



Unitronics (1989) (R"G) Ltd

Quarterly Report as of March 31, 2013

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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

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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, and automated distribution centers. In addition, the Company engages, through wholly owned subsidiaries, in the design, development, production, establishment and maintenance services of automated parking solution systems.

The Company's PLCs are distributed by over one hundred and fifty distributors in approximately fifty countries (including Israel) throughout Europe, Asia, America and Africa, as well as by means of Unitronics Inc., a wholly owned company incorporated in the US. The services of the Systems Department are provided mainly to customers in Israel, and in a few cases, also outside Israel. The Parking Department services are provided primarily to customers in Israel and the United States.

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. The Unitronics Building is situated at Airport City next to the David Ben-Gurion Airport, and it houses the Company's offices and all its other facilities in Israel.

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 Amendment to the 2011 Shelf Prospectus and the 2012 Shelf Prospectus

Following the publication of the shelf prospectus of the Company on February 22, 2011, which was amended on March 17, 2011 (the "**2011 Shelf Prospectus**"), the Company issued on January 20, 2013 and on March 4, 2013 additional amendments to this Shelf Prospectus (the "**Amended Shelf Prospectus**"). For the full text of the Amended Shelf Prospectus, see the report dated January 20, 2013, Reference No. 2013-01-018303, and the report dated March 4, 2013, Reference No. 2013-01-053031. The validity of the revised shelf prospectus expires at the end of February 2013. For additional information on the revised Shelf Prospectus, see sections 1.4.7 and -1.4.9 of Chapter A of the Company's periodic report for 2012, which was published by the Company on March 21, 2013, Reference No. 2013-01-015544 (the "**Periodic Report**").

3.2 Shelf Offering Report based on the Amended Shelf Prospectus and the Results of the Issue of Debentures Issuance (Series 4)

On January 24, 2013, the Company published a shelf prospectus report (the "**Offering Memorandum**") based on the amended shelf prospectus, in which the public were offered up to NIS 53,125,000 par value debentures (series 4) of the Company, which were offered at 100% of their nominal value, and which are linked (principal and interest) to the CPI for the month of December 2012 (published on January 15, 2013). The debentures will be repayable (principal) in six (6) unequal annual installments which will be payable on January 31 of each year from 2015 to 2020 (inclusive), as follows: (a) the first payment of 12.5% of the fund will be paid on January 31, 2015; (b) a second payment of 12.5% of the fund will be paid on January 31, 2016, (c) a third payment of 12.5% of the fund will be paid on January 31, 2017, (d) a fourth payment of 20.5% of the fund will be paid on January 31, 2018, (e) a fifth payment of 21% of the fund will be paid on January 31, 2019, (f) a sixth of 21% of the fund will be paid on January 31, 2020. The interest the debentures (Series 4) will bear, in respect of the unpaid balance of the debentures (Series 4), will be payable semi-annually commencing on July 31, 2013. The total nominal amount of the debentures (Series 4) proposed within the framework of the Offering Memorandum will not exceed NIS 75 million par value debentures (Series 4). For the full text of the Offering Memorandum, see report dated January 4, 2013 Reference No. 2013-01-021699.

The proceeds (gross) in respect of debentures allocated according to the Offering Memorandum amounts to approximately NIS 53,125,000 (a total of 53,125 debenture units [Series 4] were allocated), and the annual interest rate borne by the debentures (Series 4) and which is determined in the tender is 5.4% (for details regarding the issuance, see the immediate report on the issuance results according to the Offering Memorandum, included herein by way of reference, dated January 28, 2013, reference No. 2013-01-023331). The debentures (Series 4) started trading on the Tel Aviv Stock Market on January 30, 2013. For more information about the details of the offering according to the Offering Memorandum, see section 1.4.9 of Chapter A of the Periodic Report.

3.3 Plan for the Buyback of the Company Shares

On March 21, 2013, the Board of Directors of the Company resolved to adopt a plan for the buyback of the Company's shares, (hereafter: "the **March 2013 Plan**"), based on the Financial Statements for the year ended December 31, 2012, which replaced and cancelled the previous plan from November 2012 (hereafter: "the **November 2012 Plan**"). The March 2013 Plan commenced on March 26, 2013, and is supposed to conclude on June 30, 2013 (for details, see the Immediate Report on the approval of the purchase plan dated March 21, 2013, Ref. No. 2013-01-015298, included herein by way of reference).

Within the framework of and during the November 2012 Plan the Company acquired 70,760 shares of the Company for approximately NIS 331 thousand. For additional information about the company purchases, see report dated November 27, 2012, Reference No. 2012-01-292131, and report dated December 12, 2012, Reference No. 2012-01-308931, which are hereby included by way of reference. As of the date of publication of this report, no purchases of shares have been made within the framework of March 2013 Plan.

After the balance sheet date, on May 26, 2013, the Board of Directors approved the Condensed Interim Financial Statements as of March 31, 2013, according to which the threshold conditions for acquiring additional ordinary shares of the Company in accordance with the provisions of the Israeli Companies Law - 1999, and therefore the company management informed the Board of Directors no additional shares of the company will be acquired until its expiration date on June 30, 2013.

As of the date of publication of this report, the Company holds a total of 1,676,192 shares (of 11,678,504 existing 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 in previous years, see section 2.1.2.8 of Chapter B of the Periodic Report.

3.4 Controlling Shareholder Waiver of Annual Bonus for 2012

On March 14, 2013 and on March 21, 2013 respectively, the Audit Committee and the Board of Directors decided to approve a unilateral waiver by Mr. Haim Shani (CEO, Controlling Shareholder and Chairman of the Board) of the annual bonus for the year 2012. Mr. Shani's waiver is limited to the annual bonus for 2012. Mr. Shani's waiver is limited to only this bonus, to which he is entitled in light of the Company's financial results for the year ended December 31, 2012, and does not constitute a waiver and / or does not change in any way the entitlement of Mr. Shani to other bonus payments in accordance with his employment agreement with the Company. For additional information regarding the bonus rate and eligibility of Mr. Haim Shani, see section 4.5.2 of Chapter D of the Periodic Report. The unilateral waiver approval is specified in Regulation 1b (1) of the Companies Law (Relief for Transactions with Interested Parties) - 2000, namely that the transaction is solely for the benefit of the company (For further details, see the Immediate Report regarding a transaction with a controlling shareholder that does not require the approval of the General Meeting dated March 21, 2013, Reference No. 2013-01-015316, included herein by way of reference.).

3.5 Payment for Debentures (Series 3)

On March 24, 2013, the Company paid the first of five payments of the Debenture (Series 3) Fund which were issued by the Company within the framework of the 2011 Shelf Prospectus and the Shelf Offering Memorandum published by the Company on March 22, 2011, as per the 2011 Shelf Prospectus. Following this payment, 45,153,600 million bonds (Series 3) remain in circulation. For details see the Immediate Report regarding the status of the corporation's capital and registered securities and the changes therein dated March 24, 2013, Reference No. 2013-01-016963, included herein by way of reference.

3.6 Market Maker Agreement Termination

On May 1, 2013 the Company decided to discontinue the market making services received for the Company's shares on the Tel Aviv Stock Exchange. An appropriate notice was delivered to the Company's market maker. Pursuant to the agreement the Company's market maker will continue with the market making activities for the Company's shares on the Tel Aviv Stock Market until June 15, 2013 (For additional details, see the Company's Immediate Report regarding an event that deviates from the corporations regular activities dated May 1, 2013, Reference No. 2013-01-050824, included herein by way of reference).

Chapter B – Board of Directors' Report

1. Financial Position

Assets

In the total assets per the consolidated balance sheet of the Company as of March 31, 2013, there was an increase that amounted to approximately NIS 218,216 thousand compared to NIS 185,548 thousand as of December 31, 2012. The increase derived mainly from the increase in the cash and cash equivalents as follows:

In the cash, cash equivalents and marketable securities items there was an increase, and together they amounted to approximately NIS 67,225 thousand as of March 31, 2013, compared with approximately NIS 49,699 thousand as of December 31, 2012. Most of the increase derives from a positive cash flow that stemmed from financing activities that included the issuing of debentures (Series 4) as detailed in section 3.2 above, minus the cash flow used in operating activities, as explained in section 3 below.

An increase was recorded in the inventory section which amounted to NIS 25,248 thousand as of March 31, 2013 compared with NIS 22,297 thousand as of December 31, 2012. The majority of the increase is due to certain adjustments of inventory levels and in operational and management product decisions.

An increase was recorded in inventory of work in progress, which amounted to approximately NIS 24,102 thousand as of March 31, 2013, compared with approximately NIS 18,011 thousand as of December 31, 2012, and reflects progress in the implementation of projects on the reporting date only.

An increase was recorded in intangible assets, which amounted to NIS 37,108 thousand as of March 31, 2013, compared with approximately NIS 34,046 thousand as of December 31, 2012. The increase is mainly attributable to the recording of Company development assets in respect of which the development costs satisfy the conditions for recognition as an intangible asset, offset by current amortization.

Liabilities

A decrease was recorded in trade payables, which amounted to approximately NIS 27,527 thousand as of March 31, 2013, compared with approximately NIS 30,753 thousand as of December 31, 2012. The decrease in this item derives mainly from a decrease in trade balances in the products segment.

An increase was recorded in liabilities in respect of embedded derivatives (net), which amounted to NIS 3,482 thousand as of 31 March 2013, compared to NIS 1,469 thousand as of December 31, 2012. The increase derives mainly from an expected decrease in the exchange rate of the Euro against the Shekel. The Company has sales contracts which are denominated in currencies that are not the operating currency of the Company. These contracts contain embedded foreign currency derivatives.

The total non-current liabilities as of March 31, 2013 amounted to NIS 97,008 thousand compared to NIS 58,728 thousand as of December 31, 2012. The increase derives mainly from the issuing of debentures (Series 4), NIS 53,125 thousand par value as described in Section 3.2 above, offset by the payment of the first of the five Debenture Fund (Series 3) payments, as described in Section 3.5 above.

The Company's working capital increased and stood at about NIS 58 996 thousand as of

March 31, 2013 compared to approximately NIS 27,991 thousand as of December 31, 2012. Most of the increase is due to an increase in cash and cash equivalents, inventories and work in progress as described in this section.

The Company's shareholder equity decreased to approximately NIS 39,774 thousand as of March 31, 2013, compared with approximately NIS 43,900 thousand as of December 31, 2012. The decrease was mainly due to the loss for the period as detailed below.

2. Operating Results

Revenues

Company revenues in the quarter ended March 31, 2013 amounted to approximately NIS 32,393 thousand compared with approximately NIS 34,587 thousand in the corresponding period of 2012 (a decrease of 7%). The decrease stems from the decrease in revenue from the systems segment, as detailed below.

Company revenues from the products segment did not change significantly, amounting to approximately NIS 23,290 thousand in the quarter ended March 31, 2013, compared with NIS 22,896 thousand in the corresponding quarter in 2012.

Revenues from the systems segment in the quarter ended March 31, 2013, amounted to approximately NIS 8,862 thousand, a decrease of approximately 24%, compared with approximately NIS 11,609 thousand for the corresponding quarter of 2012. 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 number of logistics system for key customers in Israel (for details see Sections 1.10.9 of the Company's annual periodic report for 2011), and from the rate of receipt of orders from customers for the construction of systems in the reporting period, which is explained partly by the relative volatility characteristic of this area of activity.

Revenues from the Parking Solution segment in the quarter ended March 31, 2013, amounted to approximately NIS 136 thousand. No revenues were recorded for the corresponding quarter of 2012.

Revenues from the products segment in the quarter ended March 31, 2013, constituted some 72% of total Company revenues in this quarter, whereas revenues from the systems segment in the same period accounted for some 28% of total revenues, and the revenue from the parking solution segment accounted for less than 1% of the revenues during the same period. In the corresponding quarter of 2012, revenues from the products segment constituted some 66% of total Company revenues in that quarter, whereas revenues from the systems segment constituted some 34% of total revenues, and revenues from the parking solution segment accounted for less than 1% of the revenues during the same period. Overall for the year 2012, revenues from products accounted for some 68% of total revenues, while revenues from systems accounted for some 31% of total revenues, and revenues from the parking solution segment accounted for less than 1% of the revenues during the same period.

Cost of Revenues and Gross Profit

A decrease was recorded in total gross profit in the quarter ended March 31, 2013, and it amounted to approximately NIS 7,783 thousand (about 24% of the revenues for the period), compared with approximately NIS 9,288 thousand in the corresponding quarter of 2012 (about 27% of the revenues for the period).

A change in the gross profit margins stems mainly from a change in the revenue mix

from various activity segments (the gross profit margins in the systems segment are lower than profit margins in the products segment, and accordingly, when the revenue mix from the systems segment rises, the weighted gross profit margin drops, and vice-versa) and from the change in the gross profit margins of the Company's operating segments (for details, see the analysis of business results by operating segment in Paragraph 2.2.4 of the periodic report).

Development Costs, Net

Net development costs in the quarter ended March 31, 2013, amounted to approximately NIS 2,254 thousand, compared with approximately NIS 1,323 thousand in the corresponding quarter of 2012. In the reporting period, an intangible asset in respect of development costs which satisfied the criteria for recognition as an intangible asset was recognized in the amount of approximately NIS 4,181 thousand, compared with NIS 3,508 thousand in the corresponding quarter. Development costs, which were recognized as an intangible asset in the reporting quarter, and which grew as compared with the corresponding period, reflect a continuation in development activities of technologies that are required to support the Company's continued operations while adjusting its development team work force in order to provide a response to the Company's business plans in the various fields of activity.

Selling and Marketing Expenses

An insignificant decrease was recorded in the selling and marketing expenses in the quarter ended March 31, 2013, amounting to approximately NIS 3,881 thousand (about 12% of revenues), compared with approximately NIS 4,351 thousand (about 13% of revenues) in the corresponding quarter of 2012. In the Company's estimation, this item is likely to increase in the coming quarters, in line with changes in its operations and in order to address its business plans¹.

General and Administrative Expenses

General and administrative expenses in the quarter ended March 31, 2013, amounted to approximately NIS 2,701 thousand, compared with approximately NIS 1,633 thousand in the corresponding quarter of 2012. The increase stemmed mainly from a one-time compensation recorded during the comparative period and which was ruled in favor of the Company as part of the conclusion of a legal proceeding.

Operating Profit

A decrease in operating profit was recorded for the quarter ended March 31, 2013, which amounted to an operating loss of approximately NIS 1,060 thousand, compared with an operating profit of approximately NIS 1,981 thousand in the corresponding quarter in 2012 (about 6% of revenues).

The decrease in operating profit in the reporting period primarily stems from a decrease in gross profit along with an increase in net development costs as well as in general and

¹ 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 manpower 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).

administrative expenses as detailed above.

Financing Income and Expenses

Net financing expenses in the quarter ended March 31, 2013, amounted to approximately NIS 2,968 thousand, compared with net financing expenses of approximately NIS 418 thousand in the corresponding quarter of 2012.

Most of the changes in this item derived from an increase in revaluation expenses in respect of embedded derivatives, which was caused by an expected decline in the Euro-shekel exchange rate; a decline in the recording of revenues in the reporting period from a revaluation and interest on marketable securities compared to the corresponding period in the previous year which originated from fluctuations in the marketable securities rates on the stock exchange, and from the offset of a drop in long term credit costs compared to the corresponding period in the previous year which was due to a decline in the Euro-shekel exchange rate in the reporting period.

Profit and Loss

In the reporting quarter, the Company presents a loss totaling approximately NIS 4,028 thousand, compared with a net profit of approximately NIS 1,563 thousand in the corresponding quarter of 2012 (5% of revenues).

The Company believes that the changes in profit and loss in the reporting period stems mainly from the decrease in profit and loss from regular operations along with an increase in financing expenses, as set forth above.

Analysis of Business Results by Operating Segment

As stated above, the main commercial activity of the Company is conducted by means of three business departments: the Products Department, the Systems Department and the Parking Solutions Department. In 2011 and 2012, the Company began to centralize the Parking Solutions Department which until then had been reported in the Systems Department, in the wholly owned subsidiaries. The scope of activity in this field totaled immaterial amounts in previous periods. In the reporting period, the Company presents the scope of the activity in the field of parking solutions activity separately for the first time. For further details regarding the Company's activity segments, see Chapter A, paragraphs 1.8, 1.9, 1.10 and 1.11 of the Company's Periodic Report for 2011.

Details on the various segments' results appear hereunder.

Products Segment

A specific decrease was recorded in the Products Segment, which amounted to a profit of approximately NIS 6,583 thousand, compared with a profit of approximately NIS 7,042 thousand in the corresponding quarter of 2012.

The change in the segment results in the reporting quarter compared to the corresponding period in the previous year stems mainly from a specific decrease in gross profit, which is due, in the Company's estimates, to the impact of the fluctuations between the shekel and the currency rates of the main sales.

Systems Segment

There was no change in the results of the Systems Segment during the reporting period, which produced a loss of approximately NIS 1,179 thousand, compared with a profit of

approximately NIS 1,222 thousand in the corresponding quarter of 2012.

Parking Solution Segment

A decrease was recorded in the Parking Solutions segment results in the reporting quarter which amounted to a loss of NIS 1,162 thousand, compared with a loss of NIS 288 thousand in the corresponding quarter in 2012. The Company estimates that the change in the segment results during the reported quarter stems from an increase in fixed costs required for continued operation and support in this area, the progress rate of projects in the parking solutions field and from the variable gross profit rates between the different activities.

3. Liquidity and Sources of Financing

The balance of cash, cash equivalents and marketable securities of the Company, as of March 31, 2013 totaled approximately NIS 67,225 thousand, compared with approximately NIS 49,699 thousand as of December 31, 2012. Most of the increase derives from a positive cash flow stemming from a financing activity offset by a negative cash flow which was used in operating activities as described below.

Cash flow from operating activities in the quarter ended March 31, 2013, amounted to a negative cash flow of approximately NIS 15,612 thousand. The negative cash flow resulted mainly from the profit for the period after neutralization of non-cash expenses and offset by changes in the assets and liabilities (mainly the increase in inventory and work in progress inventory and a decline in trade payable items).

Cash flows used in investment activities in the quarter ended March 31, 2013 amounted to a negative cash flow of approximately NIS 5,590 thousand. The negative cash flow is mainly due to the recording of investments in development assets during the period.

Cash flow from financing activities in the quarter ended March 31, 2013, amounted to approximately NIS 38,730 thousand. The positive cash flow was due mainly to the debenture issuance (Series 4), offset by the first of the five debenture (Series 3) payments, as detailed in section 3.2 and 3.5 above.

On March 31, 2013, total credit lines available to the Company for current operations stood at approximately NIS 35.8 million. As of March 31, 2013, a total of approximately NIS 35.4 million was utilized from this credit line, mainly for securing the Company's obligations in projects carried out by the Systems and Parking Solution Departments.

4. Qualitative Report Concerning Exposure to Market Risks and Methods of Managing Them

There were no material changes during the reporting period and in the aggregate period from the end of 2012 until the date of publication this quarterly report with respect to the Company's exposure to market risks and the methods of managing them.

5. Acquisition Plans

For details on the Company's acquisition programs that it reported during the reporting period or which are in effect during the reporting period, see Paragraph 3.3 of Chapter A above.

6. Consolidated Linkage Bases Report

As of March 31, 2013						
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	27,197	-	5,156	4,132	-	-	36,485
Cash limited in use	4,118	-	-	-	-	-	4,118
Marketable securities	15,620	15,026	-	94	-	-	30,740
Accounts receivable	5,573	-	5,607	5,109	-	-	16,289
Trade and income receivable	2,180	-	-	20	-	1,248	3,448
Inventory	-	-	-	-	-	25,248	25,248
Work in progress inventory	-	-	-	-	-	24,102	24,102
Long term deposits	-	-	-	-	-	182	182
Fixed assets	-	-	-	-	-	40,496	40,496
Intangible assets	-	-	-	-	-	37,108	37,108
Total assets	54,688	15,026	10,763	9,355	-	128,234	218,216

Liabilities

Short-term loans and current maturities of long-term loans	67	-	3,961	398	-	-	4,426
Current maturities of debentures	-	17,838	-	-	-	-	17,838
Suppliers and service providers	11,462	-	8,943	7,117	5	-	27,527
Embedded derivatives	-	-	3,482	-	-	-	3,482
Accounts payable and credit balances	5,713	-	-	361	-	22,087	28,161
Long-term loans from banks and others	61	-	7,828	1,492	-	-	9,381
Debentures	-	85,013	-	-	-	-	85,013
Liabilities due to employee benefits, net	-	-	-	-	-	2,614	2,614
Total liabilities	17,303	102,851	24,214	9,368	5	24,701	178,442

Net assets (liabilities)	37,385	(87,825)	(13,451)	(13)	(5)	103,683	39,774
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7. Sensitivity Tests on Financial Instruments as of March 31, 2013

The Company conducted, as of the balance sheet date, 5 sensitivity tests in respect of changes within an upper and lower range of 5% and 10% in market factors.

The market factor tests were based on the model specified.

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

	Profit (Loss) on Change, NIS in Thousands		NIS in Thousands Fair Value	Profit (Loss) on Change NIS in Thousands	
	10%	5%		-5%	-10%
NIS to \$	4.013	3.830	3,648	3.466	3.283
Cash and cash equivalents	413	207	4,132	(207)	(413)
Marketable securities	9	5	94	(5)	(9)
Trade and income receivable	511	255	5,109	(255)	(511)
Accounts receivable	2	1	20	(1)	(2)
Current maturities of loans	(40)	(20)	(398)	20	40
Trade payable	(712)	(356)	(7,117)	356	712
Accounts payable and accruals	(36)	(18)	(361)	18	36
Long-term loans	(149)	(75)	(1,492)	75	149
Total	(2)	(1)	(13)	1	2

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

	Profit (Loss) on Change, NIS in Thousands		NIS in Thousands Fair Value	Profit (Loss) on Change, NIS in Thousands	
	10%	5%		-5%	-10%
NIS to Euro	5.127	4.894	4.661	4.428	4.195
Cash and cash equivalents	516	258	5,156	(258)	(516)
Trade and income receivable	561	280	5,607	(280)	(561)
Current maturities of loans	(396)	(198)	(3,961)	198	396
Trade payable	(894)	(447)	(8,943)	447	894
Accounts payable and accruals	-	-	-	-	-
Long-term loans	(783)	(391)	(7,828)	391	783
Total	(996)	(498)	(9,969)	498	996

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

	Profit (Loss) on Change, NIS in Thousands		NIS in Thousands	Profit (Loss) on Change, NIS in Thousands	
	10%	5%	Fair Value	-5%	-10%
CPI in points	241.84	230.85	219.86	208.87	197.87
Marketable securities	1,503	751	15,026	(751)	(1,503)
Current maturities of debentures	(1,784)	(892)	(17,838)	892	1,784
Debentures (*)					
(**)	(8,501)	(4,251)	(85,013)	3,532	5,741
Total	<u>(8,782)</u>	<u>(4,392)</u>	<u>(87,825)</u>	<u>3,637</u>	<u>6,022</u>

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

(**) Series 4 debentures linked to the CPI 219.80 (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) on Change, NIS in Thousands		NIS in Thousands	Profit (Loss) on 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
Liability in respect of embedded derivatives	<u>4,605</u>	<u>2,302</u>	<u>(3,482)</u>	<u>(2,302)</u>	<u>4,605</u>

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

	Profit (Loss) on Change NIS in Thousands		NIS in Thousands	Profit (Loss) on Change NIS in Thousands	
	10%	5%	Fair Value	5%-	10%-
Local – government	1,497	748	14,965	(748)	(1,497)
Local – corporate	1,294	647	12,938	(647)	(1,294)
Shares	284	142	2,837	(142)	(284)
Total	<u>3,075</u>	<u>1,537</u>	<u>30,740</u>	<u>(1,537)</u>	<u>(3,075)</u>

8. Dedicated Disclosure to the Debenture Holders

The Corporation's Debentures:

(1)	Security	Debentures (Series 2)
A	Issue date	August 2006
B	Total par value on issue date	34,000,000
C	Par value as of the reporting date	5,380,000
D	Par value according to linkage terms – as of the report date	6,276,000
E	Accrued interest as of the report date	36,000
F	Liability value as of the report date	6,195,000
G	Stock Exchange value	6,421,000
H	Type of interest, including description	6.1% annual interest
I	Payment dates of outstanding principal	Annual payment, last on 25.8.13
J	Future interest payment dates	Annual interest payment, last on August 25, 2013
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 188.1 (July 2006 index according to the 1993 base)
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Does not exist
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Hermetic Trust (1975) Ltd 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 end of the quarterly reporting period, the Company was in 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 set in the trust deed, which are not of a technical nature, and there were no grounds to call for immediate repayment of the debentures.

(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	45,153,600
D	Par value according to linkage terms – as of the report date	46,573,000
E	Accrued interest as of the report date	57,000
F	Liability value as of the report date	45,193,000
G	Stock Exchange value	49,082,000
H	Type of interest, including description	5.65% annual interest
I	Payment dates of outstanding principal	Four equal annual payments as of March 23, 2014
J	Future interest payment dates	Every 23rd of March and September commencing from September 23, 2013 and 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 index according to the 1993 basis)
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Exist (for details regarding the terms of the Company to exercise its right to early redemption, see section 12 of the Shelf Offering Report dated March 22, 2011, Reference 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 end of the quarterly reporting period, the Company is in 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 in the trust deed, which are not of a technical nature, and there are no grounds for calling for immediate payment of the debentures.

(8) On April 4, 2011, a pledge on the bank account deposits 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 charge – 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 charges of any type on its assets, all or part thereof, without this derogating from the Company's ability to undertake towards third parties to refrain from creating additional charges 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).

(1)	Security	Debentures (Series 4)
A	Issue date	January 2013
B	Total par value on issue date	53,125,000
C	Par value as of the reporting date	53,125,000
D	Par value according to linkage terms – as of the report date	53,032,000
E	Accrued interest as of the report date	489,000
F	Liability value as of the report date	51,463,000
G	Stock Exchange value	55,994,000,
H	Type of interest, including description	5.4% annual interest
I	Payment dates of outstanding principal	Six unequal annual installments payable on January 31 of each year from 2015 to 2020 (inclusive), at the following rates by year in chronological order: (a) 12.5% of the fund, (b) 12.5% of the fund, (c) 12.5% of the fund (d) 20.5% of the fund, (e) 21% of the fund, (f) 21% of the fund.
J	Future interest payment dates	Every January 31 and July 31 as of July 31, 2013 to (and including) January 31, 2020
K	Details of linkage basis of interest and principal	Principal and interest linked to the Consumer Price Index from 219.80 (December 2012 index according to the 1993 base) without protection
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Exist (for details regarding the terms of the Company to exercise its right to early redemption, see section 12 of the Shelf Offering Report dated January 24, 2013, Reference No. 2013-01-021699)
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Custodian – Mishmeret Trust Company Ltd. 48 Menachem Begin Road, Tel Aviv 66184, Israel Phone: 03-6374352, Fax: 03-6374344 Email: ramis@bdo.co.il

- (5 +6) As of and during the reporting period, the Company, to the best of its knowledge, complied with all the terms and obligations in the trust deed for the debentures (Series 4), the Company is not in breach of any obligation or condition set forth in the Deed of Trust which are not of a technical nature, and no conditions for cause existed to set up immediate repayment obligation certificates.
- (8) On February 12, 2013, a lien on the deposit funds in the bank account for the amount of the semi-annual interest of the debentures was created at the Registrar of Companies which was designated to secure the payment of interest pursuant to the debentures (Series 4). As long as the Company has an outstanding balance of bonds (Series 4), the Company and all of its subsidiaries (on the date of the signing of the Deed of Trust and any other subsidiary established or acquired until the date of full repayment of the debentures (Series 4) as it may be) shall avoid the creation of a general lien on its assets to any third party without the prior consent of a simple majority of the debenture holders. It is emphasized that the Company and / or any of its subsidiaries shall be entitled to pledge their property, in whole or in part, including cash and cash equivalents to specific lien financing bodies, to any degree, that will provide financing for the purchase of property or equipment, including a floating charge on the specific asset / s, including for the purchase of building construction services, including the replacement of financing bodies that hold specific pledges on other entities on the date of the Offering Memorandum, without the need to obtain consent of the holders of the debentures (Series 4) for this.

9. Quarterly report on the Company's liabilities by maturity dates

For details on the Company's liabilities by repayment dates, as of March 31, 2013, see report dated May 26, 2013, which the Company published concurrently with the publication of this report.

10. Projected Cash Flows

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, 3 and 4). An examination as stated 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 (hereafter: **"the Committee"**), said committee being of a composition and significance that are in line with said regulations, in everything 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 4.10 of Chapter D of the Periodic Report.

As part of the process of approval of the financial statements, as of March 31, 2013, a Committee meeting was held on May 22, 2013. 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 May 22, 2013: members of the Committee (CPAs Yoel Sela, Zvi Livneh and Moshe Braaz), the other members of the Board of Directors (Mr. Haim Shani, Ms. Bareket Shani and Ms. Edna Ramot); Mr. Yair Itzkovitch, CFO; Mr. Eyal Saban, VP; Mrs. Miri Ben David, CPA and Company Controller, Mr. Nir Weisberger, Company attorney; CPA Haim Halfon, of the Company's accounting firm; and Mr. Miguel Alhanti from the Company's Internal Audit Office.

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 for review two business days before the Board convened to discuss the financial statements, which is, in the Board's estimation, a reasonable timeframe to submit the recommendations to the Board of Directors.

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. Ms Bareket Shani – Director with professional qualifications, Vice President and Head of Human Resources, member of the Credit, Investment and 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 as well as member of the Committee for Review of the Financial Statements and member of the Compensation 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, member of the Compensation Committee as well as member of the Credit, Investments and Securities Committee of the Company's Board of Directors.
5. Mr. Moshe Braaz, CPA – External and independent director with accounting skills, member and Chairman of the Audit Committee, member and Chairman of the Committee for Review of the Financial Statements, member and Chairman of the Compensation Committee as well as member and Chairman of the Credit, Investment and Securities Committee of the Company's Board of Directors.
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 a meeting on May 26, 2013, the Company management reviewed the key data of the financial statements. The Company's auditor attended the meeting and responded to the questions addresses to him by the Board of Directors (together with the Company's CEO and CFO, who responded to questions addressed to them). At the end of the discussion, the financial statements were unanimously approved by a vote of the Board of Directors.

Zvi Livneh
Director

Haim Shani
Chairman and CEO

Date: May 26, 2013

UNITRONICS (1989) (R"G) LTD.

**Condensed Consolidated Interim
Financial Statements
March 31, 2013**

(Unaudited)

Unitronics (1989) (R"G) Ltd.

**Condensed Consolidated Interim
Financial Statements**

March 31, 2013

(unaudited)

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

We reviewed the attached financial information of Unitronics (1989) (R"G) Ltd. and its subsidiaries (hereinafter – “the Group”) which include the condensed interim consolidated statement of financial position as at March 31, 2013 and the condensed interim consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for the period of three months then ended. The Board of Directors and management are responsible for the preparation and presentation of the financial information for this interim period in accordance with IAS 34 “Financial reporting for interim periods”, and they are responsible for the preparation of financial information for this interim period under Chapter D of the Israeli Securities Regulations (Periodic and Immediate Report) – 1970. Our responsibility is to express a conclusion on the financial information for the interim period, based on our review.

We did not review the condensed financial information for the interim period of a consolidated companies whose assets included in the consolidation comprise 5% of all the consolidated assets as at March 31, 2013 and whose revenues included in the consolidation comprise 24% of all consolidated revenues for the period of three months then ended. The condensed financial information for the interim periods of those companies were reviewed by other auditors whose review reports were furnished to us and our conclusion, to the extent that they relate to financial information for those companies, are based on the review reports 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 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 reports 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 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,
May 26, 2013

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>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2012</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	7,827	36,485	12,891	19,013
Restricted cash	883	4,118	3,301	3,349
Marketable securities	6,595	30,740	36,379	30,686
Accounts receivable -				
Trade	3,495	16,289	22,183	14,702
Other	740	3,448	1,656	2,814
Embedded derivatives	-	-	24	40
Inventory	5,417	25,248	16,828	22,297
Inventory - work in progress	5,170	24,102	5,272	18,011
	<u>30,127</u>	<u>140,430</u>	<u>98,534</u>	<u>110,912</u>
<u>Non-current assets</u>				
Long-term deposits	39	182	250	157
Property and equipment, net	8,688	40,496	40,582	40,433
Intangible assets, net	7,961	37,108	26,353	34,046
	<u>16,688</u>	<u>77,786</u>	<u>67,185</u>	<u>74,636</u>
	<u>46,815</u>	<u>218,216</u>	<u>165,719</u>	<u>185,548</u>

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

Tzvi Livne
Director

Yair Itscovich
Chief Financial Officer

Approved: May 26, 2013

(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

	March 31, 2013	March 31, 2013	March 31, 2012	December 31, 2012
	(unaudited)	(unaudited)		(audited)
		(in thousands)		
	Convenience translation into Euro (1)		NIS	
<u>Current liabilities</u>				
Current maturities of long-term loans	950	4,426	4,400	4,590
Current maturities of bonds	3,827	17,838	17,662	17,788
Accounts payable -				
Trade	5,906	27,527	17,256	30,753
Other	6,041	28,161	13,369	28,280
Embedded derivatives	747	3,482	1,056	1,509
	<u>17,471</u>	<u>81,434</u>	<u>53,743</u>	<u>82,920</u>
<u>Non - current liabilities</u>				
Loans from banks and others	2,013	9,381	14,628	11,063
Bonds	18,237	85,013	49,745	45,025
Liabilities for benefits to employees, net	561	2,614	2,568	2,640
	<u>20,811</u>	<u>97,008</u>	<u>66,941</u>	<u>58,728</u>
<u>Shareholders' equity</u>				
Share capital	76	352	352	352
Share premium	10,852	50,588	50,588	50,588
Capital reserve from translation of foreign operations	(249)	(1,159)	(879)	(957)
Company shares held by the company	(1,511)	(7,042)	(6,643)	(7,042)
Reserve arising from a transaction with a controlling party	22	104	-	-
Retained earnings (loss)	(657)	(3,069)	1,617	959
	<u>8,533</u>	<u>39,774</u>	<u>45,035</u>	<u>43,900</u>
	<u>46,815</u>	<u>218,216</u>	<u>165,719</u>	<u>185,548</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 three month period ended March 31, <u>2013</u>	For the three month period ended March 31, <u>2013</u>	<u>2012</u>	For the year ended December 31, <u>2012</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	Convenience translation into Euro (1)		NIS	
Revenues	6,949	32,393	34,587	142,126
Cost of revenues	<u>5,279</u>	<u>24,610</u>	<u>25,299</u>	<u>105,322</u>
Gross profit	1,670	7,783	9,288	36,804
Development expenses, net	484	2,254	1,323	5,576
Selling & marketing expenses	833	3,881	4,351	17,616
General & administrative expenses	578	2,701	1,633	8,828
Other expenses	<u>2</u>	<u>7</u>	<u>-</u>	<u>-</u>
Operating profit (loss)	(227)	(1,060)	1,981	4,784
Financing income	267	1,246	1,207	3,583
Financing expenses	<u>904</u>	<u>4,214</u>	<u>1,625</u>	<u>7,081</u>
Profit (loss) before tax benefit	(864)	(4,028)	1,563	1,286
Tax benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>114</u>
Net profit (loss) for the period	<u>(864)</u>	<u>(4,028)</u>	<u>1,563</u>	<u>1,400</u>
Profit per 1 ordinary share NIS 0.02 par value (NIS):				
Basic and diluted profit per 1 ordinary share	<u>(0.086)</u>	<u>(0.403)</u>	<u>0.155</u>	<u>0.139</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 other comprehensive income (loss)

	For the three month period ended March 31, <u>2013</u> (unaudited)	For the three month period ended March 31, <u>2013</u> <u>2012</u> (unaudited)	For the year ended December 31, <u>2012</u> (audited)
		<u>(in thousands)</u>	
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>	
Net profit (loss) for the period	(864)	(4,028) 1,563	1,400
<u>Other comprehensive loss</u>			
Items that may not be classified afterwards to profit or loss -	-	-	(495)
Actuarial losses			
Items that may be reclassified to profit or loss in the future if certain conditions are met -			
Translation of foreign operations	(43)	(202) (231)	(309)
Other comprehensive loss for the period	(43)	(202) (231)	(804)
Total comprehensive income (loss) for the period	<u>(907)</u>	<u>(4,230)</u> <u>1,332</u>	<u>596</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

	Share capital	Share premium	Capital reserve from translation of foreign operation	Company shares held by the company	Reserve arising from a transaction with a controlling party	Retained earnings (loss)	Total
<u>NIS, in thousands</u>							
Balance at January 1, 2012 (audited)	352	50,588	(648)	(6,643)	-	54	43,703
Net profit for the period	-	-	-	-	-	1,400	1,400
Other comprehensive loss for the period	-	-	(309)	-	-	(495)	(804)
Total comprehensive income (loss) for the year	-	-	(309)	-	-	905	596
Purchase of company shares by the company	-	-	-	(399)	-	-	(399)
Balance at December 31, 2012 (audited)	352	50,558	(957)	(7,042)	-	959	43,900
Net loss for the period	-	-	-	-	-	(4,028)	(4,028)
Other comprehensive loss for the period	-	-	(202)	-	-	-	(202)
Total comprehensive loss for the period	-	-	(202)	-	-	(4,028)	(4,230)
Capital benefit arising from a transaction with a controlling party (1)	-	-	-	-	104	-	104
Balance at March 31, 2013 (unaudited)	<u>352</u>	<u>50,588</u>	<u>(1,159)</u>	<u>(7,042)</u>	<u>104</u>	<u>(3,069)</u>	<u>39,774</u>
Balance at January 1, 2012 (audited)	352	50,588	(648)	(6,643)	-	54	43,703
Net profit for the period	-	-	-	-	-	1,563	1,563
Other comprehensive loss for the period	-	-	(231)	-	-	-	(231)
Total comprehensive income (loss) for the period	-	-	(231)	-	-	1,563	1,332
Balance at March 31, 2012 (unaudited)	<u>352</u>	<u>50,588</u>	<u>(879)</u>	<u>(6,643)</u>	<u>-</u>	<u>(1,617)</u>	<u>45,035</u>

(1) See note 3C.

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

	Share capital	Share premium	Capital reserve from translation of foreign operation	Company shares held by the company	Reserve arising from a transaction with a controlling party	Retained earnings (loss)	Total
<u>NIS, in thousands</u>							
<u>Convenience translation into Euro (1), in thousands (unaudited)</u>							
Balance at December 31, 2012 (audited)	76	10,852	(206)	(1,511)	-	207	9,418
Net loss for the period					-	(864)	(864)
Other comprehensive loss for the period			(43)		-		(43)
Total comprehensive loss for the period	-	-	(43)	-	-	(864)	(907)
Capital benefit arising from a transaction with a controlling party (2)	-	-	-	-	22	-	22
Balance at March 31, 2013 (unaudited)	<u>76</u>	<u>10,852</u>	<u>(249)</u>	<u>(1,511)</u>	<u>22</u>	<u>(657)</u>	<u>8,533</u>

(1) See note 1C.

(2) See note 3C.

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

Unitronics (1989) (R"G) Ltd.
Condensed consolidated interim statement of cash flows

	For the three month period ended March 31, <u>2013</u> <u>(unaudited)</u>	For the three month period ended March 31, <u>2013</u> <u>2012</u> <u>(unaudited)</u>	For the year ended December 31, <u>2012</u> <u>(audited)</u>
	<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>	
<u>Cash flows - operating activities</u>			
Net profit (loss) for the period	(864)	(4,028)	1,563
Adjustments necessary to show the cash flows - operating activities (Appendix A)	(2,486)	(11,584)	(567)
Cash flows provided by (used in) operating activities	(3,350)	(15,612)	996
	-----	-----	-----
<u>Cash flows - investing activities</u>			
Sale of (investment in) marketable securities, net	(39)	(184)	363
Purchase of property and equipment	(119)	(553)	(325)
Sale of property and equipment	17	77	-
Investment in restricted cash	(312)	(1,454)	-
Repayment of restricted cash	150	700	-
Repayment (investment) in long-term deposits	1	5	(7)
Investment in intangible assets	(897)	(4,181)	(3,444)
	-----	-----	-----
Cash flows used in investing activities	(1,199)	(5,590)	(3,413)
	-----	-----	-----
<u>Cash flows - financing activities</u>			
Repayment of long-term loans	(244)	(1,136)	(1,095)
Bonds issue	11,051	51,509	-
Repayment of bonds	(2,498)	(11,643)	-
Purchase of company shares by the company	-	-	-
	-----	-----	-----
Cash flows provided by (used in) financing activities	8,309	38,730	(1,095)
	-----	-----	-----
Translation differences in respect of foreign operation cash balances	(12)	(56)	(64)
	-----	-----	-----
Change in cash and cash equivalents in the period	3,748	17,472	(3,576)
Cash and cash equivalents at beginning of the period	4,079	19,013	16,467
	-----	-----	-----
Cash and cash equivalents at end of the period	7,827	36,485	12,891
	=====	=====	=====

(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 statements of cash flows

For the three month period ended March 31, <u>2013</u>	For the three month period ended March 31, <u>2013</u>	<u>2012</u>	For the year ended December 31, <u>2012</u>
<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
	<u>(in thousands)</u>		
Convenience translation into Euro (1)	NIS		

**Appendix A – Adjustments necessary to show
the cash flows - operating activities**

Depreciation and amortization	380	1,769	1,566	7,494
Loss (profit) from marketable securities, net	28	130	(513)	(1,693)
Change in liabilities for benefits to employees, net	(6)	(26)	36	(191)
Capital loss	2	7	-	-
Exchange rate changes of long-term loans and bonds	(170)	(791)	(24)	860
Reevaluation of restricted cash	(3)	(15)	(20)	(68)
Deferred taxes	-	-	-	(114)
Reevaluation of embedded derivatives	432	2,013	(25)	412
Decrease (increase) in accounts receivable- trade	(360)	(1,675)	(4,626)	2,876
Decrease (increase) in accounts receivable - other	(143)	(668)	655	(475)
Increase in inventory	(653)	(3,044)	(394)	(6,656)
Decrease (increase) in inventory - work in progress	(1,308)	(6,097)	2,086	(10,661)
Increase (decrease) in accounts payable - trade	(693)	(3,225)	3,081	16,578
Increase (decrease) in accounts payable - other	8	38	(2,389)	12,552
	<u>(2,486)</u>	<u>(11,584)</u>	<u>(567)</u>	<u>20,914</u>

**Appendix B - Additional information
regarding operating activities**

Cash paid during the period for:				
Interest	462	2,153	2,169	4,600
Taxes on income	6	27	27	108

Cash received during the period for:				
Interest	148	691	615	1,400

Appendix C – Non-cash operations

Booking a capital benefit arising from a transaction with a controlling party	22	104	-	-
--	----	-----	---	---

(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 March 31, 2013, and for the three months period then ended (hereinafter - "consolidated interim financial statements"). These financial statements should be read in conjunction with the Company's audited annual financial statements and accompanying notes as at December 31, 2012 and for the year then ended.
- B. Following are data regarding the Israeli CPI and the exchange rate of the U.S. dollar and the Euro:

<u>As of</u>	<u>Israeli CPI</u> <u>Points (*)</u>	<u>Exchange rate of</u> <u>one Euro</u> <u>NIS</u>	<u>Exchange rate of</u> <u>one U.S. dollar</u> <u>NIS</u>
March 31, 2013	219.86	4.6612	3.648
March 31, 2012	217.10	4.9530	3.715
December 31, 2012	219.80	4.9206	3.733
<u>Change during the period</u>	<u>%</u>	<u>%</u>	<u>%</u>
Three month ended March 31, 2013	0.02	(5.27)	(2.28)
Three month ended March 31, 2012	0.38	0.3	(2.77)
For the year ended December 31 2012	1.63	(0.35)	(2.30)

(*) 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 to EURO by dividing each NIS amount by the representative rate of exchange of the EURO as at March 31, 2013 (EURO 1 = NIS 4.6612).

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

Note 2 - Accounting Policies

- 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, except as described in paragraph B below.

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

Note 2 - Accounting Policies (cont'd)

B. Initial implementation of new accounting standards

1. IAS 19 (Revised) - Employee Benefits

In June 2011, the IASB published IAS 19 (Revised), which is required to be implemented as from January 1, 2013. The principal revisions relate to the accounting treatment of defined benefit plans. The initial implementation of IAS 19 (Revised) has had a negligible impact on the Company's financial statements.

2. IFRS 10 and - IAS 27R - Consolidated and Separate Financial Statements

IFRS 10 (hereinafter- IFRS 10) replaces IAS 27 on the subject of the accounting treatment of consolidated financial statements, and it also contains the accounting treatment of structured entities, which were previously dealt with in SIC 12 – the consolidation of special purpose entities.

IAS 27R (hereinafter- IAS 27R) replaces IAS 27 and deals solely with separate financial statements. The existing guidance in respect of separate financial statements remains unchanged within the framework of IAS 27R

The initial implementation of IFRS 10 and of IAS 27R has not had a significant impact on the Company's financial statements

3. IFRS 13- Fair value measurement

IFRS 13 establishes guidance for the measurement of fair value, to the extent that such measurement is required according to the international standards. IFRS 13 defines fair value as the price that would be received on the sale of an asset or that would be paid on the transfer of a liability in an orderly transaction between market participants at the measurement date. The fair value reflects the ability of a market participant to produce economic benefits by means of the highest and best use of an asset. In addition, IFRS details the characteristics of market participants on which the assumptions have been based in the calculation of the fair value. Fair value measurement is to be based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market. The provisions of IFRS 13 are to be applied prospectively as from January 1, 2013, and they do not apply to comparative figures.

4. IAS 1 - Presentation of Financial Statements

On June 2011, the IASB published the amendment to International Accounting Standard No. 1 - Presentation of Financial Statements (IAS 1) (hereinafter: "the Amendment").

According to the Amendment, the method for presenting items of other comprehensive income in the financial statements are changed, so that other comprehensive income items, which in the future will be transferred to the statement of operations in subsequent periods, will be presented separately in the statement to comprehensive income items which will never be transferred to the statement of operations.

If the statement of operations and the statement of comprehensive income be presented as one statement, then the amendment changes the name of the statement from "statement of comprehensive income" to "statement of operations and comprehensive income".

The amendment will be applied retroactively for annual periods starting from January 1, 2013, or thereafter.

Accordingly, the Company separated the amounts of other comprehensive income at the statement of other comprehensive income (loss)

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

Note 3 - Events in the reported period

- A. On January 24, 2013 the Company published a Shelf Offer Report ("Offer Report") in the framework of which the public was offered NIS 53,125,000 par value of bonds (Series 4) of the Company, which were issued at 100% of their par value; the bonds and are linked (principal interest) to the consumer price index for the month of December 2012 (which was published on January 15, 2013). The bonds will be repayable (principal) in six (6) annual unequal installments, which will be paid on January 31 of each of the years of 2015 – 2020 (inclusive), as detailed in the Offer Report. The bonds (Series 4) will bear interest for the unpaid balance of the bonds (Series 4) which will paid in semi-annual equal installments as from July 31, 2013. The proceeds (gross) from the bonds allotted in accordance with the Shelf Offer Report, aggregate NIS 53,125,000 (in total 53,125 bond units (Series 4) were allotted, the annual rate of interest that the bonds bear was set in the tender at 5.4%.

On January 17, 2013, in the framework of the Shelf Offer Report, the Company engaged in a trust deed for the bonds (Series 4) (hereinafter – "the Trust Deed") according to which it undertook, *inter alia*, to meet financial covenants of a ratio of the financial debt to net CAP which will not exceed 80% and the ratio of financial debt to EBITDA which will not exceed 10, and a condition that shareholders' equity will not be less than NIS 20 million, including setting a mechanism for updating the interest for exceptional periods from the financial covenants agreed, and circumstances which are grounds for immediate repayment, and all as detailed in the Trust Deed. An examination whether the Company meets its financial covenants will be made twice a year in every calendar year on the date of publishing the financial statements as at June 30 and December 31, as long as the bonds exist and are in circulation. The first report to be examined will be the financial statements as at June 30, 213.

In addition, the Company undertook to pledge a deposit in an amount of the semi-annual interest on the bonds in favor of the bond holders (Series 4).

- B. In March 2013, the Company's Board of Directors approved the adoption of a plan to purchase additional ordinary shares of the Company, based on the financial statements for the year 2012, for an amount not exceeding NIS 2 million, (hereinafter – "March plan"), which replaces a previous plan of the Company on the subject whose unutilized balance expired. March plan is in force up to June 30, 2013.

Correct as at March 31, 2013, the Company held 1,676,192 shares, comprising 14.35% of the Company's issued share capital, which were purchased for a total amount of NIS 7,042 thousand (unchanged compared to the previous period).

- C. In March 2012 a one-sided one-time waiver of an annual bonus to Mr. Haim Shani, a controlling party and CEO of the Company, for the 2012 year of 7.5% of the profits before tax which aggregated NIS 104 thousand was approved and registered as a capital benefit arising from a transaction with a controlling party.

Note 4 - Subsequent events

Subsequent approved the interim financial statements as at 31 March 2013, and that there are no prerequisites to purchase additional ordinary shares of the company in accordance with the provisions of the Companies Law – 1999, within March program, and therefore the company management informed the Board of Directors no additional shares of the company will be acquired until its expiration date on June 30, 2013.

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

Note 5 - Financial Instruments

A. Fair value

Below the balances books and the fair value of financial instruments which are not presented in the financial statements according to their fair value Which there is a substantial difference between the carrying amount to fair value as at march 31, 2013:

	<u>Book value</u>	<u>Fair value</u>
	<u>NIS, (in thousands)</u>	
<u>Financial liabilities (1)</u>		
Bonds linked to the Israeli CPI	<u>102,851</u>	<u>111,497</u>

(1) The fair value is based on stock market value as at the report date.

B. Classification of financial instruments at fair value rating

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

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

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

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

As of March 31, 2013, the Company holds financial instruments measured at fair value according to the classifications as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>NIS, (in thousands)</u>			
<u>Financial assets at fair value:</u>				
Marketable securities	<u>30,740</u>	<u>-</u>	<u>-</u>	<u>30,740</u>
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	<u>-</u>	<u>3,482</u>	<u>-</u>	<u>3,482</u>

During the three-month period ended March 31, 2013, there were no transfers between Level 1 and Level 2, and there were no transfers to or from Level 3.

C. Evaluation techniques.

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

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

Note 6 - 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.

- B. The company and its subsidiaries operate in three main business segments.
- Programmable Logic Controllers systems (hereinafter - "The products segment").
 - System integration projects (hereinafter - "The system integration projects segment").
 - Planning, construction and maintenance of automated parking systems (hereinafter - "Parking solutions segment").

The business activity in the parking solutions segment presented separately since January 1, 2013 onwards, including the provision of information in relation to this segment in prior periods also, in accordance with the accounting policy described in paragraph A above.

	For the three month period ended March 31, 2013 (unaudited)	For the three month period ended March 31, 2013 2012 (unaudited)	For the year ended December 31, 2012 (audited)
		(in thousands)	
	Convenience translation into Euro (1)	NIS	
C. Revenues			
Products	4,997	23,290	22,896
System integration projects	1,901	8,862	11,609
Parking solutions	29	136	-
Other	22	105	82
	<u>6,949</u>	<u>32,393</u>	<u>34,587</u>
			<u>142,126</u>
D. Segment results			
Products	1,412	6,583	7,042
System integration projects	(253)	(1,179)	(1,222)
Parking solutions	(249)	(1,162)	(288)
Other	-	-	(5)
Unallocated corporate expenses	(1,137)	(5,302)	(3,546)
Operating profit (loss)	<u>(227)</u>	<u>(1,060)</u>	<u>1,981</u>
			<u>4,784</u>
Unallocated financing income (expenses), net	(637)	(2,968)	(418)
Tax benefit	-	-	-
Profit (loss) for the period	<u>(864)</u>	<u>(4,028)</u>	<u>1,563</u>
			<u>1,400</u>
(1) See note 1C			

UNITRONICS (1989) (R"G) LTD.

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

March 31, 2013

(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 March 31, 2013 and for the period of 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 period, based on our review.

We did not review the condensed separate interim financial information of an affiliated company which the assets less liabilities attributable to them amount to NIS 421 thousands as at March 31, 2013 and which the these losses from investees amount to NIS 299 thousands for the period of three months then ended. The condensed financial information for the interim period 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 1 of the Institute of Certified Public Accountants in Israel "Review of financial information for interim periods prepared by the entity's auditor". The review of the financial information for interim periods comprises clarifications, mainly with the people responsible for financial and accounting matters, and from adopting analytical and other review procedures. A review is more limited in scope to a much larger extent than an audit performed in accordance with generally accepted auditing standards, and therefore does not enable us to be certain that we will know of all the significant matters which could have been identified in an audit. Consequently, we are not issuing an opinion of an audit.

Conclusion

Based on our review, 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 regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Amit, Halfon
Certified Public Accountants (Israel)

Ramat Gan,

May 26, 2013

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.

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

	<u>March 31, 2013</u>	<u>March 31, 2013</u>	<u>March 31, 2012</u>	<u>December 31, 2012</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>		<u>NIS</u>	
<u>Current assets</u>				
Cash and cash equivalents	6,964	32,462	10,806	15,019
Restricted cash	883	4,118	3,301	3,349
Marketable securities	6,595	30,740	36,379	30,686
Accounts receivable -				
Trade	2,603	12,135	18,556	11,411
Other	637	2,967	1,427	2,173
Accounts receivable - other -				
subsidiaries	3,377	15,740	7,749	13,665
Embedded derivatives	-	-	24	40
Inventory	4,939	23,022	15,430	20,081
Inventory - work in progress	4,876	22,727	5,024	16,780
	<u>30,874</u>	<u>143,911</u>	<u>98,696</u>	<u>113,204</u>
<u>Non-current assets</u>				
Long-term deposits	39	182	250	157
Property and equipment, net	8,553	39,865	40,089	39,831
Intangible assets, net	6,938	32,338	25,230	30,758
	<u>15,530</u>	<u>72,385</u>	<u>65,569</u>	<u>70,746</u>
	<u>46,404</u>	<u>216,296</u>	<u>164,265</u>	<u>183,950</u>

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

Tzvi Livne
Director

Yair Itscovich
Chief Financial Officer

Approved: May 26, 2013.

(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 consolidated financial statements
attributed to the company**

	<u>March 31, 2013</u>	<u>March 31, 2013</u>	<u>March 31, 2012</u>	<u>December 31, 2012</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	950	4,426	4,400	4,590
Current maturities of bonds	3,827	17,838	17,662	17,788
Accounts payable -				
Trade	5,445	25,377	16,646	29,116
Other	5,000	23,307	11,989	25,819
Embedded derivatives	747	3,482	1,056	1,509
	<u>15,969</u>	<u>74,430</u>	<u>51,753</u>	<u>78,822</u>
<u>Non-current liabilities</u>				
Liabilities less assets associated with subsidiaries	1,091	5,084	536	2,500
Loans from banks and others	2,013	9,381	14,628	11,063
Bonds	18,237	85,013	49,745	45,025
Liabilities for benefits to employees, net	561	2,614	2,568	2,640
	<u>21,902</u>	<u>102,092</u>	<u>67,477</u>	<u>61,228</u>
<u>Shareholders' equity</u>				
Share capital	76	352	352	352
Share premium	10,852	50,588	50,588	50,588
Capital reserve from translation of foreign operations	(249)	(1,159)	(879)	(957)
Company shares held by the company	(1,511)	(7,042)	(6,643)	(7,042)
Reserve arising from a transaction with a controlling party	22	104	-	-
Retained earnings (loss)	(657)	(3,069)	1,617	959
	<u>8,533</u>	<u>39,774</u>	<u>45,035</u>	<u>43,900</u>
	<u>46,404</u>	<u>216,296</u>	<u>164,265</u>	<u>183,950</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 consolidated financial statements
attributed to the company**

	For the three month period ended March 31, <u>2013</u>	For the three month period ended March 31, <u>2013</u> <u>2012</u>		For the year ended December 31, <u>2012</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
Revenues	5,228	24,371	26,788	109,408
Revenues from subsidiaries	<u>1,293</u>	<u>6,026</u>	<u>6,008</u>	<u>25,586</u>
Total revenues	6,521	30,397	32,796	134,994
Cost of revenues	<u>5,196</u>	<u>24,219</u>	<u>24,966</u>	<u>104,814</u>
Gross profit	1,325	6,178	7,830	30,180
Development expenses, net	177	825	1,015	3,862
Selling & marketing expenses	375	1,751	2,391	9,181
General & administrative expenses	431	2,009	1,096	6,531
General & administrative expenses to subsidiaries	32	151	146	723
Other expenses	<u>2</u>	<u>7</u>	<u>-</u>	<u>-</u>
Operating profit	308	1,435	3,182	9,883
Financing income	266	1,246	1,207	3,583
Financing expenses	<u>927</u>	<u>4,326</u>	<u>1,692</u>	<u>7,160</u>
Profit (loss) after financing, net	(353)	(1,645)	2,697	6,306
The Company's share of subsidiaries losses	<u>(511)</u>	<u>(2,383)</u>	<u>(1,134)</u>	<u>(5,020)</u>
Profit (loss) before tax benefit	(864)	(4,028)	1,563	1,286
Tax benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>114</u>
Net profit (loss) for the period attributed to the company's shareholders	<u>(864)</u>	<u>(4,028)</u>	<u>1,563</u>	<u>1,400</u>

_(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 consolidated financial statements
attributed to the company**

	For the three month period ended March 31, <u>2013</u>	For the three month period ended March 31, <u>2013</u> <u>2012</u>		For the year ended December 31, <u>2012</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
Net profit (loss) for the period attributed to the company's shareholders	..... (864)	..... (4,028)	..... 1,563	..... 1,400
<u>Other comprehensive loss</u>				
Items that may not be classified afterwards to profit or loss -				
Actuarial loss	-	-	-	(495)
Items that may be reclassified to profit or loss in the future if certain conditions are met -				
Translation of foreign operations	..... (43)	..... (202)	..... (231)	..... (309)
Other comprehensive loss for the period	..... (43)	..... (202)	..... (231)	..... (804)
Total comprehensive profit (loss) for the period attributed to the company's shareholders	..... (907)	..... (4,230)	..... 1,332	..... 596

(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 consolidated financial statements
attributed to the company**

	For the three month period ended March 31, <u>2013</u> (unaudited) Convenience translation into Euro (1)	For the three month period ended March 31, <u>2013</u> <u>2012</u> (unaudited) (in thousands)		For the year ended December 31, <u>2012</u> (audited)
		NIS		
<u>Cash flows - operating activities</u>				
Net profit (loss) for the period attributed to the company's shareholders	(864)	(4,028)	1,563	1,400
Adjustments necessary to show the cash flows - operating activities (Appendix A)	(2,393)	(11,153)	(180)	24,878
Cash flows provided by (used in) operating activities of the company	(3,257)	(15,181)	1,383	26,278
Cash flows used in operating activities from transactions with subsidiaries	(445)	(2,075)	(924)	(8,840)
Cash flows provided by (used in) operating activities	(3,702)	(17,256)	459	17,438
<u>Cash flows - investing activities</u>				
Sale of (investment in) marketable securities, net	(39)	(184)	363	7,236
Purchase of property and equipment	(104)	(487)	(168)	(1,066)
Sale of property and equipment	17	77	-	-
Investment in restricted cash	(313)	(1,454)	-	-
Repayment of restricted cash	150	700	-	-
Repayment (investment) in long-term deposits	1	5	(7)	(29)
Investment in intangible assets	(577)	(2,688)	(2,957)	(11,720)
Cash flows used in investing activities	(865)	(4,031)	(2,769)	(5,579)
<u>Cash flows - financing activities</u>				
Repayment of long-term loans	(244)	(1,136)	(1,095)	(4,401)
Bonds issue	11,051	51,509	-	-
Repayment of bonds	(2,498)	(11,643)	-	(6,251)
Purchase of company shares by the company	-	-	-	(399)
Cash flows provided by (used in) financing activities	8,309	38,730	(1,095)	(11,051)
Change in cash and cash equivalents	3,742	17,443	(3,405)	808
Cash and cash equivalents at beginning of the period	3,222	15,019	14,211	14,211
Cash and cash equivalents at end of the period	6,964	32,462	10,806	15,019

(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 consolidated financial statements
attributed to the company

For the three month period ended March 31, <u>2013</u>	For the three month period ended March 31, <u>2013</u> <u>2012</u>		For the year ended December 31, <u>2012</u>
<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
	<u>(in thousands)</u>		
Convenience translation into Euro (1)	NIS		

Appendix A - Adjustments

necessary to show the cash flows operating activities

The Company's share of subsidiaries

losses	511	2,383	1,134	5,020
Depreciation and amortization	372	1,730	1,549	7,399
Loss (Profit) from marketable securities, net	28	130	(513)	(1,693)
Change in liabilities for benefits to employees, net	(6)	(26)	36	(191)
Capital loss	2	7	-	-
Deferred taxes	-	-	-	(114)
Reevaluation of restricted cash	(3)	(15)	(20)	(68)
Exchange rate changes of long-term loans and bonds	(170)	(791)	(24)	860
Reevaluation of embedded derivatives	432	2,013	(25)	412
Decrease (increase) in accounts receivable - trade	(155)	(724)	(4,267)	2,878
Decrease (increase) in accounts receivable - other	(177)	(824)	563	(149)
Increase in inventory	(631)	(2,941)	(315)	(5,720)
Decrease (increase) in inventory - work in progress	(1,276)	(5,947)	2,219	(9,537)
Increase (decrease) in accounts payable - trade	(803)	(3,739)	2,766	15,236
Decrease in accounts payable - other	(517)	(2,409)	(3,283)	10,545
	<u>(2,393)</u>	<u>(11,153)</u>	<u>(180)</u>	<u>24,878</u>

Appendix B - Non-cash operations

Capital note to subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Booking a capital benefit arising from a transaction with a controlling party	<u>22</u>	<u>104</u>	<u>-</u>	<u>-</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 conjunction with the Company's audited annual separate financial information as of December 31, 2012 and for the year then ended, and with the condensed consolidated interim financial statement as at March 31, 2013.
- B. Consolidated companies - defined in Note 1D to the consolidated financial statements as at December 31, 2012.
- C. Convenience translation to EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated to EURO by dividing each NIS amount by the representative rate of exchange of the EURO as at March 31, 2013 (EURO 1 = NIS 4.6612).

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

Below is the quarterly report on effectiveness of internal control over financial reporting and disclosure, pursuant to Regulation 38c(a) of the regulations:

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, 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 at 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 designed 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 collected, processed, summarized and reported on schedule and in the format prescribed by law.

Internal control includes, *inter alia*, controls and procedures designed to ensure that information which the corporation is required to disclose, is collected and submitted to corporate management, including to the general manager and to the most senior financial officer, or to those acting in said capacities, so as 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 annual report on the effectiveness of internal control financial reporting and the disclosure that was attached to the periodic report for the period ended on December 31, 2012 (hereinafter - "the last annual report on internal control"), the board of directors and management assessed the internal control system in the company; based on this assessment, the board of directors and the management concluded that the internal control as mentioned above, as of December 31, 2012, is effective.

Until the reporting date, no event or matter have been brought to the attention of the board of directors and management, which could change the assessment of effectiveness of internal control, as it was included in the last annual report on internal control.

As of the reporting date, based on the assessment of effectiveness of internal control in the last annual 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 first quarter of 2013 ("the report").
2. To the best of my knowledge, the report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the financial statements and other financial information included in the report properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, Board of Directors and Audit Committee of the corporation's Board of Directors, based on my most current assessment of the internal control over financial reporting and disclosure:
 - a. All significant faults and material weaknesses in specification of operation of internal control over financial reporting and disclosure, which may reasonably impact the corporation's capacity to collect, 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 there of, or involving any other employees having a significant capacity in internal control over financial reporting and disclosure;
5. I, on my own or with others at the corporation:
 - a. Have set controls and procedures or verified that controls and procedures have been specified and maintained under my supervision, designed to ensure that material information with regard to the corporation, including subsidiaries there of, as defined in Securities Regulations (Annual financial statements), 2010, is brought to my attention by others at the corporation and subsidiaries, specifically during preparation of the report; and -
 - b. Have set controls and procedures or verified that controls and procedures have been specified and maintained 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 that occurred during the period between the last reporting date (quarterly or periodic, as the case may be) and this reporting date has been brought to my attention, 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.

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

I, HAIM SHANI, certify that: (cont'd)

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

May 26, 2013

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 first quarter of 2013 ("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 there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the interim financial statements and 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 as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, Board of Directors and Audit Committee of the corporation's Board of Directors, based on my most current assessment of the internal control over financial reporting and disclosure:
 - a. All significant faults and material weaknesses in specification of operation of internal control over financial reporting and disclosure, as such as relevant to the financial statements and other financial information included in the reports, which may reasonably impact the corporation's capacity to collect, 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 there of, or involving any other employees having a significant capacity in internal control over financial reporting and disclosure;
5. I, on my own or with others at the corporation:
 - a. Have set controls and procedures or verified that controls and procedures have been specified and maintained under our supervision, designed to ensure that material information with regard to the corporation, including subsidiaries there of, as defined in Securities Regulations (Annual financial statements), 2010, is brought to my attention by others at the corporation and subsidiaries, specifically during preparation of the report; and-
 - b. Have set controls and procedures or verified that controls and procedures have been specified and maintained 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;

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

I, YAIR ITZKOVICH, certify that: (cont'd)

- c. No event or matter that occurred during the period between the last reporting date (quarterly or periodic, as the case may be) and this reporting date has been brought to my attention, refers the interim financial statements and other financial information included in the report for interim periods, 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.

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

May 26, 2013

YAIR ITZKOVICH, CFO



UNITRONICS (1989) (R"G) LTD.

PRESS RELEASE
Airport City, Israel,
May 26, 2013

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

Corporation's Liabilities Status Report by Dates of Payment

Airport City, Israel - May 26, 2013 - Unitronics published the attached Immediate Report pursuant to the requirements of Israeli law, in connection with the requirement to report the Corporation's liabilities status by dates of payment.

About Unitronics

Unitronics (1989) (R"G) Ltd. is an Israeli company that designs, develops, produces and markets Programmable Logic Controllers (PLCs), the computer 'brains' that enable control of automated production lines, storage systems and machines. Unitronics' products include controllers designed to enable bi-directional man-machine interaction through simple user-friendly interface (including integrated graphic operator interface), as well as products embedded with Internet and Intranet capabilities, intended for remote diagnostics and communications on the Internet and Ethernet/LAN levels, and GSM enabled PLC's designed to allow remote control and m-commerce solutions. Unitronics' international distribution network composes of approximately 140 distributors and sales representatives spanning Europe, America, Israel and the Far East, as well as most of the states of the USA, whose efforts are coordinated and supported through Unitronics' wholly owned US subsidiary, Unitronics, Inc.

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

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

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

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

Reporting period: March 31th, for the year: 2013.

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

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

Fund Payments									Gross Interest Payment (Without Tax Deduction)
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	---	Other	
First Year	17,919								5,706
Second Year	18,272								4,837
Third Year	18,272								3,821
Fourth Year	18,272								2,806
Fifth Year and So On	33,145								3,594
Total	105,880								20,764

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

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	---	Other	Gross Interest Payment (Without Tax Deduction)
First Year		67							10
Second Year		61							3
Third Year		-							-
Fourth Year		-							-
Fifth Year and So On		-							-
Total		128							13

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

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	---	Other	Gross Interest Payment (Without Tax Deduction)
First Year			3,961	398					334
Second Year			2,291	398					245
Third Year			1,191	398					191
Fourth Year			819	398					155
Fifth Year and So On			3,527	298					513
Total			11,789	1,890					1,438

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

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

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

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	---	Other	Gross Interest Payment (Without Tax Deduction)
First Year	17,919		3,961	398					6,050
Second Year	18,272		2,291	398					5,085
Third Year	18,272		1,191	398					4,012
Fourth Year	18,272		819	398					2,961
Fifth Year and So On	33,145		3,527	298					4,107
Total	105,880		11,789	1,890					22,215

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

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

1. Total credit balance provided to the reporting Corporation by its parent company or controlling shareholder and balance of debentures issued by the reporting Corporation and held by its parent company or controlling shareholder: 0.
2. Total credit balance provided to the reporting Corporation by companies controlled by its parent company or controlling shareholder which are not controlled by the reporting Corporation, and balance of debentures issued by the reporting Corporation and held by companies controlled by its parent company or controlling shareholder which are not controlled by the reporting Corporation: 0.
3. Total credit balance provided to the reporting Corporation by consolidated companies and balance of debentures issued by the reporting Corporation and held by the consolidated companies: 0.

- I. (1) Cash and cash equivalents, marketable securities and short term deposits ("Solo" report) (in NIS thousands):63,202
 (2) Cash and cash equivalents, marketable securities and short term deposits of all consolidated companies (in NIS thousands):67,225
 (*) Restricted cash is excluded.

Respectfully,

Unitronics (1989) (R"G) Ltd.

Unitronics (1989) (R"G) Ltd.

**Fair Value Valuation of
Embedded Derivatives**

Valuation Date: 31/03/2013

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 bellow 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 (31/03/2013):

Transaction No.	Cumulative Actual Amount in EUR as of 31/03/2013	Total Cumulative Actual Amount in ILS as of 31/03/2013	2009 Year 2009		2010 Year 2010		2011 Year 2011		2012 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	€ 9,432,538	₪48,247,171	₪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	€ 3,659,153	₪18,033,429	₪0	₪0	₪0	₪0	₪0	₪0	₪14,118,200	₪14,230,530
	€ 24,145,037	₪122,271,242	₪22,880,108	₪23,017,074	₪64,568,155	₪59,620,853	₪20,241,852	₪19,350,499	₪14,264,554	₪14,379,917

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2013 Year 2013	
Total Expected Amount in ILS	Total Actual Amount in ILS
₪2,336,095	₪2,100,000
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪3,848,050	₪3,802,899
₪6,184,145	₪5,902,899

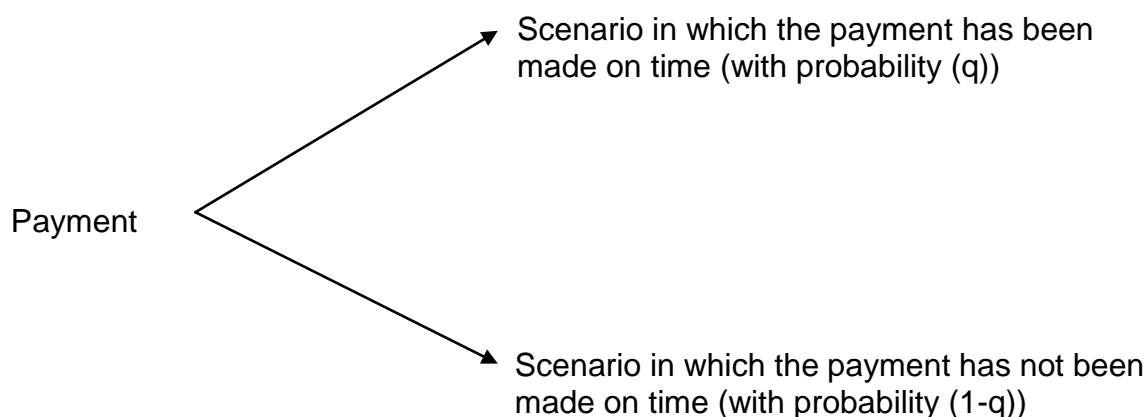
2. Methodology

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

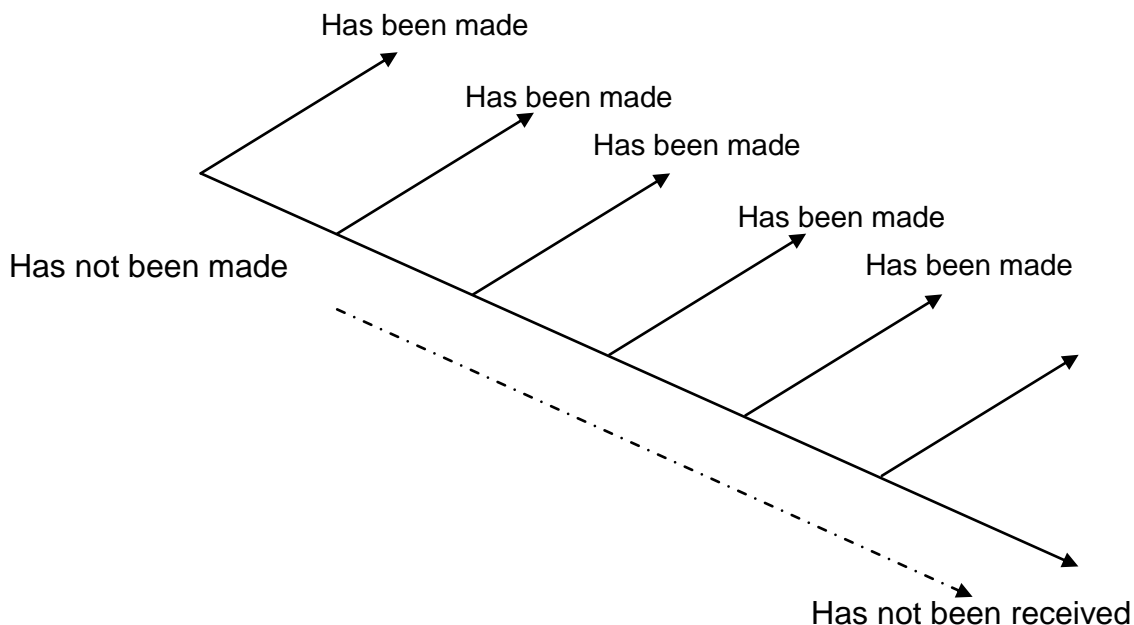
We derive our calculation model from the decision making model. Since the exact date of payment is unknown and there is a probability for a delay, we chose to use the decision tree algorithm.



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 31/03/2013 (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	₪58,242,350
SO9024593	06/05/2009,07/12/2009	₪24,793,069
SO9026013	29/09/2009,11/12/2009,15/01/2010, 24/03/2010	₪7,845,497
SO9027063	23/12/2009	₪959,222
SO10027583	04/02/2010	₪709,855
SO9026912	17/12/2009,13/01/2010	₪9,092,697
SO10028957	31/05/2010	₪217,386
SO10029075	10/06/2010	₪397,581
SO10028772	16/05/2010	₪8,182,807
SO10029601	28/07/2010	₪5,733,566
SO10029738	12/08/2010	₪876,974
SO10030086	19/09/2010	₪679,862
SO10030459	24/10/2010	₪242,487
SO10030873	28/11/2010	₪378,036
SO10030874	28/11/2010	₪1,140,942
SO10031217	22/12/2010	₪102,697
SO10031195	21/12/2010	₪132,855
SO10030475	25/10/2010	₪378,105
SO10031025	07/12/2010	₪200,979
SO10030653	08/11/2010	₪165,701
SO11033018	16/03/2011	₪119,895
SO11033017	16/03/2011	₪161,772
USO1202098	24/05/2012	₪50,729,541
Total		₪171,483,874

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					

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:	0.00006	0.00045	0.00001	-0.00035	-0.00118	-0.00126	-0.00069	0.00099	0.01501	0.03789	0.07913	0.13638	0.22177
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	-0.00035	-0.00118	-0.00126	-0.00069	0.00099	0.01501	0.03789	0.07913	0.13638	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.

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	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	4.8896
31/08/2012	4.8937
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
31/07/2013	4.9784
31/01/2014	5.0173
31/03/2014	5.0301
31/05/2012	4.8896
30/09/2012	4.8895
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	4.8896
30/09/2012	4.8895
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	4.8896
30/09/2012	4.9079
30/09/2012	4.8895
30/06/2013	4.9717
30/09/2013	4.9917

E. The following tables present the data used for the forward rate and ILS payment calculations for the valuation date (31/03/2013):

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO9024592	06/05/2009	23/03/2011	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO9026013	29/09/2009	31/03/2011	30/06/2013	4.6589
SO9026013	29/09/2009	31/03/2011	30/06/2013	4.6589
SO9026013	29/09/2009	31/03/2011	30/06/2013	4.6589
SO9026013	29/09/2009	31/03/2011	30/06/2013	4.6589
SO9026013	11/12/2009	31/03/2011	30/06/2013	4.6589
SO9026013	11/12/2009	31/03/2011	30/06/2013	4.6589
SO9026013	15/01/2010	31/03/2011	30/06/2013	4.6589
SO9026013	15/01/2010	31/03/2011	30/06/2013	4.6589
SO9026013	24/03/2010	31/03/2011	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10027583	04/02/2010	31/03/2010	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO9026912	17/12/2009	19/01/2011	30/06/2013	4.6589
SO9026912	17/12/2009	19/01/2011	30/06/2013	4.6589
SO9026912	13/01/2010	19/01/2011	30/06/2013	4.6589
SO9026912	17/12/2009	19/04/2011	30/06/2013	4.6589
SO9026912	17/12/2009	19/04/2011	30/06/2013	4.6589
SO9026912	13/01/2010	19/04/2011	30/06/2013	4.6589
SO9026912	13/01/2010	19/04/2011	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10028957	31/05/2010	28/02/2011	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10029075	10/06/2010	31/03/2011	30/06/2013	4.6589
SO10029075	10/06/2010	31/03/2011	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10028772	16/05/2010	03/04/2011	30/06/2013	4.6589
SO10028772	16/05/2010	03/07/2011	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10029738	12/08/2010	30/04/2011	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10030874	28/11/2010	31/03/2011	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10030475	25/10/2010	30/04/2011	30/06/2013	4.6589
SO10030475	25/10/2010	03/07/2011	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10031025	07/12/2010	30/04/2011	30/06/2013	4.6589
SO10031025	07/12/2010	30/07/2011	30/06/2013	4.6589

31/03/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
USO1202098	24/05/2012	31/01/2013	31/05/2013	4.6595
USO1202098	24/05/2012	30/04/2013	30/04/2013	4.6604
USO1202098	24/05/2012	30/04/2013	30/04/2013	4.6604
USO1202098	24/05/2012	30/06/2013	30/06/2013	4.6589
USO1202098	24/05/2012	30/04/2013	30/04/2013	4.6604
USO1202098	24/05/2012	30/06/2013	30/06/2013	4.6589
USO1202098	24/05/2012	30/06/2013	30/06/2013	4.6589
USO1202098	24/05/2012	31/07/2013	31/07/2013	4.6582
USO1202098	24/05/2012	31/01/2014	31/01/2014	4.6532
USO1202098	24/05/2012	31/03/2014	31/03/2014	4.6515
USO1202098	24/05/2012	31/03/2013	30/06/2013	4.6589
USO1202098	24/05/2012	30/04/2013	30/04/2013	4.6604
USO1202098	24/05/2012	30/06/2013	30/06/2013	4.6589
USO1202098	24/05/2012	30/06/2013	30/06/2013	4.6589
USO1202098	24/05/2012	31/07/2013	31/07/2013	4.6582
USO1202098	24/05/2012	30/09/2013	30/09/2013	4.6572
USO1202098	24/05/2012	30/09/2013	30/09/2013	4.6572
USO1202098	24/05/2012	30/11/2013	30/11/2013	4.6552
USO1202098	24/05/2012	30/11/2013	30/11/2013	4.6552
USO1202098	24/05/2012	31/01/2014	31/01/2014	4.6532
USO1202098	24/05/2012	31/03/2014	31/03/2014	4.6515
USO1202098	24/05/2012	30/06/2013	30/06/2013	4.6589
USO1202098	24/05/2012	30/09/2013	30/09/2013	4.6572
USO1202098	24/05/2012	31/07/2013	31/07/2013	4.6582
USO1202098	24/05/2012	30/09/2013	30/09/2013	4.6572

USO1202098	24/05/2012	31/01/2013	31/05/2013	4.6595
USO1202098	24/05/2012	30/04/2013	30/04/2013	4.6604
USO1202098	24/05/2012	30/04/2013	30/04/2013	4.6604
USO1202098	24/05/2012	30/06/2013	30/06/2013	4.6589
USO1202098	24/05/2012	30/04/2013	30/04/2013	4.6604
USO1202098	24/05/2012	30/06/2013	30/06/2013	4.6589
USO1202098	24/05/2012	30/06/2013	30/06/2013	4.6589
USO1202098	24/05/2012	31/07/2013	31/07/2013	4.6582
USO1202098	24/05/2012	31/01/2014	31/01/2014	4.6532
USO1202098	24/05/2012	31/03/2014	31/03/2014	4.6515
USO1202098	24/05/2012	31/03/2013	30/06/2013	4.6589

5. Fair Value Calculations

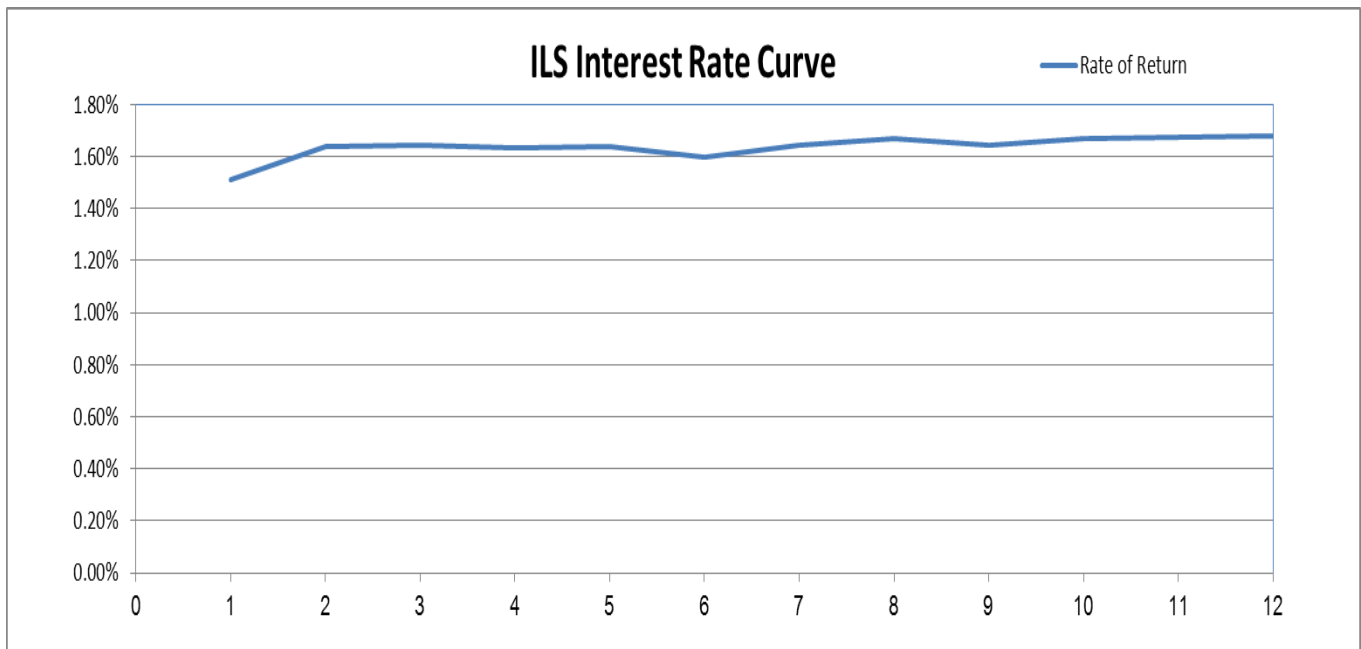
The fair value for 31/03/2013 computed as the difference between multiples of expected payment and forward rate on agreement inception date, and multiples of expected payment and forward rate on the valuation date. Each of the obtained results (profit/loss), discounted by risk free rate estimated for the corresponding period. This value discounted to 31/03/2013 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.

31/03/2013												
Month	1	2	3	4	5	6	7	8	9	10	11	12
Rate of Return	1.51%	1.64%	1.65%	1.63%	1.64%	1.60%	1.64%	1.67%	1.64%	1.67%	1.67%	1.68%



6. Findings

The table below presents the Fair Value as of 31/03/2013:

Transaction No.	Transaction Volume in EUR	Expected CF in ILS	Transaction Volume Balance in EUR as of 31/03/2013	Expected CF in ILS Balance as of 31/03/2013	CF in ILS Balance as of 31/03/2013	Fair Value as of 31/03/2013
SO9024592	€ 10,591,854	₪58,242,350	€ 1,159,316	₪6,343,661	₪5,401,175	₪(942,486)
SO9024593	€ 4,497,003	₪24,793,069	€ 0	₪0	₪0	₪0
SO9026013	€ 1,440,190	₪7,845,497	€ 144,019	₪790,263	₪670,975	₪(119,289)
SO9027063	€ 177,000	₪959,222	€ 0	₪0	₪0	₪0
SO10027583	€ 137,458	₪709,855	€ 8,922	₪47,035	₪41,565	₪(5,470)
SO9026912	€ 1,671,892	₪9,092,697	€ 262,752	₪1,429,991	₪1,224,144	₪(205,847)
SO10028957	€ 45,325	₪217,386	€ 9,065	₪44,817	₪42,233	₪(2,584)
SO10029075	€ 85,748	₪397,581	€ 0	₪0	₪0	₪0
SO10028772	€ 1,726,001	₪8,182,807	€ 345,200	₪1,671,981	₪1,608,263	₪(63,718)
SO10029601	€ 1,158,700	₪5,733,566	€ 0	₪0	₪0	₪0
SO10029738	€ 179,575	₪876,974	€ 15,933	₪79,194	₪74,231	₪(4,963)
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	₪1,140,942	€ 11,713	₪57,453	₪54,570	₪(2,883)
SO10031217	€ 21,814	₪102,697	€ 0	₪0	₪0	₪0
SO10031195	€ 28,093	₪132,855	€ 0	₪0	₪0	₪0
SO10030475	€ 74,817	₪378,105	€ 14,964	₪76,623	₪69,716	₪(6,907)
SO10031025	€ 41,453	₪200,979	€ 8,291	₪40,751	₪38,625	₪(2,126)
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	₪50,729,541	€ 6,578,970	₪32,763,292	₪30,637,807	₪(2,125,486)
	€ 32,704,181	₪171,483,874	€ 8,559,144	₪43,345,061	₪39,863,303	₪(3,481,758)

The fair value is the liability in amount of (- ₪3,481,758) ILS.