



**Unitronics (1989) (R”G) Ltd**

**Quarterly Report as of June 30, 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 automated system design, development, marketing, production, construction and maintenance services for automated parking solutions.

The Company's PLCs are distributed by over one hundred and fifty distributors in approx. 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 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. 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 Plan for the Buyback of the Company Shares**

On May 26, 2013, the Board of Directors approved the condensed interim financial statements as of March 31, 2013, pursuant to which the threshold conditions for the buyback of the Company's shares, as set out in the Companies Law, 1999, have not been met. Therefore, the Company's management informed the Board of Directors that additional shares of the Company will not be acquired under a plan for the buyback of the Company's shares, which began on March 26, 2013 and expired on June 30, 2013 (for details, see immediate report on the approval of the purchase plan, which included herein by way of reference, dated August 30, 2012, Ref. No. 2013-01-015298).

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 the 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.

#### **3.2 Termination of agreement with a market maker**

On May 1, 2013 the Company decided to discontinue using the services of a market maker in the Company's shares on the Tel Aviv Stock Exchange. An appropriate notice was delivered to the Company's market maker. In accordance with the agreement, the Company's market maker continued to carry out market making in the Company's shares on the Tel Aviv Stock Exchange until June 15, 2013 (For additional details see the company's Immediate Report of an Event or Matter Outside the Ordinary Course of Business dated May 1, 2013, included herein by way of reference, Ref. No. 2013-01-8050824).

#### **3.3 Agreement with a market maker**

On June 11, 2013 the Company entered into an agreement for market making in the Company's shares listed on the Tel Aviv Stock Exchange with Israel Brokerage and Investments I.B.I. Ltd. ("IBI"). The term of the market making agreement is one year from the date of receipt of approval by the Tel Aviv Stock Exchange for market making in the Company's securities by IBI, and it will be automatically extended each year for an additional one-year term (for additional details, see the Company's Immediate Report of an Event or Matter Outside the Ordinary Course of Business dated June 11, 2013, included herein by way of reference, Ref. No. 2013-01-061794). On June 12, 2013, the Tel Aviv Stock Exchange gave its approval.

#### **3.4 Payment for the debentures (Series 2)**

On August 25, 2013, the Company paid the fifth installment out of five of the debentures Fund (Series 2), issued by the Company under the 2006 Prospectus. Following this payment, no debentures (Series 2) remain outstanding (for details see immediate report on the Capital and Registered Securities of the Corporation and Changes Therein, included herein by way of reference, dated 25 August 2013, reference No. 201301--155076)

## **Chapter B – Board of Directors' Report**

### **1. Financial Position**

#### **Assets**

The total assets per the consolidated balance sheet of the Company as of June 30, 2013, increased to approx. NIS 206.707 million compared with approx. NIS 185.548 million as of December 31, 2012. This increase primarily stems from the increase in the balance of cash and cash equivalents as set forth below.

The cash, cash equivalents and marketable securities items recorded an increase, and together they amounted to approx. NIS 61.151 million as of June 30, 2013, compared with approx. NIS 49.699 million as of December 31, 2012. This increase mainly stems from positive cash flows from financing activities, which including the issuance of debentures (Series 4), net of cash flows that were used in operating activities and in investment activities, as explained in Paragraph 3 below.

An increase was recorded in the inventory of work in progress, which stood at approx. NIS 19.891 million as of June 30, 2013, compared with approx. NIS 18.011 million 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 39.494 million as of June 30, 2013, compared with approx. NIS 34.046 million 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 approx. NIS 15.839 million as of June 30, 2013, compared with approx. NIS 30.753 million as of December 31, 2012. The decrease in this item is primarily due to a decrease in trade balances in the systems and products segment.

Liabilities in respect of embedded derivatives (net) increased to NIS 2.513 million as of June 30, 2013, compared with NIS 1.469 million as of December 31, 2012. Most of the growth stems from expectations for depreciation in the Euro's value against the NIS. The Company has sale contracts which are denominated in currencies other than the Company's functional currency. These contracts include embedded derivatives in foreign currency.

The non-current liabilities as of June 30, 2013, totaled approx. NIS 96.837 million, compared with NIS 58.728 million as of December 31, 2011. The decrease in non-current liabilities stems from the issuance of NIS 53.125 million par value debentures (Series 4), offset by the first installment out of five of debenture principal (Series 3).

An increase was recorded in the Company's working capital, which totaled approx. NIS 57.376 million as of June 30, 2013, compared with approx. NIS 27.992 million as of December 31, 2012. This increase primarily stems from an increase in the balance of cash and cash equivalents and in the inventory of work in progress offset by a decrease in trade payables as specified in this section above.

The Company's shareholders' equity decreased to approx. NIS 41.144 million as of June 30, 2013, compared with approx. NIS 43.900 million as of December 31, 2012. The

decrease in shareholders equity was mainly due to the loss recorded for the period as detailed below.

## **2. Operating Results**

### Revenues

There was little change in the Company's revenues in the first half of 2013 compared to the first half of 2012 and they totaled approx. NIS 72.486 million, compared with approx. NIS 71.745 million (an increase of approx. 1%). The Company's revenues in the quarter ended June 30, 2013, came to approx. NIS 40.093 million, compared with approx. NIS 37.158 million in the same quarter of 2012 (an increase of approx. 8%). The increase in revenues in the second quarter stems from revenues generated by the systems segment, as detailed below.

Company revenues from the products segment in the quarter ended June 30, 2013, amounted to approx. NIS 23.970 million, an increase of approx. 1% compared with approx. NIS 23.829 million in the corresponding quarter of 2012. Revenues from the products segment in the first half of 2013 amounted to approx. NIS 47.260 million, an increase of approx. 1% compared with approx. NIS 46.726 million in the first half of 2012.

Revenues from the systems segment in the quarter ended June 30, 2013, amounted to approx. NIS 15.626 million, an increase of approx. 19% compared with approx. NIS 13.098 million in the corresponding quarter of 2012. Revenues from the systems segment in the first half of 2013 amounted to approx. NIS 24.488 million, approx. 1% down from approx. NIS 24.707 million in the corresponding half of 2012. The changes 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 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 pace of receipt of orders from 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 392,000 in the quarter ended on June 30, 2013, compared with approx. NIS 139,000 in the same quarter of 2012. Revenues from the parking solutions segments in the first half of 2013 totaled approx. NIS 528,000 compared to approx. NIS 139,000 in the first half of 2012.

Revenues from the products segment in the quarter ended June 30, 2013, accounted for some 60% of total Company revenues in this quarter, revenues from the systems segment in the same period accounted for some 39% of total revenues and revenues from the parking solutions segments accounted for 1% of revenues for the period. In the same period of 2012, revenues from the products segment were 64% of total Company revenues for the period, revenues from the systems segment accounted for 35% of total revenues and revenues from the parking solutions segment were less than 1% of total revenues for the period. Overall for the year 2012, revenues from products accounted for some 68% of total revenues, revenues from systems accounted for 31% of total revenues and revenues from parking solutions were less than 1% from total revenues for the period.

### Cost of Revenues and Gross Profit

The total gross profit in the quarter ended June 30, 2013, amounted to approx. NIS 11.171 million (about 28% of the revenues for the period), compared with approx. NIS 10.364 million in the corresponding quarter of 2012 (about 28% of revenues for the period). Total gross profit in the first half of 2013 amounted to approx. NIS 18.652 million (about 26% of revenues for the period), compared with approx. NIS 19.652 million in the corresponding half of 2012 (about 27% of revenues for the period).

The change in the gross profit margins stems mainly from a change in overall revenue mix from different business segments (the gross profit margins 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 June 30, 2013, amounted to approx. NIS 1.103 million, compared with approx. NIS 1.287 in the corresponding quarter of 2012. Net development costs in the first half of 2013 amounted to approx. NIS 3.357 million, compared with approx. NIS 2.610 million in the first half of 2012. In addition, during the reporting period, an intangible asset in respect of development costs was recognized in the amount of approx. NIS 7.549 million, compared with NIS 6.652 million in the corresponding period of 2012. Total development costs that were recognized as an intangible asset in the reporting period, which grew in comparison with the corresponding period, reflect the continued development of technologies required to support the Company's operations, with a corresponding adjustment of its development staff, which is designed to address its business plans in the different fields of operation.

### Selling and Marketing Expenses

No change was recorded in the selling and marketing expenses in the quarter ended June 30, 2013, and it came to approx. NIS 4.193 million (about 10% of revenues), compared with approx. NIS 4.4019 million (about 11% of revenues) in the corresponding quarter of 2012. Selling and marketing expenses in the first half of 2013 came to approx. NIS 8.074 million (about 11% of revenues), compared with approx. NIS 8.370 million (about 12% of revenues) in the same half of 2012.

### General and Administrative Expenses

General and administrative expenses grew in the quarter ended June 30, 2013, and they amounted to approx. NIS 2.850 million, compared with approx. NIS 2.301 million in the corresponding quarter of 2012, and in the first half of 2013 it amounted to approx. NIS 5.551 million, compared with approx. NIS 3.934 million in the first half of 2012. The moderate increase in general and administrative expenses in the reported quarter stems, in the Company's opinion, from the fixed costs required for the continued operation and support of the parking solutions segment as set forth below. Most of the increase in these expenses in the first half of 2013, compared to the same period of 2012, stems from a one-off compensation recorded in the first half of 2012, which was ruled in favor of the Company upon the completion of legal proceedings.

## Operating Profit

There was no material change in the operating profit for the quarter ended June 30, 2013, and it amounted to approx. NIS 3.025 million (about 10% of revenues), compared to an operating profit of approx. NIS 2.757 million in the corresponding quarter of 2012 (approx. 7% of revenues).

In the first half of 2013, there was a decrease in the operating profit, which amounted to approx. NIS 1.965 million, compared with an operating profit of approx. NIS 4.738 million in the second quarter of 2012. The decrease in the operating profit posted in the first half of 2013 primarily stems from lower gross profit and an increase in development expenses, net and in administrative and general expenses, as set forth above.

## Financing Income and Expenses

Net financing expenses in the quarter ended June 30, 2013, amounted to approx. NIS 1.612 million, compared with net financing expenses of approx. NIS 2.605 million in the second quarter of 2012. Net financing expenses in the first half of 2013 amounted to approx. NIS 4.580 million, compared with net financing expenses of approx. NIS 3.023 million in the first half of 2012.

Most of the increase in this item stems from an increase in revaluation expenses in respect of embedded derivatives, which was the result of an expected depreciation in the Euro against the NIS and an increase in credit costs related to debentures, due to an increase in the balance of outstanding debentures in the reported period, offset by a YoY decrease in long-term credit costs, due to the decline in the Euro against the NIS in the reported period.

## Profit

In the reported quarter, the Company posted a net profit totaling approx. NIS 1.413 million (4% of revenues), compared to a profit of approx. NIS 152,000 in the corresponding quarter of 2012 (less than 1% of revenues). In the first half of 2013, the Company posted a loss totaling approx. NIS 2.615 million (about 2% of revenues), compared with a profit of approx. NIS 1.715 million (about 8.5% of revenues) in the corresponding half of 2012.

The changes in the profit and loss results in the reported periods stem, in the Company's opinion, from the decrease in profit and loss from operating activities and an increase in financing expenses, as stated above.

## **Analysis of Business Results by Operating Segments**

As mentioned above, the Company's 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 the years 2011 and 2012, the Company began consolidating the parking solutions activities which, until that time, were reported as part of the systems segment, within wholly owned subsidiaries. The operating results of the parking solutions segment in prior periods contributed an insignificant amount to total results. As of January 1, 2013, the Company is presenting the operating activity of the parking solutions segment separately. 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.



### **Products Segment**

No material change was recorded in the Products Segment, which generated a profit of approx. NIS 6.933 million in the reporting quarter, compared with a profit of approx. NIS 7.359 million in the corresponding quarter of 2012. The results of the Products Segment in the first half of 2013 came to approx. NIS 13.726 million, compared with a profit of approx. NIS 14.401 million in the first half of 2012. Most of the change in the results of the products segment in the reported six months, stems from a slight decline in the gross profit margin which, in the Company's opinion, is attributable to the effect of the YoY decline in the main currencies of sales against the NIS, offset by lower selling and marketing expenses attributed to this segment.

### **Systems Segment**

The results of the Systems Segment amounted to a loss of approx. NIS 1.388 million in the reported quarter, compared with a loss of approx. NIS 478,000 in the second quarter of 2012. The results of the Systems Segment amounted to a profit of less than NIS 1,000 in the first half of 2013, compared with a loss of approx. NIS 1.700 million in the first half of 2012. The increase in the segment's results stems, in the Company's opinion, from a YoY increase in revenues from the construction of systems, with a higher gross profit margin, offset by fixed expenses, which are required for continued operation and support in this segment.

### **Parking Solutions Segment**

The operating results of the Parking Solutions Segment decreased to a loss of approx. NIS 1.243 million in the reported quarter, compared with a loss of approx. NIS 219,000 in the second quarter of 2012. The results of the Parking Solutions Segment amounted to a loss of approx. NIS 2.405 million in the first half of 2013, compared with a loss of approx. NIS 644,000 in the first half of 2012. The change in segment results in the reported period, in the Company's opinion, is primarily attributable to from an increase in the fixed expenses required for the continued operation and support. The increase in the segment's results stems, in the Company's opinion, from a YoY increase in revenues from the construction of systems, with a higher gross profit margin, offset by fixed expenses, which are required for continued operation and support in this segment, the pace of progress in parking solution projects and different gross profit margins across segments, in line with the Company's plans.

### **3. Liquidity and Sources of Financing**

The balance of cash, cash equivalents and marketable securities of the Company, as of June 30, 2013, totaled approx. NIS 61.151 million, compared with approx. NIS 49.699 million as of December 31, 2012. Most of the increase in this item stems from positive cash flow generated by financing activities, offset by negative cash flow used in operating and investment activities, as explained below.

The cash flow from operating activities in the quarter ended June 30, 2013, amounted to a negative cash flow of approx. NIS 1.105 million. Net negative cash flow stemmed from changes in assets and liability items (mainly a decrease in trade payables offset by a decrease in inventory of work in progress), offset by profit for the quarter and net of expenses not involving cash flows. In the first half of 2013, the cash flow from operating activities amounted to a negative cash flow of approx. NIS 16.717 million. The negative cash flow stemmed from changes in asset and liability items (an increase in trade payables and in increase in inventory of work in progress) and the loss for the six-month period net of expenses not involving cash flows.

Cash flows used in investment activities in the quarter ended June 30, 2013, amounted to approx. NIS 4.621 million. In the first half of 2013, cash flows used in investment activities amounted to a negative cash flow of approx. NIS 10.211 million. The negative cash flow was mainly due to the recording of investments in development assets during the period.

The cash flow used for financing activities in the quarter ended June 30, 2013, amounted to approx. NIS 1.046 million. In the first half of 2013, cash flows used in financing activities amounted to approx. NIS 37,384 million. The positive cash flow primarily stems from the issuance of debentures (Series 4) offset by the first of five installments of debentures (Series 3).

On June 30, 2013, total credit lines available to the Company for its operating activities amounted to approx. NIS 30.2 million. As of June 30, 2013, NIS 29.8 million of the credit facility was utilized to secure the Company's obligations in projects carried out by the Systems and Parking Solutions Segments.

### **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 3.1 of Chapter A above.

## 6. Consolidated Linkage Bases Report

As of June 30, 2013						
Israeli Currency		Foreign Currency				Total
Unlinked	CPI-Linked	In EURO	In USD	In Other Currencies	Non-Monetary Balances	

NIS in Thousands
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### Assets

Cash and cash equivalents	10,662	-	5,779	13,250	-	-	29,691
Cash limited in use	4,130	-	-	-	-	-	4,130
Marketable securities	15,789	15,624	-	47	-	-	31,460
Trade and income receivable	4,274	-	5,998	5,093	-	-	15,365
Accounts receivable	1,215	-	-	21	-	1,338	2,574
Inventory	-	-	-	-	-	22,993	22,993
Inventory of work in progress	-	-	-	-	-	19,891	19,891
Long-term deposits	-	-	-	-	-	351	351
Fixed assets	-	-	-	-	-	40,758	40,758
Intangible assets	-	-	-	-	-	39,494	39,494
Total assets	36,070	15,624	11,777	18,411	-	124,825	206,707

### Liabilities

Short-term loans and current maturities of long-term loans	69	-	3,930	395	-	-	4,394
Current maturities of debentures	-	18,013	-	-	-	-	18,013
Suppliers and service providers	8,371	-	2,862	4,592	11	-	15,836
Embedded derivatives	-	-	2,513	-	-	-	2,513
Accounts payable and credit balances	6,916	-	-	484	-	20,572	27,972
Long-term loans from banks and others	43	-	7,078	1,381	-	-	8,502
Debentures	-	85,803	-	-	-	-	85,803
Liabilities due to employee benefits, net	-	-	-	-	-	2,532	2,532
Total liabilities	15,399	103,816	16,383	6,852	11	23,104	165,565

Net assets (liabilities)	20,671	(88,192)	(4,606)	11,559	(11)	101,721	41,142
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## 7. Sensitivity Tests on Financial Instruments as of June 30, 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 the 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 \$	3.980	3.799	3.618	3.437	3.256
Cash and cash equivalents	<b>1,325</b>	<b>663</b>	<b>13,250</b>	<b>(663)</b>	<b>(1,325)</b>
Marketable securities	<b>5</b>	<b>2</b>	<b>47</b>	<b>(2)</b>	<b>(5)</b>
Trade and income receivable	<b>509</b>	<b>255</b>	<b>5,093</b>	<b>(255)</b>	<b>(509)</b>
Accounts receivable	<b>2</b>	<b>1</b>	<b>21</b>	<b>(1)</b>	<b>(2)</b>
Current maturities of loans	<b>(40)</b>	<b>(20)</b>	<b>(395)</b>	<b>20</b>	<b>40</b>
Trade payable	<b>(459)</b>	<b>(230)</b>	<b>(4,592)</b>	<b>230</b>	<b>459</b>
Accounts payable and accruals	<b>(48)</b>	<b>(24)</b>	<b>(484)</b>	<b>24</b>	<b>48</b>
Long-term loans	<b>(138)</b>	<b>(69)</b>	<b>(1,381)</b>	<b>69</b>	<b>138</b>
Total	<b><u>1,156</u></b>	<b><u>578</u></b>	<b><u>11,559</u></b>	<b><u>(578)</u></b>	<b><u>(1,156)</u></b>

- 2) Table listing the 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	5.192	4.956	4.720	4.484	4.248
Cash and cash equivalents	<b>578</b>	<b>289</b>	<b>5,779</b>	<b>(289)</b>	<b>(578)</b>
Trade and income receivable	<b>600</b>	<b>300</b>	<b>5,998</b>	<b>(300)</b>	<b>(600)</b>
Current maturities of loans	<b>(393)</b>	<b>(197)</b>	<b>(3,930)</b>	<b>197</b>	<b>393</b>
Trade payable	<b>(286)</b>	<b>(143)</b>	<b>(2,862)</b>	<b>143</b>	<b>286</b>
Accounts payable and accruals	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term loans	<b>(708)</b>	<b>(354)</b>	<b>(7,078)</b>	<b>354</b>	<b>708</b>
Total	<b><u>(209)</u></b>	<b><u>(105)</u></b>	<b><u>(2,093)</u></b>	<b><u>105</u></b>	<b><u>209</u></b>

- 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	243.05	232.00	220.95	209.90	198.86
Marketable securities	<b>1,562</b>	<b>781</b>	<b>15,624</b>	<b>(781)</b>	<b>(1,562)</b>
Current maturities of debentures	<b>(1,801)</b>	<b>(901)</b>	<b>(18,013)</b>	<b>901</b>	<b>1,801</b>
Debentures (*) (**)	<b><u>(8,580)</u></b>	<b><u>(4,290)</u></b>	<b><u>(85,803)</u></b>	<b><u>3,856</u></b>	<b><u>6,450</u></b>
Total	<b><u>(8,819)</u></b>	<b><u>(4,410)</u></b>	<b><u>(88,192)</u></b>	<b><u>3,976</u></b>	<b><u>6,689</u></b>

(\*) 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	<b><u>3,406</u></b>	<b><u>1,703</u></b>	<b><u>(2,513)</u></b>	<b><u>(1,703)</u></b>	<b><u>(3,406)</u></b>

- 5) The following table presents the fair value changes in financial instruments sensitive to fluctuations in rates of marketable 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	<b>1,462</b>	<b>731</b>	<b>14,618</b>	<b>(731)</b>	<b>(1,462)</b>
Local – corporate	<b>1,397</b>	<b>699</b>	<b>13,973</b>	<b>(699)</b>	<b>(1,397)</b>
Shares	<b><u>287</u></b>	<b><u>143</u></b>	<b><u>2,869</u></b>	<b><u>(143)</u></b>	<b><u>(287)</u></b>
Total	<b><u>3,146</u></b>	<b><u>1,573</u></b>	<b><u>31,460</u></b>	<b><u>(1,573)</u></b>	<b><u>(3,146)</u></b>

## 8. Dedicated Disclosure to the Debenture Holders

### The Corporation's Liability Certificates:

(1)	Security	Debentures (Series 2) <sup>1</sup>
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	6,320,000
E	Accrued interest as of the report date	131,100
F	Liability value as of the report date	6,289,000
G	Stock Exchange value	6,563,000
H	Type of interest, including description	6.1% annual interest
I	Payment dates of outstanding principal	Last annual installment paid on August 26, 2013
J	Future interest payment dates	Last interest payment paid on August 26, 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 liability certificates 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 reporting period, and throughout said period, the Company, to the best of its knowledge, was in full compliance with all the terms and obligations of the trust deed for Debentures (Series 2), the Company was not found to be in violation of any undertaking or term that was set forth in the trust deeds and which are not of a technical nature, and there were no grounds to call for immediate repayment of the liability certificates.

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

<sup>1</sup> After the balance sheet date on August 25, 2013, the Company repaid the last of five installments of the principal amount of the debenture (series 2). Further details, see Section 3.4 of Chapter A of this quarterly report

(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	46,898,000
E	Accrued interest as of the report date	713,000
F	Liability value as of the report date	45,640,000
G	Stock Exchange value	48,811,000
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 23 <sup>rd</sup> of March and September starting from September 2013, up 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 liability certificates convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the terms under which the Company's right to perform early redemption can be exercised, see paragraph 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 reporting period, and throughout said period, the Company, to the best of its knowledge, was in full compliance with all the terms and obligations of the trust deed for Debentures (Series 3), the Company was not found to be in violation of any undertaking or term that was set forth in the trust deeds and which are not of a technical nature, and there were no grounds to call for immediate repayment of the liability certificates.

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

save with regard to charges on land and/or equipment that will be purchased by the Company subsequent to the date of signing the trust deed, the pledging thereof will serve solely for the purpose of securing the funding to be given for purchasing the asset that is the object of the 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	53,402,000
E	Accrued interest as of the report date	1,215,000
F	Liability value as of the report date	51,887,000
G	Stock Exchange value	57,162,000
H	Type of interest, including description	5.4% annual interest
I	Payment dates of outstanding principal	Six unequal annual payments payable on January 31 of each of the years 2015 through 2020, 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.
J	Future interest payment dates	Every 31 <sup>ST</sup> of January and July starting from July 31 2013, up until January 13, 2020 (inclusive)
K	Details of linkage basis of interest and principal	Principal and interest linked to the Consumer Price Index at a minimum base rate of 219.80 (December 2012 index according to the 1993 basis), No hedging performed.
L	Are the liability certificates convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the terms under which the Company's right to perform early redemption can be exercised, see paragraph 12 of the Shelf Offering Report dated January 24, 2013, reference no: 2013-01-021699)
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Mishmeret - Trust Services Ltd. 48, Menachem Begin St, Tel Aviv 66184 Tel: 03-6374352; Fax: 03-6374344 Email: <a href="mailto:ramis@bdo.co.il">ramis@bdo.co.il</a>

(5+6) As of the reporting period, and throughout said period, the Company, to the best of its knowledge, was in full compliance with all the terms and obligations of the trust deed for Debentures (Series 4), the Company was not found to be in violation of any undertaking or term that was set forth in the trust deeds and which are not of a technical nature, and there were no grounds to call for immediate repayment of the liability certificates.

- (8) On February 12, 2013, a pledge over a bank account deposit was created at the Registrar of Companies, in the amount of the semiannual interest on the debentures, to secure the payment of interest pursuant to the terms of the debentures (Series 4). As long as the Company has an outstanding balance of the debentures (Series 4), the Company and any of its subsidiaries (on the date of signing the trust deed and any additional subsidiary that will be established or acquired until the date of repayment of the outstanding debentures (Series 4)) will refrain from creating a general floating lien on its assets, in favor of any third party whatsoever, without the prior consent of a meeting of the debenture holders by means of a simple majority. It is emphasized that the Company and/or any of its subsidiaries shall be entitled to establish specific liens on all or part of their assets, including cash and cash equivalents, in favor of the lenders that will provide financing for the acquisition of assets or equipment, including floating lien on specific asset/s, and including for the purchase of construction services for a building, including for the purpose of replacing lenders holding liens on the date of the offering, by other lenders, without obtaining the consent of a meeting of the debenture holders (Series 4).

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

For details on the Company's liabilities by repayment dates, as of June 30, 2013, see report dated August 29, 2013, which the Company published concurrently with the publication of this report.

**10. Projected Cash Flow**

The Board of Directors determined, following a review of the 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 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 ("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 June 30, 2013, a Committee meeting was held on August 27, 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 persons were invited to, and attended, the Committee meeting on August 27, 2013: members of the Committee (CPAs Yoel Sela, Zvi Livneh and Moshe Braaz), other Board members (Messrs: Haim Shani, Bareket Shani and Edna Ramot), Mr. Yair Itzkovitch, CFO; Mr. Eyal Saban, VP; Ms. Miri Ben-David, CPA, Comptroller, Mr. Nir Weisberger, Company attorney; CPA Gal Amit, of the Company's accounting firm; and Mr. Miguel Elchanati, of the Company's internal audit firm.

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

### 11.3 The Company's Board of Directors

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

1. Mr. Haim Shani – Chairman of the Board and Company CEO, and a director with professional qualifications.
2. Mrs. Bareket Shani – Director with professional qualifications, Vice President and Head of Human Resources, member of the Credit, Investments and Securities Committee of the Company's Board of Directors.
3. Mr. Zvi Livneh, CPA – Director with accounting skills, member of the Credit, Investments and Securities Committee, member of the Audit Committee, member of the Committee for Review of the Financial Statements and member of the Remuneration Committee.
4. Mr. Yoel Sela, CPA – External and independent director with accounting skills, member of the Audit Committee, member of the Committee for Review of the Financial Statements, member of the Remuneration Committee and member of the Board's Credit, Investments and Securities 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 Remuneration Committee, member of the Committee for Review of the Financial Statements and member of the Credit, Investments 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 the meeting on August 29, 2013, Company management reviewed the key data of the financial statements. The Company's auditor attended the meeting and responded to the questions of the Board of Directors, which were addressed to him (together with the Company's CEO and CFO, who responded to questions addressed to them). At the end of the discussion, the financial statements were approved by unanimous vote by the Board of Directors.

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Zvi Livneh  
Director

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Haim Shani  
Chairman and CEO

Date: August 29, 2013

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

**Condensed Consolidated Interim  
Financial Statements  
June 30, 2013**

**(Unaudited)**

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

**Condensed Consolidated Interim  
Financial Statements**

**June 30, 2013**

**(unaudited)**

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**REVIEW REPORT OF THE AUDITORS OF UNITRONICS (1989) (R"G) LTD.****Introduction**

We reviewed the attached financial information of Unitronics (1989) (R"G) Ltd. and its subsidiaries (hereinafter – “the Group”) which include the condensed consolidated interim statement of financial position as at June 30, 2013 and the condensed consolidated interim statements of operations, other comprehensive income, changes in shareholders' equity and cash flows for the periods of six and three months then ended. The Board of Directors and management are responsible for the preparation and presentation of the financial information for this interim periods in accordance with IAS 34 “Financial reporting for interim periods”, and they are responsible for the preparation for of financial information for this interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports) – 1970. Our responsibility is to express a conclusion on the financial information for the interim periods, based on our review.

**Scope of the review**

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

**Conclusion**

Based on our review, 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 would cause us to think that the above financial information does not meet, in all significant aspects, the provisions of disclosure under Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports) – 1970.

Amit, Halfon  
Certified Public Accountants (Israel)

Ramat Gan,  
August 29, 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**

	June 30, 2013	June 30, 2013	June 30, 2012	December 31, 2012
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>(in thousands)</u>			
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
<u>Current assets</u>				
Cash and cash equivalents	6,291	29,691	12,817	19,013
Restricted cash	875	4,130	3,318	3,349
Marketable securities	6,666	31,460	35,242	30,686
Accounts receivable -				
Trade	3,256	15,365	21,727	14,702
Other	545	2,574	1,014	2,814
Embedded derivatives	-	-	230	40
Inventory	4,872	22,993	16,992	22,297
Inventory - work in progress	4,214	19,891	8,697	18,011
	<u>26,719</u>	<u>126,104</u>	<u>100,037</u>	<u>110,912</u>
<u>Non-current assets</u>				
Long-term deposits	74	351	199	157
Property and equipment, net	8,636	40,758	40,363	40,433
Intangible assets, net	8,368	39,494	28,607	34,046
	<u>17,078</u>	<u>80,603</u>	<u>69,169</u>	<u>74,636</u>
	<u><u>43,797</u></u>	<u><u>206,707</u></u>	<u><u>169,206</u></u>	<u><u>185,548</u></u>

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

Tzvi Livne  
Director

Yair Itscovich  
Chief Financial Officer

Approved: August 29, 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**

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2013</u>	<u>June 30,</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 liabilities</u>				
Current maturities of long-term loans	931	4,394	4,410	4,590
Current maturities of bonds	3,817	18,013	17,882	17,788
Accounts payable -				
Trade	3,355	15,836	16,569	30,753
Other	5,927	27,972	16,807	28,280
Embedded derivatives	532	2,513	1,031	1,509
	<u>14,562</u>	<u>68,728</u>	<u>56,699</u>	<u>82,920</u>
	-----	-----	-----	-----
<u>Non-current liabilities</u>				
Loans from banks and others	1,802	8,502	13,579	11,063
Bonds	18,180	85,803	50,622	45,025
Liabilities for benefits to employees, net	536	2,532	2,633	2,640
	<u>20,518</u>	<u>96,837</u>	<u>66,834</u>	<u>58,728</u>
	-----	-----	-----	-----
<u>Shareholders' equity</u>				
Share capital	75	352	352	352
Share premium	10,718	50,588	50,588	50,588
Capital reserve from translation of foreign operation	(255)	(1,204)	(393)	(957)
Company shares held by the company	(1,492)	(7,042)	(6,643)	(7,042)
Reserve from a transaction with a controlling party	22	104	-	-
Retained earnings (loss)	(351)	(1,656)	1,769	959
	<u>8,717</u>	<u>41,142</u>	<u>45,673</u>	<u>43,900</u>
	-----	-----	-----	-----
	<u>43,797</u>	<u>206,707</u>	<u>169,206</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 six months period ended June 30, <u>2013</u> <u>(unaudited)</u>	For the six months period ended June 30, <u>2013</u> <u>2012</u> <u>(unaudited)</u>	For the three months period ended June 30, <u>2013</u> <u>(unaudited)</u> <u>(in thousands)</u>	For the three months period ended June 30, <u>2013</u> <u>2012</u> <u>(unaudited)</u>	For the year ended December 31, <u>2012</u> <u>(audited)</u>
	Convenience translation into Euro (1)	NIS	Convenience translation into Euro (1)	NIS	
Revenues	15,358	72,486	8,495	40,093	142,126
Cost of revenues	11,342	53,532	6,128	28,922	105,322
Gross profit	4,016	18,954	2,367	11,171	36,804
Development expenses, net	711	3,357	234	1,103	5,576
Selling & marketing expenses	1,712	8,074	888	4,193	17,616
General & administrative expenses	1,176	5,551	604	2,850	8,828
Other expenses	1	7	-	-	-
Operating profit	416	1,965	641	3,025	4,784
Financing income	343	1,616	253	1,196	3,583
Financing expenses	1,313	6,196	595	2,808	7,081
Profit (loss) before tax benefit	(554)	(2,615)	299	1,413	1,286
Tax benefit	-	-	-	-	114
Net profit (loss) for the period	<u>(554)</u>	<u>(2,615)</u>	<u>299</u>	<u>1,413</u>	<u>1,400</u>
Profit per 1 ordinary share NIS 0.02 par value (NIS):					
Basic and diluted profit (loss) per 1 ordinary share	<u>(0.055)</u>	<u>(0.261)</u>	<u>0.030</u>	<u>0.141</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 six months period ended June 30,	For the six months period ended June 30,		For the three months period ended June 30,	For the three months period ended June 30,		For the year ended December 31,
	2013	2013	2012	2013	2013	2012	2012
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	(in thousands)						
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Net profit (loss) for the period	(554)	(2,615)	1,715	299	1,413	152	1,400
<u>Other comprehensive income (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 operation	(52)	(247)	255	(9)	(45)	486	(309)
Other comprehensive income (loss) for the period	(52)	(247)	255	(9)	(45)	486	(804)
Comprehensive income (loss) for the period	(606)	(2,862)	1,970	290	1,368	638	596

(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 from at transaction with a controlling party	Retained earnings (loss)	Total
<b><u>NIS in thousands</u></b>							
<u>Balance at January 1, 2012</u> (audited)	352	50,588	(648)	(6,643)	-	54	43,703
Net profit for the year	-	-	-	-	-	1,400	1,400
Other comprehensive loss for the year	-	-	(309)	-	-	(495)	(804)
Total comprehensive income (loss) for the year	-	-	(309)	-	-	905	596
Purchase of company shares by the company	-	-	-	(399)	-	-	(399)
<u>Balance at December 31, 2012</u> (audited)	352	50,588	(957)	(7,042)	-	959	43,900
Net loss for the period	-	-	-	-	-	(2,615)	(2,615)
Other comprehensive loss for the period	-	-	(247)	-	-	-	(247)
Total comprehensive loss for the period	-	-	(247)	-	-	(2,615)	(2,862)
Capital benefit arising from a transaction with a controlling party	-	-	-	-	104	-	104
<u>Balance at June 30, 2013</u> (unaudited)	352	50,588	(1,204)	(7,042)	104	(1,656)	41,142
<u>Balance at January 1, 2012</u> (audited)	352	50,588	(648)	(6,643)	-	54	43,703
Net profit for the period	-	-	-	-	-	1,715	1,715
Other comprehensive profit for the period	-	-	255	-	-	-	255
Total comprehensive income for the period	-	-	255	-	-	1,715	1,970
<u>Balance at June 30, 2012</u> (unaudited)	352	50,588	(393)	(6,643)	-	1,769	45,673
<u>Balance at April 1, 2013</u> (unaudited)	352	50,588	(1,159)	(7,042)	104	(3,069)	39,774
Net profit for the period	-	-	-	-	-	1,413	1,413
Other comprehensive loss for the period	-	-	(45)	-	-	-	(45)
Total comprehensive income (loss) for the period	-	-	(45)	-	-	1,413	1,368
<u>Balance at June 30, 2013</u> (unaudited)	352	50,588	(1,204)	(7,042)	104	(1,656)	41,142
<u>Balance at April 1, 2012</u> (unaudited)	352	50,588	(879)	(6,643)	-	1,617	45,035
Net profit for the period	-	-	-	-	-	152	152
Other comprehensive income for the period	-	-	486	-	-	-	486
Total comprehensive income for the period	-	-	486	-	-	152	638
<u>Balance at June 30, 2012</u> (unaudited)	352	50,588	(393)	(6,643)	-	1,769	45,673

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

**Unitronics (1989) (R”G) Ltd.**  
**Condensed consolidated interim statement of changes in equity**

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserve from translation of foreign operation</u>	<u>Company shares held by the company</u>	<u>Reserve arising from a transaction with a controlling party</u>	<u>Retained earnings (loss)</u>	<u>Total</u>
<b><u>Convenience translation into Euro (1), in thousands</u></b> <b><u>(unaudited)</u></b>							
<u>Balance at December 31, 2012</u> (audited)	75	10,718	(203)	(1,492)	-	203	9,301
Net loss for the period	-	-	-	-	-	(554)	(554)
Other comprehensive loss for the period	-	-	(52)	-	-	-	(52)
Total comprehensive loss for the period	-	-	(52)	-	-	(554)	(606)
Capital benefit arising from a transaction with a controlling party	-	-	-	-	22	-	22
<u>Balance at June 30, 2013 (unaudited)</u>	<u>75</u>	<u>10,718</u>	<u>(255)</u>	<u>(1,492)</u>	<u>22</u>	<u>(351)</u>	<u>8,717</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 six months period ended June 30, <u>2013</u> <u>(unaudited)</u>	For the six months period ended June 30, <u>2013</u> <u>2012</u> <u>(unaudited)</u>	For the three months period ended June 30, <u>2013</u> <u>(unaudited)</u> <u>(in thousands)</u>	For the three months period ended June 30, <u>2013</u> <u>2012</u> <u>(unaudited)</u>	For the year ended December 31, <u>2012</u> <u>(audited)</u>		
	Convenience translation into Euro (1)	NIS	Convenience translation into Euro (1)	NIS			
<u>Cash flows - operating activities</u>							
Net profit (loss) for the period	(554)	(2,615)	1,715	299	1,413	152	1,400
Adjustments necessary to show the cash flows - operating activities (Appendix A)	(2,988)	(14,102)	3,044	(533)	(2,518)	3,611	20,914
Cash flows provided by (used in) operating activities	(3,542)	(16,717)	4,759	(234)	(1,105)	3,763	22,314
<u>Cash flows - investing activities</u>							
Sale (Purchase) of marketable securities, net	(133)	(627)	864	(93)	(443)	501	7,236
Purchase of property and equipment	(262)	(1,235)	(490)	(145)	(682)	(165)	(1,396)
Sale of property and equipment	16	77	-	-	-	-	-
Investment in restricted cash	(307)	(1,454)	-	-	-	-	-
Repayment of restricted cash	148	700	-	-	-	-	-
Repayment (investment) in long-term deposits, net	1	3	(27)	-	(2)	(20)	(29)
Investment in intangible assets	(1,626)	(7,675)	(6,614)	(740)	(3,494)	(3,170)	(14,385)
Cash flows used in investing activities	(2,163)	(10,211)	(6,267)	(978)	(4,621)	(2,854)	(8,574)
<u>Cash flows - financing activities</u>							
Repayment of long-term loans	(462)	(2,182)	(2,190)	(222)	(1,046)	(1,095)	(4,401)
Bonds issue	10,914	51,509	-	-	-	-	-
Repayment of bonds	(2,467)	(11,643)	-	-	-	-	(6,251)
Purchase of company shares by the company	-	-	-	-	-	-	(399)
Cash flows provided by (used in) financing activities	7,985	37,684	(2,190)	(222)	(1,046)	(1,095)	(11,051)
Translation differences in respect of foreign operation cash balances	(17)	(78)	48	(5)	(22)	112	(143)
Change in cash and cash equivalents for the period	2,263	10,678	(3,650)	(1,439)	(6,794)	(74)	2,546
Cash and cash equivalents at beginning of period	4,028	19,013	16,467	7,730	36,485	12,891	16,467
Cash and cash equivalents at end of period	6,291	29,691	12,817	6,291	29,691	12,817	19,013

(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 six months period ended June 30,	For the six months period ended June 30,		For the three months period ended June 30,	For the three months period ended June 30,		For the year ended December 31,
2013	2013	2012	2013	2013	2012	2012
(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
			(in thousands)			
Convenience translation into Euro (1)	NIS		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	772	3,639	3,137	396	1,870	1,571	7,494
Loss (profit) from marketable securities, net	(31)	(147)	123	(59)	(277)	636	(1,693)
Change in liabilities for benefits to employees, net	(23)	(108)	101	(17)	(82)	65	(191)
Exchange rate changes of long-term loans and bonds	16	77	880	184	868	904	860
Capital loss	2	7	-	-	-	-	-
Reevaluation of restricted cash	(6)	(27)	(37)	(3)	(12)	(17)	(68)
Deferred taxes		-	-	-	-	-	(114)
Reevaluation of embedded derivatives	221	1,044	(256)	(205)	(969)	(231)	412

Changes in assets and liabilities:

Decrease (increase) in accounts receivable - trade	(164)	(775)	(3,960)	191	900	666	2,876
Decrease (increase) in accounts receivable - other	6	30	1,381	148	698	726	(475)
Decrease (increase) in inventory	(196)	(925)	(403)	449	2,119	(9)	(6,656)
Decrease (increase) in inventory - work in progress	(401)	(1,891)	(1,326)	891	4,206	(3,412)	(10,661)
Increase (decrease) in accounts payable - trade	(3,161)	(14,917)	2,395	(2,477)	(11,692)	(686)	16,578
Increase (decrease) in accounts payable - other	(23)	(109)	1,009	(31)	(147)	3,398	12,552
	<u>(2,988)</u>	<u>(14,102)</u>	<u>3,044</u>	<u>(533)</u>	<u>(2,518)</u>	<u>3,611</u>	<u>20,914</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 six months period ended June 30, <u>2013</u>	For the six months period ended June 30, <u>2013</u> <u>2012</u>	For the three months period ended June 30, <u>2013</u>	For the three months period ended June 30, <u>2013</u> <u>2012</u>	For the year ended December 31, <u>2012</u>
	(unaudited)	(unaudited)	(unaudited) (in thousands)	(unaudited)	(audited)
Convenience translation into Euro (1)		NIS	Convenience translation into Euro (1)	NIS	
Appendix B - Non-cash operations					
Booking a capital benefit arising from a transaction with a controlling party	<u>22</u>	<u>104</u> <u>-</u>	<u>-</u>	<u>-</u> <u>-</u>	<u>-</u>
Appendix C - Additional information on cash flows regarding operating activities					
Cash paid during the period for:					
Interest	<u>432</u>	<u>2,037</u> <u>2,313</u>	<u>21</u>	<u>98</u> <u>143</u>	<u>4,600</u>
Taxes on income	<u>11</u>	<u>54</u> <u>54</u>	<u>6</u>	<u>27</u> <u>27</u>	<u>108</u>
Cash received during the period for:					
Interest and dividend	<u>204</u>	<u>963</u> <u>956</u>	<u>58</u>	<u>272</u> <u>341</u>	<u>1,400</u>

(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 June 30, 2013, and for the six and three months periods then ended ("consolidated interim financial statements"). These financial statements should be read in conjunction with the Company's audited annual financial statements and accompanying notes as at December 31, 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>Exchange rate of</u>	<u>Exchange rate of</u>
	<u>Points (*)</u>	<u>1 U.S. dollar</u>	<u>1 Euro</u>
		<u>NIS</u>	<u>NIS</u>
June 30, 2013	222.70	3.618	4.7197
June 30, 2012	218.35	3.923	4.9319
December 31, 2012	219.80	3.733	4.9206
<b><u>Change during the period</u></b>	<b><u>%</u></b>	<b><u>%</u></b>	<b><u>%</u></b>
Six month ended June 30, 2013	1.32	(3.08)	(4.08)
Six month ended June 30, 2012	0.96	2.67	(0.13)
Three month ended June 30, 2013	1.29	(0.82)	1.26
Three month ended June 30, 2012	0.57	5.60	(0.43)
For the year ended December 31, 2012	1.63	(2.3)	(0.35)

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

- C. Convenience translation in EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated in EURO by dividing each NIS amount by the representative rate of exchange of the EURO as at June 30, 2013 (EURO 1 = NIS 4.7197).

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

**Note 2 - Significant Accounting Policies**

- A. The interim consolidated financial statements are prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods as set forth in IAS 34 – "Financial reporting for interim periods" including the requirements of disclosure under Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports) – 1970.
- The significant accounting principles and the methods of calculation which were implemented in the preparation of the interim financial statements are identical to those used in the preparation of the last annual financial statements, apart from those mentioned in clause B below.

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

**Note 2 - Significant 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.

The initial implementation of IFRS 13 has not had a significant impact on the Company's financial statements

**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 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 be 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%. The annual effective interest rate is 6.25%.

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, 2013. As of 30 June 2013 the Company meets its financial covenants.

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 June 30, 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. The waiver was enrolled as capital benefit arising from a transaction with a controlling party.

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

**Note 4 - 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 June 30, 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>103,816</u>	<u>112,536</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 June 30, 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>31,460</u>	<u>-</u>	<u>-</u>	<u>31,460</u>
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	<u>-</u>	<u>2,513</u>	<u>-</u>	<u>2,513</u>

During the six-month period ended June 30, 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 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.

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

**Note 6 - Business segments (cont'd)**

For the six months period ended June 30,	For the six months period ended June 30,		For the three months period ended June 30,	For the three months period ended June 30,		For the year ended December 31,
2013	2013	2012	2013	2013	2012	2012
(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
(in thousands)						
Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
10,014	47,260	46,726	5,079	23,970	23,829	96,375
5,188	24,488	24,707	3,311	15,626	13,098	44,684
112	528	139	83	392	139	664
44	210	173	22	105	92	403
15,358	72,486	71,745	8,495	40,093	37,158	142,126
2,908	13,726	14,401	1,469	6,933	7,359	29,558
-	(1)	(1,700)	294	1,388	(478)	(6,936)
(510)	(2,405)	(644)	(263)	(1,243)	(219)	(1,040)
5	22	44	5	22	49	4
(1,987)	(9,377)	(7,363)	(864)	(4,075)	(3,954)	(16,802)
416	1,965	4,738	641	3,025	2,757	4,784
970	4,580	3,023	342	1,612	2,605	3,498
-	-	-	-	-	-	114
(554)	(2,615)	1,715	299	1,413	152	1,400

(1) See note 1C.

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

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

**June 30 ,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 June 30, 2013 and for the periods of six and three months then ended. The separate financial information is in the responsibility of the Company's Board of Directors and Management. Our responsibility is to express a conclusion on the separate interim financial information for the interim periods, based on our review.

**Scope of the review**

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

**Conclusion**

Based on our review, 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,  
August 29, 2013

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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 interim consolidated financial statements  
attributed to the company**

	<u>June 30, 2013</u>	<u>June 30, 2013</u>	<u>June 30, 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	5,319	25,105	10,464	15,019
Restricted cash	875	4,130	3,318	3,349
Marketable securities	6,666	31,460	35,242	30,686
Accounts receivable -				
Trade	2,389	11,277	17,444	11,411
Other	374	1,764	694	2,173
Accounts receivable - other -				
subsidiaries	3,885	18,335	10,117	13,665
Embedded derivatives	-	-	230	40
Inventory	4,446	20,985	15,446	20,081
Inventory - work in progress	3,694	17,433	7,996	16,780
	<u>27,648</u>	<u>130,489</u>	<u>100,951</u>	<u>113,204</u>
<u>Non-current assets</u>				
Long-term deposits	74	351	199	157
Property and equipment, net	8,514	40,182	39,822	39,831
Intangible assets, net	7,184	33,908	27,176	30,758
	<u>15,772</u>	<u>74,441</u>	<u>67,197</u>	<u>70,746</u>
	<u><u>43,420</u></u>	<u><u>204,930</u></u>	<u><u>168,148</u></u>	<u><u>183,950</u></u>

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

Tzvi Livne  
Director

Yair Itscovich  
Chief Financial Officer

Approved: August 29, 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 interim consolidated financial statements  
attributed to the company**

	<u>June 30, 2013</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>December 31, 2012</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>(in thousands)</u>			
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
<u>Current liabilities</u>				
Current maturities of long-term loans	931	4,394	4,410	4,590
Current maturities of bonds	3,817	18,013	17,882	17,788
Accounts payable -				
Trade	3,163	14,926	16,192	29,116
Other	4,402	20,777	15,471	25,819
Embedded derivatives	532	2,513	1,031	1,509
	<u>12,845</u>	<u>60,623</u>	<u>54,986</u>	<u>78,822</u>
	-----	-----	-----	-----
<u>Non-current liabilities</u>				
Liabilities less assets associated with subsidiaries	1,341	6,328	655	2,500
Loans from banks and others	1,801	8,502	13,579	11,063
Bonds	18,180	85,803	50,622	45,025
Liabilities for benefits to employees, net	536	2,532	2,633	2,640
	<u>21,858</u>	<u>103,165</u>	<u>67,489</u>	<u>61,228</u>
	-----	-----	-----	-----
<u>Shareholders' equity</u>				
Share capital	75	352	352	352
Share premium	10,718	50,588	50,588	50,588
Capital reserve from translation of foreign operation	(255)	(1,204)	(393)	(957)
Company shares held by the company	(1,492)	(7,042)	(6,643)	(7,042)
Reserve from a transaction with a controlling party	22	104	-	-
Retained earnings (loss)	(351)	(1,656)	1,769	959
	<u>8,717</u>	<u>41,142</u>	<u>45,673</u>	<u>43,900</u>
	-----	-----	-----	-----
	<u><b>43,420</b></u>	<u><b>204,930</b></u>	<u><b>168,148</b></u>	<u><b>183,950</b></u>
	=====	=====	=====	=====

(1) See note 1C.

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

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

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

	For the six months period ended June 30, <u>2013</u>  (unaudited)  Convenience translation into Euro (1)	For the six months period ended June 30, <u>2013</u> <u>2012</u>  (unaudited)  NIS		For the three months period ended June 30, <u>2013</u>  (unaudited)  Convenience translation into Euro (1)	For the three months period ended June 30, <u>2013</u> <u>2012</u>  (unaudited)  NIS		For the year ended December 31, <u>2012</u>  (audited)
				(in thousands)			
Revenues	11,782	55,609	55,730	6,619	31,238	28,942	109,408
Revenues from subsidiaries	2,477	11,691	12,011	1,200	5,665	6,003	25,586
Total revenues	14,259	67,300	67,741	7,819	36,903	34,945	134,994
Cost of revenues	11,137	52,562	51,510	6,005	28,343	26,544	104,814
Gross profit	3,122	14,738	16,231	1,814	8,560	8,401	30,180
Development expenses, net	326	1,538	2,091	151	713	1,076	3,862
Selling & marketing expenses	735	3,474	4,516	366	1,723	2,125	9,181
General & administrative expenses	858	4,049	2,933	432	2,040	1,837	6,531
General & administrative expenses to subsidiaries	69	326	310	37	175	164	723
Other expenses	2	7	-	-	-	-	-
Operating profit	1,132	5,344	6,381	828	3,909	3,199	9,883
Financing income	411	1,937	1,218	321	1,516	349	3,583
Financing expenses	1,338	6,315	4,145	596	2,814	2,791	7,160
Profit after financing, net	205	966	3,454	553	2,611	757	6,306
The Company's share of subsidiaries loss	(759)	(3,581)	(1,739)	(254)	(1,198)	(605)	(5,020)
Profit (loss) before tax benefit	(554)	(2,615)	1,715	299	1,413	152	1,286
Tax benefit	-	-	-	-	-	-	114
Net profit (loss) for the period attributed to the company's shareholders	(554)	(2,615)	1,715	299	1,413	152	1,400

(1) See note 1C.

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

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

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

	For the six months period ended June 30,	For the six months period ended June 30,		For the three months period ended June 30,	For the three months period ended June 30,		For the year ended December 31,
	2013	2013	2012	2013	2013	2012	2012
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Net profit (loss) for the period attributed to the company's shareholders	(554)	(2,615)	1,715	299	1,413	152	1,400
<u>Other comprehensive income (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 operation	(52)	(247)	255	(9)	(45)	486	(309)
Other comprehensive income (loss) for the period	(52)	(247)	255	(9)	(45)	486	(804)
Total comprehensive profit (loss) for the period attributed to the company's shareholders	(606)	(2,862)	1,970	290	1,368	638	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 interim consolidated financial statements  
attributed to the company**

	For the six months period ended June 30,	For the six months period ended June 30,		For the three months period ended June 30,	For the three months period ended June 30,		For the year ended December 31,
	2013	2013	2012	2013	2013	2012	2012
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
		<b>(in thousands)</b>			<b>(in thousands)</b>		
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
<u>Cash flows - operating activities</u>							
Net profit (loss) for the period attributed to the company's shareholders	(554)	(2,615)	1,715	299	1,413	152	1,400
Adjustments necessary to show the cash flows - operating activities (Appendix A)	(2,648)	(12,498)	5,283	(285)	(1,345)	5,463	24,878
Cash flows provided by (used in) operating activities of the company	(3,202)	(15,113)	6,998	14	68	5,615	26,278
Cash flows used in operating activities from transactions with subsidiaries	(989)	(4,670)	(3,292)	(550)	(2,595)	(2,368)	(8,840)
Cash flows provided by (used in) operating activities	(4,191)	(19,783)	3,706	(536)	(2,527)	3,247	17,438
<u>Cash flows - investing activities</u>							
Sale (Purchase) of marketable securities, net	(133)	(627)	864	(94)	(443)	501	7,236
Purchase of property and equipment	(247)	(1,168)	(284)	(144)	(681)	(116)	(1,066)
Sale of property and equipment	16	77	-	-	-	-	-
Investment in restricted cash	(308)	(1,454)	-	-	-	-	-
Repayment of restricted cash	148	700	-	-	-	-	-
Repayment (investment) of long-term deposits, net	1	3	(27)	-	(2)	(20)	(29)
Investment in intangible assets	(1,133)	(5,346)	(5,816)	(563)	(2,658)	(2,859)	(11,720)
Cash flows used in investing activities	(1,656)	(7,815)	(5,263)	(801)	(3,784)	(2,494)	(5,579)
<u>Cash flows - financing activities</u>							
Repayment of long-term loans	(463)	(2,182)	(2,190)	(222)	(1,046)	(1,095)	(4,401)
Bonds issue	10,914	51,509	-	-	-	-	-
Repayment of bonds	(2,467)	(11,643)	-	-	-	-	(6,251)
Purchase of company shares by the company	-	-	-	-	-	-	(399)
Cash flows provided by (used in) financing activities	7,984	37,684	(2,190)	(222)	(1,046)	(1,095)	(11,051)
Change in cash and cash equivalents for the period	2,137	10,086	(3,747)	(1,559)	(7,357)	(342)	808
Cash and cash equivalents at beginning of period	3,182	15,019	14,211	6,878	32,462	10,806	14,211
Cash and cash equivalents at end of period	5,319	25,105	10,464	5,319	25,105	10,464	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 interim consolidated financial statements  
attributed to the company**

For the six months period ended June 30,	For the six months period ended June 30,		For the three months period ended June 30,	For the three months period ended June 30,		For the year ended December 31,
2013	2013	2012	2013	2013	2012	2012
(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
			(in thousands)			
Convenience translation into Euro (1)	NIS		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	759	3,581	1,739	254	1,198	605	5,020
Depreciation and amortization	747	3,527	3,094	381	1,797	1,545	7,399
Loss (Profit) from marketable securities, net	(31)	(147)	123	(59)	(277)	636	(1,693)
Change in liabilities for benefits to employees, net	(23)	(108)	101	(17)	(82)	65	(191)
Capital loss	2	7	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-	(114)
Exchange rate changes of long-term loans and bonds	16	77	880	183	868	904	860
Reevaluation of restricted cash	(6)	(27)	(37)	(3)	(12)	(17)	(68)
Reevaluation of embedded derivatives	221	1,044	(256)	(205)	(969)	(231)	412

Changes in assets and liabilities:

Decrease (increase) in accounts receivable - trade	28	134	(3,155)	182	858	1,112	2,878
Decrease (increase) in accounts receivable - other	45	212	1,367	220	1,036	804	(149)
Decrease (increase) in inventory	(216)	(1,018)	(331)	407	1,923	(16)	(5,720)
Decrease (increase) in inventory - work in progress	(138)	(653)	(753)	1,122	5,294	(2,972)	(9,537)
Increase (decrease) in accounts payable - trade	(3,006)	(14,189)	2,312	(2,214)	(10,450)	(454)	15,236
Increase (decrease) in accounts payable - other	(1,046)	(4,938)	199	(536)	(2,529)	3,482	10,545
	<u>(2,648)</u>	<u>(12,498)</u>	<u>5,283</u>	<u>(285)</u>	<u>(1,345)</u>	<u>5,463</u>	<u>24,878</u>

(1) See note 1C.

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



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

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

	For the six months period ended June 30,	For the six months period ended June 30,		For the three months period ended June 30,	For the three months period ended June 30,		For the year ended December 31,
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
<u>Appendix B - Non-cash operations</u>							
Capital note to subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<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>	<u>-</u>	<u>-</u>	<u>-</u>

(2) 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 10<sup>th</sup> addition of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 about separate financial information of the company. These separate interim financial information should be read in with the Company's audited annual separate financial information as at December 31, 2012 and for the year then ended, and with the condensed consolidated interim financial statement as at June 30, 2013.
- B. Consolidated companies - defined in Note 1D to the consolidated financial statements as at December 31, 2012.
- C. Convenience translation in EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated into EURO by dividing each NIS amount by the representative rate of exchange of the EURO as at June 30, 2013 (EURO 1 = NIS 4.7197).

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

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

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

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

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

For this matter, the Management consists of:

HAIM SHANI, Company CEO

BAREKET SHANI, Deputy CEO

EYAL SABAN, VP

YAIR ITZKOVICH, CFO

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

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

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

In the Quarterly Report on The Effectiveness of Internal Control Over Financial Reporting and Disclosure that was attached to the quarterly report for the period ended on March 31, 2013 (hereinafter - the "Last Quarterly Report on Internal Control"), the internal control system in the company was resolved as effective.

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

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

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

I, HAIM SHANI, certify that:

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

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

August 29, 2013

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

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

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

August 29, 2013

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YAIR ITZKOVICH, CFO



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

**Fair Value Valuation of  
Embedded Derivatives**

**Valuation Date: 30/06/2013**

## 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:

<b>Transaction No.</b>	<b>Date of order signing</b>	<b>Inflow in EUR</b>
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
<b>Total</b>		<b>€ 32,704,181</b>

The following table reports the expected inflows in ILS as of the date of agreement signing and the valuation date (30/06/2013):

Transaction No.	Cumulative Actual Amount in EUR as of 30/06/2013	Total Cumulative Actual Amount in ILS as of 30/06/2013	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
₪3,925,162	₪3,500,150
₪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
₪8,982,976	₪8,722,897
₪12,908,138	₪12,223,047

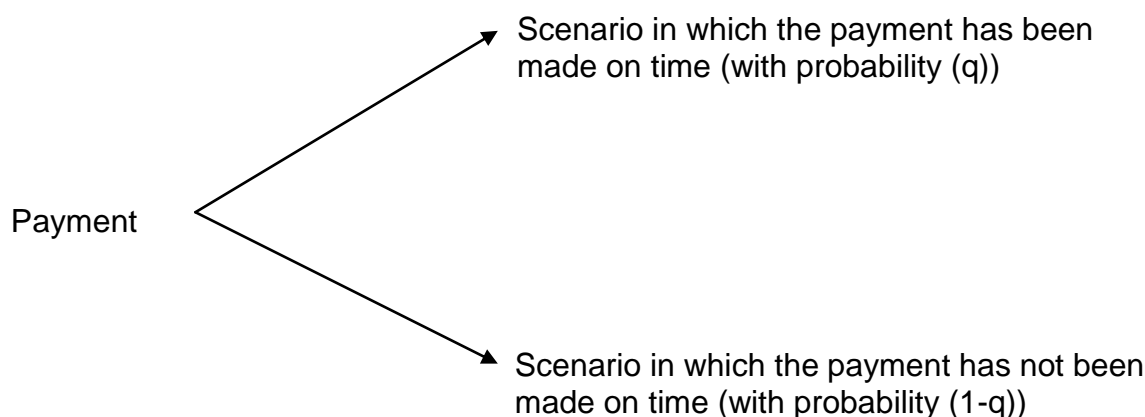
## 2. Methodology

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

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

## 3. Calculation Model

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

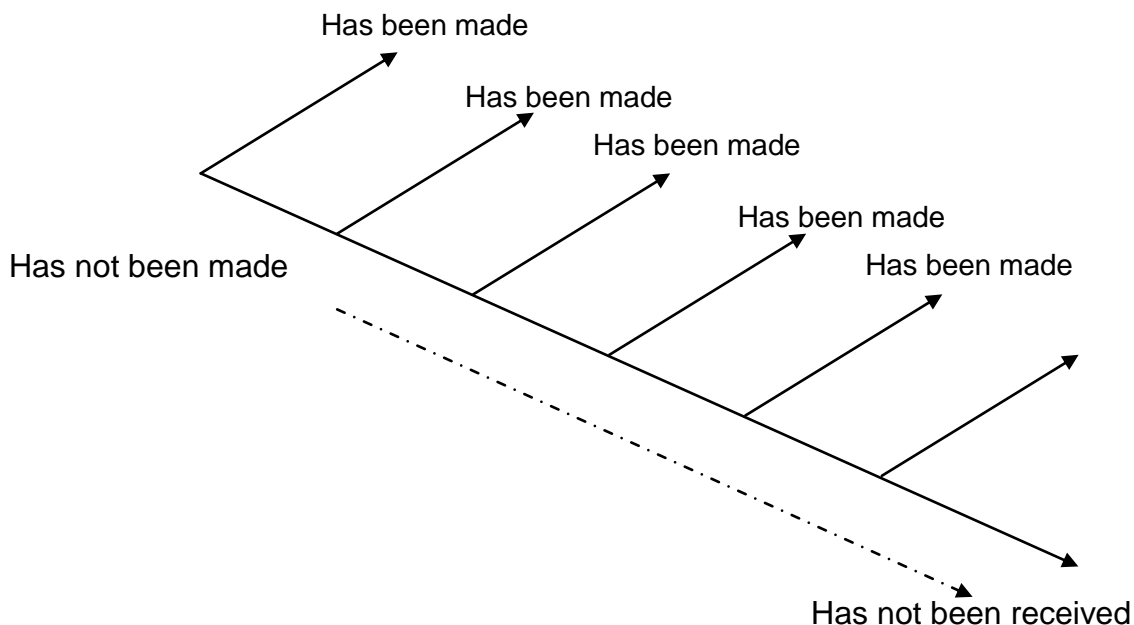


In accordance with the data obtained from the Company, the probability to each of the scenarios to occur is assumed equal (i. e. 50% probability for each of the scenarios).

The following figure illustrates possible implementation of the introduced above model. More specifically, the figure shows that if payment is made at



the originally scheduled date, then no delay will be considered. In contrast, if the payment has not been made on time, we will move to the next point (of the model) – possible payment date next to the initially scheduled one - and then reexamine whether or not the payment is made.



#### 4. ILS Cash Flow Calculations

**A.** Applying decision tree algorithm, we first compute forward rate, which afterward used for calculations of ILS payment equivalent as of the agreement inception date. The forward rate calculations based on the assumption that probability of not receiving payment in time is equal to 50%. Based on its experience with similar projects, the Company estimates possible delay in payment as of up to three months (with respect to the payment terms set forth in the project's schedule). To examine the probability of delay in the payment, we test a number of possible scenarios with different delay lengths (two weeks, month, and so on up to three months, increasing the lag period in 15 days each time). In order to estimate the forward rates, we used the forward rates as of agreement inception dates for each of the future scenario terms (06/05/2009, 29/09/2009, 07/12/2009, 11/12/2009, 17/12/2009, 23/12/2009, 13/01/2010, 15/01/2010, 04/02/2010, 24/03/2010, 16/05/2010, 31/05/2010, 10/06/2010, 28/07/2010, 12/08/2010, 19/09/2010, 24/10/2010, 25/10/2010, 08/11/2010, 28/11/2010, 07/12/2010, 21/12/2010, 22/12/2010, 16/03/2011,

24/05/2012). For example: for the payment expected on 31/05/2010 there is a probability of 50% to be made on this date (in accordance with the future rate determined for the corresponding date), and a probability of 50% to be made during the next three months following after the initially scheduled date (according to the Company).

**B.** After we estimated the constant ILS inflow for each payment date, we estimate the forward rate for 30/06/2013 (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	₪58,238,562
SO9024593	06/05/2009,07/12/2009	₪24,793,069
SO9026013	29/09/2009,11/12/2009,15/01/2010, 24/03/2010	₪7,847,375
SO9027063	23/12/2009	₪959,222
SO10027583	04/02/2010	₪710,019
SO9026912	17/12/2009,13/01/2010	₪9,095,186
SO10028957	31/05/2010	₪217,647
SO10029075	10/06/2010	₪397,581
SO10028772	16/05/2010	₪8,192,370
SO10029601	28/07/2010	₪5,733,566
SO10029738	12/08/2010	₪877,294
SO10030086	19/09/2010	₪679,862
SO10030459	24/10/2010	₪242,487
SO10030873	28/11/2010	₪378,036
SO10030874	28/11/2010	₪1,141,148
SO10031217	22/12/2010	₪102,697
SO10031195	21/12/2010	₪132,855
SO10030475	25/10/2010	₪378,421
SO10031025	07/12/2010	₪201,140
SO10030653	08/11/2010	₪165,701
SO11033018	16/03/2011	₪119,895
SO11033017	16/03/2011	₪161,772
USO1202098	24/05/2012	₪50,671,265
<b>Total</b>		<b>₪171,437,167</b>

**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
<b>06/05/2009</b>													
(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
<b>29/09/2009</b>													
(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
<b>07/12/2009</b>													
(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
<b>11/12/2009</b>													
(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
<b>17/12/2009</b>													
(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
<b>23/12/2009</b>													
(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
<b>13/01/2010</b>													
(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
<b>19/09/2010</b>													
(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
<b>24/10/2010</b>													
(Original) Date of Payment								Forward Rate					
31/12/2010								5.0516					

Date: 25/10/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00006	0.00045	0.00001	-0.0007	-0.00118	-0.00131	-0.00113	0.00052	0.01432	0.03754	0.07736	0.13887	0.22177
EUR Depo Rate:	0.405	0.615	0.785	0.825	0.955	1.15	1.35	1.5	1.569	1.638	1.775	1.914	2.106
ILS Depo Rate:	0.873	1.086	0.798	0.753	0.875	1.113	1.338	1.532	1.783	2.037	2.317	2.635	3.016
<b>25/10/2010</b>													
(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
<b>08/11/2010</b>													
(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
<b>28/11/2010</b>													
(Original) Date of Payment								Forward Rate					
30/06/2012								4.8713					

Date: 07/12/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00005	0.00009	0.00022	0.00052	0.001	0.00397	0.0092	0.01651	0.03661	0.06422	0.11282	0.20423	0.25323
EUR Depo Rate:	0.405	0.625	0.82	0.85	0.98	1.24	1.38	1.52	1.602	1.682	1.843	2.153	2.444
ILS Depo Rate:	0.8	0.728	0.884	0.926	1.078	1.424	1.657	1.891	2.138	2.382	2.661	3.254	3.538
<b>07/12/2010</b>													
(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
<b>21/12/2010</b>													
(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
<b>22/12/2010</b>													
(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
<b>16/03/2011</b>													
(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
30/06/2013	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 (30/06/2013):

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO9024592</b>	06/05/2009	23/03/2011	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO9026013</b>	29/09/2009	31/03/2011	30/09/2013	4.7170
<b>SO9026013</b>	29/09/2009	31/03/2011	30/09/2013	4.7170
<b>SO9026013</b>	29/09/2009	31/03/2011	30/09/2013	4.7170
<b>SO9026013</b>	29/09/2009	31/03/2011	30/09/2013	4.7170
<b>SO9026013</b>	11/12/2009	31/03/2011	30/09/2013	4.7170
<b>SO9026013</b>	11/12/2009	31/03/2011	30/09/2013	4.7170
<b>SO9026013</b>	15/01/2010	31/03/2011	30/09/2013	4.7170
<b>SO9026013</b>	15/01/2010	31/03/2011	30/09/2013	4.7170
<b>SO9026013</b>	24/03/2010	31/03/2011	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO10027583</b>	04/02/2010	31/03/2010	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO9026912</b>	17/12/2009	19/01/2011	30/09/2013	4.7170
<b>SO9026912</b>	17/12/2009	19/01/2011	30/09/2013	4.7170
<b>SO9026912</b>	13/01/2010	19/01/2011	30/09/2013	4.7170
<b>SO9026912</b>	17/12/2009	19/04/2011	30/09/2013	4.7170
<b>SO9026912</b>	17/12/2009	19/04/2011	30/09/2013	4.7170
<b>SO9026912</b>	13/01/2010	19/04/2011	30/09/2013	4.7170
<b>SO9026912</b>	13/01/2010	19/04/2011	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO10028957</b>	31/05/2010	28/02/2011	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO10029075</b>	10/06/2010	31/03/2011	30/09/2013	4.7170
<b>SO10029075</b>	10/06/2010	31/03/2011	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO10028772</b>	16/05/2010	03/04/2011	30/09/2013	4.7170
<b>SO10028772</b>	16/05/2010	03/07/2011	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO10029738</b>	12/08/2010	30/04/2011	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO10030874</b>	28/11/2010	31/03/2011	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO10030475</b>	25/10/2010	30/04/2011	30/09/2013	4.7170
<b>SO10030475</b>	25/10/2010	03/07/2011	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>SO10031025</b>	07/12/2010	30/04/2011	30/09/2013	4.7170
<b>SO10031025</b>	07/12/2010	30/07/2011	30/09/2013	4.7170

30/06/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
<b>USO1202098</b>	24/05/2012	30/04/2013	31/07/2013	4.7184
<b>USO1202098</b>	24/05/2012	30/04/2013	31/07/2013	4.7184
<b>USO1202098</b>	24/05/2012	30/06/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	30/04/2013	31/07/2013	4.7184
<b>USO1202098</b>	24/05/2012	30/06/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	30/06/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	31/07/2013	31/07/2013	4.7184
<b>USO1202098</b>	24/05/2012	31/01/2014	31/01/2014	4.7127
<b>USO1202098</b>	24/05/2012	31/03/2014	31/03/2014	4.7099
<b>USO1202098</b>	24/05/2012	30/04/2013	31/07/2013	4.7184
<b>USO1202098</b>	24/05/2012	30/06/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	30/06/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	31/07/2013	31/07/2013	4.7184
<b>USO1202098</b>	24/05/2012	30/09/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	30/09/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	30/11/2013	30/11/2013	4.7151
<b>USO1202098</b>	24/05/2012	30/11/2013	30/11/2013	4.7151
<b>USO1202098</b>	24/05/2012	31/01/2014	31/01/2014	4.7127
<b>USO1202098</b>	24/05/2012	31/03/2014	31/03/2014	4.7099
<b>USO1202098</b>	24/05/2012	30/06/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	30/09/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	31/07/2013	31/07/2013	4.7184
<b>USO1202098</b>	24/05/2012	30/09/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	30/11/2013	30/11/2013	4.7151
<b>USO1202098</b>	24/05/2012	31/01/2014	31/01/2014	4.7127

<b>USO1202098</b>	24/05/2012	31/05/2014	31/05/2014	4.7071
<b>USO1202098</b>	24/05/2012	31/07/2014	31/07/2014	4.7060
<b>USO1202098</b>	24/05/2012	30/06/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	30/09/2013	30/09/2013	4.7170
<b>USO1202098</b>	24/05/2012	31/05/2014	31/05/2014	4.7071

## 5. Fair Value Calculations

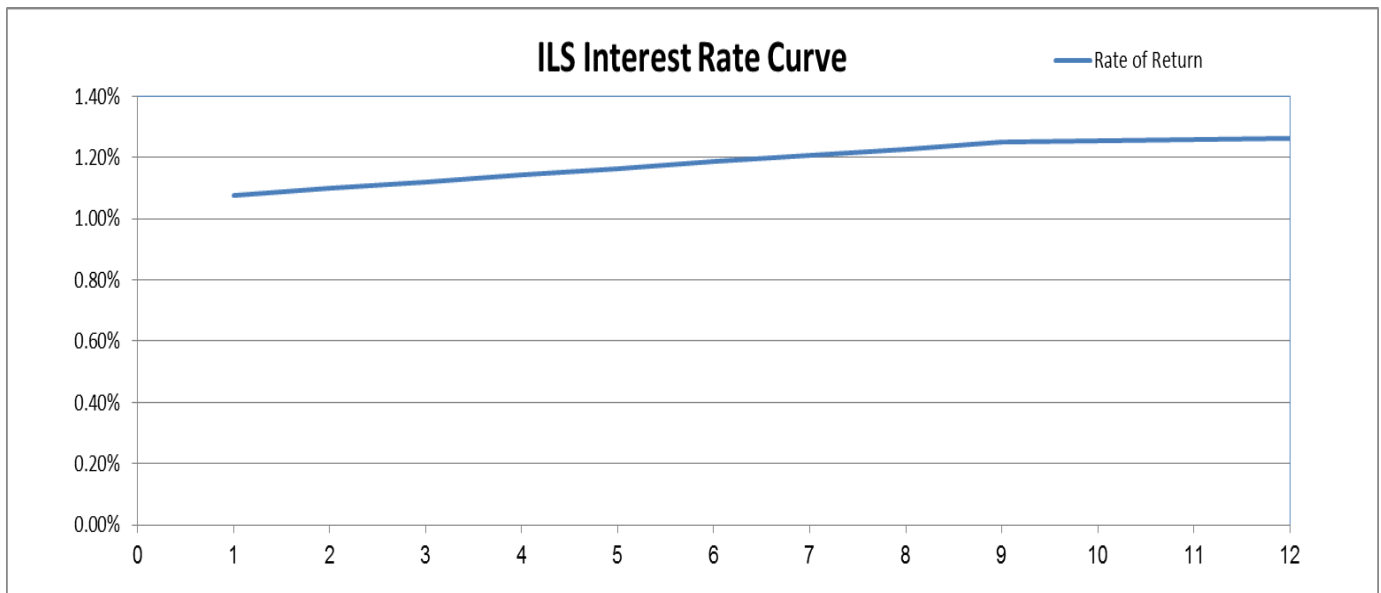
The fair value for 30/06/2013 computed as the difference between multiples of expected payment and forward rate on agreement inception date, and multiples of expected payment and forward rate on the valuation date. Each of the obtained results (profit/loss), discounted by risk free rate estimated for the corresponding period. This value discounted to 30/06/2013 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.

30/06/2013												
Month	1	2	3	4	5	6	7	8	9	10	11	12
Rate of Return	1.08%	1.10%	1.12%	1.14%	1.16%	1.19%	1.21%	1.23%	1.25%	1.25%	1.26%	1.26%



## 6. Findings

The table below presents the Fair Value as of 30/06/2013:

Transaction No.	Transaction Volume in EUR	Expected CF in ILS	Transaction Volume Balance in EUR as of 30/06/2013	Expected CF in ILS Balance as of 30/06/2013	CF in ILS Balance as of 30/06/2013	Fair Value as of 30/06/2013
SO9024592	€ 10,591,854	₪58,238,562	€ 867,186	₪4,750,806	₪4,090,491	₪(660,315)
SO9024593	€ 4,497,003	₪24,793,069	€ 0	₪0	₪0	₪0
SO9026013	€ 1,440,190	₪7,847,375	€ 144,019	₪792,140	₪679,333	₪(112,807)
SO9027063	€ 177,000	₪959,222	€ 0	₪0	₪0	₪0
SO10027583	€ 137,458	₪710,019	€ 8,922	₪47,199	₪42,082	₪(5,117)
SO9026912	€ 1,671,892	₪9,095,186	€ 262,752	₪1,432,480	₪1,239,393	₪(193,087)
SO10028957	€ 45,325	₪217,647	€ 9,065	₪45,078	₪42,759	₪(2,319)
SO10029075	€ 85,748	₪397,581	€ 0	₪0	₪0	₪0
SO10028772	€ 1,726,001	₪8,192,370	€ 345,200	₪1,681,543	₪1,628,298	₪(53,245)
SO10029601	€ 1,158,700	₪5,733,566	€ 0	₪0	₪0	₪0
SO10029738	€ 179,575	₪877,294	€ 15,933	₪79,514	₪75,155	₪(4,358)
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	₪1,141,148	€ 11,713	₪57,659	₪55,250	₪(2,409)
SO10031217	€ 21,814	₪102,697	€ 0	₪0	₪0	₪0
SO10031195	€ 28,093	₪132,855	€ 0	₪0	₪0	₪0
SO10030475	€ 74,817	₪378,421	€ 14,964	₪76,939	₪70,585	₪(6,355)
SO10031025	€ 41,453	₪201,140	€ 8,291	₪40,912	₪39,107	₪(1,806)
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	₪50,671,265	€ 5,534,702	₪27,570,089	₪26,098,712	₪(1,471,376)
	€ 32,704,181	₪171,437,167	€ 7,222,746	₪36,574,361	₪34,061,167	₪(2,513,194)

**The fair value is the liability in amount of (- ₪2,513,194) ILS.**



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

**PRESS RELEASE**

**Airport City, Israel,**

**August 29, 2013**

**\*\*\*Regulated Information\*\*\***

**\*\*\*For Immediate Release\*\*\***

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

**Airport City, Israel - August 29, 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: June 30<sup>th</sup>, 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)

<b>Fund Payments</b>									<b>Gross Interest Payment (Without Tax Deduction)</b>
	<b>NIS Index Linked</b>	<b>NIS Index Unlinked</b>	<b>Euro</b>	<b>USD</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>Other</b>	
<b>First Year</b>	18,044								5,746
<b>Second Year</b>	18,400								4,871
<b>Third Year</b>	18,400								3,848
<b>Fourth Year</b>	18,400								2,825
<b>Fifth Year and So On</b>	33,377								3,619
<b>Total</b>	106,621								20,909

- 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)

<b>Fund Payments</b>									
	<b>NIS Index Linked</b>	<b>NIS Index Unlinked</b>	<b>Euro</b>	<b>USD</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>Other</b>	<b>Gross Interest Payment (Without Tax Deduction)</b>
<b>First Year</b>		69							8
<b>Second Year</b>		43							1
<b>Third Year</b>		-							-
<b>Fourth Year</b>		-							-
<b>Fifth Year and So On</b>		-							-
<b>Total</b>		<b>112</b>							<b>9</b>

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

<b>Fund Payments</b>									
	<b>NIS Index Linked</b>	<b>NIS Index Unlinked</b>	<b>Euro</b>	<b>USD</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>Other</b>	<b>Gross Interest Payment (Without Tax Deduction)</b>
<b>First Year</b>			3,930	395					312
<b>Second Year</b>			1,962	395					232
<b>Third Year</b>			923	395					182
<b>Fourth Year</b>			829	395					148
<b>Fifth Year and So On</b>			3,364	197					486
<b>Total</b>			<b>11,008</b>	<b>1,777</b>					<b>1,360</b>

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

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

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

<b>Fund Payments</b>									
	<b>NIS Index Linked</b>	<b>NIS Index Unlinked</b>	<b>Euro</b>	<b>USD</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>Other</b>	<b>Gross Interest Payment (Without Tax Deduction)</b>
<b>First Year</b>	18,044	69	3,930	395					6,066
<b>Second Year</b>	18,400	43	1,962	395					5,104
<b>Third Year</b>	18,400	-	923	395					4,030
<b>Fourth Year</b>	18,400	-	829	395					2,973
<b>Fifth Year and So On</b>	33,377	-	3,364	197					4,105
<b>Total</b>	<b>106,621</b>	<b>112</b>	<b>11,008</b>	<b>1,777</b>					<b>22,278</b>



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

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

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):56,565  
 (2) Cash and cash equivalents, marketable securities and short term deposits of all consolidated companies (in NIS thousands):61,151  
 (\*) Restricted cash is excluded.

Respectfully,

Unitronics (1989) (R"G) Ltd.