Unitronics (1989) (R"G) Ltd

Quarterly Report as at June 30, 2014

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

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

CHAPTER A – PREFACE

1.1 General

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

Company No.: 520044199

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

Email Address: investors@unitronics.com

Telephone: 03 977 8888

Facsimile: 03 977 8877

1.2 Description of the Company and Its Business Environment

Unitronics engages, through its Products Department, in the design, development, production, marketing and sale of industrial automation products, mainly programmable logic controllers (hereinafter: "**PLCs**"). PLCs are computer-based electronic products (hardware and software) used in the command and control of machines performing automatic tasks, such as production systems and automatic systems for industrial storage, retrieval and logistics, and automated parking facilities. The Company also engages, through its Systems Department, in design, construction and maintenance services in the framework of projects for automation, computerization and integration of computerized production and/or logistics systems, mainly automated warehouses, and automated distribution centers. In addition, the Company engages, through wholly owned subsidiaries, in the design, development, production, establishment and maintenance services of automated parking solution systems.

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

The Company mainly operates from facilities located in "Unitronics Building," an office and industrial building which is leased, in part, by the Company, and a different part therein is leased to the Company. The Unitronics Building is situated at Airport City next to the David Ben-Gurion Airport, and it houses the Company's offices and all its other facilities in Israel. For additional details see sections 1.13.1 and 1.13.2 in Chapter A of the Company's Periodic Report for 2013, which was published by the Company on March 27, 2014, reference no: 2014-01-027369, as supplemented by an immediate report published by the Company on August 18, 2014, reference no: 2014-01-136482 (hereinafter jointly – "**the Periodic Report**").

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

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

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

On February 20, 2013, the Company entered into an agreement with a third party unrelated to the Company or to the interested parties therein (hereinafter "the Sale Agreement") for the sale of the Company's rights in a real estate property covering 11,000 square meters, in the Hevel Modiin – Tirat Yehuda Industrial Zone and the in the plans held by the Company in connection with the planning of the said property for a total consideration of NIS 18,550,000 plus VAT as required by law. The validity of the Sale Agreement was subject to the Board of Directors' approval of the Agreement no later than March 2, 2014. On February 23, 2014 such approval was granted by the Board of Directors (for additional details on the Sale Agreement see Amending Immediate Report dated February 23, 2014 on an Event or Matter Not in the Ordinary Course of the Corporation's Business, reference no. 2014-01-044935, which is included herein by way of reference. For additional details on the Board of Directors' approval of the Sale Agreement, see Immediate Report dated February 23, 2014, on an Event or Matter Not in the Ordinary Course of the Corporation's Business, reference no: 2014-01-044938, which is included herein by way of reference).

1.3.2 Payment of a Debenture Principal (Series 3)

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

1.3.3 Change of Company officers

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

On May 7, 2014, Mr. Avi Peleg was appointed as the Company's controller. (For further details see immediate report dated April 13, 2014, regarding the appointment of a senior officer, reference no. 2014-01-046305, included herein by way of reference).

Subsequent to the date of the statement of financial position, on July 23, 2014, Mr. Yair Itscovitch, CFO of the Company, ceased to be officer of the Company. (For further details see immediate report dated July 23, 2014, regarding a senior officer that ceased to hold office, reference no. 2014-01-120198, included herein by way of reference).

Subsequent to the date of the statement of financial position, on July 23, 2014, Mr. Gavriel Badusa was appointed as CFO of the Company. (For further details see immediate report dated July 23, 2014, regarding the appointment of a senior officer, reference no. 2014-01-120207, included herein by way of reference).

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

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

1.3.5 Adoption of a Dividend Distribution Policy

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

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

The implementation of the said dividend policy is subject to: (a) the provisions of any applicable law, including the Company's compliance with the distribution tests set forth in Section 302 (A) of the Companies Law, 1999 ("**the Companies Law**") on the date of each distribution; (b) the Company's obligations to the holders of debentures, including financial covenants which the Company assumed and/or shall assume (for additional details on the Company's obligations towards the Company's debenture holders (Series

3 and 4) see section 1.20.6 and 1.20.8 (respectively) of the Periodic Report; (c) the Company's existing and anticipated obligations towards third parties, which are not the Company's shareholders or debenture holders; (d) the financing needs, investment plans and business plans of the Company, such that said distribution shall not prevent the Company from executing its plans and meeting its planned needs as shall be from time to time; (e) the Company's activities, cash flows and cash balance; and (f) other business considerations as shall be reviewed from time to time by the Board of Directors of the Company at its sole discretion.

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

The said policy came into effect from the date of publication of the Company's Annual Report. Based on the Company's financial statements for 2013, the Company's profits for 2013 fall short of the threshold allowing dividend distribution in accordance with the said policy.

Notwithstanding the aforesaid, the Company may distribute dividend whose amount deviates from the amount prescribed in the aforementioned policy, whether by paying a bigger dividend or smaller dividend than the aforesaid or by refraining from dividend payment or changing the date of the distribution and/or the distributed amount. It is clarified that nothing in the aforesaid provisions shall derogate from the Company's power to buy back Company shares, subject to the provisions of any applicable law. Insofar as such buybacks are made, they shall constitute part of the distributed amount, which is the subject of the aforesaid policy, for all intents and purposes. (For details see Immediate Report on an Event or Matter Not in the Ordinary Course of the Corporation's Business, dated February 23, 2014, reference no.: 2014-01-044944, which is included herein by way of reference).

1.3.6 <u>Agreement to build an automated parking system in the US</u>

On June 1, 2014, a wholly owned subsidiary of the Company, which is incorporated in the US "Unitronics Systems Inc." (hereinafter in this section – "**Systems Inc.**"), signed an agreement with a customer unrelated to the Company or to interested parties therein, for the construction of an automated parking system in Hoboken, New Jersey (hereinafter in this section – "**the Project**"). The Project is estimated at $2.6 million (NIS 9 million). The Company will recognize revenue from the Project in its financial statements according to the percentage of completion method, which is determined based on the completion of stages of the work in the project. The Project is planned to end in the second half of 2015.
For additional details see Immediate Report on an Event or Matter Not in the Ordinary Course of the Corporation's Business, dated June 1, 2014, reference no.: 2014-01-081264, which is included herein by way of reference.

1.3.7 <u>Publication of a Shelf Prospectus</u>

On August 19, 2014, the Company published a shelf prospectus(Dated August 20, 2014), based on the Company's financial statements as at March 31, 2014 (hereinafter in this section – "**the Prospectus**"). Pursuant to the Prospectus, the Company is entitled to issue shares, several series of debentures and convertible debentures as well as stock options and options for debentures, in such amount and on such terms as shall be determined in accordance with the shelf offering reports, to the extent that such reports are published by the Company in the future. The offering of securities pursuant to the Prospectus will be carried out in Israel only and not in Belgium.
For additional details, see Immediate Report on the Publication of Prospectus, dated

August 19, 2014, reference no: 2014-01-137235, which is included herein by way of reference.

On August 20, 2014 the Company published an immediate report regarding its intention to publish a Shelf Offering Report (hereinafter: "**the Shelf Offering Report**") in the near future, according to which debentures (Series 5) of the Company (hereinafter: "**the debentures**") shall be offered to the public. It is to be be noted that the offer of the securities under the Shelf Offering Report shall only be made in Israel and not in Belgium. The Board of Directors of the Company has authorized the management to negotiate and formulate the terms of the debentures, and perform the other activities required for the public offering. The publication of the Shelf Offering Report and and the issuance thereunder (if and when implemented), shall be subject to receipt of all the necessary approvals by law, including the approval of the institutions of the Company with respect to the terms and structure of the issue and the approval of the stock exchange to list the Debentures (Series 5) for trading. As of the date of this report, the date of the raising of the capital, its scope and the terms of the debentures to be offered to the public (if and when offered) have not yet been determined.
For additional details, see Immediate Report, dated August 20, 2014, reference no: 2014-01-137931, which is included herein by way of reference.

1.3.8 Convening of an annual general meeting

The Company convened an annual and extraordinary general meeting of its shareholders for Monday, September 4, 2014 at 12:00 (Brussels time), at the Sheraton Zaventem Hotel in Brussels, Belgium ("**the Meeting**"). The items on the meeting's agenda are as follows: (i) presentation of the audited financial statements and Board of Directors' Report of the Company, including the fees of the Company's auditor for the audit of accounts and his fees for additional activities, and the Periodic Annual Report for 2013; (ii) the re-appointment of the Amit-Halfon accounting firm as the Company's auditors for 2014 and for the period up to the next annual meeting of the Company's shareholders and authorizing the Company's board of directors to determine its fee; (iii) appointment of Mr. Haim Shani and Ms. Bareket Shani for an additional term as directors (category C) of the Company; (iv) approval of the re-appointment of Mr. Yoel Sela for a third term of office as external director; (v) approval of the employment agreements of Mr. Haim Shani and Ms. Bareket Shani, the controlling shareholder of the Company and his wife, for an additional three-year period, from the date of the Meeting to September 4, 2017, pursuant to Section 275(A1) of the Companies Law; (vi) amendment of the employment agreements with Mr. Haim Shani and Ms. Bareket Shani; (vii) approval of the letter of exemption and indemnification issued to Mr. Haim Shani and Ms. Bareket Shani.

For additional details, see Immediate Report on the Convening of a Meeting dated July 1, 2014, Reference No. 2014-01-03602, and an Amended Immediate Report on the Convening of a Meeting dated July 22, 2014, Reference No. 2014-01-119502, included herein by way of reference.

1.3.9 Update of Authorized Signatories in the Company

Subsequent to the date of the statement of financial position, on July 23, 2014, the Board of Directors of the Company decided to authorize Mr. Gabriel Badusa, CFO of the Company, as an authorized signatory in the Company, in lieu of Mr. Yair Itzkovitch.

For additional details see Immediate Report on an Event or Matter Not in the Ordinary Course of the Corporation's Business, dated July 23, 2014, reference no.: 2014-01-120216, which is included herein by way of reference.

Chapter B – Board of Directors' Report

2.1 Financial Position

2.1.1 Balance Sheet

	As at June 30		As at December 31, 2013	Board of directors' explanations for changes in balance sheet balances compared to December 31, 2013
	2014	2013		
	NIS in thousand			
Current assets	128,116	127,043	121,387	The increase is mainly due to the following factors: An increase in the balance of cash and cash equivalents of NIS 5.127 million as specified in section 2.2 below. An increase in trade and accounts receivable of NIS 1.266 million, which is mainly attributed to the Products segment. An increase in inventory of NIS 1.866 million. On the other hand, a decrease in inventory of work in progress of NIS 3.636 million reflects progress in the execution of projects as at the reporting date only.
Non-current assets	69,496	80,603	85,176	The decrease is mainly due to the following factors: A decrease in fixed assets of NIS 20.744 million which primarily stems from the sale of a real estate property as detailed in section 1.3.1 above. On the other hand, there was an increase in intangible assets of NIS 5.142 million, mainly due to investment in development.
Total assets	**197,612**	**207,646**	**206,563**	
Current liabilities	73,049	69,667	64,247	The increase is mainly due to the following factors: An increase in trade payables of NIS 6.677 million, as a result of the increase in trade payables in the Products segment and an increase in current maturities of debentures of NIS 6.159 million, due to the initial registration of current maturities in respect of debentures (Series 4). On the other hand, there was a decrease in accounts payable of NIS 2.602 million as a result of income in advance in the Systems segment.
Non-current liabilities	79,759	96,837	98,553	The decrease is mainly due to the following factors: A decrease in debentures of NIS 17.796 million, due to the second of five payments of the principal of the debentures (Series 3) as detailed in section 1.3.2 above and the initial registration of current maturities in respect of debentures (Series 4).
Equity attributable to Company shareholders	44,804	41,142	43,763	
Total liabilities and equity	**197,612**	**207,646**	**206,563**	

The Company's working capital as at June 30, 2014 totaled NIS 55.067 million and remained virtually unchanged compared to the working capital as at December 31, 2013, which totaled NIS 57.140 million.

2.1.2 Results of operations

	For the six month period ended on June 30		For the three months period ended on June 30		For the year ended December 31	Board of directors' explanations for changes in profit and loss items
	2014	2013	2014	2013	2013	
	NIS in thousand					
Income	80,345	72,486	39,797	40,093	156,179	The growth in the reporting period compared to the same period of 2013 is mainly attributed to an increase in revenues from the parking segment. In the second quarter of 2014 there was no material change compared to the same period of 2013. For details on income by segments, see section 2.1.3 below.
Cost of income	56,900	53,532	27,692	28,922	112,728	
Gross profit	23,445	18,954	12,105	11,171	43,451	The increase in gross profit margins in the reporting period and in the second quarter of 2014 compared to the same periods of 2013 mainly stems from an improvement in the gross profit margins of the Products segment, as detailed in section 2.1.3 below.
Gross profit margins	29%	26%	30%	28%	28%	
Development expenses, net	2,904	3,357	1,603	1,103	5,706	During the reporting period, an intangible asset in respect of development costs was recognized in the amount of NIS 9.055 million, compared with NIS 7.549 million in the same period of 2013. Total development costs in the reporting period reflect the continued development of technologies required to support the Company's operations, with a corresponding adjustment of the Company's development staff, in order to address its business plans in the different areas of operation. For details on the Company's assessment of development expenses, see items 1.9.17 and 1.11.15 in Chapter A of the Periodic Report.

	For the six month period ended on June 30		For the three months period ended on June 30		For the year ended December 31	Board of directors' explanations for changes in profit and loss items
	2014	2013	2014	2013	2013	
	NIS in thousand					
Selling and marketing expenses	8,980	8,074	4,585	4,193	17,056	The growth in the reporting period and in the second quarter of 2014, compared to corresponding periods in 2013, is mainly attributed to the Products segment, to meet the Company's business plans for this market. For details on selling and marketing expenses, see section 2.2.3.5 of the Periodic Report.
Administrative and general expenses	5,296	5,551	2,670	2,850	11,240	During the reporting period and in the second quarter of 2014, the balance of administrative and general expenses did not change materially compared to the corresponding periods of 2013.
Other expenses	2,191	7	-	-	7	Capital loss from sale of real estate property as described in section 1.3.1 above.
Profit from ordinary activities	4,074	1,965	3,247	3,025	9,442	
Financing expenses, net	2,397	4,580	2,012	1,612	7,832	During the reporting period compared to the same period of 2013, the change in this item is mainly attributed to financing expenses in the corresponding period, arising from revaluation and exchange rate differences in respect of embedded derivatives, (the Company has sale contracts in currencies other than its functional currency. These contracts in the Systems segment include foreign-currency embedded derivatives).
Profit (loss) before taxes on income	1,677	(2,615)	1,235	1,413	1,610	
Taxes on income	599	-	409	-	1,444	Taxes on income mainly stem from a decrease in deferred tax balances in respect of carried forward tax losses.
Net profit (loss) for the period	1,078	(2,615)	826	1,413	166	

2.1.3 Analysis of Business Results by Operating Segment

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

2.1.3.1 Revenues

	For the six month period ended on June 30		For the three months period ended on June 30		For the year ended December 31	Board of directors' explanations for the changes
	2014	2013	2014	2013	2013	
	NIS in thousand					
Products	52,368	47,260	27,749	23,970	95,449	During the reporting period and in the second quarter of 2014 there was an increase in sales of products compared to the corresponding periods of 2013, mainly due to the increased marketing in selected markets and as a result of launching of new products.
Percentage of Company revenues	65%	65%	70%	60%	61%	
Systems	19,213	24,488	7,082	15,626	55,096	During the reporting period and in the second quarter of 2014 the decrease in revenues stems from changes in the progress of construction of several logistic systems, mainly in relation to the planning and construction of logistic systems to major customers in Israel (for details see section 1.10.9 of the Periodic Report) and from the pace of orders from customers for logistic systems during the reporting period, due to, among others, the volatility in this market.
Percentage of Company revenues	24%	34%	18%	39%	35%	
Parking solutions	8,593	528	4,880	392	5,195	During the reporting period and in the second quarter of 2014, compared to the corresponding periods of 2013, the growth of the segment is attributable to an increase in the number of projects (which was insignificant until then) and increase in the pace of progress of construction of several automated parking systems.
Percentage of Company revenues	11%	1%	12%	1%	3%	

2.1.3.2 Results of the operating segments

	For the six month period ended on June 30		For the three months period ended on June 30		For the year ended December 31	Board of directors' explanations for the changes
	2014	2013	2014	2013	2013	
	NIS in thousand					
Operating segments						
Products	17,117	13,726	9,173	6,933	28,336	In the reporting period and in the second quarter of 2014, compared to the corresponding periods of 2013, the growth in the operating results of the Products segment is due to an increase in revenues and a slight improvement in the gross profit margin which, in the Company's opinion, is attributable to the effect of fluctuations in the main currencies vis-à-vis the NIS.
Systems	1,459	(1)	304	1,388	5,002	In the reporting period compared to the corresponding period of 2013, the increase in the segment's profit stems from numerous projects whose gross profit margin is higher year-over-year and a decrease in fixed expenses. The decrease in profit in the second quarter of 2014, year-over-year, stems from slower progress compared to the second quarter of 2013.
Parking solutions	(1,636)	(2,405)	(713)	(1,243)	(4,716)	The parking solutions segment recorded a decrease in operating profit compared to the same period of 2013 mainly due to an increase in the number of projects.

2.2 Liquidity and Sources of Financing

The balance of cash, cash equivalents and marketable securities of the Company as of June 30, 2014, totaled approx. NIS 70.363 million, compared with approx. NIS 64.667 million as of December 31, 2013. Below are explanations on the changes in cash flows:

	For the six month period ended on June 30		For the three months period ended on June 30		For the year ended December 31	Board of directors' explanations for the changes
	2014	2013	2014	2013	2013	
	NIS in thousand					
Cash flows from operating activities	11,161	(16,717)	1,509	(1,105)	3,332	During the reporting period, the positive cash flow primarily stemmed from changes in assets and liability items (mainly a decrease in inventory of work in progress and an increase in trade payables) compared to negative cash flows in the same period of 2013, as a result of a decrease in trade payables.
Cash flows from investment activities	7,918	(10,211)	(7,036)	(4,621)	(12,579)	During the reporting period, the positive cash flows primarily stemmed from the sale of a real estate property offset by investments in development during the period compared to negative cash flows in the same period of 2013 due to investments in development.
Cash flows from financing activities	(13,906)	37,648	(968)	(1,046)	29,002	During the reporting period, the negative cash flows were mainly due to make the second of five payments of (Series 3) debentures, as specified in section 1.3.2 of Chapter A above, compared to positive cash flows in the same period of 2013, resulting from the issue of debentures.

On June 30, 2014, total credit lines available to the Company for its operating activities amounted to approx. NIS 28.4 million, of which a total of NIS 27.5 million was used to secure the Company's obligations in projects carried out by the Systems and Parking Solutions segments.

2.3 Dedicated Disclosure to Debenture Holders

2.3.1

(1)	Security	Debentures (Series 3)
A	Issue date	March 2011
B	Total par value on issue date	56,442,000
C	Par value as of the reporting date	33,865,200
D	Par value according to linkage terms – as of the report date	33,552,000
E	Accrued interest as of the report date	540,000
F	Liability value as of the report date	34,766,000
G	Stock Exchange value	38,437,000
H	Type of interest, including description	5.65% annual interest
I	Payment dates of outstanding principal	Three equal annual payments as of March 23, 2015
J	Future interest payment dates	Every 23rd of March and September commencing from September 23, 2014 and until March 23, 2017 (inclusive)
K	Details of linkage basis of interest and principal	Principal and interest linked to the Consumer Price Index at a base rate of no less than 212.73 (February 2011 index according to the 1993 basis)
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Exist (for details regarding the terms of the Company to exercise its right to early redemption, see section 12 of the Shelf Offering Report dated March 22, 2011, Reference No. 2011-01-088428)
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Reznick, Paz, Nevo Trust Ltd 14, Yad Harutzim St, Tel Aviv 67778 Tel: 03-6389200; Fax: 03-6393316 Email: trust@rpn.co.il

(5+6) As of the end of the quarterly reporting period, the Company is in compliance with all the terms and obligations of the trust deed for Debentures (Series 3), the Company was not found to be in violation of any undertaking or term that was set in the trust deed, which are not of a technical nature, and there are no grounds for calling for immediate payment of the debentures.

(8) On April 4, 2011, a pledge on the bank account deposits was created at the Registrar of Companies, in the amount of the annual interest on the debentures, to secure the payment of interest pursuant to the terms of the debentures (Series 3). As long as the Company has an outstanding balance of the debentures (Series 3), the Company will refrain from creating additional charges on its assets, in addition to those that existed

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

Pursuant to the terms of the offering of debentures (Series 3), the Company has undertaken as follows:

- Dividend distribution – the Company has undertaken not to distribute dividend, at a rate exceeding 50% of the annual net profit attributable to the Company's shareholders, based on the last audited consolidated financial statements of the Company, which were published prior to the date of the Company's resolution regarding distribution of the dividend, unless the Company obtains the prior consent of the debenture holders, which was received by special resolution in a meeting of debenture holders convened in accordance with the Second Addendum to the Trust Deed of Debentures (Series 3). This restriction shall not apply to the buyback of Company shares by the Company or a subsidiary of the Company. For additional details on the said restriction, see section 11.1 of the 2011 Offering Report.

- The net financial debt to CAP ratio – the Company undertook that from the moment of the listing of the Series 3 debentures and as long as the debentures are in circulation, the ratio between the Company's net financial debt and the Company's net CAP (solo) according to its financial statements (solo), whether audited or reviewed (as the case may be), based on the Company's financial statements as of the periods ended June 30 and December 31, shall not exceed 80%. If the Company is in breach of this undertaking, during the interest period (as defined in section 4 of the First Schedule of the Deed of Trust of Series 3 Debentures – the terms are set forth overleaf), the rate of interest which shall be paid by the Company to the holders of the Series 3 debentures on the relevant payment date of the interest during the period in which the Company was in breach of this undertaking as aforesaid, shall be increased by a rate of 0.5% only per annum above the rate of interest determined in the tender. For additional details regarding the aforesaid restriction, see section 11.2 of the 2012 Offering Report.

- Restriction on shareholders' equity – the Company's shareholders' equity according to the Company's financial statements (solo), in relation to the Company's solo financial statements as of the periods ended June 30 and December 31, shall not be less than NIS 20 million during two consecutive quarters. If the Company is in breach of this undertaking, during the interest period (as defined in section 4 of the First Schedule of the Deed of Trust of Series 3 Debentures – the terms are set forth overleaf), the rate of interest paid by the Company to the holders of Series 3 debentures on the relevant payment date of the interest during the period in which the Company was in breach of this undertaking as aforesaid, will be raised by 0.5% only per annum above the rate of interest determined in the tender. For additional details regarding the aforesaid restriction, see section 11.3 of the 2011 Offering Report.

- The Company's undertaking not to create charges – the Company undertook that as long as the Company has an outstanding balance (an outstanding balance pursuant to the Offering Report is the principal, interest and linkage differentials of Series 3 debentures in circulation), the Company shall not create any additional charges on its assets, beyond those which exist on the date of the signing of the Deed of Trust of the Series 3 debentures in favor of any third party, without obtaining the trustee's prior, written consent, except as regards charges on land and/or equipment which shall be purchased by the Company after the date of the signing of the Deed of Trust of the Series 3 debentures, and the charging thereof, as aforesaid, shall be used solely for the purpose of securing the financing as shall be provided for the purchase of the asset which is the subject of the charge, and the Company shall be entitled to create these charges without any limitation in favor of any person or corporation. For further details on the aforesaid restriction, see section 11.5 of the Offering Report. Out of the issue proceeds, the issue coordinator shall deposit in a bank account which shall be opened for this purpose by the trustee and in his name, and which shall be charged in favor of the trustee, not later than 14 days after the issue, an amount equal to the payment of the annual interest in respect of the debentures (that is to say: two (2) semi-annual interest payments), to secure remittance of the current interest payment on the principal of the Series 3 debentures. For further details regarding the aforesaid restriction, see section 11.6.1 of the 2011 Offering Report.

- As long as Series 3 debentures are in circulation, the Company undertakes that it shall not issue any additional series of debentures whose average duration is shorter than the average duration of the Series 3 debentures, which are secured under charges having priority over those which shall be provided to secure the Company's undertakings to the holders of Series 3 debentures, if any. For further details regarding the aforesaid restriction, see section 2.4 of the 2011 Offering Report.

The Company shall be entitled (but not obligated) to make, at its sole discretion, an early redemption, in whole or in part, of the Series 3 debentures, upon such terms and restrictions as set forth in the 2011 Shelf Prospectus and the 2011 Offering Report.

Upon the occurrence of certain events, and upon certain conditions, the trustee of Series 3 debentures shall have grounds to declare the debentures immediately due and payable. Among these events, the following may be enumerated in brief: a permanent and final dissolution order with regard to the Company that was issued by a court; if an order was issued for a stay of proceedings against the Company; the imposition of an attachment on the Company's assets, the performance of an execution action against the Company's assets, the appointment of a temporary or permanent receiver to the Company's assets, which were not removed and/or cancelled within 60 days; the delisting or liquidation of the Company for any reason; the sale of the Company's core assets; if Mr. Haim Shani ceases to be the controlling shareholder of the Company, whether directly or indirectly, without obtaining the approval of the holders of Series 3 debentures for the transfer of control; a fundamental breach of the terms of the debentures and the Deed of Trust (Series 3), which were not remedied within 30 days from the date on which the trustee gave notice to the Company of the said breach. For details regarding the complete list of the grounds available to the trustee to declare the Series 3 debentures immediately due and payable, see section 11.8 of the 2011 Offering Report.

2.3.2

(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	53,931,000
E	Accrued interest as of the report date	1,207,000
F	Liability value as of the report date	52,713,000
G	Stock Exchange value	58,082,000
H	Type of interest, including description	5.4% annual interest
I	Payment dates of outstanding principal	Six unequal annual installments payable on January 31 of each year from 2015 to 2020 (inclusive), at the following rates by 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 January 31 and July 31 from July 31, 2014 up to (and including) January 31, 2020
K	Details of linkage basis of interest and principal	Principal and interest linked to the Consumer Price Index from 219.80 (December 2012 index according to the 1993 base) without hedging
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the terms of the Company to exercise its right to early redemption, see section 12 of the Shelf Offering Report dated January 24, 2013, Reference No. 2013-01-021699)
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Custodian – Mishmeret Trust Company Ltd. 48 Menachem Begin Road, Tel Aviv 66184, Israel Phone: 03-6374352, Fax: 03-6374344 Email: ramis@bdo.co.il

(5 +6) As of and during the reporting period, the Company, to the best of its knowledge, complied with all the terms and obligations in the trust deed for the debentures (Series 4), the Company is not in breach of any obligation or condition set forth in the Deed of Trust which are not of a technical nature, and no conditions for cause existed to set up immediate repayment obligation certificates.

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

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

- Dividend distribution – the Company has undertaken that during the period in which the Debentures (Series 4) are outstanding, is shall not distribute dividend at a rate exceeding 30% of the annual cumulative net profit (calendar) attributable to the Company's shareholders, based on the recent audited consolidated financial statements of the Company, which were published prior to the date of the Company's resolution regarding distribution of the dividend, unless the Company obtains the prior consent of the debenture holders (Series 4), which was received by special resolution in a meeting of debenture holders convened in accordance with the Second Addendum to the Trust Deed of Debentures (Series 4). For additional details on the said restriction, see section 11.1 of the 2013 Offering Report.

- The net financial debt to CAP ratio – the Company undertook that from the date of listing of Series 4 debentures and as long as the debentures (Series 4) are outstanding, the ratio between the Company's net financial debt and the Company's net CAP (solo) according to its financial statements (solo), whether audited or reviewed (as the case may be), in relation to the Company's financial statements as of the periods ended June 30 and December 31, shall not exceed 80%. If the Company is in breach of this undertaking, at any review date, the rate of interest payable by the Company to the holders of Series 4 Debentures on the first payment date following the date of the breach, will be raised by 0.5% only per annum above the interest rate determined in the tender, during the period in which the breach occurred. Should the Company breach this undertaking on the date following the previous review date, the rate of interest which is to be paid by the Company to the holders of the Series 4 Debentures, shall be increased by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the period in which the breach occurred. If, on two consecutive review dates, such breach is discovered, such that this ratio is 85% or more, then such breach shall constitute grounds for declaring the outstanding balance of the Debentures (Series 4) immediately due and payable. For additional details regarding the aforesaid restriction, see section 11.2 of the 2013 Offering Report.

- The net financial debt to EBITDA ratio – the Company undertook that as of the date of listing of Debentures (Series 4) and as long as the Debentures (Series 4) are outstanding, the ratio between the Company's net financial debt and the Company's EBITDA according to its audited or reviewed consolidated financial statements (as the case may be), in relation to the Company's financial statements as of the periods ended June 30 and December 31, shall not exceed 10. Should the Company breach this undertaking, at any review date, the interest rate payable by the Company to the holders of the Series 4 Debentures on the first payment date following the date of the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period of the breach. If the Company is in breach of this undertaking on the date following the previous review date, the interest rate which is to be paid by the Company to the holders of Series 4 Debentures**,** will be raised by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the period of the breach. If, on two consecutive review dates, such breach is discovered, such that this ratio is 12% or more, then such breach shall constitute grounds for declaring the outstanding balance of the Debentures (Series 4) immediately due and payable. For additional details regarding the aforesaid restriction, see section 11.3 of the 2013 Offering Report.

- Restriction on shareholders' equity – the Company's shareholders' equity according to the Company's audited or reviewed financial statements (solo) (as the case may be), as of June 30 and December 31, shall not be less than NIS 20 million during two consecutive quarters. Should the Company breach this undertaking, at any review date, the rate of interest which is to be paid by the Company to the holders of the Series 4 Debentures on the first payment date following the publication of the recent financial statements which point to the breach, shall be raised by only 0.5% per annum above the interest rate determined in the tender, during the period of the breach. If the Company is in breach of this undertaking on the date following the previous review date, the interest rate which is to be paid by the Company to the holders of Series 4 Debentures**,** shall be raised by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the period of the breach. If, on two consecutive review dates, such breach is discovered, such that the shareholders equity fall below NIS 15 million, then such breach shall constitute grounds for declaring the outstanding balance of the Debentures (Series 4) immediately due and payable. For additional details regarding the aforesaid restriction, see section 11.4 of the 2013 Offering Report.

- The Company's undertaking not to create charges – the Company undertook not to create a floating charge over on its assets, and to ascertain that each of its subsidiaries (on the date of execution of the Trust Deed and any additional subsidiary of the Company that will be established or acquired until the date the Debentures (Series 4) are repaid in full, if any) shall not create any charge as aforesaid. For additional details regarding the aforesaid restriction, see section 11.5 of the 2013 Offering Report.

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

Upon the occurrence of certain events, and upon certain conditions, the trustee of the Debentures (Series 4) shall have grounds to declare the debentures immediately due and payable. Among these events, the following may be enumerated, in brief: a material deterioration in the Company's business and a real concern that the Company may not be able to repay its debentures on time; the imposition of an attachment on the Company's assets, the performance of an execution action against the Company's assets, the appointment of a temporary or permanent receiver to the Company's assets, which were not removed and/or cancelled within 45 days; the sale of the bulk of the Company's assets; if Mr. Haim Shani ceases to be the controlling shareholder of the Company, whether directly or indirectly, without obtaining the consent of the holders of

Series 4 Debentures to the transfer of control; a fundamental breach of the terms of the Debenture and the Deed of Trust (Series 4), which were not remedied within 14 days of the date on which the trustee notified the Company of the said breach; a breach of any of the financial covenants set forth in section 11 of the 2013 Offering Report, where it is explicitly stated that the breach thereof constitutes grounds for immediate repayment. For details regarding the complete list of the grounds available to the trustee to declare the Debentures (Series 4) immediately due and payable, see section 18.1 of the 2013 Offering Report.

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

For details on the Company's liabilities by repayment dates, as of June 30, 2014, see report dated August 27, 2014, which the Company published concurrently with the publication of this report.

2.5 Projected Cash Flows

The Board of Directors determined, following an examination of the warning signs specified in Regulation 10(b) (14) of the Securities Regulations (Periodic and Immediate Reports), 1970, regarding disclosure of the projected cash flows for repayment of the Company's obligations, that no waning sign exists, that the Company has no liquidity problems and is able to meet its obligations, including the full payment of its liabilities in respect of the Debentures (Series 3 and 4). An examination as stated is performed by the Board of Directors on a quarterly basis, at the time of approval of the financial statements published by the Company for the quarter in question.

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

2.6.1 Preparation of the Financial Statements

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

2.6.2 Financial Statements Review Committee

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

Name	CPA Zvi Livne	CPA Yoel Sela	CPA Moshe Braz
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 at June 30, 2014, a Committee meeting was held on August 25, 2014. A comprehensive discussion of material issues took place in order to formulate the Committee's recommendations to the Board of Directors, for the purpose of approval of the financial statements; later, the Committee approved its recommendations.

The following people were invited to, and attended, the Committee meeting on August 25, 2014: members of the Committee (CPAs Yoel Sela, Zvi Livne and Moshe Braz), the other members of the Board of Directors (Messrs. Haim Shani, Bareket Shani and Edna Ramot); CPA Gaby Badusa, CFO; CPA Avi Peleg, Company Controller, Mr. Nir Weissberger, Company Attorney, CPA Gal Amit from the Company's accounting firm; and Mr. Miguel Aljanati from the Company's Internal Audit Office.

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

2.6.3 <u>The Company's Board of Directors</u>

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

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

Following the Board of Directors' review of the financial statements, a Board meeting was held for the purpose of presenting and discussing the financial statements. In a meeting on August 27, 2014, the Company management reviewed the main data of the financial statements. The Company's auditor attended the meeting and responded to the questions addresses to him by the Board of Directors (together with the Company's CEO and CFO, who responded to questions addressed to them). At the end of the discussion, the financial statements were unanimously approved by a vote of the Board of Directors.

__________________	__________________
Zvi Livne Director	Haim Shani Chairman of the Board of Directors and CEO

Date: August 27, 2014

UNITRONICS (1989) (R"G) LTD.

Condensed Consolidated Interim Financial Statements
June 30, 2014

(Unaudited)

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Interim Financial Statements

June 30, 2014

(unaudited)

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

Introduction

We reviewed the attached financial information of Unitronics (1989) (R"G) Ltd. and its subsidiaries (hereinafter – "the Group") which includes the condensed consolidated interim statement of financial position as at June 30, 2014 and the condensed consolidated interim statements of profit or loss, comprehensive income, changes in 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 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 27, 2014

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

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

	June 30, 2014	June 30, 2014	June 30, 2013	December 31, 2013
	(unaudited)	(unaudited)		(audited)
		(in thousands)		
	Convenience translation into Euro (1)	NIS		
Current assets				
Cash and cash equivalents	9,282	43,569	29,691	38,442
Restricted cash	941	4,419	4,130	4,145
Marketable securities	5,708	26,794	31,460	26,225
Accounts receivable -				
Trade	3,853	18,085	15,365	16,819
Other	556	2,612	2,574	1,577
Other financial assets	49	228	-	-
Inventory	4,417	20,732	23,932 (2)	18,866 (2)
Inventory - work in progress	2,488	11,677	19,891	15,313
	27,294	128,116	127,043	121,387
Non-current assets				
Deferred taxes	-	-	-	94
Long-term deposits	91	428	351	412
Property and equipment, net	4,155	19,503	40,758	40,247
Intangible assets, net	10,560	49,565	39,494	44,423
	14,806	69,496	80,603	85,176
	42,100	**197,612**	**207,646**	**206,563**

Haim Shani	Tzvi Livne	Gavriel Badusa
Chairman of the Board of Directors and C.E.O.	Director	Chief Financial Officer

Approved: August 27, 2014.

(1) See note 1D.

(2) See note 1C.

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

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

	June 30, 2014	June 30, 2014	June 30, 2013	December 31, 2013
	(unaudited)	(unaudited)		(audited)
		(in thousands)		
	Convenience translation into Euro (1)	NIS		
Current liabilities				
Current maturities of long-term loans	505	2,370	4,394	3,346
Current maturities of bonds	3,840	18,023	18,013	11,864
Accounts payable -				
Trade	4,802	22,539	16,775 (2)	15,862 (2)
Other	6,239	29,287	27,972	31,889
Embedded derivatives	177	830	2,513	1,286
	15,563	73,049	69,667	64,247
Non-current liabilities				
Loans from banks and others	1,284	6,026	8,502	7,319
Bonds	14,797	69,455	85,803	87,251
Liabilities for benefits to employees, net	518	2,431	2,532	2,398
Deferred taxes	393	1,847	-	1,585
	16,992	79,759	96,837	98,553
Equity				
Share capital	75	352	352	352
Share premium	10,777	50,588	50,588	50,588
Capital reserve from translation of foreign operation	(346)	(1,625)	(1,204)	(1,588)
Company shares held by the company	(1,500)	(7,042)	(7,042)	(7,042)
Reserve from a transaction with a controlling party	22	104	104	104
Retained earnings (loss)	517	2,427	(1,656)	1,349
	9,545	44,804	41,142	43,763
	42,100	**197,612**	**207,646**	**206,563**

(1) See note 1D.

(2) See note 1C.

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

Unitronics (1989) (R"G) Ltd.
Condensed Consolidated Interim Statements of Profit or 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,
	2014	2014	2013	2014	2014	2013	2013
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Revenues	17,117	80,345	72,486	8,478	39,797	40,093	156,179
Cost of revenues	12,122	56,900	53,532	5,899	27,692	28,922	112,728
Gross profit	4,995	23,445	18,954	2,579	12,105	11,171	43,451
Development expenses, net	619	2,904	3,357	342	1,603	1,103	5,706
Selling & marketing expenses	1,913	8,980	8,074	977	4,585	4,193	17,056
General & administrative expenses	1,128	5,296	5,551	569	2,670	2,850	11,240
Other expenses	467	2,191	7		-	-	7
Operating profit	868	4,074	1,965	691	3,247	3,025	9,442
Financing income	262	1,229	1,616	156	730	1,196	2,681
Financing expenses	772	3,626	6,196	584	2,742	2,808	10,513
Profit (loss) before taxes on income	358	1,677	(2,615)	263	1,235	1,413	1,610
Taxes on income	128	599	-	87	409	-	1,444
Net profit (loss) for the period	230	1,078	(2,615)	176	826	1,413	166
Profit per 1 ordinary share NIS 0.02 par value (NIS):							
Basic profit (loss) per 1 ordinary share	0.023	0.108	(0.261)	0.018	0.083	0.141	0.017

(1) See note 1D.

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

Unitronics (1989) (R"G) Ltd.

Condensed consolidated interim statement of comprehensive income (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,
	2014	2014	2013	2014	2014	2013	2013
	(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	230	1,078	(2,615)	176	826	1,413	166
Other comprehensive income (loss)							
Items that may not be classified afterwards to profit or loss:							
Actuarial profit	-	-	-	-	-	-	224
Items that may be reclassified to profit or loss in the future if certain conditions are met:							
Translation of foreign operation	(8)	(37)	(247)	(17)	(80)	(45)	(631)
Other comprehensive loss for the period	(8)	(37)	(247)	(17)	(80)	(45)	(407)
Comprehensive income (loss) for the period	222	1,041	(2,862)	159	746	1,368	(241)

(1) See note 1D.

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

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

	Share capital	Share premium	Capital reserve from translation of foreign operation	Company shares held by the company	Reserve deriving from a transaction with a controlling party	Retained earnings (loss)	Total
	NIS, in thousands						
Balance at January 1, 2013 (audited)	352	50,588	(957)	(7,042)	-	959	43,900
Net profit for the year	-	-	-	-	-	166	166
Other comprehensive income (loss) for the year	-	-	(631)	-	-	224	(407)
Total comprehensive income (loss) for the year	-	-	(631)	-	-	390	(241)
Capital benefit deriving from a transaction with a controlling party	-	-	-	-	104	-	104
Balance at December 31, 2013 (audited)	352	50,588	(1,588)	(7,042)	104	1,349	43,763
Net profit for the period	-	-	-	-	-	1,078	1,078
Other comprehensive loss for the period	-	-	(37)	-	-	-	(37)
Total comprehensive income (loss) for the period	-	-	(37)	-	-	1,078	1,041
Balance at June 30, 2014 (unaudited)	352	50,588	(1,625)	(7,042)	104	2,427	44,804
Balance at January 1, 2013 (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 deriving from a transaction with a controlling party	-	-	-	-	104	-	104
Balance at June 30, 2013 (unaudited)	352	50,588	(1,204)	(7,042)	104	(1,656)	41,142
Balance at April 1, 2014 (unaudited)	352	50,588	(1,545)	(7,042)	104	1,601	44,058
Net profit for the period	-	-	-	-	-	826	826
Other comprehensive loss for the period	-	-	(80)	-	-	-	(80)
Total comprehensive income (loss) for the period	-	-	(80)	-	-	826	746
Balance at June 30, 2014 (unaudited)	352	50,588	(1,625)	(7,042)	104	2,427	44,804
Balance at April 1, 2013 (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
Balance at June 30, 2013 (unaudited)	352	50,588	(1,204)	(7,042)	104	(1,656)	41,142

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

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

	Share capital	Share premium	Capital reserve from translation of foreign operation	Company shares held by the company	Reserve arising from a transaction with a controlling party	Retained earnings (loss	Total
	Convenience translation into Euro (1), in thousands (unaudited)						
Balance at December 31, 2013 (audited)	75	10,777	(338)	(1,500)	22	287	9,323
Net profit for the period	-	-	-	-	-	230	230
Other comprehensive loss for the period	-	-	(8)	-	-	-	(8)
Total comprehensive income (loss) for the period	-	-	(8)	-	-	230	222
Balance at June 30, 2014 (unaudited)	75	10,777	(346)	(1,500)	22	517	9,545
Balance at April 1, 2014 (unaudited)	75	10,777	(329)	(1,500)	22	341	9,386
Net profit for the period	-	-	-	-	-	176	176
Other comprehensive loss for the period	-	-	(17)	-	-	-	(17)
Total comprehensive income (loss) for the period	-	-	(17)	-	-	176	159
Balance at June 30, 2014 (unaudited)	75	10,777	(346)	(1,500)	22	517	9,545

(1) See note 1D.

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

Unitronics (1989) (R"G) Ltd.
Condensed consolidated interim statement of Cash Flows

	For the 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,
	2014	2014	2013	2014	2014	2013	2013
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Cash flows - operating activities							
Net profit (loss) for the period	230	1,078	(2,615)	176	826	1,413	166
Adjustments necessary to show the cash flows - operating activities (Appendix A)	2,148	10,083	(14,102)	145	683	(2,518)	3,166
Cash flows provided by (used in) operating activities	2,378	11,161	(16,717)	321	1,509	(1,105)	3,332
Cash flows - investing activities							
Sale (Purchase) of marketable securities, net	(97)	(454)	(627)	(188)	(884)	(443)	5,453
Purchase of property and equipment	(104)	(490)	(1,235)	(88)	(414)	(682)	(1,499)
Sale of property and equipment	3,899	18,300	77	-	-	-	77
Investment in restricted cash	(198)	(929)	(1,454)	(198)	(929)	-	(1,454)
Repayment of restricted cash	140	655	700	-	-	-	700
Repayment (investment) in long-term deposits	(3)	(15)	3	(8)	(38)	(2)	20
Investment in intangible assets	(1,950)	(9,149)	(7,675)	(1,017)	(4,771)	(3,494)	(15,876)
Cash flows provided by (used in) investing activities	1,687	7,918	(10,211)	(1,499)	(7,036)	(4,621)	(12,579)
Cash flows - financing activities							
Repayment of long-term loans	(452)	(2,123)	(2,182)	(206)	(968)	(1,046)	(4,476)
Bonds issue	-	-	51,509	-	-	-	51,509
Repayment of bonds	(2,510)	(11,783)	(11,643)	-	-	-	(18,031)
Cash flows provided by (used in) financing activities	(2,962)	(13,906)	37,684	(206)	(968)	(1,046)	29,002
Translation differences in respect of foreign operation	(10)	(46)	(78)	(15)	(71)	(22)	(326)
Change in cash and cash equivalents for the period	1,093	5,127	10,678	(1,399)	(6,566)	(6,794)	19,429
Cash and cash equivalents at beginning of period	8,189	38,442	19,013	10,681	50,135	36,485	19,013
Cash and cash equivalents at end of period	9,282	43,569	29,691	9,282	43,569	29,691	38,442

(1) See note 1D.

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

Unitronics (1989) (R"G) Ltd.

Condensed consolidated interim statement of cash flows

	For the 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,
	2014	2014	2013	2014	2014	2013	2013
	(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 which not involve cash flows:							
Depreciation and amortization	1,096	5,145	3,639	557	2,612	1,870	8,374
Profit from marketable securities, net	(24)	(115)	(147)	(10)	(46)	(277)	(992)
Change in liabilities for benefits to employees, net	7	33	(108)	(10)	(47)	(82)	(53)
Capital loss	467	2,191	7	-	-	-	7
Exchange rate changes of long-term loans and bonds	(85)	(397)	77	47	221	868	1,372
Reevaluation of restricted cash	(2)	(9)	(27)	(1)	(3)	(12)	(42)
Deferred taxes	128	599	-	87	409	-	1,444
Reevaluation of embedded derivatives and other financial assets	(146)	(684)	1,044	(87)	(410)	(969)	(183)
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable - trade	(282)	(1,322)	(775)	(59)	(275)	900	(2,376)
Decrease (increase) in accounts receivable - other	(273)	(1,283)	30	(280)	(1,314)	698	1,020
Decrease (increase) in inventory	(406)	(1,904)	(999) (2)	(236)	(1,106)	2,115 (2)	3,679 (2)
Decrease (increase) in inventory - work in progress	775	3,638	(1,891)	105	494	4,206	2,682
Increase (decrease) in accounts payable - trade	1,423	6,681	(14,843) (2)	243	1,140	(11,688) (2)	(15,757) (2)
Increase (decrease) in accounts payable - other	(530)	(2,490)	(109)	(211)	(992)	(147)	3,991
	2,148	10,083	(14,102)	145	683	(2,518)	3,166

(1) See note 1D.

(2) See note 1C.

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

Unitronics (1989) (R"G) Ltd.
Condensed consolidated interim statement of 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,
	2014	2014	2013	2014	2014	2013	2013
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Appendix B - Non-cash operations							
Capital benefit deriving from a transaction with a controlling party	-	-	104		-	-	104
Appendix C - Additional information on cash flows regarding operating activities							
Cash paid during the period for:							
Interest	627	2,941	2,037	15	69	98	5,221
Taxes on income	12	54	54	6	27	27	108
Cash received during the period for:							
Interest and dividend	162	762	963	42	195	272	1,280

(1) See note 1D.

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, 2014, 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, 2013 and for the year then ended.

B. Following are data regarding the Israeli CPI and the exchange rate of the U.S. dollar and the Euro:

As of	Israeli CPI	Exchange rate of 1 U.S. dollar	Exchange rate of 1 Euro
	Points (*)	NIS	NIS
June 30, 2014	223.80	3.438	4.6939
June 30, 2013	222.70	3.618	4.7197
December 31, 2013	223.80	3.471	4.7819
Change during the period	**%**	**%**	**%**
Six months ended June 30, 2014	-	(0.95)	(1.84)
Six months ended June 30, 2013	1.32	(3.08)	(4.08)
Three months ended June 30, 2014	0.49	(1.41)	(2.46)
Three months ended June 30, 2013	1.29	(0.82)	1.26
For the year ended December 31, 2013	1.82	(7.02)	(2.82)

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

C. Immaterial adjustment of comparative figures.

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

D. Convenience translation in EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated in EURO by dividing each NIS amount by the representative rate of exchange of the EURO as at June 30, 2014 (EURO 1 = NIS 4.6939).
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.

Note 2 - Significant Accounting Policies (cont'd)

B. Initial implementation of new accounting standards

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

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

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

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

C. Disclosure of new standards in the period prior to their adoption

1. IFRS 15 – Revenues from contracts with customers

IFRS 15 ("the Standard") was issued by the IASB in May 2014.

The Standard replaces IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The Standard establishes a five-step model that will apply to revenues earned from contracts with customers:

Step 1 - Identifying the contract(s) with a customer, including treatment for combining contracts and contract modifications.

Step 2 - Identifying the separate performance obligations in the contract.

Step 3 - Determining the transaction price, including treatment for variable consideration, significant finance component, non-cash consideration and consideration payable to the customer.

Step 4 - Allocating the transaction price to the separate performance obligations, on a relative stand-alone selling price basis by using observable information if available or estimates.

Step 5 - Recognizing revenue when the entity satisfies a performance obligation, distinguishing between satisfying a performance obligation at a point in time or over time.

In addition the Standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Standard will apply to annual periods beginning on or after 1 January 2017. Early adoption is permitted. The Standard permits a modified retrospective approach according to which the Standard will be applied to existing contracts beginning with the current period and no restatement of the comparative periods will be required, as long as comparative disclosures under the Standard are included.

The Company is evaluating the possible effects of the Standard but currently in unable to assess its impact, if any, on the financial statements.

Note 2 - Significant Accounting Policies (cont'd)

C. Disclosure of new standards in the period prior to their adoption (cont'd)

IFRS 9, "Financial Instruments":

Further to Note 2w(3) of the annual financial statements as at December 31, 2013, regarding disclosure in the new IFRS Standards during the period prior to their implementation in the matter of IFRS 9, in July 2014 the IASB published the final and full version of IFRS 9 – Financial Instruments (hereinafter: The Final Standard) which includes the following subjects: Classification and measurement, impairment and hedging accounting.

The main changes between the final Standard and the different stages of the Standard, published prior to the publication of the final Standard, are:

Classification and measurement
The final Standard includes an additional category to the classification and measurement of financial assets which are debt instruments. Financial assets classified in this category will be measured at fair value through other comprehensive income (FVOCI), and the differences so recorded to other comprehensive income will be reclassified to the statement of profit or loss on meeting certain conditions, such as at the time of withdrawing the asset. It should be mentioned that financing income, rate of exchange differences and losses from impairment on such financial assets will be recorded to the statement of profit or loss. The classification to this category is possible for debt instruments which meet all the following tests:

1. According to the contractual terms of the financial asset, the Company may, on certain dates, receive cash flows which are only payments of principal and payments of interest on the balance of the principal.

2. The asset is held in the framework of a business model whose purpose is also to collect the contractual cash flows resulting from it and also to realize it.

Impairment in value
The final Standard includes the subject of impairment of financial assets, which sets forth the model of the expected credit losses and this in instead of the existing model IAS 39 which is a model of credit losses that accrued. The expected credit losses model is implemented regarding financial assets which are debt instruments measured at reduced cost or at fair value through other comprehensive income and on the trade receivables item. The model presents a general approach and a more simple approach to calculating an impairment in value:

1. General approach – The credit losses must be recognized as a result from a credit default that may take place during the period of the following 12 months, and this on condition that there is no significant increase in the credit risks since the date of initial recognition of the instrument. On the other hand, if a significant risk occurred in the credit since the date of initial recognition of the instrument, a provision for a loss must be recognized for credit losses which are expected to occur during the balance of the lifespan of exposure to that instrument.

2. The simpler model (which occurs in certain cases regarding certain groups of assets only, including the trade receivables item) – according to this approach the credit losses which are expected to occur during the balance of the lifespan of the exposure for that instrument, must be recognized without any connection with the occurrence of changes in the credit risks since the date of the initial recognition of the instrument.

Note 3 - Events during the reported period and Subsequent events

A. On February 2014, the Company engaged in an agreement with a third-party, which is not related to the Company, or to an interested party in it, for the sale of the Company's rights in a real estate property, with an area of 11 thousand sq. m. in the industrial area of Modi'in – Tirat Yehuda, in consideration for NIS 18,550 thousand plus VAT as prescribed by law. In March 2014, in the framework of the process to complete registration of the rights in the real estate property in the buyer's name, the mortgage registered in favor of a bank for a loan received to partly finance the Company's acquisition of the property was cancelled without a demand for repayment of the loan to the bank. As a result of the sale, the company recorded in the reported period a capital loss of about NIS 2 million.

B. On February 23, 2014, the Company's Board of Directors passed a resolution regarding the adoption of a dividend distribution policy as of the date of publication of periodic report as at December 31, 2013. The Company shall distribute to its shareholders a dividend at the rate of 33% from the net profit attributable to the Company's shareholders, based on the Company's annual audited consolidated financial statements, not including earnings deriving from asset revaluation (hereinafter: "the profit"), and that only if the profit in respect of the calendar year, exceeding above NIS 3 million , and in subject, Inter alia, to the provisions of any law ,the financial needs of the company, its business plans and the Company's obligations to the holders of the Company's debentures (Series 3 and 4).

C. On August 19, 2014 the company published a shelf prospectus (Dated August 20, 2014) based on the financial statements of the company as at 31 March 2014. According to the prospectus the company shall be entitled Issue shares, several series of debentures, convertible debentures, warrants for shares and warrants for bonds in accordance with the scope and the terms which will be determined at the shelf offering reports, if and to the extent be published by the company in the future. The offer of the securities in accordance with the Shelf Offer will be done in Israel only and not in Belgium.
On August 20, 2014 the Company published an Immediate Report on its intention in the near future to publish a Shelf Offer Report (hereinafter: "the Shelf Offer Report"), according to which the public will be offered the Company's bonds (Series 5) (hereinafter – "the bonds"). The offer of the securities in accordance with the Shelf Offer will be done in Israel only and not in Belgium.
The Company's Board of Directors authorized its management to negotiate and formulate the terms of the bonds and to take other steps required for the offer to the public.
The publication of the Shelf Offer Report and making the issue in accordance therewith, (if and to the extent implemented), are subject to receiving all the approvals required by law, including the approval of the Company's institutions in connection with the terms and the structure of the issue, and the approval of the Stock Exchange to list the bonds (Series 5) for trading in it. At the present time, the date of the raising, the level and terms of the bonds to be offered to the public (should any be offered) have not yet been determined.

D. In the framework of the Shelf Offer Report from March 2011, the Company engaged in a trust deed for the bonds (Series 3) on March 22, 2011 (hereinafter – "the Trust Deed") according to which it undertook, inter alia, to meet financial covenants of and a condition that the equity will not be less than NIS 20 million for over two consecutive quarters and a ratio of the financial debt to net CAP which will not exceed 80%.

In the framework of the Shelf Offer Report from January 2013, the Company engaged in a trust deed for the bonds (Series 4) on January 17, 2013 (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 the 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.
As at June 30, 2014 the Company meets its financial covenants as mentioned above.

Note 4 - Financial Instruments

A. Fair value

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

	June 30, 2014	
	Book value	Fair value
	(unaudited) NIS, (in thousands)	
Financial liabilities (*)		
Bonds linked to the Israeli CPI	87,478	96,519

	June 30, 2013	
	Book value	Fair value
	(unaudited) NIS, (in thousands)	
Financial liabilities (*)		
Bonds linked to the Israeli CPI	103,816	112,536

	December 31, 2013	
	Book value	Fair value
	(audited) NIS, (in thousands)	
Financial liabilities (*)		
Bonds linked to the Israeli CPI	99,115	106,978

(*) 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).

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

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

	Level 1	Level 2	Level 3	Total
As at June 30, 2014 (unaudited)		NIS, (in thousands)		
Financial assets at fair value:				
Marketable securities	26,794	-	-	26,794
Forward contracts	-	228	-	228
Financial liabilities at fair value:				
Embedded derivatives	-	830	-	830
As at June 30, 2013 (unaudited)				
Financial assets at fair value:				
Marketable securities	31,460	-	-	31,460
Financial liabilities at fair value:				
Embedded derivatives	-	2,513	-	2,513
As at December 31, 2013 (audited)				
Financial assets at fair value:				
Marketable securities	26,225	-	-	26,225
Financial liabilities at fair value:				
Embedded derivatives	-	1,286	-	1,286

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

C. Evaluation techniques

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

Note 5 - Business segments

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

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

B. The Group operates in three main business segments.

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

Note 5 - 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,
	2014	2014	2013	2014	2014	2013	2013
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
C. Revenues							
Products	11,157	52,368	47,260	5,911	27,749	23,970	95,449
System integration projects	4,093	19,213	24,488	1,509	7,082	15,626	55,096
Parking solutions	1,831	8,593	528	1,040	4,880	392	5,195
Other	36	171	210	18	86	105	439
Total revenues	17,117	80,345	72,486	8,478	39,797	40,093	156,179
D. Segment results							
Products	3,647	17,117	13,726	1,953	9,173	6,933	28,336
System integration projects	311	1,459	(1)	65	304	1,388	5,002
Parking solutions	(349)	(1,636)	(2,405)	(152)	(713)	(1,243)	(4,716)
Other	(2)	(11)	22	(1)	(7)	22	25
Unallocated corporate expenses	(2,739)	(12,855)	(9,377)	(1,174)	(5,510)	(4,075)	(19,205)
Operating profit	868	4,074	1,965	691	3,247	3,025	9,442
Unallocated financing expenses, net	510	2,397	4,580	428	2,012	1,612	7,832
Taxes on income	128	599	-	87	409	-	1,444
Net profit (loss) for the period	230	1,078	(2,615)	176	826	1,413	166

(1) See note 1D.

UNITRONICS (1989) (R"G) LTD.

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

June 30, 2014

(Unaudited)

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

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

Introduction

We reviewed the separate interim financial information presented under regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970 of Unitronics (1989) (R"G) Ltd. (hereinafter – "the Company") as at June 30, 2014 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 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 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 27, 2014

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

Unitronics (1989) (R"G) Ltd.
Assets and liabilities included in the interim consolidated financial statements attributed to the company

	June 30, 2014	June 30, 2014	June 30, 2013		December 31, 2013	
	(unaudited)	(unaudited)			(audited)	
		(in thousands)				
	Convenience translation into Euro (1)	NIS				
Current assets						
Cash and cash equivalents	7,595	35,648	25,105		32,256	
Restricted cash	745	3,499	4,130		4,145	
Marketable securities	5,708	26,794	31,460		26,225	
Accounts receivable -						
Trade	2,692	12,636	11,277		12,999	
Other	249	1,168	1,764		636	
Other financial assets	49	228	-		-	
Accounts receivable - other - subsidiaries	4,458	20,925	18,335		10,651	
Inventory	4,021	18,876	21,924	(2)	17,028	(2)
Inventory - work in progress	1,595	7,485	17,433		12,470	
	27,112	127,259	131,428		116,410	
Non-current assets						
Long-term deposits	91	428	351		412	
Property and equipment, net	4,047	18,996	40,182		39,717	
Long-term receivables - Subsidiary	3,196	15,000	-		15,000	
Intangible assets, net	8,155	38,281	33,908		36,448	
	15,489	72,705	74,441		91,577	
	42,601	**199,964**	**205,869**		**207,987**	

Haim Shani Chairman of the Board of Directors and C.E.O.	Tzvi Livne Director	Gavriel Badusa Chief Financial Officer

Approved: August 27, 2014.

(1) See note 1D.
(2) 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

	June 30, 2014	June 30, 2014	June 30, 2013	December 31, 2013
	(unaudited)	(unaudited)		(audited)
		(in thousands)		
	Convenience translation into Euro (1)	NIS		
Current liabilities				
Current maturities of long-term loans	505	2,370	4,394	3,346
Current maturities of bonds	3,840	18,023	18,013	11,864
Accounts payable -				
Trade	4,152	19,490	15,865 (2)	13,753 (2)
Other	4,180	19,622	20,777	25,669
Embedded derivatives	177	830	2,513	1,286
	12,854	60,335	61,562	55,918
Non-current liabilities				
Liabilities less assets associated with subsidiaries	3,210	15,066	6,328	9,753
Loans from banks and others	1,284	6,026	8,502	7,319
Bonds	14,797	69,455	85,803	87,251
Liabilities for benefits to employees, net	518	2,431	2,532	2,398
Deferred taxes	393	1,847	-	1,585
	20,202	94,825	103,165	108,306
Shareholders' equity				
Share capital	75	352	352	352
Share premium	10,777	50,588	50,588	50,588
Capital reserve from translation of foreign operation	(346)	(1,625)	(1,204)	(1,588)
Company shares held by the company	(1,500)	(7,042)	(7,042)	(7,042)
Reserve from a transaction with a controlling party	22	104	104	104
Retained earnings (losses)	517	2,427	(1,656)	1,349
	9,545	44,804	41,142	43,763
	42,601	**199,964**	**205,869**	**207,987**

(1) See note 1D.
(2) 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,	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,
	2014	2014	2013	2014	2014	2013	2013
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Revenues	11,519	54,069	55,609	5,505	25,841	31,238	118,825
Revenues from subsidiaries	3,068	14,402	11,691	1,584	7,432	5,665	23,639
Total revenues	14,587	68,471	67,300	7,089	33,273	36,903	142,464
Cost of revenues	10,429	48,952	52,562	4,953	23,247	28,343	106,924
Gross profit	4,158	19,519	14,738	2,136	10,026	8,560	35,540
Development expenses, net	320	1,504	1,538	165	776	713	2,944
Selling & marketing expenses	852	3,998	3,474	436	2,046	1,723	7,519
General & administrative expenses	837	3,928	4,049	416	1,952	2,040	8,305
General & administrative expenses to subsidiaries	81	382	326	41	193	175	801
Other expenses	167	782	7	-	-	-	7
Operating profit	1,901	8,925	5,344	1,078	5,059	3,909	15,964
Financing income	337	1,581	1,937	198	928	1,516	3,136
Financing expenses	777	3,647	6,315	593	2,783	2,814	10,774
Profit after financing, net	1,461	6,859	966	683	3,204	2,611	8,326
The Company's share of subsidiaries loss	(1,124)	(5,276)	(3,581)	(440)	(2,063)	(1,198)	(6,622)
Profit (loss) before taxes on income	337	1,583	(2,615)	243	1,141	1,413	1,704
Taxes on income	107	505	-	67	315	-	1,538
Net profit (loss) for the period attributed to the company's shareholders	230	1,078	(2,615)	176	826	1,413	166

(1) See note 1D.
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,
	2014	2014	2013	2014	2014	2013	2013
	(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	230	1,078	(2,615)	176	826	1,413	166
Other comprehensive income (loss)							
Items that may not be classified afterwards to profit or loss - Actuarial profit	-	-	-	-	-	-	224
Items that may be reclassified to profit or loss in the future if certain conditions are met - Translation of foreign operation	(8)	(37)	(247)	(17)	(80)	(45)	(631)
Other comprehensive loss for the period	(8)	(37)	(247)	(17)	(80)	(45)	(407)
Total comprehensive profit (loss) for the period attributed to the company's shareholders	222	1,041	(2,862)	159	746	1,368	(241)

(1) See note 1D.
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,
	2014	2014	2013	2014	2014	2013	2013
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Cash flows - operating activities							
Net profit (loss) for the period attributed to the company's shareholders	230	1,078	(2,615)	176	826	1,413	166
Adjustments necessary to show the cash flows - operating activities (Appendix A)	2,659	12,485	(12,498)	596	2,796	(1,345)	7,610
Cash flows provided by (used in) operating activities of the company	2,889	13,563	(15,113)	772	3,622	68	7,776
Cash flows used in operating activities from transactions with subsidiaries	(2,189)	(10,274)	(4,670)	(1,486)	(6,975)	(2,595)	(11,986)
Cash flows provided by (used in) operating activities	700	3,289	(19,783)	(714)	(3,353)	(2,527)	(4,210)
Cash flows - investing activities							
Sale (Purchase) of marketable securities, net	(97)	(454)	(627)	(188)	(884)	(443)	5,453
Purchase of property and equipment	(99)	(461)	(1,168)	(85)	(399)	(681)	(1,422)
Sale of property and equipment	3,899	18,300	77	-	-	-	77
Investment in restricted cash	-	-	(1,454)	-	-	-	(1,454)
Repayment of restricted cash	140	655	700	-	-	-	700
Repayment (investment) of long-term deposits, net	(3)	(15)	3	(8)	(38)	(2)	20
Investment in intangible assets	(1,156)	(5,425)	(5,346)	(591)	(2,770)	(2,658)	(10,929)
Cash flows provided by (used in) investing activities of the company	2,684	12,600	(7,815)	(872)	(4,091)	(3,784)	(7,555)
Cash flows provided by investing activities from transactions with subsidiaries	301	1,409	-	-	-	-	-
Cash flows provided by (used in) investing activities	2,985	14,009	(7,815)	(872)	(4,091)	(3,784)	(7,555)
Cash flows - financing activities							
Repayment of long-term loans	(452)	(2,123)	(2,182)	(206)	(968)	(1,046)	(4,476)
Bonds issue	-	-	51,509	-	-	-	51,509
Repayment of bonds	(2,510)	(11,783)	(11,643)	-	-	-	(18,031)
Cash flows provided by (used in) financing activities	(2,962)	(13,906)	37,684	(206)	(968)	(1,046)	29,002
Change in cash and cash equivalents for the period	723	3,392	10,086	(1,792)	(8,412)	(7,357)	17,237
Cash and cash equivalents at beginning of period	6,872	32,256	15,019	9,387	44,060	32,462	15,019
Cash and cash equivalents at end of period	7,595	35,648	25,105	7,595	35,648	25,105	32,256

(1) See note 1D.

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,
	2014	2014	2013	2014	2014	2013	2013
	(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	1,124	5,276	3,581	440	2,063	1,198	6,622
Depreciation and amortization	997	4,680	3,527	500	2,348	1,797	7,987
Profit from marketable securities, net	(24)	(115)	(147)	(10)	(46)	(277)	(992)
Change in liabilities for benefits to employees, net	7	33	(108)	(10)	(47)	(82)	(53)
Capital loss	167	782	7	-	-	-	7
Deferred taxes	107	505	-	67	315	-	1,538
Exchange rate changes of long-term loans and bonds	(85)	(397)	77	47	221	868	1,372
Reevaluation of restricted cash	(2)	(9)	(27)	(1)	(3)	(12)	(42)
Reevaluation of embedded derivatives and other financial assets	(146)	(684)	1,044	(87)	(410)	(969)	(183)
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable - trade	77	363	134	118	553	858	(1,588)
Decrease (increase) in accounts receivable - other	(165)	(776)	212	(168)	(788)	1,036	1,343
Decrease (increase) in inventory	(394)	(1,848)	(1,092) (2)	(209)	(979)	1,919 (2)	3,562 (2)
Decrease (increase) in inventory - work in progress	1,062	4,985	(653)	203	952	5,294	4,310
Increase (decrease) in accounts payable - trade	1,222	5,737	(14,115) (2)	254	1,191	(10,446) (2)	(16,229) (2)
Decrease in accounts payable - other	(1,288)	(6,047)	(4,938)	(548)	(2,574)	(2,529)	(44)
	2,659	12,485	(12,498)	596	2,796	(1,345)	7,610

(1) See note 1D.
(2) 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,
	2014	2014	2013	2014	2014	2013	2013
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Appendix B - Non-cash operations							
Providing long-term financing to a subsidiary	-	-	-	-	-	-	15,000
Capital benefit deriving from a transaction with a controlling party	-	-	104	-	-	-	104

(1) See note 1D.
The additional information to the financial information forms an integral part thereof.

Note 1 - General

A. These separate interim financial information as at June 30, 2014 and for the periods of six and three months then ended, have been prepared in accordance with regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. These separate interim financial information should be read in conjunction with the Company's audited annual separate financial information as of December 31, 2013 and for the year then ended, and with the related additional information.

B. Consolidated companies - defined in Note 1D to the consolidated financial statements as at December 31, 2013.

C. Immaterial adjustment of comparative figures.

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

D. 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, 2014 (EURO 1 = NIS 4.6939).
The translated EURO amounts presented in these financial statements should not be construed as representing amounts receivable or payable in EURO unless otherwise indicated.

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

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

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

I, HAIM SHANI, certify that:

1. I have reviewed the quarterly report of UNITRONICS (1989) (R"G) Ltd. ("the corporation") for the second quarter of 2014 ("the Report").

2. To the best of my knowledge, the report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.

3. To the best of my knowledge, the financial statements and other financial information included in the report properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.

4. I have disclosed to the corporation's Independent Auditor, the Board of Directors and the Audit Committee of the corporation's Board of Directors, any fraud, whether material or not, involving the CEO or any direct report of the CEO, or involving any other employees that have a significant role in the financial reporting and in disclosure and control over financial reporting.

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

August 27, 2014

____
HAIM SHANI, CEO

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

I, GABRIEL BADUSA, certify that:

1. I have reviewed the interim financial statements and other financial information included in the interim reports of UNITRONICS (1989) (R"G) Ltd. ("the corporation") for the second quarter of 2014 (hereinafter - "the Report" or “the Interim Reports”).

2. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports are free of any mis-representation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.

3. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.

4. I have disclosed to the corporation's Independent Auditor, the Board of Directors and the Audit Committee of the corporation's Board of Directors, any fraud, whether material or not, involving the CEO or any direct report of the CEO, or involving any other employees that have a significant role in the financial reporting and in disclosure and control over financial reporting.

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

August 27, 2014

____

GAVRIEL BADUSA, CFO

UNITRONICS (1989) (R"G) LTD.

PRESS RELEASE

Airport City, Israel,

August 27, 2014

*****Regulated Information*****

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

Corporation's Liabilities Status Report by Dates of Payment

Airport City, Israel - August 27, 2014 - Unitronics published the attached Immediate Report pursuant to the requirements of Israeli law, in connection with the requirement to report the Corporation's liabilities status by dates of payment.

About Unitronics

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

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

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

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

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

Reporting period: June 30th, for the year: 2014.
Detailed Corporation's liabilities status by dates of payment is as follows:

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

	Fund Payments								
	NIS Index Linked	**NIS Index Unlinked**	**Euro**	**USD**	**---**	**---**	**Other**	**Gross Interest Payment (Without Tax Deduction)**	**Total by year**
First Year	18,582							4,919	23,501
Second Year	18,582							3,886	22,468
Third Year	18,582							2,853	21,435
Fourth Year	11,056							1,820	12,876
Fifth Year and So On	22,651							1,835	24,486
Total	**89,453**							**15,313**	**104,766**

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

Fund Payments									
	NIS Index Linked	**NIS Index Unlinked**	**Euro**	**USD**	**---**	**---**	**Other**	**Gross Interest Payment (Without Tax Deduction)**	**Total by year**
First Year		44						1	45
Second Year		-						-	-
Third Year		-						-	-
Fourth Year		-						-	-
Fifth Year and So On		-						-	-
Total		**44**						**1**	**45**

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

Fund Payments									
	NIS Index Linked	**NIS Index Unlinked**	**Euro**	**USD**	**---**	**---**	**Other**	**Gross Interest Payment (Without Tax Deduction)**	**Total by year**
First Year			1,951	375				230	2,556
Second Year			918	375				180	1,473
Third Year			824	375				147	1,346
Fourth Year			608	188				116	912
Fifth Year and So On			2,738	-				370	3,108
Total			**7,039**	**1,313**				**1,043**	**9,395**

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

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

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

Fund Payments									
	NIS Index Linked	**NIS Index Unlinked**	**Euro**	**USD**	**---**	**---**	**Other**	**Gross Interest Payment (Without Tax Deduction)**	**Total by year**
First Year	18,582	44	1,951	375				5,150	26,102
Second Year	18,582	-	918	375				4,066	23,941
Third Year	18,582	-	824	375				3,000	22,781
Fourth Year	11,056	-	608	188				1,936	13,788
Fifth Year and So On	22,651	-	2,738	-				2,205	27,594
Total	**89,453**	**44**	**7,039**	**1,313**				**16,357**	**114,206**

F. External balance credit exposure ("Solo" report) (in NIS thousands)

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

G. External balance credit exposure of all consolidated companies, excluding companies which are reporting companies and excluding the reporting Corporation's data included in table F above (in NIS thousands)

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

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

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

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

I. (1) Cash and cash equivalents, marketable securities and short term deposits ("Solo" report) (in NIS thousands):62,442
(2) Cash and cash equivalents, marketable securities and short term deposits of all consolidated companies (in NIS thousands):70,363
(*) Restricted cash is excluded.

Respectfully,

Unitronics (1989) (R"G) Ltd.