



Unitronics (1989) (R" G) Ltd

Quarterly Report as of March 31, 2014

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

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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

1.1 General

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

Company No.: 520044199

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

Email Address: investors@unitronics.com

Telephone: 03 977 8888

Facsimile: 03 977 8877

1.2 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 and sold through the Company's own marketing system and via Unitronics Inc., a wholly-owned subsidiary incorporated in the US, as well as through a chain of distributors comprising 165 distributors (of which 105 in the US) in approx. fifty countries (including Israel) throughout Europe, Asia, South and Central America, North America and Africa. The Systems Department services are provided mainly to customers in Israel, and, in a few cases, outside of Israel as well. The services of the Parking Solutions Department are primarily provided to customers in Israel and in the US.

The Company mainly operates from facilities located in "Unitronics Building," an office and industrial building which is leased, in part, by the Company, and a different part therein is 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. For additional details see sections 1.13.1 and 1.13.2 in Chapter A of the Company's Periodic Report for 2013, which was published by the Company on March 27, 2014, reference no: 2014-01-027369 (hereinafter – **"the Periodic Report"**).

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).

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

1.3.1 Sale of a Real Estate Property in the Hevel Modiin-Tirat Yeuda Industrial Zone

On February 20, 2013, the Company entered into an agreement with a third party unrelated to the Company or to the interested parties therein (hereinafter "the Sale Agreement") for the sale of the Company's rights in a real estate property covering 11,000 square meters, in the Hevel Modiin – Tirat Yehuda Industrial Zone and the in the plans held by the Company in connection with the planning of the said property for a total consideration of NIS 18,550,000 plus VAT as required by law. The validity of the Sale Agreement was subject to the Board of Directors' approval of the Agreement no later than March 2, 2014. On February 23, 2014 the Board of Directors' approval as aforesaid was granted (for additional details on the Sale Agreement see Amending Immediate Report dated February 23, 2014 on an Event or Matter Outside the Ordinary Corporate Business, reference no.: 2014-01-044938, which is included herein by way of reference).

1.3.2 Payment of a Debenture Principal (Series 3)

On March 23, 2014 the Company made the second principal payment of five on the debentures (Series 3), which were issued by the Company under a Shelf Prospectus published on February 22, 2011 and amended on March 17, 2011 (hereinafter – **"the 2011 Shelf Prospectus"**) and a Shelf Offering Report published by the Company on March 22, 2011 pursuant to the 2011 Shelf Prospectus. For a full version of the 2011 Shelf Prospectus see company report dated February 22, 2011, reference no.: 2011-01-0582690 and March 17, 2011, reference no.: 2011-01-084435. For a full version of the 2011 Shelf Offering Report see company report dated March 22, 2011, reference no.: 2011-01-088428. Following this payment, there are 33,865,200 outstanding debentures (Series 3) (for additional details see Immediate Report on the Status of Capital and Registers of Securities of the Corporation and Changes Therein, which is hereby included by way of reference, dated March 23, 2014, reference no: 2014-01-021297).

1.3.3 A change in the Company's officers

Subsequent to the balance sheet date, on May 7, 2014, Ms. Miri Ben David, the Company's controller, ceased to hold office. For further details see immediate report dated April 8, 2014, regarding a senior officer that ceased to hold office, reference no. 2014-01-041706, included herein by way of reference.

Subsequent to the balance sheet date, on May 4, 2014, Mr. Avi Peleg was appointed as the Company's controller. For further details see immediate report dated April 13, 2014, regarding the appointment of a senior officer, reference no. 2014-01-046305, included herein by way of reference.

1.3.4 Renewal and Extension of Policy for Directors and Officers of the Company

On March 25, 2014, the Company's remuneration committee decided, in accordance with the provisions of Regulations 1B(5) and 1B(1) of the Companies Regulations (Relief for Transactions with Interested Parties), 2000 (the "**Relief Regulations**") to approve the renewal and extension of the Company's directors and officers liability insurance policy ("**the Policy**") for all the Company's directors and officers (those who are not controlling shareholders and also those who are controlling shareholders and their relatives), effective from July 1, 2013 to June 30, 2014 and to approve the renewal and extension of said policy for an additional 12-month period, from July 1, 2014 to June 30, 2015, in accordance with the Company's remuneration policy, which was approved in the Company's shareholders meeting on December 9, 2013 (for the wording of the approved remuneration policy, see appendix to an immediate report dated November 17, 2013, reference no.: 2013-01-193608, which is included herein by way of reference). In addition, further to the remuneration committee's approval as aforesaid, on March 25, 2014, the Company's board of directors approved, in accordance with the provisions of Regulation 1B(5) of the Relief Regulations, the renewal and extension of the policy for the Company's directors and officers who are controlling shareholders or their relatives, effective from July 1, 2013 to June 30, 2014 and approved the renewal and extension of said policy for an additional 12-month period, from July 1, 2014 to June 30, 2015, in accordance with the Company's remuneration policy (for details see Immediate Report on a Transaction with a Controlling Shareholder or Director that Does Not Require the Approval of the General Meeting, dated March 25, 2014, reference no.: 2014-01-023721, which is included herein by way of reference).

1.3.5 Adoption of a Dividend Distribution Policy

On February 23, 2014 the Company's board of directors resolved to adopt a dividend distribution policy, commencing from the date of publication of the 2013 Periodic Report, as follows:

The Company shall distribute to its shareholders from the net profit attributable to the Company's shareholders, based on the consolidated audited annual financial statements of the Company, excluding profits from revaluation of assets (hereinafter –"the Profit") dividend at the rate of 33% of the Profit in respect of each calendar year, in excess of NIS 3,000,000 (three million New Israeli Shekels). The terms of distribution of the dividend, including the number and dates of the payments shall be determined by the Board of Directors of the Company specifically for each distribution.

The implementation of the said dividend policy is subject to: (a) the provisions of any applicable law, including the Company's compliance with the distribution tests set forth in Section 302 (A) of the Companies Law, 1999 ("the Companies Law") on the date of each distribution; (b) the Company's obligations to the holders of debentures, including financial covenants which the Company assumed and/or shall assume (for additional details on the Company's obligations towards the Company's debenture holders (Series 3 and 4) see section 1.20.6 and 1.20.8 (respectively) of the Periodic Report; (c) the Company's existing and anticipated obligations towards third parties, which are not the Company's shareholders or debenture holders; (d) the financing needs, investment plans and business plans of the Company, such that said distribution shall not prevent the Company from executing its plans and meeting its planned needs as shall be from time to time; (e) the Company's activities, cash flows and cash balance; and (f) other business considerations as shall be reviewed from time to time by the Board of Directors of the Company at its sole discretion.

The Board of Directors of the Company reserves the right to review the aforesaid policy from time to time, to change the policy at its sole discretion and to decide on a different use for the Company's profits.

The said policy came into effect from the date of publication of the Company's Annual Report. Based on the Company's financial statements for 2013, the Company's profits for 2013 did not reach the threshold allowing dividend distribution in accordance with the said policy.

Notwithstanding the aforesaid, the Company may distribute dividend whose amount deviates from the amount prescribed in the aforementioned policy, whether by paying a bigger dividend or smaller dividend than the aforesaid or by refraining from dividend payment or changing the date of the distribution and/or the distributed amount. It is clarified that nothing in the aforesaid provisions shall derogate from the Company's power to buy back Company shares, subject to the provisions of any applicable law. Insofar as such buybacks are made, they shall constitute part of the distributed amount, which is the subject of the aforesaid policy, for all intents and purposes. (For details see Immediate Report on an Event or matter Outside the Ordinary Corporate Business, dated February 23, 2014, reference no.: 2014-01-044944, which is included herein by way of reference).

Chapter B – Board of Directors' Report

2.1 Financial Position

2.1.1 Balance Sheet

2.1.1.1 Assets

Total assets according to the Company's consolidated balance sheet as of March 31, 2014, amounted to approx. NIS 196.592 million compared with approx. NIS 206.153 million as of December 31, 2013.

The balance of cash, cash equivalents and marketable securities increased and amounted to approx. NIS 75.999 million as of March 31, 2014, compared with approx. NIS 64.667 million as of December 31, 2013. Most of the increase stems from a positive cash flow from investment activities, primarily the sale of a real estate property as detailed in section 1.3.1 above, net of the cash flows used in financing activities, as explained in section 2.2 below.

Inventory recorded an immaterial increase and totaled approx. 18.904 million as of March 31, 2014 compared to approx. 18.456 million as of December 31, 2013.

A decrease was recorded in inventory of work in progress, which amounted to approx. NIS 12.170 million as of March 31, 2014, compared with approx. NIS 15.313 million as of December 31, 2013, and reflects progress in the execution of projects on the reporting date only.

The balance of fixed assets decreased to approx. NIS 19.475 million as of March 31, 2014, compared with approx. 40.247 million as of December 31, 2013. Most of the decrease stems from the sale of a real estate property as specified in section 1.3.1 above.

An increase was recorded in the balance of intangible assets, which amounted to NIS 46.837 million as of March 31, 2014, compared with approx. NIS 44.423 million as of December 31, 2013. The increase in this item is mainly attributable to the recording of the Company's development assets where the development costs satisfy the conditions for recognition as an intangible asset, offset by current amortization.

2.1.1.2 Liabilities

An increase was recorded in the balance of trade payables, which amounted to approx. NIS 20.628 million as of March 31, 2014, compared with approx. NIS 15.452 million as of December 31, 2013. The increase in this item is primarily due to an increase in trade payables in the Systems and Products segment.

Current maturities of long-term liabilities as of March 31, 2014 amounted to approx. NIS 20.558 million compared with approx. NIS 15.210 million as of December 31, 2013. The increase primarily stems from current maturities in respect of debentures (Series 4) that were recorded for the first time.

Non-current liabilities as of March 31, 2014 totaled approx. NIS 79.916 million, compared with NIS 98.553 million as of December 31, 2013. The decrease in non-current liabilities stems from the payment of two of the five principal installments on the debentures (Series 3) as detailed in section 1.3.2 above and from current maturities in respect of debentures (Series 4) that were recorded for the first time.

The Company's working capital did not change materially and as of March 31, 2014 totaled approx. NIS 57.163 million compared with approx. NIS 57.140 million as of December 31, 2013.

The Company's shareholders' equity increased slightly to approx. NIS 44.058 million as of March 31, 2014, compared with approx. NIS 43.763 million as of December 31, 2013. Most of the increase stems from the profit for the period as specified below.

2.1.2 Operating Results

2.1.2.1 Revenues

The Company's revenues in the quarter that ended March 31, 2014, amounted to approx. 40.548 million compared to approx. NIS 32.393 million in the same quarter of 2013 (a 25% increase). Most of the growth in the quarter stems from an increase in revenues generated by the Systems segment and the Parking Solutions segment, as detailed below.

Company revenues from the Products segment in the quarter ended March 31, 2014, amounted to approx. NIS 24.619 million, a 6% increase compared to approx. NIS 23.290 million in the corresponding quarter of 2013. Most of this growth stems from an increase in product sales.

Revenues from the Systems segment in the quarter ended March 31, 2014, amounted to approx. NIS 12.131 million, a 37% increase compared to approx. NIS 8.862 million in the first quarter of 2013. The growth in revenues from the Systems segment stem from changes in the rate of progress in the construction of several logistic systems by the Company's systems department, mainly in connection with the planning and construction of logistics systems for key customers in Israel (for details see Sections 1.10.9 of the Company's Periodic Report), and in the rate of orders made by customers for the construction of systems in the reporting period, which is explained, among others by the relative volatility of this segment.

Revenues from the Parking Solutions segment amounted to approx. NIS 3.713 million in the quarter ended on March 31, 2014 compared to NIS 136 thousand in the first quarter of 2013. The changes in revenues from the Parking Solutions segment compared with the corresponding quarter of 2013 are mainly due to the expansion of business activity in this market (which until then was immaterial) and changes in the progress of planning and construction of automated marketing systems.

Revenues from the Products segment in the quarter ended March 31, 2014, accounted for 61% of total Company revenues in this quarter, whereas revenues from the Systems segment in the same period accounted for 30% of total revenues and revenues from the Parking Solutions segment accounted for 9% of revenues in the period. In the same period of 2013, revenues from the Products segment were 72% of total Company revenues for the quarter whereas revenues from the Systems segment accounted for 28% of total revenues and revenues from the Parking Solutions segment were less than 1%. Overall for the year 2013, revenues from Products accounted for some 61% of total revenues, revenues from Systems accounted for 35% of total revenues and revenues from Parking Solutions were 3% from total revenues for the period.

2.1.2.2 Gross Profit

Total gross profit in the quarter ended March 31, 2014 grew to approx. NIS 11.340 million (28% of revenues for the period), compared with approx. NIS 7.783 million in the corresponding quarter of 2013 (24% of revenues for the period).

The increase in gross profit margins is mainly due to an improvement in the gross profit margins of the Systems segment as specified in section 2.1.3.2 below.

2.1.2.3 Development Costs, Net

Net development costs in the quarter ended March 31, 2014, amounted to approx. NIS 1.301 million, compared with approx. NIS 2.254 million in the corresponding quarter of 2013. During the reporting period, an intangible asset in respect of development costs was recognized in the amount of approx. NIS 4.378 million, compared with NIS 4.030 million in the corresponding period of 2013. Total development costs in the reporting period reflect the continued development of technologies required to support the Company's operations, with a corresponding adjustment of the Company's development staff, which is designed to address its business plans in the different fields of operation. For details on the Company's assessment of development expenses, see items 1.9.17 and 1.11.15 in Chapter A of the Periodic Report.

2.1.2.4 Selling and Marketing Expenses

Selling and marketing expenses in the quarter ended March 31, 2014 amounted to approx. NIS 4.395 million (about 11% of revenues), compared with approx. NIS 3.881 million (about 12% of revenues) in the corresponding quarter of 2013. The growth is mainly attributed to the Products segment, to meet the Company's business plans in this market. For details on selling and marketing expenses, see section 2.2.3.5 of the Periodic Report.

2.1.2.5 Administrative and General Expenses

Administrative and general expenses in the quarter ended March 31, 2014 remained almost unchanged and they amounted to approx. NIS 2.626 million, compared with approx. NIS 2.701 million in the corresponding quarter of 2013.

2.1.2.6 Operating Profit and Loss

In the quarter ended March 31, 2014 the operating profit increased, and amounted to approx. NIS 827 thousand (about 2% of revenues), compared to an operating loss of approx. NIS 1.060 million in the same quarter of 2013.

The growth in the operating profit in the reported quarter primarily stems from an increase in gross profit.

2.1.2.7 Financing Income and Expenses

Net financing expenses in the quarter ended March 31, 2014, amounted to approx. NIS 385 thousand, compared with net financing expenses of approx. NIS 2.968 million in the first quarter of 2013. Most of the increase in this item stems from financing expenses in the first quarter of 2013 as a result of revaluation and exchange rate differences in respect of embedded derivatives (the Company has sale contracts in currencies other than its functional currency. These contracts in the Systems segment include foreign-currency embedded derivatives).

2.1.2.8 Taxes on Income

In the quarter ended March 31, 2014 taxes on income did not change materially and totaled NIS 190 thousand, while in the first quarter of 2013 there were no taxes on income.

2.1.2.9 Profit and Loss

In the reported quarter, the Company posted a net profit totaling approx. NIS 252 thousand, compared to a loss prox. NIS 4.028 million in the first quarter of 2013.

In the Company's opinion, the changes in the profit and loss results in the reported quarter primarily stem from the increase in profit from operating activities after deducting the decrease in financing expenses, as stated above.

2.1.3 Analysis of Business Results by Operating Segment

As mentioned above, the Company's main commercial activity is conducted by means of three business departments: the Products Department, the Systems Department and the Parking Solutions Department. For further details regarding the Company's operating segments, see Chapter A, sections 1.8, 1.9, 1.10 and 1.11 of the Company's Periodic Report.

Details on the various segments' results appear hereunder.

2.1.3.1 Products Segment

In the reported period the Products Segment's operating results increased and amounted to a profit of approx. NIS 7.944 million, compared with a profit of approx. NIS 6.791 million in the corresponding quarter of 2013.

The change in the operating results of the Products segment in the reported quarter is due to an increase in revenues in this segment and some improvement in the gross profit margin which, in the Company's opinion, is attributable to the effect of fluctuations in the main currencies in which sales are made vis-à-vis the NIS.

2.1.3.2 Systems Segment

In the reported period the System Segment's operating results increased and amounted to a profit of approx. NIS 1.155 million, compared with a loss of approx. NIS 1.389 million in the corresponding quarter of 2013.

The increase in the segment's profit stems, in the Company's opinion, from a YoY increase in revenues which generated a higher gross profit margin, together with a decrease in fixed expenses attributed to this segment.

2.1.3.3 Parking Solutions Segment

The operating results of the Parking Solutions Segment remained virtually unchanged and amounted to a loss of approx. NIS 923 thousand in the reported quarter, compared with a loss of approx. NIS 1.162 million in the first quarter of 2013.

2.2 Liquidity and Sources of Financing

The balance of cash, cash equivalents and marketable securities of the Company as of March 31, 2014, totaled approx. NIS 75.999 million, compared with approx. NIS 64.667 million as of December 31, 2013. The growth primarily stems from positive cash flows from operating activities and investment activities after deducting negative cash flows used in financing activities, as explained below.

Cash flows from operating activities in the quarter ended March 31, 2014, amounted to a negative cash flow of approx. NIS 9.652 million. The positive cash flow primarily stemmed from non-cash expenses (mainly depreciation and capital losses) and changes in assets and liability items (mainly a decrease in inventory of work in progress and an increase in trade payables).

Cash flows arising from investment activities in the quarter ended March 31, 2014, amounted to positive cash flows of approx. NIS 14.954 million. The positive cash flows primarily stem from the sale of a real estate property offset by investment in development assets during the period.

The cash flows used for financing activities in the quarter ended March 31, 2014, amounted to approx. NIS 12.938 million. The negative cash flow was mainly used to make the second of five payments of the (Series 3) debenture principal, as specified in section 1.3.2 of Chapter A above.

On March 31, 2014, total credit lines available to the Company for its operating activities amounted to approx. NIS 27.9 million, of which a total of NIS 27.5 million was used to secure the Company's obligations in projects carried out by the Systems and Parking Solutions segments.

2.3 Dedicated Disclosure to Debenture Holders

(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	33,865,200
D	Par value according to linkage terms – as of the report date	35,348,000
E	Accrued interest as of the report date	43,000
F	Liability value as of the report date	34,493,000
G	Stock Exchange value	37,658,000
H	Type of interest, including description	5.65% annual interest
I	Payment dates of outstanding principal	Three equal annual payments as of March 23, 2015
J	Future interest payment dates	Every 23rd of March and September commencing from September 23, 2014 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 addition to 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 prior 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 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
	Par value as of the reporting date	53,125,000
C	Par value according to linkage terms – as of the report date	53,667,000
D	Accrued interest as of the report date	472,000
E	Liability value as of the report date	52,374,000
F	Stock Exchange value	55,909,000
G	Type of interest, including description	5.4% annual interest
H	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 years in chronological order: (a) 12.5% of the principal, (b) 12.5% of the principal, (c) 12.5% of the principal (d) 20.5% of the principal, (e) 21% of the principal, (f) 21% of the principal.
I	Future interest payment dates	Every January 31 and July 31 from July 31, 2014 until (and including) January 31, 2020
J	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
K	Are the debentures convertible?	Not convertible
L	Corporation's right to perform early redemption	Exists (for details regarding the terms of the Company to exercise its right to early redemption, see section 12 of the Shelf Offering Report dated January 24, 2013, Reference No. 2013-01-021699)
M	Has a guarantee been given for payment of the liability in the trust deed?	No
N		
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust	Custodian – Mishmeret Trust Company Ltd. 48 Menachem Begin Road, Tel Aviv 66184,

company; the trustee's contact details	Israel Phone: 03-6374352, Fax: 03-6374344 Email: ramis@bdo.co.il
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- (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 a bank account in the amount of the semi-annual interest on the debentures was created at the Registrar of Companies which was designated to secure the payment of interest pursuant to the debentures (Series 4). As long as the Company has an outstanding balance of 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 grant a first and/or second ranking pledge over their property, in whole or in part, including cash and cash equivalents for the benefit of financing entities, which will provide it with financing for the purchase of property or equipment, including a floating charge over the specific asset/s, including for the purchase of building construction services, including the replacement of financing entities that hold specific pledges on other entities on the date of the Offering Memorandum, without having to obtain consent of the holders of the debentures (Series 4) for this.

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

For details on the Company's liabilities by repayment dates, as of March 31, 2014, see report dated May 29, 2014, which the Company published concurrently with the publication of this report.

2.5 Projected Cash Flows

The Board of Directors determined, following an examination of the warning signs specified in Regulation 10(b) (14) of the Securities Regulations (Periodic and Immediate Reports), 1970, regarding disclosure of the projected cash flows for repayment of the Company's obligations, that no warning sign exists, that the Company has no liquidity problems and is able to meet its obligations, including the full payment of its liabilities in respect of the issuance of Debentures (Series 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.

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

2.6.1 Preparation of the Financial Statements

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

2.6.2 Financial Statements Review Committee

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

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

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

As part of the process of approval of the financial statements as of March 31, 2014, a Committee meeting was held on May 27, 2014. 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 27, 2014: 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; CPA Avi Peleg, Company Controller, Mr. Nir Weisberger, Company attorney, CPA Gal Amit from 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; 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 four business days before the Board convened to discuss the financial statements, which is, in the Board's estimation, a reasonable timeframe to submit the recommendations to the Board of Directors.

2.6.3 The Company's Board of Directors

The Company regards the Board of Directors as the entity in charge of 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.
3. Mr. Zvi Livneh, CPA – Director with accounting skills, member of the Credit and Committee, member of the Audit Committee as well as member of the Committee for Review of the Financial Statements and member of the Remuneration Committee.
4. Mr. Yoel Sela, CPA – External and independent director with accounting skills, member of the Audit Committee, member of the Committee for Review of the Financial Statements and a member of the Remuneration Committee.
5. Mr. Moshe 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 Remuneration Committee.
6. Mrs. Edna Ramot - director with professional qualifications.

Following the Board of Directors' review of the financial statements, a Board meeting was held for the purpose of presenting and discussing the financial statements. In a meeting on May 29, 2014, the Company management reviewed the main data of the financial statements. The Company's auditor attended the meeting and responded to the questions addresses to him by the Board of Directors (together with the Company's CEO and CFO, who responded to questions addressed to them). At the end of the discussion, the financial statements were unanimously approved by a vote of the Board of Directors.

Zvi Livneh
Director

Haim Shani
Chairman and CEO

Date: May 29, 2014

UNITRONICS (1989) (R"G) LTD.

**Condensed Consolidated Interim
Financial Statements
March 31, 2014**

(Unaudited)

Unitronics (1989) (R"G) Ltd.

**Condensed Consolidated Interim
Financial Statements**

March 31, 2014

(unaudited)

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

We reviewed the attached financial information of Unitronics (1989) (R"G) Ltd. and its subsidiaries (hereinafter – “the Group”) which include the condensed consolidated interim statement of financial position as at March 31, 2014 and the condensed consolidated interim statements of operations, comprehensive income, changes in 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.

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, 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, 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 29, 2014

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

	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2013</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	10,418	50,135	36,485	38,442
Restricted cash	726	3,496	4,118	4,145
Marketable securities	5,374	25,864	30,740	26,225
Accounts receivable -				
Trade	3,716	17,885	16,289	16,819
Other	276	1,327	3,448	1,577
Inventory	3,928	18,904	25,248	18,456
Inventory - work in progress	2,530	12,170	24,102	15,313
	<u>26,968</u>	<u>129,781</u>	<u>140,430</u>	<u>120,977</u>
<u>Non-current assets</u>				
Deferred taxes	20	94	-	94
Long-term deposits	84	405	182	412
Property and equipment, net	4,047	19,475	40,496	40,247
Intangible assets, net	9,732	46,837	37,108	44,423
	<u>13,883</u>	<u>66,811</u>	<u>77,786</u>	<u>85,176</u>
	<u>40,851</u>	<u>196,592</u>	<u>218,216</u>	<u>206,153</u>

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

Tzvi Livne
Director

Yair Itscovich
Chief Financial Officer

Approved: May 29, 2014

(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, 2014	March 31, 2014	March 31, 2013	December 31, 2013
	(unaudited)	(unaudited)		(audited)
		(in thousands)		
	Convenience translation into Euro (1)		NIS	
<u>Current liabilities</u>				
Current maturities of long-term loans	583	2,807	4,426	3,346
Current maturities of bonds	3,689	17,751	17,838	11,864
Accounts payable -				
Trade	4,287	20,628	27,527	15,452
Other	6,319	30,410	28,161	31,889
Embedded derivatives	212	1,022	3,482	1,286
	<u>15,090</u>	<u>72,618</u>	<u>81,434</u>	<u>63,837</u>
<u>Non - current liabilities</u>				
Loans from banks and others	1,406	6,764	9,381	7,319
Bonds	14,361	69,115	85,013	87,251
Liabilities for benefits to employees, net	515	2,478	2,614	2,398
Deferred taxes	324	1,559	-	1,585
	<u>16,606</u>	<u>79,916</u>	<u>97,008</u>	<u>98,553</u>
<u>Equity</u>				
Share capital	73	352	352	352
Share premium	10,512	50,588	50,588	50,588
Capital reserve from translation of foreign operations	(321)	(1,545)	(1,159)	(1,588)
Company shares held by the company	(1,463)	(7,042)	(7,042)	(7,042)
Reserve deriving from a transaction with a controlling party	22	104	104	104
Retained earnings (losses)	332	1,601	(3,069)	1,349
	<u>9,155</u>	<u>44,058</u>	<u>39,774</u>	<u>43,763</u>
	<u>40,851</u>	<u>196,592</u>	<u>218,216</u>	<u>206,153</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 months period ended March 31, <u>2014</u>	For the three months period ended March 31, <u>2014</u> <u>2013</u>		For the year ended December 31, <u>2013</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	8,426	40,548	32,393	156,179
Cost of revenues	<u>6,070</u>	<u>29,208</u>	<u>24,610</u>	<u>112,728</u>
Gross profit	2,356	11,340	7,783	43,451
Development expenses, net	270	1,301	2,254	5,706
Selling & marketing expenses	913	4,395	3,881	17,056
General & administrative expenses	546	2,626	2,701	11,240
Other expenses	<u>455</u>	<u>2,191</u>	<u>7</u>	<u>7</u>
Operating profit (loss)	172	827	(1,060)	9,442
Financing income	200	962	1,246	2,681
Financing expenses	<u>280</u>	<u>1,347</u>	<u>4,214</u>	<u>10,513</u>
Profit (loss) before taxes on income	92	442	(4,028)	1,610
Taxes on income	<u>(39)</u>	<u>(190)</u>	<u>-</u>	<u>(1,444)</u>
Net profit (loss) for the period	<u>53</u>	<u>252</u>	<u>(4,028)</u>	<u>166</u>
Profit per 1 ordinary share NIS 0.02 par value (NIS):				
Basic and diluted earnings per 1 ordinary share	<u>0.005</u>	<u>0.025</u>	<u>(0.403)</u>	<u>0.017</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 comprehensive income (loss)

	For the three months period ended March 31, <u>2014</u>	For the three months period ended March 31, <u>2014</u> <u>2013</u>		For the year ended December 31, <u>2013</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	53	252	(4,028)	166
<u>Other comprehensive income (loss)</u>				
Items that may not be classified afterwards to profit or loss -				
Actuarial gains		-	-	224
Items that may be reclassified to profit or loss in the future if certain conditions are met -				
Translation of foreign operations	9	43	(202)	(631)
Other comprehensive income (loss) for the period	9	43	(202)	(407)
Total comprehensive income (loss) for the period	<u>62</u>	<u>295</u>	<u>(4,230)</u>	<u>(241)</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 deriving from a transaction with a controlling party	Retained earnings (loss)	Total
<u>NIS, in thousands</u>							
<u>Balance at January 1, 2013 (audited)</u>	352	50,588	(957)	(7,042)	-	959	43,900
Net profit for the year	-	-	-	-	-	166	166
Other comprehensive income (loss) for the year	-	-	(631)	-	-	224	(407)
Total comprehensive income (loss) for the year	-	-	(631)	-	-	390	(241)
Capital benefit deriving from a transaction with a controlling party	-	-	-	-	104	-	104
<u>Balance at December 31, 2013 (audited)</u>	352	50,558	(1,588)	(7,042)	104	1,349	43,763
Net profit for the period	-	-	-	-	-	252	252
Other comprehensive income for the period	-	-	43	-	-	-	43
Total comprehensive income for the period	-	-	43	-	-	252	295
<u>Balance at March 31, 2014 (unaudited)</u>	<u>352</u>	<u>50,588</u>	<u>(1,545)</u>	<u>(7,042)</u>	<u>104</u>	<u>1,601</u>	<u>44,058</u>
<u>Balance at January 1, 2013 (audited)</u>	352	50,588	(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 deriving from a transaction with a controlling party	-	-	-	-	104	-	104
<u>Balance at March 31, 2013 (unaudited)</u>	<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>

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 deriving from a transaction with a controlling party	Retained earnings	Total
<u>Convenience translation into Euro (1), in thousands (unaudited)</u>							
<u>Balance at December 31, 2013 (audited)</u>	73	10,512	(330)	(1,463)	22	279	9,093
Net profit for the period	-	-	-	-	-	53	53
Other comprehensive income for the period	-	-	9	-	-	-	9
Total comprehensive income for the period	-	-	9	-	-	53	62
<u>Balance at March 31, 2014 (unaudited)</u>	<u>73</u>	<u>10,512</u>	<u>(321)</u>	<u>(1,463)</u>	<u>22</u>	<u>332</u>	<u>9,155</u>

(1) See note 1C.

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

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

	For the three months period ended March 31, 2014 (unaudited)	For the three months period ended March 31, 2014 2013 (unaudited)		For the year ended December 31, 2013 (audited)
		(in thousands)		
	Convenience translation into Euro (1)	NIS		
<u>Cash flows - operating activities</u>				
Net profit (loss) for the period	53	252	(4,028)	166
Adjustments necessary to show the cash flows - operating activities (Appendix A)	1,953	9,400	(11,584)	3,166
Cash flows provided by (used in) operating activities	2,006	9,652	(15,612)	3,332
<u>Cash flows - investing activities</u>				
Sale of (investment in) marketable securities, net	89	430	(184)	5,453
Purchase of property and equipment	(16)	(76)	(553)	(1,499)
Sale of property and equipment	3,803	18,300	77	77
Investment in restricted cash	-	-	(1,454)	(1,454)
Repayment of restricted cash	136	655	700	700
Repayment (investment) in long-term deposits	5	23	5	20
Investment in intangible assets	(910)	(4,378)	(4,181)	(15,876)
Cash flows provided by (used in) investing activities	3,107	14,954	(5,590)	(12,579)
<u>Cash flows - financing activities</u>				
Repayment of long-term loans	(240)	(1,155)	(1,136)	(4,476)
Bonds issue	-	-	51,509	51,509
Repayment of bonds	(2,448)	(11,783)	(11,643)	(18,031)
Cash flows provided by (used in) financing activities	(2,688)	(12,938)	38,730	29,002
Translation differences in respect of foreign operation cash balances	5	25	(56)	(326)
Change in cash and cash equivalents in the period	2,430	11,693	17,472	19,429
Cash and cash equivalents at beginning of the period	7,988	38,442	19,013	19,013
Cash and cash equivalents at end of the period	10,418	50,135	36,485	38,442

(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 months period ended March 31, 2014 (unaudited)	For the three months period ended March 31, 2014	2013 (unaudited)	For the year ended December 31, 2013 (audited)
(unaudited)	(unaudited)		
	(in thousands)		
Convenience translation into Euro (1)	NIS		

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

Income and expenses not involving cash flows:

Depreciation and amortization	526	2,533	1,769	8,374
Loss (profit) from marketable securities, net	(14)	(69)	130	(992)
Change in liabilities for benefits to employees, net	17	80	(26)	(53)
Capital loss	455	2,191	7	7
Reevaluation of long-term loans and bonds	(128)	(618)	(791)	1,372
Reevaluation of restricted cash	(1)	(6)	(15)	(42)
Deferred taxes	39	190	-	1,444
Reevaluation of embedded derivatives	(55)	(264)	2,013	(183)

Changes in assets and liabilities:

Increase in accounts receivable - trade	(218)	(1,047)	(1,675)	(2,376)
Decrease (increase) in accounts receivable - other	4	21	(668)	1,020
Decrease (increase) in inventory	(90)	(434)	(3,044)	3,223
Decrease (increase) in inventory - work in progress	653	3,144	(6,097)	2,682
Increase (decrease) in accounts payable - trade	1,076	5,177	(3,225)	(15,301)
Increase (decrease) in accounts payable - other	(311)	(1,498)	38	3,991
	<u>1,953</u>	<u>9,400</u>	<u>(11,584)</u>	<u>3,166</u>

Appendix B - Additional information regarding operating activities

Cash paid during the period for:

Interest	597	2,872	1,939	5,221
Taxes on income	6	27	27	108

Cash received during the period for:

Interest and dividend	118	567	691	1,280
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Appendix C - Non-cash operations

Capital benefit deriving from a transaction with a controlling party

-	-	104	104
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(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, 2014, 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, 2013 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, 2014	222.70	4.8124	3.487
March 31, 2013	219.86	4.6612	3.648
December 31, 2013	223.80	4.7819	3.471
<u>Change during the period</u>	<u>%</u>	<u>%</u>	<u>%</u>
Three months ended March 31, 2014	(0.49)	0.64	0.46
Three months ended March 31, 2013	0.02	(5.27)	(2.28)
Year ended December 31 2013	1.82	(2.82)	(7.02)

(*) 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 exchange rate of the EURO as at March 31, 2014 (EURO 1 = NIS 4.8124).

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 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

Amendments to IAS 32 - "Financial Instruments: Presentation regarding Offsetting Financial Assets and Financial Liabilities":

The IASB issued amendments to IAS 32 ("the amendments to IAS 32") regarding the offsetting of financial assets and financial liabilities. The amendments to IAS 32 clarify, among others, the meaning of "currently has a legally enforceable right of set-off" ("the right of set-off"). Among others, the amendments to IAS 32 prescribe that the right of set-off must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. The amendments to IAS 32 also state that in order for the right of set-off to be currently available, it must not be contingent on a future event, there may not be periods during which the right is not available, or there may not be any events that will cause the right to expire.

The amendments to IAS 32 are to be applied retrospectively from the financial statements for annual periods beginning on January 1, 2014 or thereafter. Earlier application is permitted.

The influence of the amendments Implementation was not material to the company.

Note 3 - Events in the reported period

- A. In February 2014, the Company engaged in an agreement with a third-party, which is not related to the Company, or to an interested party in it, for the sale of the Company's rights in a real estate property, with an area of 11 thousand sq. m. in the industrial area of Modi'in – Tirat Yehuda, in consideration for NIS 18,550 thousand plus VAT as prescribed by law. In March 2014, in the framework of the process to complete registration of the rights in the real estate property in the buyer's name, the mortgage registered in favor of a bank for a loan received to partly finance the Company's acquisition of the property was cancelled without a demand for repayment of the loan to the bank. As a result of the sale, the company recorded in the reported period a capital loss of about NIS 2 million.
- B. On February 23, 2014, the Company's Board of Directors passed a resolution regarding the adoption of a dividend distribution policy as of the date of publication of periodic report as at December 31, 2013. The Company shall distribute to its shareholders a dividend at the rate of 33% from the net profit attributable to the Company's shareholders, based on the Company's annual audited consolidated financial statements, not including earnings deriving from asset revaluation (hereinafter: "the profit"), and that only if the profit in respect of the calendar year, exceeding above NIS 3,000,000, and in subject, Inter alia, to the provisions of any law, the financial needs of the company, its business plans and the Company's obligations to the holders of the Company's debentures (Series 3 and 4).

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

Note 4 - Financial Instruments

A. Fair value

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

	March 31, 2014	
	Book value	Fair value
	(unaudited)	
	<u>NIS, (in thousands)</u>	
<u>Financial liabilities</u> (*)		
Bonds linked to the Israeli CPI	<u>86,866</u>	<u>93,567</u>
	March 31, 2013	
	Book value	Fair value
	(unaudited)	
	<u>NIS, (in thousands)</u>	
<u>Financial liabilities</u> (*)		
Bonds linked to the Israeli CPI	<u>102,851</u>	<u>111,497</u>
	December 31, 2013	
	Book value	Fair value
	(audited)	
	<u>NIS, (in thousands)</u>	
<u>Financial liabilities</u> (*)		
Bonds linked to the Israeli CPI	<u>99,115</u>	<u>106,978</u>

(*) 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 are disclosed at their fair value, are classified, according to groups with similar characteristics to the rating of fair value, 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).

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

B. Classification of financial instruments at fair value rating (cont'd)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>As at March 31, 2014 (unaudited)</u>	<u>NIS, (in thousands)</u>			
<u>Financial assets at fair value:</u>				
Marketable securities	<u>25,864</u>	<u>-</u>	<u>-</u>	<u>25,864</u>
Forward contracts	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	<u>-</u>	<u>1,022</u>	<u>-</u>	<u>1,022</u>
<u>As at March 31, 2013 (unaudited)</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>
<u>As at December 31, 2013 (audited)</u>				
<u>Financial assets at fair value:</u>				
Marketable securities	<u>26,225</u>	<u>-</u>	<u>-</u>	<u>26,225</u>
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	<u>-</u>	<u>1,286</u>	<u>-</u>	<u>1,286</u>

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

C. Evaluation techniques.

The Company has sales contracts denominated in currencies which are not the Company's functional currency. These contracts included 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 5 - Business segments

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

The CEO examines the 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 and taxes are not included in the results in each of the operating segments examined by senior management.

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

	For the three months period ended March 31, <u>2014</u>	For the three months period ended March 31, <u>2014</u> <u>2013</u>		For the year ended December 31, <u>2013</u>
	(unaudited)	(unaudited)		(audited)
		<u>(in thousands)</u>		
	Convenience translation into Euro (1)	NIS		
C. Revenues				
Products	5,115	24,619	23,290	95,449
System integration projects	2,521	12,131	8,862	55,096
Parking solutions	772	3,713	136	5,195
Other	18	85	105	439
Total revenues	<u>8,426</u>	<u>40,548</u>	<u>32,393</u>	<u>156,179</u>
D. Segment results				
Products	1,651	7,944	6,791	28,336
System integration projects	240	1,155	(1,387)	5,002
Parking solutions	(192)	(923)	(1,162)	(4,716)
Other	(1)	(4)	-	25
Unallocated corporate expenses	(1,526)	(7,345)	(5,302)	(19,205)
Operating profit (loss)	<u>172</u>	<u>827</u>	<u>(1,060)</u>	<u>9,442</u>
Unallocated financing expenses, net	(80)	(385)	(2,968)	(7,832)
Taxes on income	(39)	(190)	-	(1,444)
Profit (loss) for the period	<u>53</u>	<u>252</u>	<u>(4,028)</u>	<u>166</u>

(1) See note 1C

UNITRONICS (1989) (R"G) LTD.

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

March 31, 2014

(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, 2014 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.

Scope of the review

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

Conclusion

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

Amit, Halfon
Certified Public Accountants (Israel)

Ramat Gan,

May 29, 2014

Unitronics (1989) (R"G) Ltd.

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

	<u>March 31, 2014</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>December 31, 2013</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
Current assets				
Cash and cash equivalents	9,156	44,060	32,462	32,256
Restricted cash	726	3,496	4,118	4,145
Marketable securities	5,374	25,864	30,740	26,225
Accounts receivable -				
Trade	2,741	13,189	12,135	12,999
Other	84	402	2,967	636
Accounts receivable - other - subsidiaries	2,899	13,950	15,740	10,651
Inventory	3,558	17,123	23,022	16,618
Inventory - work in progress	1,753	8,437	22,727	12,470
	<u>26,291</u>	<u>126,521</u>	<u>143,911</u>	<u>116,000</u>
Non-current assets				
Long-term deposits	84	405	182	412
Property and equipment, net	3,937	18,946	39,865	39,717
Long-term receivables - Subsidiaries	3,117	15,000	-	15,000
Intangible assets, net	7,756	37,326	32,338	36,448
	<u>14,894</u>	<u>71,677</u>	<u>72,385</u>	<u>91,577</u>
	<u>41,185</u>	<u>198,198</u>	<u>216,296</u>	<u>207,577</u>

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

Tzvi Livne
Director

Yair Itscovich
Chief Financial Officer

Approved: May 29, 2014.

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

Assets and liabilities included in the consolidated interim financial statements

attributed to the company

	<u>March 31, 2014</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>December 31, 2013</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	583	2,807	4,426	3,346
Current maturities of bonds	3,689	17,751	17,838	11,864
Accounts payable -				
Trade	3,642	17,525	25,377	13,343
Other	4,612	22,196	23,307	25,669
Embedded derivatives	212	1,022	3,482	1,286
	<u>12,738</u>	<u>61,301</u>	<u>74,430</u>	<u>55,508</u>
<u>Non-current liabilities</u>				
Liabilities less assets associated with subsidiaries	2,686	12,923	5,084	9,753
Loans from banks and others	1,406	6,764	9,381	7,319
Bonds	14,361	69,115	85,013	87,251
Liabilities for benefits to employees, net	515	2,478	2,614	2,398
Deferred taxes	324	1,559	-	1,585
	<u>19,292</u>	<u>92,839</u>	<u>102,092</u>	<u>108,306</u>
<u>Equity</u>				
Share capital	73	352	352	352
Share premium	10,512	50,588	50,588	50,588
Capital reserve from translation of foreign operations	(321)	(1,545)	(1,159)	(1,588)
Company shares held by the company	(1,463)	(7,042)	(7,042)	(7,042)
Reserve arising from a transaction with a controlling party	22	104	104	104
Retained earnings (losses)	332	1,601	(3,069)	1,349
	<u>9,155</u>	<u>44,058</u>	<u>39,774</u>	<u>43,763</u>
	<u>41,185</u>	<u>198,198</u>	<u>216,296</u>	<u>207,577</u>

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

	For the three months period ended March 31, <u>2014</u>	For the three months period ended March 31, <u>2014</u> <u>2013</u>		For the year ended December 31, <u>2013</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	5,866	28,228	24,371	118,825
Revenues from subsidiaries	<u>1,448</u>	<u>6,970</u>	<u>6,026</u>	<u>23,639</u>
Total revenues	7,314	35,198	30,397	142,464
Cost of revenues	<u>5,341</u>	<u>25,705</u>	<u>24,219</u>	<u>106,924</u>
Gross profit	1,973	9,493	6,178	35,540
Development expenses, net	151	728	825	2,944
Selling & marketing expenses	406	1,952	1,751	7,519
General & administrative expenses	411	1,976	2,009	8,305
General & administrative expenses to subsidiaries	39	189	151	801
Other expenses	<u>162</u>	<u>782</u>	<u>7</u>	<u>7</u>
Operating profit	804	3,866	1,435	15,964
Financing income	232	1,117	1,246	3,136
Financing expenses	<u>276</u>	<u>1,328</u>	<u>4,326</u>	<u>10,774</u>
Profit (loss) after financing, net	760	3,655	(1,645)	8,326
The Company's share of subsidiaries losses	<u>(668)</u>	<u>(3,213)</u>	<u>(2,383)</u>	<u>(6,622)</u>
Profit (loss) before taxes on income	92	442	(4,028)	1,704
Taxes on income	<u>(39)</u>	<u>(190)</u>	<u>-</u>	<u>(1,538)</u>
Net profit (loss) for the period attributed to the company's shareholders	<u>53</u>	<u>252</u>	<u>(4,028)</u>	<u>166</u>

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

	For the three months period ended March 31, <u>2014</u>	For the three months period ended March 31, <u>2014</u> <u>2013</u>		For the year ended December 31, <u>2013</u>
	(unaudited)	(unaudited)		(audited)
		(in thousands)		
	Convenience translation into Euro (1)	NIS		
Net profit (loss) for the period attributed to the company's shareholders	53	252	(4,028)	166
<u>Other comprehensive income (loss)</u>				
Items that may not be classified afterwards to profit or loss - Actuarial gains	-	-	-	224
Items that may be reclassified to profit or loss in the future if certain conditions are met -				
Translation of foreign operations	9	43	(202)	(631)
Other comprehensive income (loss) for the period	9	43	(202)	(407)
Total comprehensive income (loss) for the period attributed to the company's shareholders	<u>62</u>	<u>295</u>	<u>(4,230)</u>	<u>(241)</u>

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

	For the three months period ended March 31, 2014 (unaudited) Convenience translation into Euro (1)	For the three months period ended March 31, 2014 (unaudited) (in thousands)	2013 (unaudited) NIS	For the year ended December 31, 2013 (audited)
<u>Cash flows - operating activities</u>				
Net profit (loss) for the period attributed to the company's shareholders	53	252	(4,028)	166
Adjustments necessary to show the cash flows - operating activities (Appendix A)	2,013	9,689	(11,153)	7,610
Cash flows provided by (used in) operating activities of the company	2,066	9,941	(15,181)	7,776
Cash flows used in operating activities from transactions with subsidiaries	(686)	(3,299)	(2,075)	(11,986)
Cash flows provided by (used in) operating activities	1,380	6,642	(17,256)	(4,210)
<u>Cash flows - investing activities</u>				
Sale of (investment in) marketable securities, net	89	430	(184)	5,453
Purchase of property and equipment	(13)	(62)	(487)	(1,422)
Sale of property and equipment	3,803	18,300	77	77
Investment in restricted cash	-	-	(1,454)	(1,454)
Repayment of restricted cash	136	655	700	700
Repayment of long-term deposits	5	23	5	20
Investment in intangible assets	(552)	(2,655)	(2,688)	(10,929)
Cash flows provided by (used in) investing activities of the company	3,468	16,691	(4,031)	(7,555)
Cash flows provided by investing activities from transactions with subsidiaries	293	1,409	-	-
Cash flows provided by (used in) investing activities	3,761	18,100	(4,031)	(7,555)
<u>Cash flows - financing activities</u>				
Repayment of long-term loans	(240)	(1,155)	(1,136)	(4,476)
Bonds issue	-	-	51,509	51,509
Repayment of bonds	(2,448)	(11,783)	(11,643)	(18,031)
Cash flows provided by (used in) financing activities	(2,688)	(12,938)	38,730	29,002
Change in cash and cash equivalents	2,453	11,804	17,443	17,237
Cash and cash equivalents at beginning of the period	6,703	32,256	15,019	15,019
Cash and cash equivalents at end of the period	9,156	44,060	32,462	32,256

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

For the three months period ended March 31, 2014	For the three months period ended March 31, 2014 2013		For the year ended December 31, 2013
(unaudited)	(unaudited)		(audited)
	(in thousands)		
Convenience translation into Euro (1)	NIS		

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

Income and expenses not involving cash
flows:

The Company's share of subsidiaries losses	668	3,213	2,383	6,622
Depreciation and amortization	484	2,332	1,730	7,987
Loss (Profit) from marketable securities, net	(14)	(69)	130	(992)
Change in liabilities for benefits to employees, net	17	80	(26)	(53)
Capital loss	162	782	7	7
Deferred taxes	39	190	-	1,538
Reevaluation of long-term loans and bonds	(128)	(618)	(791)	1,372
Reevaluation of restricted cash	(1)	(6)	(15)	(42)
Reevaluation of embedded derivatives	(55)	(264)	2,013	(183)
Changes in assets and liabilities:				
Increase in accounts receivable - trade	(39)	(190)	(724)	(1,588)
Decrease (increase) in accounts receivable - other	- (*)	2	(824)	1,343
Decrease (increase) in inventory	(105)	(505)	(2,941)	3,106
Decrease (increase) in inventory - work in progress	838	4,033	(5,947)	4,310
Increase (decrease) in accounts payable - trade	869	4,182	(3,739)	(15,773)
Decrease in accounts payable - other	(722)	(3,473)	(2,409)	(44)
	<u>2,013</u>	<u>9,689</u>	<u>(11,153)</u>	<u>7,610</u>

Appendix B - Non-cash operations

Providing long-term financing to a subsidiary	-	-	-	15,000
Booking a capital benefit arising from a transaction with a controlling party	-	-	104	104

(*) Less than one thousand dollars

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

Additional information

Note 1 - General

- A. These separate interim financial information as at March 31, 2014 and for the three months period then ended, have been prepared in accordance with regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. These separate interim financial information should be read in conjunction with the Company's audited annual separate financial information as of December 31, 2013 and for the year then ended, and with the related additional information.
- B. Consolidated companies - defined in Note 1D to the consolidated financial statements as at December 31, 2013.
- C. Convenience translation to EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated to EURO by dividing each NIS amount by the representative exchange rate of the EURO as at March 31, 2014 (EURO 1 = NIS 4.8124).

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

**Chapter D - Statements by the CEO and CFO of the Corporation for the
First Quarter of 2014**

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

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

I, HAIM SHANI, certify that:

1. I have reviewed the quarterly report of UNITRONICS (1989) (R"G) Ltd. ("the corporation") for the first quarter of 2014 ("the Report").
2. To the best of my knowledge, the report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the financial statements and other financial information included in the report properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, the Board of Directors and the Audit Committee of the corporation's Board of Directors, any fraud, whether material or not, involving the CEO or any direct report of the CEO, or involving any other employees that have a significant role in the financial reporting and in disclosure and control over financial reporting.

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

May 29, 2014

HAIM SHANI, CEO

Statement by the 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 interim reports of UNITRONICS (1989) (R"G) Ltd. ("the corporation") for the first quarter of 2014 (hereinafter - "the Report" or "the Interim Reports").
2. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports are free of any mis-representation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, the Board of Directors and the Audit Committee of the corporation's Board of Directors, any fraud, whether material or not, involving the CEO or any direct report of the CEO, or involving any other employees that have a significant role in the financial reporting and in disclosure and control over financial reporting.

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

May 29, 2014

YAIR ITZKOVICH, CFO



UNITRONICS (1989) (R"G) LTD.

PRESS RELEASE
Airport City, Israel,
May 29, 2014

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

Corporation's Liabilities Status Report by Dates of Payment

Airport City, Israel - May 29, 2014 - 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: 2014.

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	18,491								4,895
Second Year	18,491								3,867
Third Year	18,491								2,839
Fourth Year	11,002								1,811
Fifth Year and So On	22,540								1,826
Total	89,015								15,238

- 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		62							3
Second Year		-							-
Third Year		-							-
Fourth Year		-							-
Fifth Year and So On		-							-
Total		62							3

- 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			2,365	380					258
Second Year			1,230	380					200
Third Year			845	380					164
Fourth Year			734	285					129
Fifth Year and So On			2,907	-					418
Total			8,081	1,425					1,169

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	18,491	62	2,365	380					5,156
Second Year	18,491	-	1,230	380					4,067
Third Year	18,491	-	845	380					3,003
Fourth Year	11,002	-	734	285					1,940
Fifth Year and So On	22,540	-	2,907	-					2,244
Total	89,015	62	8,081	1,425					16,410

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):69,924
 (2) Cash and cash equivalents, marketable securities and short term deposits of all consolidated companies (in NIS thousands):75,999
 (*) Restricted cash is excluded.

Respectfully,

Unitronics (1989) (R"G) Ltd.