a technical nature, and there were no grounds to call for immediate repayment of the liability certificates.

(8) On April 4, 2011, a pledge over a bank account deposit was created at the Registrar of Companies, in the amount of the annual interest on the debentures, to secure the payment of interest pursuant to the terms of the debentures (Series 3). As long as the Company has an outstanding balance of the debentures (Series 3), the Company will refrain from creating additional charges on its assets, in excess of those that existed on the date of signing the trust deed in connection with the debentures (Series 3), in favor of any third party whatsoever, without the trustee's advance written consent,

save with regard to charges on land and/or equipment that will be purchased by the Company subsequent to the date of signing the trust deed, the pledging thereof will serve solely for the purpose of securing the funding to be given for purchasing the asset that is the object of the pledge – and which the Company will be permitted to create without any restrictions in favor of any person or corporation. Subject to the aforesaid, the Company shall be entitled to create, without any limitation, additional liens of any type on its assets, all or part thereof, and without derogating from the Company's ability to undertake towards third parties to refrain from creating additional liens and without derogating from the aforesaid undertakings which the Company made to the banks prior to the date of signing the Debenture trust deed (Series 3).

9. Quarterly Report on the Company's Liabilities by Repayment Dates

For details on the Company's liabilities by repayment dates, as of September 30, 2012, see report dated November 22, 2012, which the Company published concurrently with the publication of this report.

10. Projected Cash Flow

The Board of Directors determined, following an examination of the four warning signs specified in Regulation 10(b)(14) of the Securities Regulations (Periodic and Immediate Reports) – 1970, regarding disclosure of the anticipated cash flow for financing payment of the Company's obligations, 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 issuance of Debentures (Series 2 and 3). Such examination is performed by the Board of Directors on a quarterly basis, at the time of approval of the financial statements published by the Company for the quarter in question.

11. Details of the Approval Process of the Company's Financial Statements

11.1 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.

11.2 Financial Statements Review Committee

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

| Name | CPA Zvi Livneh | CPA Yoel Sela | CPA Moshe Braaz |
|--|-----------------------|----------------------|------------------------|
| 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 4.11 of Chapter D of the Periodic Report for 2011.

As part of the process for approval of the financial statements as of September 30, 2012, a Committee meeting was held on August 28, 2012. In this meeting, the Committee discussed the effectiveness of internal controls over financial reporting and disclosure by the Company, which are the responsibility of the person in charge of reporting and the person in charge of control oversight, and which are supervised by the steering committee, which serves as a top-level supervising entity to ensure full compliance with reporting regulations, in accordance with internal procedures adopted by the Board of Directors on February 2, 2011 in connection with periodic and immediate reports. 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 its approval of the financial statements; later, the Committee approved its recommendations.

The following people were invited to, and attended the Committee meeting on November 18, 2012: members of the Committee (CPAs Yoel Sela, Zvi Livneh and Moshe Braaz), Mr. Yair Itzkovitch, CFO; Mr. Eyal Saban, VP; Mrs. Miri Ben-David, Company's controller, Mr. Nir Weisberger, Company attorney; CPA Haim Halfon, of the Company's accounting firm; and Mr. Benjamin Akerman, of the Company's internal audit 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; internal controls related to the financial reporting process; the integrity and appropriateness of the disclosure in the financial statements; the accounting policy adopted and the accounting treatment implemented in material issues; valuations including the underlying assessments and estimates. The draft financial statements and Committee recommendations were submitted to the Board's review two business days before the Board convened to discuss the financial statements, which is a reasonable timeframe, in the Board's estimation, to submit the recommendations to the Board of Directors.

11.3 The Company's Board of Directors

The Company regards the Board of Directors as the entity in charge of overall 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. Mrs. Bareket Shani – Director with professional qualifications, Vice President and

Head of Human Resources, member of the Credit and Investment Committee and of the Securities Committee of the Company's Board of Directors.

3. Mr. Zvi Livneh, CPA – Director with accounting skills, member of the Credit and Investments Committee, 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 member of the Board's Credit Investments Committee and member of the Remuneration Committee.
5. Mr. Moshe Braaz, CPA – External and independent director with accounting skills, member of the Audit Committee, member of the Committee for Review of the Financial Statements member of the Securities Committee of the Company's Board of Directors and chairman of the Remuneration Committee.
6. Mrs. Edna Ramot - Director with professional skills.

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 the meeting on November 22, 2012, the Company's management reviewed the key data of the financial statements. The Company's auditor attended the meeting and responded to the questions of the Board of Directors, which were addressed to him (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 approved by the Board of Directors by a vote.

Zvi Livneh
Director

Haim Shani
Chairman and CEO

Date: November 22, 2012

UNITRONICS (1989) (R"G) LTD.
Condensed Consolidated Interim
Financial Statements
September 30, 2012

(Unaudited)

Unitronics (1989) (R"G) Ltd.

**Condensed Consolidated Interim
Financial Statements**

September 30, 2012

(unaudited)

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REVIEW REPORT OF THE AUDITORS 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 at September 30, 2012 and the condensed consolidated interim statements of operations, comprehensive income, changes in shareholders' equity and cash flows for the periods of nine and three months then ended. The Board of Directors and management are responsible for the preparation and presentation of the financial information for this interim periods in accordance with IAS 34 “Financial reporting for interim periods”, and they are responsible for the preparation for of financial information for this interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports) – 1970. Our responsibility is to express a conclusion on the financial information for the interim periods, based on our review.

We did not review the condensed financial information for the interim periods of a consolidated company whose assets included in the consolidation comprise 7% of all the consolidated assets as at September 30, 2012 and whose revenues included in the consolidation comprise 22% and 23% of all consolidated revenues for the periods of nine and three months then ended. The condensed financial information for the interim periods of that company were reviewed by other auditors whose review report was furnished to us and our conclusions, to the extent that they relate to financial information for that company, are based on the review report of the other auditors.

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 financial information for interim periods performed 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 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, and on the review report of the other auditors, nothing came to our notice which would cause us to think that the above financial information is not prepared, in all significant aspects, in accordance with IAS 34.

In addition to the remarks in the previous paragraph, based on our review, and on the review report of the other auditors, nothing came to our notice which would cause us to think 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,
November 22, 2012

16 Aba Hillel Silver St. Ramat-Gan 52506 Israel Tel: +972-3-6123939 Fax: +972-3-6125030 e-mail: office@ahcpa.co.il

Amit, Halfon is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Unitronics (1989) (R"G) Ltd.
Condensed consolidated interim statement of financial position

| | <u>September 30, 2012</u> | <u>September 30, 2012</u> | <u>September 30 2011</u> | <u>December 31, 2011</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 | 2,983 | 15,110 | 14,142 | 16,467 |
| Restricted cash | 659 | 3,336 | 3,262 | 3,281 |
| Marketable securities | 7,088 | 35,899 | 36,307 | 36,229 |
| Accounts receivable - | | | | |
| Trade | 3,178 | 16,096 | 22,739 | 17,654 |
| Other | 581 | 2,943 | 1,134 | 2,294 |
| Embedded derivatives | 132 | 666 | 101 | 20 |
| Inventory | 3,849 | 19,495 | 19,859 | 16,505 |
| Inventory - work in progress | 1,715 | 8,687 | 7,089 | 7,362 |
| | <u>20,185</u> | <u>102,232</u> | <u>50,922</u> | <u>99,812</u> |
| <u>Non-current assets</u> | | | | |
| Long-term deposits | 39 | 196 | 353 | 264 |
| Property and equipment, net | 7,952 | 40,278 | 40,712 | 40,663 |
| Intangible assets, net | 6,118 | 30,988 | 21,643 | 23,834 |
| | <u>14,109</u> | <u>71,462</u> | <u>62,708</u> | <u>64,761</u> |
| | <u>34,294</u> | <u>173,694</u> | <u>167,341</u> | <u>164,573</u> |

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

Tzvi Livne
Director

Yair Itscovich
Chief Financial Officer

Approved: November 22, 2012.

(1) 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>September 30, 2012</u> | <u>September 30, 2012</u> | <u>September 30, 2011</u> | <u>December 31, 2011</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 | 892 | 4,515 | 4,468 | 4,399 |
| Current maturities of bonds | 3,561 | 18,035 | 6,198 | 6,186 |
| Accounts payable - | | | | |
| Trade | 3,665 | 18,568 | 13,770 | 14,175 |
| Other | 5,071 | 25,686 | 19,684 | 15,776 |
| Embedded derivatives | 156 | 790 | 926 | 1,077 |
| | <u>13,345</u> | <u>67,594</u> | <u>45,046</u> | <u>41,613</u> |
| <u>Non-current liabilities</u> | | | | |
| Loans from banks and others | 2,519 | 12,757 | 17,093 | 15,748 |
| Bonds | 8,880 | 44,976 | 60,850 | 60,977 |
| Liabilities for benefits to employees, net | 521 | 2,638 | 1,586 | 2,532 |
| | <u>11,920</u> | <u>60,371</u> | <u>79,529</u> | <u>79,257</u> |
| <u>Shareholders' equity</u> | | | | |
| Share capital | 70 | 352 | 352 | 352 |
| Share premium | 9,988 | 50,588 | 50,588 | 50,588 |
| Capital reserve from translation of foreign operation | (90) | (454) | (854) | (648) |
| Company shares held by the company | (1,325) | (6,711) | (6,643) | (6,643) |
| Retained earnings (loss) | 386 | 1,954 | (677) | 54 |
| | <u>9,029</u> | <u>45,729</u> | <u>42,766</u> | <u>43,703</u> |
| | <u>34,294</u> | <u>173,694</u> | <u>167,341</u> | <u>164,573</u> |

(1) 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 nine months period ended September 30, | For the nine months period ended September 30, | | For the three months period ended September 30, | For the three months period ended September 30, | | For the year ended December 31, |
|---|---|--|---------|---|--|--------|---------------------------------------|
| | 2012 | 2012 | 2011 | 2012 | 2012 | 2011 | 2011 |
| | (unaudited) | (unaudited) | | (unaudited) | (unaudited) | | (audited) |
| | Convenience translation into Euro (1) | NIS | | (in thousands) Convenience translation into Euro (1) | NIS | | |
| Revenues | 21,051 | 106,621 | 108,394 | 6,886 | 34,876 | 33,094 | 141,702 |
| Cost of revenues | 15,696 | 79,498 | 78,707 | 5,411 | 27,405 | 23,542 | 102,719 |
| Gross profit | 5,355 | 27,123 | 29,687 | 1,475 | 7,471 | 9,552 | 38,983 |
| Development expenses, net | 749 | 3,792 | 1,909 | 233 | 1,182 | 691 | 2,991 |
| Selling & marketing expenses | 2,438 | 12,351 | 10,349 | 786 | 3,981 | 3,701 | 14,091 |
| General & administrative expenses | 1,211 | 6,135 | 6,022 | 435 | 2,201 | 1,882 | 8,201 |
| Operating profit | 957 | 4,845 | 11,407 | 21 | 107 | 3,278 | 13,700 |
| Financing income | 664 | 3,368 | 2,599 | 492 | 2,489 | 624 | 2,633 |
| Financing expenses | 1,246 | 6,313 | 7,317 | 476 | 2,411 | 3,595 | 8,400 |
| Profit for the period | 375 | 1,900 | 6,689 | 37 | 185 | 307 | 7,933 |
| Profit per 1 ordinary share NIS 0.02 par value: | | | | | | | |
| Basic Profit per 1 ordinary share | 0.037 | 0.188 | 0.662 | 0.003 | 0.018 | 0.030 | 0.786 |
| Diluted profit per 1 ordinary share | 0.037 | 0.188 | 0.659 | 0.003 | 0.018 | 0.030 | 0.782 |

(1) 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 comprehensive income

| | For the nine months period ended September 30, 2012 | | For the nine months period ended September 30, 2011 | | For the three months period ended September 30, 2012 | | For the three months period ended September 30, 2011 | | For the year ended December 31, 2011 |
|--|---|--------------|---|---------------------------------------|--|------------|--|--|--------------------------------------|
| | (unaudited) | | (unaudited) | | (unaudited) | | (unaudited) | | (audited) |
| | <u>(in thousands)</u> | | | | | | | | |
| | Convenience translation into Euro (1) | NIS | | Convenience translation into Euro (1) | NIS | | | | |
| Profit for the period | 375 | 1,900 | 6,689 | 37 | 185 | 307 | 7,933 | | |
| <u>Other comprehensive income (loss)</u> | | | | | | | | | |
| Actuarial loss | - | - | - | - | - | - | (513) | | |
| Translation of foreign operation | 38 | 194 | 322 | (12) | (61) | 663 | 528 | | |
| Other comprehensive income (loss) for the period | 38 | 194 | 322 | (12) | (61) | 663 | 15 | | |
| Comprehensive income for the period | <u>413</u> | <u>2,094</u> | <u>7,011</u> | <u>25</u> | <u>124</u> | <u>970</u> | <u>7,948</u> | | |

(1) 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 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>Retained earnings (loss)</u> | <u>Total</u> |
|---|----------------------|----------------------|--|---|---------------------------------|---------------|
| NIS in thousands | | | | | | |
| Balance at January 1, 2011 (audited) | 352 | 50,588 | (1,176) | (6,239) | (7,366) | 36,159 |
| Purchase of company shares by the company | - | - | - | (404) | - | (404) |
| Comprehensive income for the year | - | - | 528 | - | 7,420 | 7,948 |
| Balance at December 31, 2011 (audited) | 352 | 50,588 | (648) | (6,643) | 54 | 43,703 |
| Purchase of company shares by the company | - | - | - | (68) | - | (68) |
| Comprehensive income for the period | - | - | 194 | - | 1,900 | 2,094 |
| Balance at September 30, 2012 (unaudited) | <u>352</u> | <u>50,588</u> | <u>(454)</u> | <u>(6,711)</u> | <u>1,954</u> | <u>45,729</u> |
| Balance at January 1, 2011 (audited) | 352 | 50,588 | (1,176) | (6,239) | (7,366) | 36,159 |
| Purchase of company shares by the company | - | - | - | (404) | - | (404) |
| Comprehensive income for the period | - | - | 322 | - | 6,689 | 7,011 |
| Balance at September 30, 2011 (unaudited) | <u>352</u> | <u>50,588</u> | <u>(854)</u> | <u>(6,643)</u> | <u>(677)</u> | <u>42,766</u> |
| Balance at July 1, 2012 (unaudited) | 352 | 50,588 | (393) | (6,643) | 1,769 | 45,673 |
| Purchase of company shares by the company | - | - | - | (68) | - | (68) |
| Comprehensive income for the period | - | - | (61) | - | 185 | 124 |
| Balance at September 30, 2012 (unaudited) | <u>352</u> | <u>50,588</u> | <u>(454)</u> | <u>(6,711)</u> | <u>1,954</u> | <u>45,729</u> |
| Balance at July 1, 2011 (unaudited) | 352 | 50,588 | (1,517) | (6,643) | (984) | 41,796 |
| Comprehensive income for the period | - | - | 663 | - | 307 | 970 |
| Balance at September 30, 2011 (unaudited) | <u>352</u> | <u>50,588</u> | <u>(854)</u> | <u>(6,643)</u> | <u>(677)</u> | <u>42,766</u> |

Convenience translation into Euro in thousands (unaudited) (1)

| | | | | | | |
|---|-----------|--------------|-------------|----------------|------------|--------------|
| Balance at December 31, 2011 | 70 | 9,988 | (128) | (1,312) | 11 | 8,629 |
| Purchase of company shares by the company | - | - | - | (13) | - | (13) |
| Comprehensive income for the period | - | - | 38 | - | 375 | 413 |
| Balance at September 30, 2012 | <u>70</u> | <u>9,988</u> | <u>(90)</u> | <u>(1,325)</u> | <u>386</u> | <u>9,029</u> |

(1) 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 Cash Flows

| | For the nine months period ended September 30, | | For the nine months period ended September 30, | | For the three months period ended September 30, | | For the three months period ended September 30, | | For the year ended December 31, |
|--|---|---------|--|--|--|---------|---|----------|---------------------------------------|
| | 2012 | | 2011 | | 2012 | | 2011 | | 2011 |
| | (unaudited) | | (unaudited) | | (unaudited) | | (unaudited) | | (audited) |
| | Convenience translation into Euro (1) | | NIS | | Convenience translation into Euro (1) | | NIS | | |
| | | | | | (in thousands) | | | | |
| <u>Cash flows - operating activities</u> | | | | | | | | | |
| Profit for the period | 375 | 1,900 | 6,689 | | 37 | 185 | 307 | 7,933 | |
| Adjustments necessary to show the cash flows - operating activities (Appendix A) | 3,118 | 15,794 | (8,263) | | 2,517 | 12,753 | (1,584) | (2,034) | |
| Cash flows provided by (used in) operating activities | 3,493 | 17,694 | (1,574) | | 2,554 | 12,938 | (1,277) | 5,899 | |
| <u>Cash flows - investing activities</u> | | | | | | | | | |
| Sale (Purchase) of marketable securities, net | 246 | 1,249 | (18,512) | | 76 | 385 | (4,413) | (18,504) | |
| Purchase of property and equipment | (161) | (817) | (20,108) | | (64) | (327) | (19,139) | (20,454) | |
| Investment in restricted cash | - | - | (3,215) | | - | - | (25) | (3,215) | |
| Investment in long-term deposits | (13) | (65) | (58) | | (7) | (35) | (11) | (58) | |
| Repayment of long-term deposits | 11 | 53 | 21 | | 10 | 50 | 8 | 21 | |
| Investment in intangible assets | (1,946) | (9,855) | (8,881) | | (640) | (3,241) | (3,493) | (12,618) | |
| Cash flows used in investing activities | (1,863) | (9,435) | (50,753) | | (625) | (3,168) | (27,073) | (54,828) | |
| <u>Cash flows - financing activities</u> | | | | | | | | | |
| Receiving of long-term loans | - | - | 4,907 | | - | - | 4,907 | 4,907 | |
| Repayment of long-term loans | (651) | (3,298) | (3,271) | | (219) | (1,108) | (1,105) | (4,382) | |
| Bonds issue | - | - | 53,903 | | - | - | - | 53,903 | |
| Repayment of bonds | (1,234) | (6,251) | (6,167) | | (1,234) | (6,251) | (6,167) | (6,167) | |
| Purchase of company shares by the company | (13) | (68) | (404) | | (13) | (68) | - | (404) | |
| Cash flows provided by (used in) financing activities | (1,898) | (9,617) | 48,968 | | (1,466) | (7,427) | (2,365) | 47,857 | |
| Translation differences in respect of foreign operation cash balances | (*) - | 1 | 45 | | (10) | (50) | 178 | 83 | |
| Change in cash and cash equivalents for the period | (268) | (1,357) | (3,314) | | 453 | 2,293 | (30,537) | (989) | |
| Cash and cash equivalents at beginning of period | 3,251 | 16,467 | 17,456 | | 2,530 | 12,817 | 44,679 | 17,456 | |
| Cash and cash equivalents at end of period | 2,983 | 15,110 | 14,142 | | 2,983 | 15,110 | 14,142 | 16,467 | |

(*) Less than 1,000 Euro.

(1) 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 Cash Flows

| | For the nine months period ended September 30, | For the nine months period ended September 30, | | For the three months period ended September 30, | For the three months period ended September 30, | | For the year ended December 31, |
|---|---|--|----------------|--|---|----------------|---------------------------------------|
| | 2012 | 2012 | 2011 | 2012 | 2012 | 2011 | 2011 |
| | (unaudited) | (unaudited) | | (unaudited) | (unaudited) | | (audited) |
| | | | | (in thousands) | | | |
| | Convenience translation into Euro (1) | NIS | | Convenience translation into Euro (1) | NIS | | |
| <u>Appendix A - Adjustments</u> | | | | | | | |
| necessary to show the cash flows - operating activities | | | | | | | |
| Depreciation and amortization | 918 | 4,649 | 4,850 | 299 | 1,512 | 1,912 | 7,046 |
| Profit (loss) from marketable securities, net | (182) | (919) | 991 | (206) | (1,042) | 739 | 1,061 |
| Change in liabilities for benefits to employees, net | 21 | 106 | 3 | 1 | 5 | (25) | 436 |
| Reevaluation of restricted cash | (11) | (55) | (47) | (4) | (18) | (26) | (66) |
| Reevaluation of long-term loans and bonds | 354 | 1,792 | 2,666 | 180 | 912 | 1,019 | 2,233 |
| Reevaluation of embedded derivatives | (184) | (933) | (3,126) | (134) | (677) | (382) | (2,894) |
| Decrease (increase) in accounts receivable - trade | 325 | 1,650 | (8,364) | 1,108 | 5,610 | (3,215) | (3,200) |
| Decrease (increase) in accounts receivable - other | (110) | (558) | 201 | (383) | (1,939) | 430 | (860) |
| Decrease (increase) in inventory | (573) | (2,903) | 10,159 | (494) | (2,500) | 4,685 | 13,580 |
| Decrease (increase) in inventory - work in progress | (260) | (1,316) | 377 | 2 | 10 | 230 | 107 |
| Increase (decrease) in accounts payable - trade | 868 | 4,395 | (11,984) | 395 | 2,000 | (1,480) | (11,581) |
| Increase (decrease) in accounts payable - other | 1,952 | 9,886 | (3,989) | 1,753 | 8,880 | (5,471) | (7,896) |
| | <u>3,118</u> | <u>15,794</u> | <u>(8,263)</u> | <u>2,517</u> | <u>12,753</u> | <u>(1,584)</u> | <u>(2,034)</u> |
| <u>Appendix B - Non-cash operations</u> | | | | | | | |
| Bonds issue expenses | - | - | 30 | - | - | - | 30 |
| <u>Appendix C - Additional information on cash flows regarding operating activities</u> | | | | | | | |
| Cash paid during the period for: | | | | | | | |
| Interest | 885 | 4,483 | 3,513 | 428 | 2,170 | 2,675 | 3,433 |
| Taxes on income | 16 | 81 | 81 | 5 | 27 | 27 | 108 |
| Cash received during the period for: | | | | | | | |
| Interest and dividend | 223 | 1,127 | 994 | 34 | 171 | 228 | 1,444 |

(1) 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 at September 30, 2012, and for the nine and three months periods then ended ("consolidated interim financial statements"). These financial statements should be read in conjunction with the Company's audited annual financial statements and accompanying notes as at December 31, 2011 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>1 U.S. dollar</u> <u>NIS</u> | <u>Exchange rate of</u> <u>1 Euro</u> <u>NIS</u> |
|--|---|---|--|
| September 30, 2012 | 220.84 | 3.912 | 5.0649 |
| September 30, 2011 | 216.27 | 3.712 | 5.0437 |
| December 31, 2011 | 216.27 | 3.821 | 4.9381 |
| <u>Change during the period</u> | <u>%</u> | <u>%</u> | <u>%</u> |
| Nine month ended September 30, 2012 | 2.11 | 2.38 | 2.57 |
| Nine month ended September 30, 2011 | 2.17 | 4.59 | 6.45 |
| Three month ended September 30, 2012 | 1.14 | (0.28) | 2.67 |
| Three month ended September 30, 2011 | - | 8.70 | 2.01 |
| For the year ended December 31, 2011 | 2.17 | 7.66 | 4.23 |

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

- C. Convenience translation in EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated in EURO by dividing each NIS amount by the representative rate of exchange of the EURO as at September 30, 2012 (EURO 1 = NIS 5.0649).

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 - Significant Accounting Policies

- A. 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 financial statements, apart from those mentioned in clause b below.
- B. Initial implementation of new IFRS

IFRS 7 - Financial instruments: Disclosures

Since 1 January 2012 the Company applies the amendment to IFRS 7 (hereinafter: "the Amendment"), which deals with new disclosure extensive requirements for eliminating financial assets and disclosure requirements in cases where anomalies transfers are made around the time of reporting. The purpose of the amendment is to help users of financial statements to assess the exposure risks for transfers of financial assets and the effect of these risks on the company's financial position. The amendment increases the transparency of reporting of transfer transactions, and in particular of financial asset securitization transactions. Amendment applied prospectively. Amendment was not a significant effect on the interim financial statements disclosures of the company.

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

Note 2 - Significant Accounting Policies (cont'd)

C. Disclosure of new IFRS during the period prior to their implementation

For information about standards, interpretations and amendments to standards listed below, see Note 2 w to the consolidated financial statements of the Company as at December 31, 2011.

- a. IFRS 10 - Consolidated Financial Statements
- b. IAS 27R - Separate Financial Statements
- c. IFRS 12 - Disclosure regarding rights in other entities
- d. IFRS 13 - Measurement of Fair Value
- e. IAS 19 (Amended) - Employee Benefits
- f. IAS 1 - Presentation of Financial Statements.
- g. IFRS 9 - Financial Instruments.

Note 3 - Events in the reported period

- A. In March 2012 the Board of Directors has approved adoption of a plan to purchase additional ordinary shares of the Company in an amount not to exceed NIS 2 million, replaces the company's previous plan in which the balance of its non-exploited expired. This program was valid until June 30, 2012.

In May 2012 the Board of Directors has approved adoption of a plan to purchase additional ordinary shares of the Company in an amount not to exceed NIS 2 million, replaces the company's previous plan in which the balance of its non-exploited expired. This program was valid until September 30, 2012.

In September 2012 the Board of Directors has approved adoption of a plan to purchase additional ordinary shares of the Company in an amount not to exceed NIS 2 million, replaces the company's previous plan in which the balance of its non-exploited expired. This program is valid until December 31, 2012.

After the balance sheet date, in November 2012 the Board of Directors has approved adoption of a plan to purchase additional ordinary shares of the Company in an amount not to exceed NIS 2 million, replaces the company's previous plan in which the balance of its non-exploited expired. This program is valid until March 31, 2013.

In the reported period the company purchased 11,535 of the company shares at a sum of NIS 68 thousands.

As at September 30, 2012, the Company holds 1,605,432 shares, representing about 13.75% of the issued share capital of the Company, purchased in an amount of NIS 6,711 thousand (As at December 31, 2011, the Company held 1,593,897 shares, representing about 13.65% of the issued share capital of the Company, purchased in an amount of NIS 6,643 thousand).

- B. In July 2012 the Company approved the concentration of the Systems segment and / or Parking Solutions segment in the U.S. and / or North American in a subsidiary (fully owned) established for this purpose. At the reporting date, the subsidiary established but not yet activated.
- C. On August 31, 2012 105,000 options, that were issued in April 2007 to a former employee of the Company, were expired without being exercised.

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

Note 4 - 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 segments 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 are not included in the results in each of the operating segments examined by senior management.

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

Note 4 - Business segments (cont'd)

- B. The company and its subsidiaries operate in two main business segments.
 - Programmable Logic Controllers systems (hereinafter "The products segment").
 - System integration projects (hereinafter "The system integration projects segment").

| | For the nine months period ended September 30, | For the nine months period ended September 30, | | For the three months period ended September 30, | For the three months period ended September 30, | | For the year ended December 31, |
|---|---|---|-----------------|--|--|----------------|--|
| | 2012 | 2012 | 2011 | 2012 | 2012 | 2011 | 2011 |
| | (unaudited) | (unaudited) | | (unaudited) | (unaudited) | | (audited) |
| | | | | (in thousands) | | | |
| | Convenience translation into Euro (1) | NIS | | Convenience translation into Euro (1) | NIS | | |
| C. Revenues | | | | | | | |
| Products | 13,895 | 70,376 | 66,372 | 4,670 | 23,650 | 21,673 | 89,213 |
| System integration projects | 7,067 | 35,795 | 41,717 | 2,189 | 11,088 | 11,295 | 52,104 |
| Other | 89 | 450 | 305 | 27 | 138 | 126 | 385 |
| Total revenues | <u>21,051</u> | <u>106,621</u> | <u>108,394</u> | <u>6,886</u> | <u>34,876</u> | <u>33,094</u> | <u>141,702</u> |
| D. Segment results | | | | | | | |
| Products | 4,261 | 21,584 | 20,767 | 1,418 | 7,183 | 6,657 | 27,840 |
| System integration projects | (904) | (4,580) | 1,051 | (569) | (2,880) | 164 | 1,104 |
| Other | (217) | (1,101) | 54 | (99) | (501) | 82 | (61) |
| Unallocated corporate expenses | <u>(2,183)</u> | <u>(11,058)</u> | <u>(10,465)</u> | <u>(729)</u> | <u>(3,695)</u> | <u>(3,625)</u> | <u>(15,183)</u> |
| Operating profit | 957 | 4,845 | 11,407 | 21 | 107 | 3,278 | 13,700 |
| Unallocated financing income (expenses), net | <u>(582)</u> | <u>(2,945)</u> | <u>(4,718)</u> | <u>16</u> | <u>78</u> | <u>(2,971)</u> | <u>(5,767)</u> |
| Profit for the period | <u>375</u> | <u>1,900</u> | <u>6,689</u> | <u>37</u> | <u>185</u> | <u>307</u> | <u>7,933</u> |

(1) See note 1C.

UNITRONICS (1989) (R"G) LTD.

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

September 30 ,2012

(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 under Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970 of Unitronics (1989) (R"G) Ltd. (hereinafter – “the Company”) as at September 30, 2012 and for the periods of nine and three months then ended. The separate 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 periods, based on our review.

We did not review the separate interim financial information of an affiliated company which the investment in it amount to NIS 372 thousands as at September 30, 2012 and which the company's share of its loss amount to NIS 1,202 thousands and NIS 416 thousands for the periods of nine and three months then ended. The condensed financial information for the interim periods of that company were reviewed by other auditors whose review report was furnished to us and our conclusion, to the extent that they relate to financial information for that company, are based on the review report of the other auditors.

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 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 audit opinion.

Conclusion

Based on our review, and on the review report of the other auditors, 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,
November 22, 2012

Unitronics (1989) (R"G) Ltd.

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

| | <u>September 30, 2012</u> | <u>September 30, 2012</u> | <u>September 30 2011</u> | <u>December 31, 2011</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 | 2,242 | 11,353 | 12,563 | 14,211 |
| Restricted cash | 659 | 3,336 | 3,262 | 3,281 |
| Marketable securities | 7,088 | 35,899 | 36,307 | 36,229 |
| Accounts receivable - | | | | |
| Trade | 2,392 | 12,118 | 19,238 | 14,289 |
| Other | 489 | 2,477 | 936 | 1,969 |
| Accounts receivable - other - | | | | |
| subsidiaries | 2,555 | 12,942 | 6,238 | 6,825 |
| Embedded derivatives | 132 | 666 | 101 | 20 |
| Inventory | 3,505 | 17,752 | 18,485 | 15,115 |
| Inventory - work in progress | 1,553 | 7,867 | 7,013 | 7,243 |
| | <u>20,615</u> | <u>104,410</u> | <u>52,011</u> | <u>99,182</u> |
| <u>Non-current assets</u> | | | | |
| Assets less liabilities associated with | | | | |
| subsidiaries | - | - | 284 | 830 |
| Long-term deposits | 39 | 196 | 353 | 264 |
| Property and equipment, net | 7,844 | 39,727 | 40,387 | 40,301 |
| Intangible assets, net | 5,740 | 29,077 | 21,643 | 23,198 |
| | <u>13,623</u> | <u>69,000</u> | <u>62,667</u> | <u>64,593</u> |
| | <u>34,238</u> | <u>173,410</u> | <u>166,810</u> | <u>163,775</u> |

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

Tzvi Livne
Director

Yair Itscovich
Chief Financial Officer

Approved: November 22, 2012.

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

| | <u>September 30, 2012</u> | <u>September 30, 2012</u> | <u>September 30, 2011</u> | <u>December 31, 2011</u> |
|---|--|-------------------------------|-------------------------------|------------------------------|
| | <u>(unaudited)</u> | <u>(unaudited)</u> | <u>(unaudited)</u> | <u>(audited)</u> |
| | <u>(in thousands)</u> | | | |
| | <u>NIS</u> | | | |
| | <u>Convenience translation into Euro (1)</u> | | | |
| <u>Current liabilities</u> | | | | |
| Current maturities of long-term loans | 892 | 4,515 | 4,468 | 4,399 |
| Current maturities of bonds | 3,561 | 18,035 | 6,198 | 6,186 |
| Accounts payable - | | | | |
| Trade | 3,578 | 18,121 | 13,660 | 13,880 |
| Other | 4,752 | 24,073 | 19,263 | 15,273 |
| Embedded derivatives | 156 | 790 | 926 | 1,077 |
| | <u>12,939</u> | <u>65,534</u> | <u>33,849</u> | <u>40,815</u> |
| <u>Non-current liabilities</u> | | | | |
| Liabilities less assets associated with subsidiaries | 350 | 1,776 | - | - |
| Loans from banks and others | 2,519 | 12,757 | 17,093 | 15,748 |
| Bonds | 8,880 | 44,976 | 60,850 | 60,977 |
| Liabilities for benefits to employees, net | 521 | 2,638 | 1,586 | 2,532 |
| | <u>12,270</u> | <u>62,147</u> | <u>79,529</u> | <u>79,257</u> |
| <u>Shareholders' equity</u> | | | | |
| Share capital | 70 | 352 | 352 | 352 |
| Share premium | 9,988 | 50,588 | 50,588 | 50,588 |
| Capital reserve from translation of foreign operation | (90) | (454) | (854) | (648) |
| Company shares held by the company | (1,325) | (6,711) | (6,643) | (6,643) |
| Retained earnings (loss) | 386 | 1,954 | (677) | 54 |
| | <u>9,029</u> | <u>45,729</u> | <u>42,766</u> | <u>43,703</u> |
| | <u>34,238</u> | <u>173,410</u> | <u>166,810</u> | <u>163,775</u> |

(1) See note 1C.

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

Unitronics (1989) (R" G) Ltd.

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

| | For the nine months period ended September 30, | For the nine months period ended September 30, | | For the three months period ended September 30, | For the three months period ended September 30, | | For the year ended December 31, |
|---|---|--|---------|--|--|--------|---------------------------------------|
| | 2012 | 2012 | 2011 | 2012 | 2012 | 2011 | 2011 |
| | (unaudited) | (unaudited) | | (unaudited) | (unaudited) | | (audited) |
| | | | | (in thousands) | | | |
| | Convenience translation into Euro (1) | NIS | | Convenience translation into Euro (1) | NIS | | |
| Revenues | 16,278 | 82,447 | 89,079 | 5,275 | 26,717 | 26,232 | 116,182 |
| Revenues from subsidiaries | 3,688 | 18,678 | 14,014 | 1,316 | 6,667 | 5,430 | 18,248 |
| Total revenues | 19,966 | 101,125 | 103,093 | 6,591 | 33,384 | 31,662 | 134,430 |
| Cost of revenues | 15,531 | 78,662 | 77,700 | 5,361 | 27,152 | 23,596 | 101,143 |
| Gross profit | 4,435 | 22,463 | 25,393 | 1,230 | 6,232 | 8,066 | 33,287 |
| Development expenses, net | 583 | 2,953 | 1,909 | 170 | 862 | 691 | 2,857 |
| Selling & marketing expenses | 1,295 | 6,559 | 5,889 | 403 | 2,043 | 1,928 | 8,045 |
| General & administrative expenses | 896 | 4,540 | 4,926 | 317 | 1,607 | 1,454 | 6,610 |
| General & administrative expenses to subsidiaries | 111 | 560 | 471 | 50 | 250 | 204 | 618 |
| Other income | - | - | - | - | - | - | 11 |
| Operating profit | 1,550 | 7,851 | 12,198 | 290 | 1,470 | 3,789 | 15,168 |
| Financing income | 653 | 3,307 | 2,599 | 492 | 2,489 | 624 | 2,633 |
| Financing expenses | 1,275 | 6,459 | 7,180 | 536 | 2,714 | 3,356 | 8,154 |
| Profit after finance, net | 928 | 4,699 | 7,617 | 246 | 1,245 | 1,057 | 9,647 |
| The Company's share of subsidiaries losses | (553) | (2,799) | (928) | (209) | (1,060) | (750) | (1,714) |
| Profit for the period attributed to the company's shareholders | 375 | 1,900 | 6,689 | 37 | 185 | 307 | 7,933 |

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

| | For the nine months period ended September 30, 2012 | For the nine months period ended September 30, 2012 | 2011 | For the three months period ended September 30, 2012 | For the three months period ended September 30, 2012 | 2011 | For the year ended December 31, 2011 |
|---|--|--|--------------|---|---|-------------|---|
| | (unaudited) | (unaudited) | | (unaudited) | (unaudited) | | (audited) |
| | (in thousands) | | | | | | |
| | Convenience translation into Euro (1) | NIS | | Convenience translation into Euro (1) | NIS | | |
| Profit for the period attributed to the company's shareholders | 375 | 1,900 | 6,689 | 37 | 185 | 307 | 7,933 |
| <u>Other comprehensive income (loss)</u> | | | | | | | |
| Actuarial loss | - | - | - | - | - | - | (513) |
| Translation of foreign operation | 38 | 194 | 322 | (12) | (61) | 663 | 528 |
| Other comprehensive income (loss) for the period | 38 | 194 | 322 | (12) | (61) | 663 | 15 |
| Comprehensive income for the period attributed to the company's shareholders | 413 | 2,094 | 7,011 | 25 | 124 | 970 | 7,948 |

(1) See note 1C.

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

Unitronics (1989) (R" G) Ltd.

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

| | For the nine months period ended September 30, | For the nine months period ended September 30, | | For the three months period ended September 30, | For the three months period ended September 30, | | For the year ended December 31, |
|--|---|--|---------------------|--|---|---------------------|---------------------------------------|
| | 2012 (unaudited) | 2012 (unaudited) | 2011 (unaudited) | 2012 (unaudited) | 2012 (unaudited) | 2011 (unaudited) | 2011 (audited) |
| | Convenience translation into Euro (1) | NIS | | Convenience translation into Euro (1) | NIS | | |
| Cash flows - operating activities | | | | | | | |
| Profit for the period attributed to the company's shareholders | 375 | 1,900 | 6,689 | 37 | 185 | 307 | 7,933 |
| Adjustments necessary to show the cash flows - operating activities (Appendix A) | 3,731 | 18,895 | (7,107) | 2,687 | 13,612 | (818) | (502) |
| Cash flows provided by (used in) operating activities of the company | 4,106 | 20,795 | (418) | 2,724 | 13,797 | (511) | 7,431 |
| Cash flows used in operating activities from transactions with subsidiaries | (1,208) | (6,117) | (1,801) | (558) | (2,825) | (462) | (3,388) |
| Cash flows provided by (used in) operating activities | 2,898 | 14,678 | (2,219) | 2,166 | 10,972 | (973) | 4,043 |
| Cash flows - investing activities | | | | | | | |
| Sale (Purchase) of marketable securities, net | 246 | 1,249 | (18,512) | 76 | 385 | (4,413) | (18,504) |
| Purchase of property and equipment | (114) | (576) | (20,009) | (57) | (292) | (19,100) | (20,314) |
| Investment in restricted cash | - | - | (3,215) | - | - | (25) | (3,215) |
| Investment in long-term deposits | (13) | (65) | (58) | (7) | (35) | (11) | (58) |
| Repayment of long-term deposits | 11 | 53 | 21 | 10 | 50 | 8 | 21 |
| Investment in intangible assets | (1,694) | (8,580) | (8,881) | (546) | (2,764) | (3,493) | (12,087) |
| Cash flows used in investing activities | (1,564) | (7,919) | (50,654) | (524) | (2,656) | (27,034) | (54,157) |
| Cash flows - financing activities | | | | | | | |
| Repayment of long-term loans | (651) | (3,298) | (3,271) | (219) | (1,108) | (1,105) | (4,382) |
| Receiving of long-term loans | - | - | 4,907 | - | - | 4,907 | 4,907 |
| Bonds issue | - | - | 53,903 | - | - | - | 53,903 |
| Repayment of bonds | (1,234) | (6,251) | (6,167) | (1,234) | (6,251) | (6,167) | (6,167) |
| Purchase of company shares by the company | (13) | (68) | (404) | (13) | (68) | - | (404) |
| Cash flows provided by (used in) financing activities | (1,898) | (9,617) | 48,968 | (1,466) | (7,427) | (2,365) | 47,857 |
| Change in cash and cash equivalents for the period | (564) | (2,858) | (3,905) | 176 | 889 | (30,372) | (2,257) |
| Cash and cash equivalents at beginning of period | 2,806 | 14,211 | 16,468 | 2,066 | 10,464 | 42,935 | 16,468 |
| Cash and cash equivalents at end of period | 2,242 | 11,353 | 12,563 | 2,242 | 11,353 | 12,563 | 14,211 |

(1) See note 1C.

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

Unitronics (1989) (R" G) Ltd.

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

| | For the nine months period ended September 30, <u>2012</u> (unaudited) Convenience translation into Euro (1) | For the nine months period ended September 30, <u>2012</u> <u>2011</u> (unaudited) NIS | For the three months period ended September 30, <u>2012</u> (unaudited) (in thousands) Convenience translation into Euro (1) | For the three months period ended September 30, <u>2012</u> <u>2011</u> (unaudited) NIS | For the year ended December 31, <u>2011</u> (audited) |
|--|--|---|---|--|---|
| <u>Appendix A - Adjustments necessary to show the cash flows - operating activities</u> | | | | | |
| The Company's share of subsidiaries losses | 553 | 2,799 928 | 209 | 1,060 750 | 1,714 |
| Depreciation and amortization | 905 | 4,581 4,808 | 294 | 1,487 1,895 | 6,989 |
| Loss(profit) from marketable securities, net | (182) | (919) 991 | (206) | (1,042) 739 | 1,061 |
| Capital gain | - | - | - | - | (11) |
| Change in liabilities for benefits to employees, net | 21 | 106 3 | 1 | 5 (25) | 436 |
| Reevaluation of restricted cash | (11) | (55) (47) | (4) | (18) (26) | (66) |
| Reevaluation of long-term loans and bonds | 354 | 1,792 2,666 | 180 | 912 1,019 | 2,233 |
| Reevaluation of embedded derivatives | (184) | (933) (3,126) | (134) | (677) (382) | (2,894) |
| Decrease (increase) in accounts receivable - trade | 429 | 2,171 (7,755) | 1,052 | 5,326 (3,010) | (2,806) |
| Decrease (increase) in accounts receivable - other | (85) | (428) 222 | (354) | (1,795) 403 | (722) |
| Decrease (increase) in inventory | (521) | (2,637) 9,813 | (455) | (2,306) 4,570 | 13,183 |
| Decrease (increase) in inventory - work in progress | (123) | (624) 448 | 25 | 129 301 | 218 |
| Increase (decrease) in accounts payable - trade | 837 | 4,241 (12,030) | 380 | 1,929 (1,483) | (11,810) |
| Increase (decrease) in accounts payable - other | 1,738 | 8,801 (4,028) | 1,699 | 8,602 (5,569) | (8,027) |
| | <u>3,731</u> | <u>18,895</u> <u>(7,107)</u> | <u>2,687</u> | <u>13,612</u> <u>(818)</u> | <u>(502)</u> |
| <u>Appendix B - Non-cash operations</u> | | | | | |
| Bonds issue expenses | - | - | 30 | - | - |
| Transfer of intangible assets against capital issue in a subsidiary | - | - | - | - | - |
| Capital note to subsidiary | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>117</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,000</u> |

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

Additional information

Note 1 - General

- A. These separate interim financial information have been prepared in accordance with regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970 and do not includes all the information required in regulation 9C and the 10th addition of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 about separate financial information of the company. These separate interim financial information should be read in with the Company's audited annual separate financial information as at December 31, 2011 and for the year then ended, and with the condensed consolidated interim financial statements as at September 30, 2012.
- B. Consolidated companies - defined in Note 1D to the consolidated financial statements as at December 31, 2011.
- C. Convenience translation in EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated into EURO by dividing each NIS amount by the representative rate of exchange of the EURO as at September 30, 2012 (EURO 1 = NIS 5.0649).

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 - Quarterly Report on Effectiveness of Internal Control over
Financial Reporting and Disclosure**

- a. **Quarterly report on effectiveness of internal control over financial reporting and disclosure, pursuant to Regulation 38c(a) of Securities Law Regulations (Periodic and Immediate Reports), 1970 (the "Regulations")**
- b. **Certification by CEO pursuant to Regulation 38c(d)(1) of the regulations**
- c. **Certification by CFO pursuant to Regulation 38c(d)(2) of the regulations**

Following is the Quarterly Report on Effectiveness of Internal Control Over Financial Reporting and Disclosure, pursuant to Regulation 38c(a) of the Regulations:

The Management, supervised by the Board of Directors of UNITRONICS (1989) (R"G) Ltd. (the "Corporation") is responsible to set and maintain proper internal control over financial reporting and disclosure by the corporation.

For this matter, the Management consists of:

HAIM SHANI, Company CEO
BAREKET SHANI, Deputy CEO
EYAL SABAN, VP
YAIR ITZKOVICH, CFO

Internal control over financial reporting and disclosure consists of existing controls and procedures of the Corporation, designed by the general manager and most senior financial officer, or under their supervision, or by those acting in said capacities, under supervision of the Corporation's Board of Directors, which are to provide reasonable certainty with respect to reliability of financial reporting and preparation of reports pursuant to statutory provisions, and to ensure that information which the Corporation is required to disclose in reports issued pursuant to statutory provisions is accumulated, processed, summarized and reported on schedule and in the format prescribed by Law.

Internal control includes, *inter alia*, controls and procedures which are designated to ensure that information which the Corporation is required to disclose, is accumulated and submitted to corporate's Management, including to the general manager and to the most senior financial officer, or to those acting in said capacities, in order to enable decisions to be made at the appropriate time with regard to the required disclosure.

Due to structural limitations, internal control over financial reporting and disclosure is not designed to provide absolute certainty that misrepresentation or omission of information on the reports would be avoided or discovered.

In the Quarterly Report on The Effectiveness of Internal Control Over Financial Reporting and Disclosure that was attached to the quarterly report for the period ended on June 30, 2012 (hereinafter - the "Last Quarterly Report on Internal Control"), the internal control system in the company was resolved as effective.

Until the reporting date, no event or matter have been brought to the attention of the board of directors and the Management, which could change the assessment of effectiveness of internal control, as it was resolved in the Last Quarterly Report on Internal Control.

As of the date of this report, based on the Last Quarterly Report on Internal Control, and based on information brought to the attention of the board of directors and the Management as stated above, the internal control is effective;

Certification by CEO pursuant to Regulation 38c(d)(1) of the regulations:

I, HAIM SHANI, certify that:

1. I have reviewed the periodic report of UNITRONICS (1989) (R"G) Ltd. (the "**Corporation**") for the third quarter of 2012 (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 therein not to be misleading in reference to the period covered by the Report, under the circumstances in which they were made.
3. To the best of my knowledge, as of the dates and for the periods to which the Report refers, 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.
4. Based on my most current assessment of the internal control over financial reporting and disclosure, I have disclosed to the Corporation's Independent Auditor, the Board of Directors and the Audit Committee of the Corporation's Board of Directors:
 - a. All significant faults and material weaknesses in installation and operation of the internal control over financial reporting and disclosure, which may reasonably impact the Corporation's capacity to accumulate, process, summarize or report financial information, in a manner which may cast doubt over the reliability of the financial reporting and preparation of the financial statements, pursuant to statutory provisions; and -
 - b. Any fraud, whether or not material, involving the General Manager or any of the direct reports thereof, or any other involved employees having a significant capacity in the internal control over financial reporting and disclosure;
5. I, on my own or with others of the Corporation:
 - a. Have installed controls and procedures, or verified its installation or existence under my supervision, which designed to ensure that material information with regard to the Corporation, including subsidiaries thereof, as defined in Securities Regulations (Annual financial statements), 2010, is brought to my attention by others at the Corporation and its subsidiaries, and specifically during the period of preparation of the Report; and -
 - b. Have installed controls and procedures or verified its installation or existence under my supervision, which designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally-accepted accounting principles;
 - c. No event or matter that occurred during the period between the last reporting date (quarterly or periodically, as the case may be) and this reporting date which could change the conclusion of the board of directors and the management, regarding the effectiveness of internal control over financial reporting and the company's disclosure, has been brought to my attention.

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

November 22, 2012

HAIM SHANI, CEO

Certification by CFO pursuant to Regulation 38c(d)(2) of the regulations

I, YAIR ITZKOVICH, certify that:

1. I have reviewed the interim financial statements and other financial information included in the report for interim periods report of UNITRONICS (1989) (R"G) Ltd. (the "Corporation") for the third quarter of 2012 (the "**Report**" or the "**Report for Interim Periods**").
2. To the best of my knowledge, the interim financial statements and other financial information included in the Report for Interim Periods is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made therein, not to be misleading in reference to the period covered by the Report under the circumstances in which they were made.
3. To the best of my knowledge, as of the dates and for the periods to which the Report refers to, the interim financial statements and other financial information included in the Report for Interim Periods properly reflect, in all material aspects, the financial standing, operating results and cash flows of the Corporation.
4. Based on my most current assessment of the internal control over financial reporting and disclosure, I have disclosed to the Corporation's Independent Auditor, Board of Directors and Audit Committee of the Corporation's Board of Directors,:
 - a. All significant faults and material weaknesses in installation and operation of the internal control over financial reporting and disclosure, as relevant to the financial statements and other financial information included in the Reports, which may reasonably impact the Corporation's capacity to accumulate, process, summarize or report financial information in a manner which may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and-
 - b. Any fraud, whether or not material, involving the General Manager or any of the direct reports thereof, or any other involved employees having a significant capacity in the internal control over financial reporting and disclosure;
5. I, on my own or with others at the Corporation:
 - a. Have installed controls and procedures or verified its installation or existence under our supervision, designed to ensure that material information with regard to the Corporation, including subsidiaries thereof, as defined in Securities Regulations (Annual financial statements), 2010, is brought to my attention by others at the Corporation and its subsidiaries, specifically during the period of preparation of the Report; and-
 - b. Have installed controls and procedures or verified its installation or existence under my supervision, designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally-accepted accounting principles;
 - c. No event or matter, which could change, to my opinion the conclusion of the board of directors and the management, regarding the effectiveness of

internal control over financial reporting and the company's disclosure that occurred during the period between the last reporting date (quarterly or periodic, as the case may be) and this reporting date was brought to my attention

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

November 22, 2012

YAIR ITZKOVICH, CFO

Unitronics (1989) (R"G) Ltd.

**Fair Value Valuation of
Embedded Derivatives**

Valuation Date: 30/09/2012

Limitation Conditions

The document was prepared solely for the management of Unitronics Ltd. (Hereinafter: the "**Management**", "**Unitronics**" or the "**Company**") for the purposes stated herein and should not be relied upon for any other purpose. Unless required by law it shall not be provide to any third party without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to which the report is disclosed or otherwise made available.

In the course of our analysis, we made use of financial and other information and representations provided to us by the Management or its representatives. We assume such information reliable. The more significant sources of this information are identified in the accompanying report. Our conclusions are dependent on such information being complete and accurate in all material respects; however, we have not examined such information and, accordingly, do not express an opinion or any other form of assurance thereon.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the existing business records of the Company. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the Management.

Projections relating to future events are based on assumptions, which may not remain valid for the whole of the relevant period. Particularly, projections are based solely on the information that was available on Valuation Dates, and may differ from projections and/or financial results that were made available later on. Consequently, this information cannot be relied upon to the same extent as that derived from audited accounts for completed accounting periods. We express no opinion as to how closely the actual results will correspond to those projected by the Company.

The valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Therefore, there is no indisputable single value and we normally express our opinion on the value as falling within a likely range. However, as purpose requires the expression of a single value, we have adopted a value at the mid-point of our valuation range.

Whilst we consider our value/range of values to be both reasonable and defensible based on the information available to us, others may place a different value on the business.

Excluding gross negligence and malice, Financial Immunities and its employees or any other party acting on its behalf, shall not be liable for any loss or damage whatsoever that the Company may suffer, directly or indirectly, as a result of Financial Immunities services.

Without derogating from the previously mentioned, in any event whatsoever, Financial Immunities liability shall be limited to the amount of fees payable by the Company to Financial Immunities in respect with providing its services for preparing the Project.

The Company will indemnify Financial Immunities against all claims by third parties that arise out of or in connection with the Project and/or services rendered under this agreement

Finally, the results of our valuation do not constitute a Solvency Opinion or a Fairness Opinion, and should not be relied upon as such. Furthermore, the analysis we perform should not be taken to supplant any procedures that the Company should undertake in connection with the transaction.

Financial Immunities has no personal interest in the Company, and its fees are not contingent on the conclusions of this opinion.



Sincerely,
Financial Immunities Ltd.

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Fair Value Valuation of Embedded Derivatives

1. Background

Unitronics Company focuses on the design, development, manufacture, marketing, sale and support of mass production line automation products and realization of logistic systems automation projects. The Company signed an agreement with a customer. Under the terms of the agreement, the Company undertook to accomplish a project expected to generate to the Company future cash flows denominated in euro. As of this moment, EUR does not represent the functional currency either for Unitronics or for the customer. Company's experience with the analogous projects indicates that there exists a reasonable probability for deviation of payment terms from the originally scheduled ones.

The table below presents the expected payments as reported by the Company:

| Transaction No. | Date of order signing | Inflow in EUR |
|-----------------|--|---------------------|
| SO9024592 | 06/05/2009 | € 10,591,854 |
| SO9024593 | 06/05/2009,07/12/2009 | € 4,497,003 |
| SO9026013 | 29/09/2009,11/12/2009,15/01/2010, 24/03/2010 | € 1,440,190 |
| SO9027063 | 23/12/2009 | € 177,000 |
| SO10027583 | 04/02/2010 | € 137,458 |
| SO9026912 | 17/12/2009,13/01/2010 | € 1,671,892 |
| SO10028957 | 31/05/2010 | € 45,325 |
| SO10029075 | 10/06/2010 | € 85,748 |
| SO10028772 | 16/05/2010 | € 1,726,001 |
| SO10029601 | 28/07/2010 | € 1,158,700 |
| SO10029738 | 12/08/2010 | € 179,575 |
| SO10030086 | 19/09/2010 | € 139,421 |
| SO10030459 | 24/10/2010 | € 48,000 |
| SO10030873 | 28/11/2010 | € 77,649 |
| SO10030874 | 28/11/2010 | € 234,260 |
| SO10031217 | 22/12/2010 | € 21,814 |
| SO10031195 | 21/12/2010 | € 28,093 |
| SO10030475 | 25/10/2010 | € 74,817 |
| SO10031025 | 07/12/2010 | € 41,453 |
| SO10030653 | 08/11/2010 | € 33,000 |
| SO11033018 | 16/03/2011 | € 24,179 |
| SO11033017 | 16/03/2011 | € 32,626 |
| USO1202098 | 24/05/2012 | € 10,238,123 |
| Total | | € 32,704,181 |

The following table reports the expected inflows in ILS as of the date of agreement signing and the valuation date (30/09/2012):

| Transaction No. | Cumulative Actual Amount in EUR as of 30/09/2012 | Total Cumulative Actual Amount in ILS as of 30/09/2012 | 2009 | | 2010 | | 2011 | | 2012 | |
|-----------------|--|--|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| | | | Year 2009 | | Year 2010 | | Year 2011 | | Year 2012 | |
| | | | Total Expected Amount in ILS | Total Actual Amount in ILS | Total Expected Amount in ILS | Total Actual Amount in ILS | Total Expected Amount in ILS | Total Actual Amount in ILS | Total Expected Amount in ILS | Total Actual Amount in ILS |
| SO9024592 | € 9,003,076 | ₪46,147,171 | ₪14,577,321 | ₪14,746,628 | ₪29,747,772 | ₪26,656,597 | ₪5,237,501 | ₪4,743,947 | ₪0 | ₪0 |
| SO9024593 | € 4,497,003 | ₪22,980,597 | ₪6,918,719 | ₪6,875,196 | ₪11,682,369 | ₪10,517,110 | ₪6,191,981 | ₪5,588,291 | ₪0 | ₪0 |
| SO9026013 | € 1,296,171 | ₪6,631,183 | ₪1,384,069 | ₪1,395,250 | ₪5,671,166 | ₪5,235,933 | ₪0 | ₪0 | ₪0 | ₪0 |
| SO9027063 | € 177,000 | ₪906,618 | ₪0 | ₪0 | ₪719,572 | ₪683,235 | ₪239,650 | ₪223,383 | ₪0 | ₪0 |
| SO10027583 | € 128,537 | ₪644,729 | ₪0 | ₪0 | ₪582,058 | ₪566,248 | ₪56,001 | ₪54,827 | ₪24,760 | ₪23,654 |
| SO9026912 | € 1,409,140 | ₪7,200,670 | ₪0 | ₪0 | ₪7,077,563 | ₪6,657,687 | ₪585,143 | ₪542,983 | ₪0 | ₪0 |
| SO10028957 | € 36,260 | ₪174,423 | ₪0 | ₪0 | ₪86,233 | ₪84,613 | ₪86,335 | ₪89,811 | ₪0 | ₪0 |
| SO10029075 | € 85,748 | ₪428,740 | ₪0 | ₪0 | ₪280,603 | ₪302,640 | ₪116,978 | ₪126,100 | ₪0 | ₪0 |
| SO10028772 | € 1,380,801 | ₪6,844,850 | ₪0 | ₪0 | ₪4,938,815 | ₪5,139,187 | ₪1,572,012 | ₪1,705,663 | ₪0 | ₪0 |
| SO10029601 | € 1,158,700 | ₪5,829,432 | ₪0 | ₪0 | ₪2,004,760 | ₪2,011,463 | ₪3,728,806 | ₪3,817,969 | ₪0 | ₪0 |
| SO10029738 | € 163,642 | ₪821,962 | ₪0 | ₪0 | ₪773,057 | ₪796,804 | ₪24,723 | ₪25,158 | ₪0 | ₪0 |
| SO10030086 | € 139,421 | ₪684,614 | ₪0 | ₪0 | ₪0 | ₪0 | ₪679,862 | ₪684,614 | ₪0 | ₪0 |
| SO10030459 | € 48,000 | ₪240,000 | ₪0 | ₪0 | ₪0 | ₪0 | ₪242,487 | ₪240,000 | ₪0 | ₪0 |
| SO10030873 | € 77,649 | ₪377,422 | ₪0 | ₪0 | ₪189,002 | ₪182,273 | ₪170,136 | ₪176,266 | ₪18,897 | ₪18,883 |
| SO10030874 | € 222,547 | ₪1,081,679 | ₪0 | ₪0 | ₪570,203 | ₪549,902 | ₪513,285 | ₪531,777 | ₪0 | ₪0 |
| SO10031217 | € 21,814 | ₪106,849 | ₪0 | ₪0 | ₪0 | ₪0 | ₪0 | ₪0 | ₪102,697 | ₪106,849 |
| SO10031195 | € 28,093 | ₪133,000 | ₪0 | ₪0 | ₪0 | ₪0 | ₪132,855 | ₪133,000 | ₪0 | ₪0 |
| SO10030475 | € 59,853 | ₪294,336 | ₪0 | ₪0 | ₪244,980 | ₪237,162 | ₪56,501 | ₪57,174 | ₪0 | ₪0 |
| SO10031025 | € 33,163 | ₪160,480 | ₪0 | ₪0 | ₪0 | ₪0 | ₪160,228 | ₪160,480 | ₪0 | ₪0 |
| SO10030653 | € 33,000 | ₪167,134 | ₪0 | ₪0 | ₪0 | ₪0 | ₪165,701 | ₪167,134 | ₪0 | ₪0 |
| SO11033018 | € 24,179 | ₪120,000 | ₪0 | ₪0 | ₪0 | ₪0 | ₪119,895 | ₪120,000 | ₪0 | ₪0 |
| SO11033017 | € 32,626 | ₪161,923 | ₪0 | ₪0 | ₪0 | ₪0 | ₪161,772 | ₪161,923 | ₪0 | ₪0 |
| USO1202098 | € 1,919,933 | ₪9,468,918 | ₪0 | ₪0 | ₪0 | ₪0 | ₪0 | ₪0 | ₪9,387,758 | ₪9,468,918 |
| | € 21,976,355 | ₪111,606,730 | ₪22,880,108 | ₪23,017,074 | ₪64,568,155 | ₪59,620,853 | ₪20,241,852 | ₪19,350,499 | ₪9,534,112 | ₪9,618,304 |

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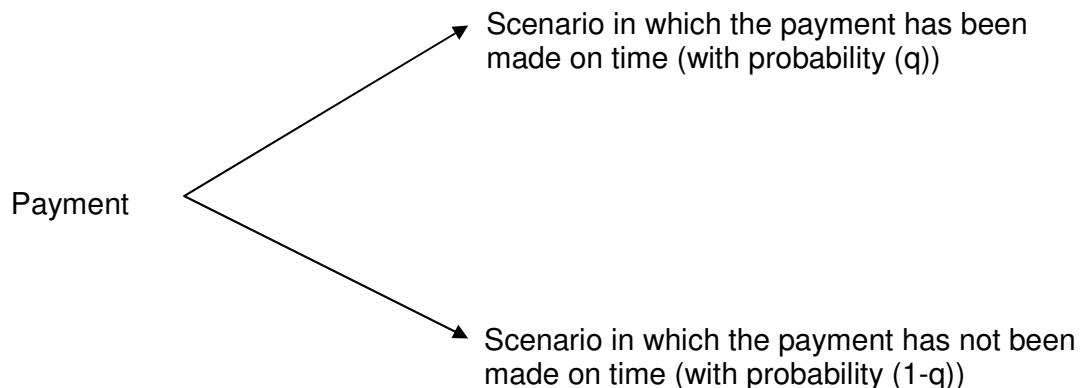
2. Methodology

An embedded derivative is a derivative that embedded in buy or sales contracts of products or services. In accounting literature, those contracts are also known as "Host Contracts". In Israel, embedded derivatives are often a part of transactions denominated in a currency, which is not the functional currency of a reporting company and/or of transaction counterpart's company (for example, foreign currency derivatives in such transactions as purchases from suppliers, sales to customers, or real estate rent contracts).

According to IAS 39 – "Financial Instruments: Recognition and Management", embedded derivatives have to be separated from host contracts, and treated as separate derivative financial instruments. In particular, embedded derivatives have to be evaluated with respect to their fair value estimated against corresponding profits and losses.

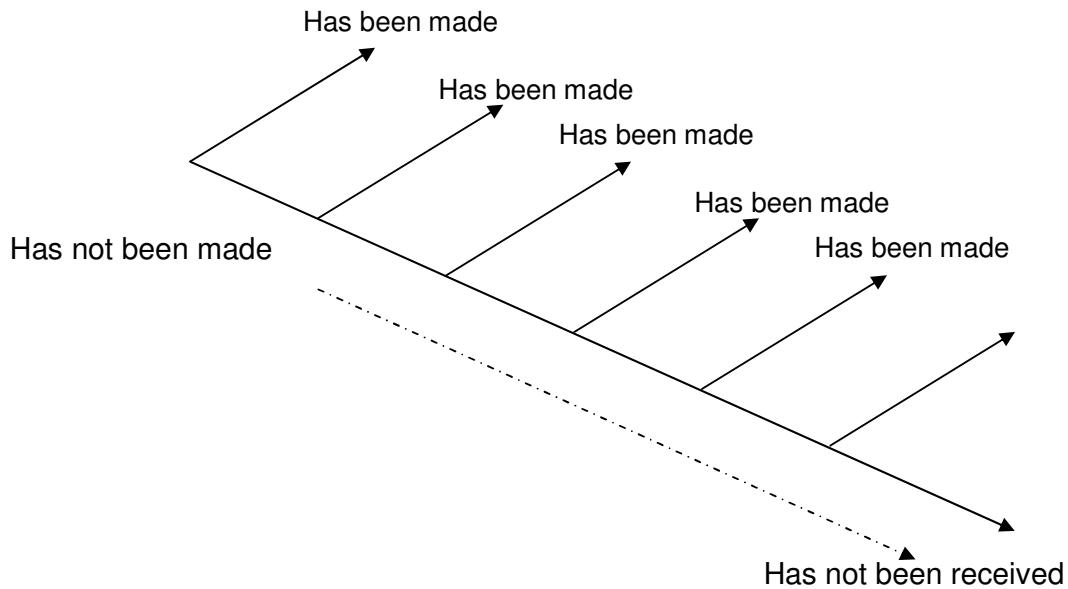
3. Calculation Model

We derive our calculation model from the decision making model. Since the exact date of payment is unknown and there is a probability for a delay, we chose to use the decision tree algorithm.



In accordance with the data obtained from the Company, the probability to each of the scenarios to occur is assumed equal (i. e. 50% probability for each of the scenarios).

The following figure illustrates possible implementation of the introduced above model. More specifically, the figure shows that if payment is made at the originally scheduled date, then no delay will be considered. In contrast, if the payment has not been made on time, we will move to the next point (of the model) – possible payment date next to the initially scheduled one - and then reexamine whether or not the payment is made.



4. ILS Cash Flow Calculations

A. Applying decision tree algorithm, we first compute forward rate, which afterward used for calculations of ILS payment equivalent as of the agreement inception date. The forward rate calculations based on the assumption that probability of not receiving payment in time is equal to 50%. Based on its experience with similar projects, the Company estimates possible delay in payment as of up to three months (with respect to the payment terms set forth in the project's schedule). To examine the probability of delay in the payment, we test a number of possible scenarios with different delay lengths (two weeks, month, and so on up to three months, increasing the lag period in 15 days each time). In order to estimate the forward rates, we used the forward rates as of agreement inception dates for each of the future scenario terms (06/05/2009, 29/09/2009, 07/12/2009, 11/12/2009, 17/12/2009, 23/12/2009, 13/01/2010, 15/01/2010, 04/02/2010, 24/03/2010, 16/05/2010, 31/05/2010,

10/06/2010, 28/07/2010, 12/08/2010, 19/09/2010, 24/10/2010, 25/10/2010, 08/11/2010, 28/11/2010, 07/12/2010, 21/12/2010, 22/12/2010, 16/03/2011, 24/05/2012). For example: for the payment expected on 31/05/2010 there is a probability of 50% to be made on this date (in accordance with the future rate determined for the corresponding date), and a probability of 50% to be made during the next three months following after the initially scheduled date (according to the Company).

B. After we estimated the constant ILS inflow for each payment date, we estimate the forward rate for 30/09/2012 (the valuation date). We compute the forward rate for the valuation date in a similar way we do for the agreement inception date. Since such market parameters as interest rate, exchange rate, and others changed over the period between the agreement inception date and the valuation date, values of forward rates for those two dates are not the same.

C. The following table reports payments in ILS for a corresponding agreement inception date:

| Transaction | Date of order signing | Inflow in ILS |
|--------------|--|---------------------|
| SO9024592 | 06/05/2009 | ₪58,240,748 |
| SO9024593 | 06/05/2009,07/12/2009 | ₪24,793,069 |
| SO9026013 | 29/09/2009,11/12/2009,15/01/2010, 24/03/2010 | ₪7,842,619 |
| SO9027063 | 23/12/2009 | ₪959,222 |
| SO10027583 | 04/02/2010 | ₪709,633 |
| SO9026912 | 17/12/2009,13/01/2010 | ₪9,087,366 |
| SO10028957 | 31/05/2010 | ₪216,936 |
| SO10029075 | 10/06/2010 | ₪397,581 |
| SO10028772 | 16/05/2010 | ₪8,156,591 |
| SO10029601 | 28/07/2010 | ₪5,733,566 |
| SO10029738 | 12/08/2010 | ₪876,508 |
| SO10030086 | 19/09/2010 | ₪679,862 |
| SO10030459 | 24/10/2010 | ₪242,487 |
| SO10030873 | 28/11/2010 | ₪378,036 |
| SO10030874 | 28/11/2010 | ₪1,140,535 |
| SO10031217 | 22/12/2010 | ₪102,697 |
| SO10031195 | 21/12/2010 | ₪132,855 |
| SO10030475 | 25/10/2010 | ₪377,614 |
| SO10031025 | 07/12/2010 | ₪200,680 |
| SO10030653 | 08/11/2010 | ₪165,701 |
| SO11033018 | 16/03/2011 | ₪119,895 |
| SO11033017 | 16/03/2011 | ₪161,772 |
| USO1202098 | 24/05/2012 | ₪50,757,231 |
| Total | | ₪171,473,202 |

D. The following tables summarize the data used for the forward rate and ILS payment calculations for corresponding agreement inception date.

Date: 06/05/2009.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|---------|----------|----------|---------|---------|---------|----------|---------|--------|---------|---------|
| Forward Points: | 0.00015 | 0.00007 | 0.00006 | -0.00035 | -0.00043 | 0.00262 | 0.00763 | 0.01511 | 0.04709 | 0.09596 | 0.1828 | 0.27091 | 0.35537 |
| EUR Depo Rate: | 0.375 | 0.68 | 0.85 | 1.13 | 1.39 | 1.59 | 1.51 | 1.65 | 1.803 | 1.956 | 2.315 | 2.606 | 2.846 |
| ILS Depo Rate: | 0.711 | 0.755 | 0.874 | 1.108 | 1.379 | 1.707 | 1.716 | 1.951 | 2.406 | 2.866 | 3.468 | 3.882 | 4.18 |

| 06/05/2009 | |
|----------------------------|--------------|
| (Original) Date of Payment | Forward Rate |
| 15/01/2010 | 5.5147 |
| 01/03/2010 | 5.5181 |
| 01/04/2010 | 5.5212 |
| 01/05/2010 | 5.5245 |
| 01/07/2010 | 5.5340 |
| 01/08/2010 | 5.5551 |
| 01/10/2010 | 5.5515 |
| 01/11/2010 | 5.5583 |
| 01/12/2010 | 5.5654 |
| 23/12/2010 | 5.5711 |
| 23/03/2011 | 5.5953 |

Date: 29/09/2009.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|----------|----------|----------|----------|----------|----------|----------|---------|----------|---------|---------|---------|---------|
| Forward Points: | -0.00005 | -0.00033 | -0.00221 | -0.00254 | -0.00383 | -0.00459 | -0.00208 | 0.00372 | 0.03468 | 0.08638 | 0.17453 | 0.27354 | 0.37392 |
| EUR Depo Rate: | 0.28 | 0.29 | 0.31 | 0.57 | 0.78 | 1.07 | 1.03 | 1.15 | 1.406 | 1.666 | 2.157 | 2.431 | 2.697 |
| ILS Depo Rate: | -0.038 | -0.015 | -0.146 | 0.30 | 0.523 | 0.916 | 0.993 | 1.235 | 1.852 | 2.484 | 3.257 | 3.718 | 4.097 |

| 29/09/2009 | |
|----------------------------|--------------|
| (Original) Date of Payment | Forward Rate |
| 31/01/2010 | 5.4864 |
| 31/07/2010 | 5.4894 |
| 30/06/2012 | 5.5246 |

Date: 07/12/2009.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|----------|----------|----------|----------|----------|----------|----------|---------|---------|---------|--------|
| Forward Points: | 0.00002 | 0.00011 | -0.00035 | -0.00212 | -0.00323 | -0.00524 | -0.00802 | -0.01053 | -0.00391 | 0.01073 | 0.06152 | 0.12813 | 0.2075 |
| EUR Depo Rate: | 0.32 | 0.25 | 0.42 | 0.45 | 0.60 | 0.92 | 1.10 | 1.19 | 1.482 | 1.777 | 2.226 | 2.445 | 2.683 |
| ILS Depo Rate: | 0.424 | 0.351 | 0.357 | 0.234 | 0.375 | 0.745 | 0.927 | 1.017 | 1.456 | 1.899 | 2.628 | 3.057 | 3.467 |

| 07/12/2009 | |
|----------------------------|--------------|
| (Original) Date of Payment | Forward Rate |
| 01/03/2010 | 5.6343 |
| 01/04/2010 | 5.6325 |
| 01/05/2010 | 5.6313 |
| 01/07/2010 | 5.6286 |
| 01/08/2010 | 5.6271 |
| 01/10/2010 | 5.6244 |

Date: 11/12/2009.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|----------|----------|---------|----------|----------|----------|----------|----------|----------|---------|---------|---------|---------|
| Forward Points: | -0.00001 | -0.00005 | -0.0012 | -0.00176 | -0.00256 | -0.00334 | -0.00492 | -0.00642 | 0.01018 | 0.04028 | 0.11647 | 0.21267 | 0.31777 |
| EUR Depo Rate: | 0.33 | 0.29 | 0.40 | 0.56 | 0.79 | 1.06 | 1.10 | 1.28 | 1.511 | 1.744 | 2.136 | 2.425 | 2.674 |
| ILS Depo Rate: | 0.27 | 0.245 | 0.149 | 0.383 | 0.613 | 0.953 | 0.995 | 1.18 | 1.657 | 2.139 | 2.879 | 3.431 | 3.869 |

11/12/2009

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 31/03/2010 | 5.5551 |
| 31/07/2010 | 5.5511 |
| 30/06/2012 | 5.5564 |

Date: 17/12/2009.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|-------|----------|----------|----------|----------|----------|----------|----------|----------|---------|---------|--------|---------|
| Forward Points: | 0.00 | -0.00002 | -0.00047 | -0.00085 | -0.00138 | -0.00093 | -0.00193 | -0.00327 | 0.01129 | 0.03691 | 0.10283 | 0.1899 | 0.28592 |
| EUR Depo Rate: | 0.305 | 0.22 | 0.33 | 0.46 | 0.76 | 0.53 | 1.18 | 1.32 | 1.49 | 1.66 | 2.042 | 2.347 | 2.605 |
| ILS Depo Rate: | 0.301 | 0.204 | 0.234 | 0.376 | 0.669 | 0.503 | 1.149 | 1.277 | 1.651 | 2.028 | 2.71 | 3.26 | 3.697 |

17/12/2009

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 30/05/2010 | 5.4517 |
| 30/07/2010 | 5.4499 |
| 15/08/2010 | 5.4495 |
| 03/10/2010 | 5.4476 |
| 19/01/2011 | 5.4484 |
| 19/04/2011 | 5.4544 |

Date: 23/12/2009.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|----------|----------|----------|----------|----------|----------|----------|---------|---------|---------|---------|
| Forward Points: | 0.00001 | 0.00007 | -0.00011 | -0.00074 | -0.00116 | -0.00014 | -0.00172 | -0.00429 | 0.02005 | 0.05685 | 0.14635 | 0.24947 | 0.36269 |
| EUR Depo Rate: | 0.29 | 0.22 | 0.33 | 0.47 | 0.75 | 1.03 | 1.16 | 1.30 | 1.497 | 1.695 | 2.094 | 2.445 | 2.728 |
| ILS Depo Rate: | 0.367 | 0.29 | 0.311 | 0.393 | 0.677 | 1.039 | 1.134 | 1.238 | 1.767 | 2.248 | 3.029 | 3.631 | 4.098 |

23/12/2009

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 31/03/2010 | 5.4202 |
| 31/05/2010 | 5.4192 |

Date: 13/01/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|--------|
| Forward Points: | 0.00014 | 0.00024 | 0.00198 | 0.0023 | 0.00329 | 0.0071 | 0.01108 | 0.01546 | 0.03999 | 0.07317 | 0.15718 | 0.26377 | 0.3837 |
| EUR Depo Rate: | 0.30 | 0.40 | 0.47 | 0.495 | 0.575 | 0.85 | 1.10 | 1.20 | 1.441 | 1.694 | 2.10 | 2.414 | 2.676 |
| ILS Depo Rate: | 0.544 | 0.638 | 0.90 | 0.768 | 0.833 | 1.131 | 1.395 | 1.507 | 1.969 | 2.411 | 3.121 | 3.69 | 4.149 |

13/01/2010

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 30/05/2010 | 5.3426 |
| 15/08/2010 | 5.3446 |
| 19/01/2011 | 5.3544 |
| 19/04/2011 | 5.3647 |

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Date: 15/01/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|--------|
| Forward Points: | 0.00006 | 0.00047 | 0.00184 | 0.00265 | 0.00316 | 0.00769 | 0.01055 | 0.01271 | 0.03715 | 0.07004 | 0.14992 | 0.25249 | 0.3645 |
| EUR Depo Rate: | 0.45 | 0.325 | 0.35 | 0.375 | 0.475 | 0.86 | 1.04 | 1.16 | 1.397 | 1.639 | 2.052 | 2.369 | 2.631 |
| ILS Depo Rate: | 0.838 | 0.79 | 0.764 | 0.689 | 0.718 | 1.165 | 1.323 | 1.419 | 1.891 | 2.331 | 3.03 | 3.598 | 4.041 |

15/01/2010

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 30/03/2010 | 5.3028 |
| 30/07/2010 | 5.3058 |
| 30/06/2012 | 5.3182 |

Date: 04/02/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|----------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| Forward Points: | -0.00001 | 0.00007 | 0.00276 | 0.00511 | 0.00766 | 0.01558 | 0.02516 | 0.03607 | 0.05308 | 0.06577 | 0.11818 | 0.19141 | 0.27068 |
| EUR Depo Rate: | 0.29 | 0.305 | 0.395 | 0.445 | 0.485 | 0.825 | 1.10 | 1.19 | 1.388 | 1.589 | 1.958 | 2.27 | 2.505 |
| ILS Depo Rate: | 0.208 | 0.375 | 1.102 | 1.068 | 1.091 | 1.448 | 1.776 | 1.918 | 2.107 | 2.261 | 2.762 | 3.241 | 3.599 |

04/02/2010

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 31/03/2010 | 5.1562 |
| 31/05/2010 | 5.1638 |
| 01/06/2010 | 5.1639 |
| 01/08/2010 | 5.1672 |
| 01/09/2010 | 5.1704 |

Date: 24/03/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|--------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.00042 | 0.0009 | 0.00181 | 0.00385 | 0.00635 | 0.0138 | 0.02205 | 0.03203 | 0.04968 | 0.06851 | 0.12498 | 0.19499 | 0.26943 |
| EUR Depo Rate: | 0.28 | 0.235 | 0.365 | 0.405 | 0.455 | 0.82 | 1.03 | 1.18 | 1.319 | 1.459 | 1.818 | 2.133 | 2.413 |
| ILS Depo Rate: | 0.902 | 0.836 | 0.796 | 0.872 | 0.955 | 1.378 | 1.632 | 1.841 | 2.006 | 2.171 | 2.683 | 3.143 | 3.527 |

24/03/2010

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 31/07/2010 | 5.0034 |
| 30/09/2010 | 5.0076 |
| 30/06/2012 | 5.0234 |

Date: 16/05/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.00007 | 0.00027 | 0.00107 | 0.00282 | 0.00532 | 0.01496 | 0.02399 | 0.03476 | 0.06839 | 0.11256 | 0.20127 | 0.28795 | 0.37868 |
| EUR Depo Rate: | 0.285 | 0.305 | 0.38 | 0.48 | 0.63 | 0.97 | 1.09 | 1.11 | 1.172 | 1.234 | 1.533 | 1.86 | 2.167 |
| ILS Depo Rate: | 0.554 | 0.571 | 0.655 | 0.843 | 1.092 | 1.623 | 1.791 | 1.879 | 2.172 | 2.463 | 2.991 | 3.421 | 3.804 |

16/05/2010

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 15/06/2010 | 4.7106 |
| 15/09/2010 | 4.7171 |
| 15/10/2010 | 4.7198 |
| 15/02/2011 | 4.7311 |
| 03/04/2011 | 4.7366 |
| 03/07/2011 | 4.7501 |

Date: 31/05/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|----------------------------|---------|---------|---------|---------|---------|---------|--------------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.00003 | 0.00029 | 0.00112 | 0.00117 | 0.00501 | 0.00983 | 0.01542 | 0.02346 | 0.05165 | 0.09153 | 0.16863 | 0.25835 | 0.35614 |
| EUR Depo Rate: | 0.30 | 0.31 | 0.475 | 0.47 | 0.63 | 0.915 | 1.025 | 1.16 | 1.235 | 1.311 | 1.582 | 1.842 | 2.093 |
| ILS Depo Rate: | 0.068 | 0.63 | 0.767 | 0.623 | 1.056 | 1.34 | 1.474 | 1.673 | 1.98 | 2.292 | 2.783 | 3.217 | 3.60 |
| 31/05/2010 | | | | | | | | | | | | | |
| (Original) Date of Payment | | | | | | | Forward Rate | | | | | | |
| 31/07/2010 | | | | | | | 4.7540 | | | | | | |
| 30/11/2010 | | | | | | | 4.7600 | | | | | | |
| 28/02/2011 | | | | | | | 4.7652 | | | | | | |

Date: 10/06/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|----------------------------|---------|---------|---------|---------|---------|---------|--------------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.00004 | 0.00018 | 0.00125 | 0.00359 | 0.00468 | 0.01084 | 0.01742 | 0.02537 | 0.05356 | 0.09229 | 0.17258 | 0.25482 | 0.33587 |
| EUR Depo Rate: | 0.295 | 0.29 | 0.415 | 0.47 | 0.625 | 0.935 | 1.08 | 1.20 | 1.231 | 1.262 | 1.538 | 1.832 | 2.104 |
| ILS Depo Rate: | 0.014 | 0.497 | 0.747 | 0.922 | 1.031 | 1.413 | 1.598 | 1.767 | 2.02 | 2.274 | 2.794 | 3.216 | 3.56 |
| 10/06/2010 | | | | | | | | | | | | | |
| (Original) Date of Payment | | | | | | | Forward Rate | | | | | | |
| 31/07/2010 | | | | | | | 4.6344 | | | | | | |
| 31/10/2010 | | | | | | | 4.6388 | | | | | | |
| 31/12/2010 | | | | | | | 4.6424 | | | | | | |
| 30/06/2012 | | | | | | | 4.6487 | | | | | | |

Date: 28/07/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|----------------------------|---------|---------|---------|---------|---------|---------|--------------|---------|----------|--------|---------|---------|---------|
| Forward Points: | 0.00043 | 0.00092 | 0.00342 | 0.00546 | 0.00597 | 0.01119 | 0.01528 | 0.01915 | 0.03185 | 0.0463 | 0.08169 | 0.14202 | 0.19368 |
| EUR Depo Rate: | 0.465 | 0.435 | 0.55 | 0.67 | 0.775 | 1.015 | 1.26 | 1.495 | 1.467 | 1.44 | 1.679 | 1.928 | 2.171 |
| ILS Depo Rate: | 1.54 | 1.408 | 1.372 | 1.34 | 1.271 | 1.478 | 1.694 | 1.91 | 1.922 | 1.934 | 2.259 | 2.679 | 2.989 |
| 28/07/2010 | | | | | | | | | | | | | |
| (Original) Date of Payment | | | | | | | Forward Rate | | | | | | |
| 31/01/2011 | | | | | | | 4.9512 | | | | | | |
| 28/02/2011 | | | | | | | 4.9524 | | | | | | |
| 30/04/2011 | | | | | | | 4.9545 | | | | | | |
| 31/07/2011 | | | | | | | 4.9586 | | | | | | |

Date: 12/08/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|----------------------------|---------|---------|---------|---------|---------|---------|--------------|---------|----------|---------|---------|---------|--------|
| Forward Points: | 0.00012 | 0.00064 | 0.00238 | 0.00419 | 0.00537 | 0.01119 | 0.01736 | 0.02459 | 0.05063 | 0.08208 | 0.14672 | 0.21328 | 0.2902 |
| EUR Depo Rate: | 0.36 | 0.585 | 0.455 | 0.525 | 0.935 | 1.07 | 1.13 | 1.42 | 1.35 | 1.28 | 1.515 | 1.687 | 1.907 |
| ILS Depo Rate: | 1.276 | 1.274 | 1.036 | 1.031 | 1.387 | 1.543 | 1.626 | 1.952 | 2.068 | 2.147 | 2.544 | 2.804 | 3.119 |
| 12/08/2010 | | | | | | | | | | | | | |
| (Original) Date of Payment | | | | | | | Forward Rate | | | | | | |
| 31/08/2010 | | | | | | | 4.8701 | | | | | | |
| 31/10/2010 | | | | | | | 4.8726 | | | | | | |
| 31/01/2011 | | | | | | | 4.8772 | | | | | | |
| 30/04/2011 | | | | | | | 4.8827 | | | | | | |

Date: 19/09/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|--------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.0001 | 0.00084 | 0.00226 | 0.00406 | 0.0058 | 0.0101 | 0.00932 | 0.01782 | 0.03683 | 0.06299 | 0.11568 | 0.18465 | 0.26553 |
| EUR Depo Rate: | 0.405 | 0.375 | 0.52 | 0.61 | 0.83 | 1.15 | 1.17 | 1.41 | 1.462 | 1.515 | 1.621 | 1.827 | 2.03 |
| ILS Depo Rate: | 1.197 | 1.167 | 1.093 | 1.112 | 1.322 | 1.586 | 1.446 | 1.802 | 1.996 | 2.193 | 2.444 | 2.807 | 3.152 |

| 19/09/2010 | |
|----------------------------|--------------|
| (Original) Date of Payment | Forward Rate |
| 30/11/2010 | 4.8737 |
| 31/01/2011 | 4.8759 |

Date: 24/10/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|---------|----------|----------|----------|----------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.00004 | 0.00031 | 0.00021 | -0.00035 | -0.00118 | -0.00126 | -0.00069 | 0.00099 | 0.01501 | 0.03789 | 0.07913 | 0.13638 | 0.21277 |
| EUR Depo Rate: | 0.405 | 0.725 | 0.775 | 0.815 | 0.94 | 1.18 | 1.36 | 1.51 | 1.567 | 1.623 | 1.736 | 1.92 | 2.11 |
| ILS Depo Rate: | 0.691 | 1.015 | 0.834 | 0.786 | 0.86 | 1.146 | 1.361 | 1.551 | 1.789 | 2.024 | 2.286 | 2.625 | 2.983 |

| 24/10/2010 | |
|----------------------------|--------------|
| (Original) Date of Payment | Forward Rate |
| 31/12/2010 | 5.0516 |

Date: 25/10/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|---------|---------|----------|----------|----------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.00006 | 0.00045 | 0.00001 | -0.0007 | -0.00118 | -0.00131 | -0.00113 | 0.00052 | 0.01432 | 0.03754 | 0.07736 | 0.13887 | 0.22177 |
| EUR Depo Rate: | 0.405 | 0.615 | 0.785 | 0.825 | 0.955 | 1.15 | 1.35 | 1.5 | 1.569 | 1.638 | 1.775 | 1.914 | 2.106 |
| ILS Depo Rate: | 0.873 | 1.086 | 0.798 | 0.753 | 0.875 | 1.113 | 1.338 | 1.532 | 1.783 | 2.037 | 2.317 | 2.635 | 3.016 |

| 25/10/2010 | |
|----------------------------|--------------|
| (Original) Date of Payment | Forward Rate |
| 30/01/2011 | 5.0369 |
| 28/02/2011 | 5.0367 |
| 30/04/2011 | 5.0362 |
| 03/07/2011 | 5.0361 |

Date: 08/11/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.00011 | 0.00039 | 0.00058 | 0.0002 | 0.00031 | 0.00027 | 0.0035 | 0.00762 | 0.01938 | 0.03703 | 0.06912 | 0.11845 | 0.19014 |
| EUR Depo Rate: | 0.405 | 0.89 | 0.755 | 1.055 | 1.06 | 1.25 | 1.25 | 1.44 | 1.525 | 1.612 | 1.781 | 1.903 | 2.062 |
| ILS Depo Rate: | 0.814 | 1.306 | 0.906 | 1.093 | 1.099 | 1.278 | 1.361 | 1.613 | 1.805 | 2.003 | 2.265 | 2.519 | 2.845 |

| 08/11/2010 | |
|----------------------------|--------------|
| (Original) Date of Payment | Forward Rate |
| 31/01/2011 | 5.0215 |
| 28/02/2011 | 5.0212 |
| 30/04/2011 | 5.0211 |
| 31/07/2011 | 5.0234 |

Date: 28/11/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.00011 | 0.00086 | 0.00159 | 0.00209 | 0.00262 | 0.00616 | 0.01313 | 0.02288 | 0.03885 | 0.05814 | 0.09598 | 0.13954 | 0.20649 |
| EUR Depo Rate: | 0.405 | 0.45 | 0.705 | 0.95 | 1.05 | 1.24 | 1.34 | 1.46 | 1.552 | 1.646 | 1.831 | 2.087 | 2.347 |
| ILS Depo Rate: | 1.217 | 1.263 | 1.112 | 1.216 | 1.283 | 1.512 | 1.723 | 1.957 | 2.114 | 2.273 | 2.522 | 2.841 | 3.234 |

| 28/11/2010 | |
|----------------------------|--------------|
| (Original) Date of Payment | Forward Rate |
| 30/06/2012 | 4.8713 |

Date: 07/12/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.00005 | 0.00009 | 0.00022 | 0.00052 | 0.001 | 0.00397 | 0.0092 | 0.01651 | 0.03661 | 0.06422 | 0.11282 | 0.20423 | 0.25323 |
| EUR Depo Rate: | 0.405 | 0.625 | 0.82 | 0.85 | 0.98 | 1.24 | 1.38 | 1.52 | 1.602 | 1.682 | 1.843 | 2.153 | 2.444 |
| ILS Depo Rate: | 0.8 | 0.728 | 0.884 | 0.926 | 1.078 | 1.424 | 1.657 | 1.891 | 2.138 | 2.382 | 2.661 | 3.254 | 3.538 |

07/12/2010

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 07/12/2010 | 4.8273 |
| 15/01/2011 | 4.8327 |
| 30/01/2011 | 4.8327 |
| 15/02/2011 | 4.8329 |
| 30/04/2011 | 4.8344 |
| 30/07/2011 | 4.8385 |

Date: 21/12/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|--------|
| Forward Points: | 0.00012 | 0.00089 | 0.00205 | 0.00273 | 0.0029 | 0.00672 | 0.01243 | 0.01943 | 0.03575 | 0.05609 | 0.10248 | 0.17019 | 0.2499 |
| EUR Depo Rate: | 0.405 | 0.7 | 0.78 | 0.9 | 1.02 | 1.235 | 1.38 | 1.37 | 1.53 | 1.688 | 2.004 | 2.304 | 2.557 |
| ILS Depo Rate: | 1.336 | 1.694 | 1.287 | 1.255 | 1.284 | 1.54 | 1.755 | 1.808 | 2.062 | 2.314 | 2.766 | 3.248 | 3.659 |

21/12/2010

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 28/02/2011 | 4.7300 |

Date: 22/12/2010.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|--------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.0003 | 0.00076 | 0.00217 | 0.00279 | 0.00328 | 0.00758 | 0.01416 | 0.02214 | 0.04081 | 0.06484 | 0.11755 | 0.19416 | 0.27851 |
| EUR Depo Rate: | 0.405 | 0.435 | 0.535 | 0.695 | 0.865 | 1.155 | 1.18 | 1.32 | 1.48 | 1.641 | 1.965 | 2.245 | 2.504 |
| ILS Depo Rate: | 1.198 | 1.288 | 1.085 | 1.055 | 1.16 | 1.496 | 1.598 | 1.811 | 2.085 | 2.361 | 2.834 | 3.314 | 3.725 |

22/12/2010

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 28/02/2011 | 4.7108 |

Date: 16/03/2011.

| | 1 Day | 1 Week | 1 Month | 2 Month | 3 Month | 6 Month | 9 Month | 1 Year | 18 Month | 2 Year | 3 Year | 4 Year | 5 Year |
|-----------------|--------|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| Forward Points: | 0.0008 | 0.00109 | 0.00333 | 0.0061 | 0.00646 | 0.0104 | 0.0104 | 0.00796 | 0.02421 | 0.04812 | 0.10976 | 0.19695 | 0.31323 |
| EUR Depo Rate: | 0.405 | 0.695 | 0.87 | 0.92 | 1.08 | 1.42 | 1.695 | 1.845 | 1.962 | 2.076 | 2.308 | 2.546 | 2.757 |
| ILS Depo Rate: | 1.876 | 1.848 | 1.625 | 1.669 | 1.602 | 1.856 | 1.999 | 2.033 | 2.319 | 2.598 | 3.089 | 3.584 | 4.06 |

16/03/2011

| (Original) Date of Payment | Forward Rate |
|----------------------------|--------------|
| 30/04/2011 | 4.9590 |

Date: 24/05/2012.

| 24/05/2012 | |
|----------------------------|--------------|
| (Original) Date of Payment | Forward Rate |
| 31/05/2012 | 4.8961 |
| 31/08/2012 | 4.9077 |
| 30/09/2013 | 4.9917 |
| 31/01/2013 | 4.9389 |
| 31/01/2013 | 4.9389 |
| 30/04/2013 | 4.9584 |
| 30/04/2013 | 4.9584 |
| 30/06/2013 | 4.9717 |
| 30/04/2013 | 4.9584 |
| 30/06/2013 | 4.9717 |
| 30/06/2013 | 4.9717 |
| 30/06/2013 | 4.9717 |
| 31/07/2013 | 4.9784 |
| 31/01/2014 | 5.0173 |
| 31/03/2014 | 5.0301 |
| 31/05/2012 | 4.9017 |
| 30/09/2012 | 4.9132 |
| 31/03/2013 | 4.9518 |
| 30/04/2013 | 4.9584 |
| 30/06/2013 | 4.9717 |
| 30/06/2013 | 4.9717 |
| 31/07/2013 | 4.9784 |
| 30/09/2013 | 4.9917 |
| 30/09/2013 | 4.9917 |
| 30/11/2013 | 5.0039 |
| 30/11/2013 | 5.0039 |
| 31/01/2014 | 5.0173 |
| 31/03/2014 | 5.0301 |
| 31/05/2012 | 4.9017 |
| 30/09/2012 | 4.9132 |
| 30/06/2013 | 4.9717 |
| 30/09/2013 | 4.9917 |
| 31/07/2013 | 4.9784 |
| 30/09/2013 | 4.9917 |
| 30/11/2013 | 5.0039 |
| 31/01/2014 | 5.0173 |
| 31/05/2014 | 5.0433 |
| 31/07/2014 | 5.0565 |
| 31/05/2012 | 4.9017 |
| 30/09/2012 | 4.9132 |
| 30/06/2013 | 4.9717 |
| 30/09/2013 | 4.9917 |
| 31/05/2014 | 5.0433 |

E. The following tables present the data used for the forward rate and ILS payment calculations for the valuation date (30/09/2012):

| 30/09/2012 | | | | |
|------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO9024592 | 06/05/2009 | 23/03/2011 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO9026013 | 29/09/2009 | 31/03/2011 | 31/12/2012 | 5.0599 |
| SO9026013 | 29/09/2009 | 31/03/2011 | 31/12/2012 | 5.0599 |
| SO9026013 | 29/09/2009 | 31/03/2011 | 31/12/2012 | 5.0599 |
| SO9026013 | 29/09/2009 | 31/03/2011 | 31/12/2012 | 5.0599 |
| SO9026013 | 11/12/2009 | 31/03/2011 | 31/12/2012 | 5.0599 |
| SO9026013 | 11/12/2009 | 31/03/2011 | 31/12/2012 | 5.0599 |
| SO9026013 | 15/01/2010 | 31/03/2011 | 31/12/2012 | 5.0599 |
| SO9026013 | 15/01/2010 | 31/03/2011 | 31/12/2012 | 5.0599 |
| SO9026013 | 24/03/2010 | 31/03/2011 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|-------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO10027583 | 04/02/2010 | 31/03/2010 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO9026912 | 17/12/2009 | 19/01/2011 | 31/12/2012 | 5.0599 |
| SO9026912 | 17/12/2009 | 19/01/2011 | 31/12/2012 | 5.0599 |
| SO9026912 | 13/01/2010 | 19/01/2011 | 31/12/2012 | 5.0599 |
| SO9026912 | 17/12/2009 | 19/04/2011 | 31/01/2013 | 5.0572 |
| SO9026912 | 17/12/2009 | 19/04/2011 | 31/01/2013 | 5.0572 |
| SO9026912 | 13/01/2010 | 19/04/2011 | 31/12/2012 | 5.0599 |
| SO9026912 | 13/01/2010 | 19/04/2011 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|-------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO10028957 | 31/05/2010 | 28/02/2011 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|-------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO10029075 | 10/06/2010 | 31/03/2011 | 31/12/2012 | 5.0599 |
| SO10029075 | 10/06/2010 | 31/03/2011 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|-------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO10028772 | 16/05/2010 | 03/04/2011 | 31/12/2012 | 5.0599 |
| SO10028772 | 16/05/2010 | 03/07/2011 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|-------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO10029738 | 12/08/2010 | 30/04/2011 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|-------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO10030874 | 28/11/2010 | 31/03/2011 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|-------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO10030475 | 25/10/2010 | 30/04/2011 | 31/12/2012 | 5.0599 |
| SO10030475 | 25/10/2010 | 03/07/2011 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|-------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| SO10031025 | 07/12/2010 | 30/04/2011 | 31/12/2012 | 5.0599 |
| SO10031025 | 07/12/2010 | 30/07/2011 | 31/12/2012 | 5.0599 |

| 30/09/2012 | | | | |
|-------------------|------------|----------------------------|----------------|--------------|
| Transaction No. | Order Date | (Original) Date of Payment | (Revised) Date | Forward Rate |
| USO1202098 | 24/05/2012 | 31/08/2012 | 31/12/2012 | 5.0599 |
| USO1202098 | 24/05/2012 | 30/09/2013 | 30/09/2013 | 5.0351 |
| USO1202098 | 24/05/2012 | 31/01/2013 | 31/01/2013 | 5.0572 |
| USO1202098 | 24/05/2012 | 31/01/2013 | 31/01/2013 | 5.0572 |
| USO1202098 | 24/05/2012 | 30/04/2013 | 30/04/2013 | 5.0505 |
| USO1202098 | 24/05/2012 | 30/04/2013 | 30/04/2013 | 5.0505 |
| USO1202098 | 24/05/2012 | 30/06/2013 | 30/06/2013 | 5.0450 |
| USO1202098 | 24/05/2012 | 30/04/2013 | 30/04/2013 | 5.0505 |
| USO1202098 | 24/05/2012 | 30/06/2013 | 30/06/2013 | 5.0450 |
| USO1202098 | 24/05/2012 | 30/06/2013 | 30/06/2013 | 5.0450 |
| USO1202098 | 24/05/2012 | 31/07/2013 | 31/07/2013 | 5.0414 |
| USO1202098 | 24/05/2012 | 31/01/2014 | 31/01/2014 | 5.0237 |
| USO1202098 | 24/05/2012 | 31/03/2014 | 31/03/2014 | 5.0179 |
| USO1202098 | 24/05/2012 | 30/09/2012 | 31/01/2013 | 5.0572 |
| USO1202098 | 24/05/2012 | 31/03/2013 | 31/03/2013 | 5.0533 |
| USO1202098 | 24/05/2012 | 30/04/2013 | 30/04/2013 | 5.0505 |
| USO1202098 | 24/05/2012 | 30/06/2013 | 30/06/2013 | 5.0450 |
| USO1202098 | 24/05/2012 | 30/06/2013 | 30/06/2013 | 5.0450 |
| USO1202098 | 24/05/2012 | 31/07/2013 | 31/07/2013 | 5.0414 |
| USO1202098 | 24/05/2012 | 30/09/2013 | 30/09/2013 | 5.0351 |
| USO1202098 | 24/05/2012 | 30/09/2013 | 30/09/2013 | 5.0351 |
| USO1202098 | 24/05/2012 | 30/11/2013 | 30/11/2013 | 5.0298 |
| USO1202098 | 24/05/2012 | 30/11/2013 | 30/11/2013 | 5.0298 |
| USO1202098 | 24/05/2012 | 31/01/2014 | 31/01/2014 | 5.0237 |
| USO1202098 | 24/05/2012 | 31/03/2014 | 31/03/2014 | 5.0179 |

| | | | | |
|-------------------|------------|------------|------------|--------|
| USO1202098 | 24/05/2012 | 30/09/2012 | 31/01/2013 | 5.0572 |
| USO1202098 | 24/05/2012 | 30/06/2013 | 30/06/2013 | 5.0450 |
| USO1202098 | 24/05/2012 | 30/09/2013 | 30/09/2013 | 5.0351 |
| USO1202098 | 24/05/2012 | 31/07/2013 | 31/07/2013 | 5.0414 |
| USO1202098 | 24/05/2012 | 30/09/2013 | 30/09/2013 | 5.0351 |
| USO1202098 | 24/05/2012 | 30/11/2013 | 30/11/2013 | 5.0298 |
| USO1202098 | 24/05/2012 | 31/01/2014 | 31/01/2014 | 5.0237 |
| USO1202098 | 24/05/2012 | 31/05/2014 | 31/05/2014 | 5.0116 |
| USO1202098 | 24/05/2012 | 31/07/2014 | 31/07/2014 | 5.0047 |
| USO1202098 | 24/05/2012 | 30/09/2012 | 31/01/2013 | 5.0572 |
| USO1202098 | 24/05/2012 | 30/06/2013 | 30/06/2013 | 5.0450 |
| USO1202098 | 24/05/2012 | 30/09/2013 | 30/09/2013 | 5.0351 |
| USO1202098 | 24/05/2012 | 31/05/2014 | 31/05/2014 | 5.0116 |

5. Fair Value Calculations

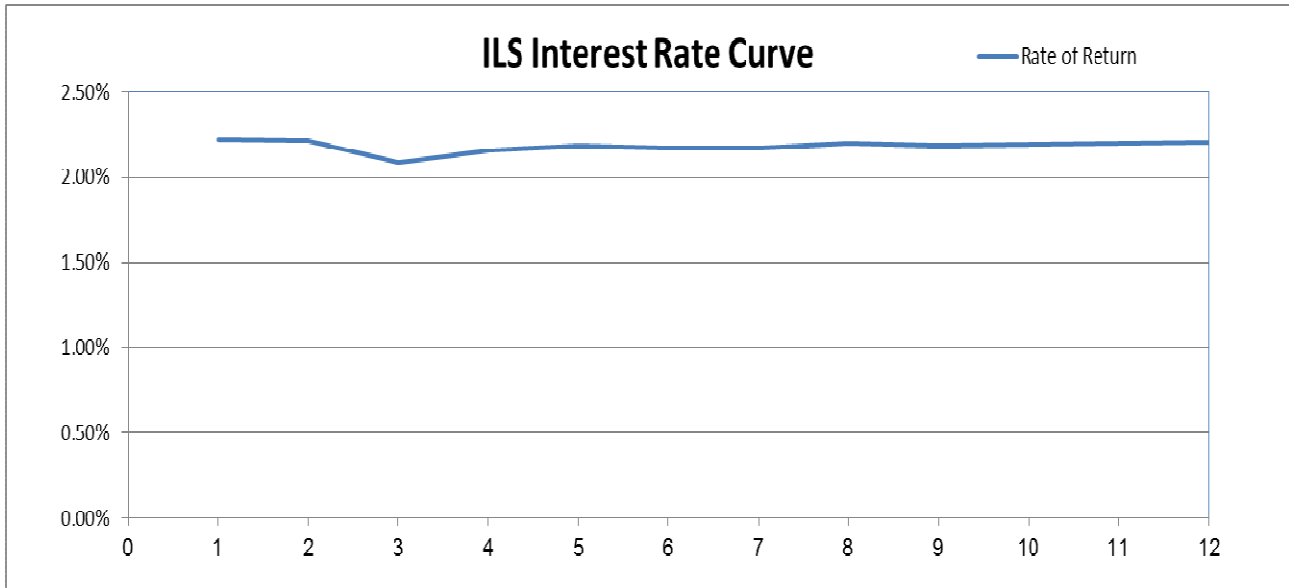
The fair value for 30/09/2012 computed as the difference between multiples of expected payment and forward rate on agreement inception date, and multiples of expected payment and forward rate on the valuation date. Each of the obtained results (profit/loss), discounted by risk free rate estimated for the corresponding period. This value discounted to 30/09/2012 by risk free rate matching to this period.

EUR/ILS Exchange Rate data:

| Contract Inception Date | EUR/ILS Exchange Rate |
|-------------------------|-----------------------|
| 06/05/2009 | 5.5069 |
| 29/09/2009 | 5.4968 |
| 07/12/2009 | 5.6437 |
| 11/12/2009 | 5.5644 |
| 17/12/2009 | 5.4603 |
| 23/12/2009 | 5.4274 |
| 13/01/2010 | 5.3439 |
| 15/01/2010 | 5.3050 |
| 04/02/2010 | 5.1542 |
| 24/03/2010 | 4.9991 |
| 16/05/2010 | 4.7132 |
| 31/05/2010 | 4.7564 |
| 10/06/2010 | 4.6363 |
| 28/07/2010 | 4.9471 |
| 12/08/2010 | 4.8735 |
| 19/09/2010 | 4.8749 |
| 24/10/2010 | 5.0606 |
| 25/10/2010 | 5.0465 |
| 08/11/2010 | 5.0291 |
| 28/11/2010 | 4.8745 |
| 07/12/2010 | 4.8392 |
| 21/12/2010 | 4.7342 |
| 22/12/2010 | 4.7147 |
| 16/03/2011 | 4.9630 |
| 24/05/2012 | 4.8359 |

F. The following table and figure show the risk free rate curve we use to define discount rate in the implemented model.

| 30/09/2012 | | | | | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Month | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Rate of Return | 2.22% | 2.21% | 2.09% | 2.16% | 2.18% | 2.17% | 2.17% | 2.20% | 2.18% | 2.19% | 2.20% | 2.21% |



6. Findings

The table below presents the Fair Value as of 30/09/2012:

| Transaction No. | Transaction Volume in EUR | Expected CF in ILS | Transaction Volume Balance in EUR as of 30/09/2012 | Expected CF in ILS Balance as of 30/09/2012 | CF in ILS Balance as of 30/09/2012 | Fair Value as of 30/09/2012 |
|-----------------|---------------------------|--------------------|--|---|------------------------------------|-----------------------------|
| SO9024592 | € 10,591,854 | ₪58,240,748 | € 1,588,778 | ₪8,678,155 | ₪8,039,121 | ₪(639,033) |
| SO9024593 | € 4,497,003 | ₪24,793,069 | € 0 | ₪0 | ₪0 | ₪0 |
| SO9026013 | € 1,440,190 | ₪7,842,619 | € 144,019 | ₪787,385 | ₪728,727 | ₪(58,658) |
| SO9027063 | € 177,000 | ₪959,222 | € 0 | ₪0 | ₪0 | ₪0 |
| SO10027583 | € 137,458 | ₪709,633 | € 8,922 | ₪46,813 | ₪45,142 | ₪(1,671) |
| SO9026912 | € 1,671,892 | ₪9,087,366 | € 262,752 | ₪1,424,660 | ₪1,328,837 | ₪(95,822) |
| SO10028957 | € 45,325 | ₪216,936 | € 9,065 | ₪44,367 | ₪45,868 | ₪1,501 |
| SO10029075 | € 85,748 | ₪397,581 | € 0 | ₪0 | ₪0 | ₪0 |
| SO10028772 | € 1,726,001 | ₪8,156,591 | € 345,200 | ₪1,645,764 | ₪1,746,691 | ₪100,927 |
| SO10029601 | € 1,158,700 | ₪5,733,566 | € 0 | ₪0 | ₪0 | ₪0 |
| SO10029738 | € 179,575 | ₪876,508 | € 15,933 | ₪78,728 | ₪80,620 | ₪1,892 |
| SO10030086 | € 139,421 | ₪679,862 | € 0 | ₪0 | ₪0 | ₪0 |
| SO10030459 | € 48,000 | ₪242,487 | € 0 | ₪0 | ₪0 | ₪0 |
| SO10030873 | € 77,649 | ₪378,036 | € 0 | ₪0 | ₪0 | ₪0 |
| SO10030874 | € 234,260 | ₪1,140,535 | € 11,713 | ₪57,047 | ₪59,267 | ₪2,220 |
| SO10031217 | € 21,814 | ₪102,697 | € 0 | ₪0 | ₪0 | ₪0 |
| SO10031195 | € 28,093 | ₪132,855 | € 0 | ₪0 | ₪0 | ₪0 |
| SO10030475 | € 74,817 | ₪377,614 | € 14,964 | ₪76,132 | ₪75,717 | ₪(415) |
| SO10031025 | € 41,453 | ₪200,680 | € 8,291 | ₪40,452 | ₪41,950 | ₪1,498 |
| SO10030653 | € 33,000 | ₪165,701 | € 0 | ₪0 | ₪0 | ₪0 |
| SO11033018 | € 24,179 | ₪119,895 | € 0 | ₪0 | ₪0 | ₪0 |
| SO11033017 | € 32,626 | ₪161,772 | € 0 | ₪0 | ₪0 | ₪0 |
| USO1202098 | € 10,238,123 | ₪50,757,231 | € 8,318,190 | ₪41,369,473 | ₪41,933,768 | ₪564,296 |
| | € 32,704,181 | ₪171,473,202 | € 10,727,826 | ₪54,248,975 | ₪54,125,710 | ₪(123,265) |

The fair value is the liability in amount of (- ₪123,265) ILS.