Unitronics (1989) (R"G) Ltd

Quarterly Report as of June 30, 2016

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), included herein by reference.

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CHAPTER A – PREFACE

1.1 General

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

Company No.: 520044199

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1.2 Description of the Company and Its Business Environment

Unitronics operates in three main areas of activity:

Products: Design, development, production, marketing, sale and support of various models of programmable controllers which incorporate an operating panel (keyboard and display) as an integral part of the controller, and connectivity (including Internet, intranet and cellular phone communications), as well as external controller expansion units and software for controllers. The controllers are intended mainly for the management of automated systems including industrial automation, logistics systems, automatic parking systems, for the management of production floors and additional auxiliary items.
This activity is carried out by the Company as well as via a wholly owned subsidiary, Unitronics Inc., which is incorporated in the US (hereinafter: "**Unitronics Inc.**").
The Company's controllers and services are marketed and sold through the Company's own marketing system and via Unitronics Inc., as well as through a network of distributors comprising approximately 165 distributors (of which 100 in the US) in approximately sixty countries (including Israel) throughout Europe, Asia, South and Central America, North America and Africa.

Logistics Solutions: Services of design, construction and maintenance of computerized storage and/or logistics systems, mainly automated warehouses and automated distribution centers, including the installation of new systems and/or the upgrading and servicing of existing systems and maintenance services for these systems based on framework agreements or individual service calls.
This activity is carried out through the Company and through Unitronics Automated Solutions Ltd. (hereinafter: "**Unitronics Solutions**"), a wholly owned subsidiary of the Company.
The Company's services in the Logistics Solutions segment are provided mainly to customers in Israel, and in a minority of cases also outside Israel.

Parking Solutions: Development, design, marketing, production, construction and maintenance of robotic parking systems, including the installation of new systems and/or the upgrading and servicing of existing systems and maintenance services for these systems based on framework agreements or individual service calls.

This activity is carried out through Unitronics Solutions and through Unitronics Systems Inc., a second-tier subsidiary incorporated in the US, wholly owned by Unitronics Solutions (hereinafter: "**Unitronics Systems**").
The services in the Parking Solutions segment are provided mainly to customers in Israel and in the US.

The Company operates primarily from office and industry buildings situated in Airport City near the David Ben Gurion Airport (for additional details see section 1.13 in Chapter A of the Company's Periodic Report for 2015, published by the Company on March 8, 2016, reference no: 2016-01-002367 (hereinafter: "**the Periodic Report**")).

The Company's shares are traded as from May 2004 on the Tel Aviv Stock Exchange, and as from 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 Signing on agreements for the construction of automated parking facilities in the US

On January 26, 2016, the Company through Unitronics Systems signed an agreement (hereinafter: "**the agreement**") with a US customer, unrelated to the Company or to interested parties therein (hereinafter: "**the customer**"), for the construction of an automated parking system in an apartment building located in New Jersey, USA (hereinafter: "**the project**").
Under the agreement the Company is expected to receive a total consideration of USD 4.5 million (NIS 17.5 million). For further details see immediate report dated January 27, 2016 on an event or matter outside the ordinary course of the corporation's business, reference no. 2016-01-018394, included herein by reference.

On July 28, 2016, after the balance sheet date, the Company through Unitronics Systems signed an agreement (hereinafter: "**the agreement**") with a US customer, unrelated to the Company or to interested parties therein (hereinafter: "**the customer**"), for the construction of an automated parking system in a building located in New York, USA (hereinafter: "**the project**").
Under the agreement the Company is expected to receive a total consideration of USD 4 million (NIS 15 million). For further details see immediate report dated July 31, 2016 on an event or matter outside the ordinary course of the corporation's business, reference no. 2016-01-093151, included herein by reference.

Up to and including the second quarter of 2016, the Company was engaged in the construction of a total of seven automated parking facilities in North America, including three in New Jersey and one in California, among them, to the best of the Company's knowledge, the largest automated parking facility on the West Coast of the US and the only one built on behalf of a municipal entity. Up to the date of this report the Company completed and delivered to its customers in North America five automated parking facilities of its make containing together about 1,400 parking spaces, and it is continuing negotiations for the construction of several new facilities in the US.

1.3.2 Principal payment on debentures (Series 4)

On January 31, 2016 the Company made the second payment of six principal payments on debentures (Series 4), 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 January 24, 2013 pursuant to the 2011 Shelf Prospectus (hereinafter: “**the 2013 Offering Report**”). For the full version of the 2011 Shelf Prospectus see company reports dated February 22, 2011, reference no. 2011-01-058260, and March 17, 2011, reference no. 2011-01-084435. For the full version of the 2013 Shelf Offering Report see company report dated January 24, 2013, reference no. 2013-01-021699.

1.3.3 Reorganization – transfer of the Logistics Solutions activity to a subsidiary

On March 15, 2015 the Board of Directors of the Company approved a restructuring agreement (hereinafter: "**the Restructuring Agreement**”) with Unitronics Solutions, whereby the Company is to transfer to Unitronics Solutions its activities in the Logistics Solutions segment. The Restructuring Agreement was signed on March 29, 2015 (for further details see section 1.20.6 in Chapter A of the Periodic Report and immediate report dated March 15, 2015 on an event or matter outside the ordinary course of the corporation's business, reference no. 2015-01-501688, included herein by reference). The Company intended the restructuring to be implemented as a transfer exempt from income tax in accordance with Part 2E of the Israeli Income Tax Ordinance and subject to the conditions set out therein. Accordingly, the validity of the Restructuring Agreement was made conditional, inter alia, on the receipt of a pre-ruling from the Israel Tax Authority (hereinafter: "**pre-ruling**"). In the course of 2015 the Company did in fact receive a pre-ruling from the Tax Authority, but it chose to postpone the implementation of the restructuring, and as an outcome also the date of application of the pre-ruling, which consequently did not take effect. In January 2016 the Company reapplied to the Tax Authority for a pre-ruling, updating the factual information in light of the time that had passed since the submission of the original application as well as the Company's intention to update the effective date of the restructuring to January 1, 2016. In April 2016 the Company was issued a new pre-ruling in accordance with its updated application. Should the Company decide to accept its terms and implement the restructuring, it will review the provisions of the Restructuring Agreement for the purpose of adjusting them to the provisions of said pre-ruling.

1.3.4 Change in Company's officers

On January 3, 2016, Mr. Ronen Zalayet ceased to serve as the CFO of Unitronics Solutions (for further details see immediate report dated January 3, 2016 regarding a senior officer who ceased to hold office, reference no. 2016-01-001525, included herein by reference).

On January 10, 2016, Mr. Daniel Rafael Nygate ceased to serve as the CEO of Unitronics Solutions and was appointed as VP Operations and Purchasing of the Company (for further details see immediate report dated January 10, 2016 regarding a senior officer who ceased to hold office, reference no. 2016-01-007228, and immediate report dated January 10, 2016 regarding the appointment of a senior officer, reference no. 2016-01-007234, included herein by reference).

On January 10, 2016, Mr. Josef Ratsabi ceased to serve as Vice President of Unitronics Solutions and was appointed as CEO of Unitronics Solutions (for further details see immediate report dated January 10, 2016 regarding a senior officer who ceased to hold office, reference no. 2016-01-007240, and immediate report dated January 10, 2016 regarding the appointment of a senior officer, reference no. 2016-01-007243, included herein by reference).

On May 18, 2016, Mr. Joel Sela, CPA, ceased to serve as an External Director of the Company (for further details see immediate report dated May 18, 2016 regarding a senior officer who ceased to hold office, reference no. 2016-01-028878, included herein by reference).

On May 18, 2016, Ms. Edna Ramot ceased to serve as a Director of the Company (for further details see immediate report dated May 18, 2016 regarding a senior officer who ceased to hold office, reference no. 2016-01-028884, included herein by reference).

On May 18, 2016, Mr. Haim Shani, CEO and Chairman of the Board of Directors of the Company, ceased to serve as the Chairman of the Board of Directors of Company (for further details see immediate report dated May 18, 2016 regarding a senior officer who ceased to hold office, reference no. 2016-01-028875, included herein by reference).

Regarding the appointment of Directors following the closing of a transaction for an investment in the Company by the FIMI Fund, see section 1.3.5 below.

1.3.5 <u>Investment in the Company by the FIMI Fund</u>

Further to the approval of the General Meeting of the Company's shareholders on May 9, 2016 (hereinafter: "**the General Meeting**"), on May 18, 2016 an investment transaction was concluded between the Company and the FIMI Fund (hereinafter: "**FIMI**"), in which FIMI invested in the Company a sum of NIS 60 million against the allocation of 3,750,000 shares representing 27.27% of the Company's issued capital. Additionally, if the conditions detailed in the investment agreement are fulfilled, the Company will allocate to FIMI up to 535,714 additional shares (hereinafter: "**the additional shares**"), for no added consideration. At the request of the TASE, the Company undertook that as a condition for the allocation of the additional shares, it will capitalize into share capital a part of the share premium on the allocated shares or any other equity source which is permitted to be capitalized under any law, in the amount of NIS 0.3 for each additional share actually allocated to FIMI.

Furthermore, as Mr. Haim Shani notified the Company, on May 18, 2016 a transaction was concluded between him and FIMI, in which FIMI purchased from him 3,125,000 shares of the Company held by him for a total of NIS 50 million representing 22.72% of the Company's share capital (after closing of the two transactions). Additionally, 446,429 additional shares of the Company held by Mr. Shani were deposited in trust for transfer in the future to FIMI, should the conditions set for this purpose be fulfilled. In addition, a shareholder agreement was signed and became effective between Mr. Shani and FIMI, pursuant to which the parties are to cooperate with each other in votes on various issues and regarding the disposition of shares of the Company held by them.

Following the closing of the transaction FIMI holds a total of 49.99% of the Company's issued share capital, while Mr. Shani holds 22% of the Company's issued share capital and continues to serve as Company CEO.

As mentioned above, the Company's shares are also traded on Euronext in Brussels, Belgium. As required by the Financial Services and Markets Authority in Belgium (the FSMA), the calculation of the percentage of voting rights of the Company's shareholders must also take into account dormant shares (such as the 1,676,192 Company shares purchased and held by the Company itself) as part of the issued and paid-up share capital of the Company, even though according to Israeli law dormant shares do not confer voting rights or any other rights. In accordance with this requirement, the reports published in Belgium specify the percentage of voting rights of FIMI as approximately 44.56% and the percentage of voting rights of Mr. Shani as approximately 19.54%, and not as mentioned above in this report (together with the above explanation).

Moreover, further to the approval of the General Meeting, on the transaction closing date resolutions of the General Meeting forming part of the terms of the transaction went into effect regarding the following: amendment of Mr. Haim Shani's employment agreement with the Company; amendment of the Company's articles of association; amendment of the Company's remuneration policy; appointment of Ms. Rivka Granot as an External Director of the Company and approval of her terms of service and employment; appointment of Messrs. Amit Ben-Zvi, Yariv Avisar and Gillon Beck as Directors of the Company (and Mr. Ben-Zvi as an active Chairman of the Board of Directors of the Company) and approval of the terms of service and employment of Messrs. Yariv Avisar and Gillon Beck as Directors; approval of the terms of service and employment of Mr. Amit Ben-Zvi as an active Chairman of the Board of Directors of the Company.

For further details regarding the transaction with FIMI, see the Company's reports dated March 20, 2016, March 31, 2016 and May 2, 2016 (reference nos. 2016-01-009696, 2016-01-021966 and 2016-01-057655, respectively), included herein by reference. For further details regarding the results of the General Meeting, see immediate report dated May 9, 2016 on the results of a meeting to approve a transaction with a controlling shareholder, reference no. 2016-01-062236).

1.3.6 <u>Renewal and extension of the Company's directors and officers liability insurance policy</u>

On May 29, 2016, the Audit and Remuneration Committee of the Company resolved, in accordance with the provisions of Regulations 1B(5) and 1B1 of the Companies Regulations (Reliefs in Transactions with Interested Parties), 2000 (hereinafter: "**the Reliefs Regulations**"), to approve the purchase of a directors and officers liability insurance policy (hereinafter: "**the Policy**") for the Company's directors and officers, for a period of 12 months effective from May 18, 2016 until May 17, 2017, in accordance with the Company's remuneration policy as amended by the General Meeting of the Company's shareholders on May 9, 2016 (hereinafter: "**the Amended Remuneration Policy**") (for the text of the Amended Remuneration Policy see Appendix 2.1.4 to immediate report dated May 2, 2016 on the convening of a meeting, reference no. 2016-01-057655, included herein by reference).

In addition, the Audit and Remuneration Committee resolved to insure, in accordance with the terms of the Policy, the directors and officers of the Company who are not controlling shareholders of the Company or their relatives, as well as the directors and officers of the Company who are controlling shareholders of the Company or their relatives. The principal terms of the policy are as follows: insurance coverage for damage that may occur during the period of insurance, in the amount of USD 5,000,000 (five million US dollars) for any one event and in the aggregate (plus reasonable legal defense expenses in Israel and abroad); the Company's deductible for claims submitted in the US and Canada is USD 25,000 for any one event, except for securities claims, for which the deductible is USD 35,000 for any one event; run-off coverage for a period of 84 months from the date of termination of an officer's service.

In addition, further to the Audit and Remuneration Committee's aforementioned approval, on May 29, 2016, the Board of Directors of the Company resolved, in accordance with the provisions of Regulation 1B(5) and 1B1 of the Reliefs Regulations: (a) to approve the purchase of the Policy for a period of 12 months from May 18, 2016 to May 17, 2017, in accordance with the Company's Amended Remuneration Policy; (b) to insure, in accordance with the terms of the Policy, the directors and officers of the Company who are not controlling shareholders of the Company or their relatives, as well as the directors and officers of the Company who are controlling shareholders of the Company or their relatives (for further details see immediate report dated May 29, 2016 on a transaction with a controlling shareholder or director that does not require the approval of the general meeting, reference no. 2016-01-037437, included herein by reference).

Chapter B – Board of Directors' Report

2.1 Financial Position

2.1.1 Balance Sheet

	As of June 30		As of December 31,	Board of Directors' explanations for changes in balance sheet balances compared to December 31, 2015
	2016	2015	2015	
	NIS in thousand			
Current assets	125,421	114,823	104,710	Main changes in current assets: An increase of NIS 11,921 thousand in cash and cash equivalents; an investment of NIS 25,000 thousand in short-term deposits as a result of the allocation of shares to FIMI as well as the realization of NIS 14,292 thousand in marketable securities; an increase of NIS 2,246 thousand in inventory in the Products segment; a decrease of NIS 2,972 thousand in trade receivables mainly in the Parking Solutions and Logistics Solutions segments, versus an increase in trade receivables in the Products segment; a decrease of NIS 1,008 thousand in the inventory of work in progress in the Parking Solutions and Logistics Solutions segments.
Non-current assets	111,134	81,366	88,015	The increase is mainly attributable to: an investment of the proceeds of the allocation to FIMI in long-term deposits in an amount of NIS 20,000 thousand; an increase of NIS 2,096 thousand in fixed assets, mainly as a result of an investment in leasehold improvements in the building intended to serve the activity of the Company's subsidiary Unitronics Solutions and as the Company's own headquarters; in addition, a net increase of NIS 929 thousand in intangible assets.
Total assets	**236,555**	**196,189**	**192,725**	
Current liabilities	50,890	54,527	52,107	The decrease is mainly attributable to a decrease of NIS 1,108 thousand in payables.
Non-current liabilities	74,196	84,260	81,246	The decrease is mainly attributable to a decrease of NIS 6,616 thousand in debentures following the second principal payment (of six) on debentures (Series 4) during the first quarter of 2016. On the other hand, the Company recorded a liability of NIS 4,585 thousand in respect of the option granted to FIMI within the mechanism to guarantee the return on its investment. For more details see notes 3b and 4c2 to the financial statements.
Equity attributable to Company shareholders	111,378	57,402	59,372	The increase is mainly a result of the allocation of shares of the Company to FIMI, less the loss in the period.
Total liabilities and equity	**236,512**	**196,189**	**192,725**	

The Company's working capital as of June 30, 2016 totaled NIS 74,531 thousand compared to working capital as of December 31, 2015 totaling NIS 52,603 thousand. The increase is mainly attributable to an increase in current assets of the Company as a result of the proceeds received for the allocation of shares of the Company to FIMI.

2.1.2 Results of Operations

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31	Board of Directors' explanations for changes in profit and loss items
	2016	2015	2016	2015	2015	
	NIS in thousand					
Income	77,325	83,613	42,013	37,050	159,149	In the first half of 2016 there was a decrease in income in the consolidated financial statements compared to the first half of 2015. In the second quarter of the year there was an increase in income compared to the same quarter last year. For details of income by segments, see section 2.1.3 below.
Cost of income	60,270	52,587	32,604	22,530	103,201	
Gross profit (gross profit margin)	17,055 (22.1%)	31,026 (37.1%)	9,409 (22.4%)	14,520 (39.2%)	55,948 (35.2%)	In the first half and second quarter of 2016 there was a decrease in gross profit margins of the Company in the Logistics Solutions and Parking Solutions segments, as detailed in section 2.1.3 below.
Development expenses, net	2,563	3,199	1,159	1,616	6,336	In the first half and second quarter of 2016 there was a decrease in development expenses recognized in profit and loss compared to the same periods last year, in the products and Parking Solutions segments.
Selling and marketing expenses	10,898	10,996	5,422	5,672	23,081	In the first half and second quarter of 2016 there was no significant change in selling and marketing expenses compared to the same periods last year.
Administrative and general expenses	6,864	6,893	3,716	3,387	13,196	The increase in administrative and general expenses in the second quarter of 2016 compared to the same period last year is mainly attributable to rental expenses on the additional building leased by the Company for the activity of the subsidiary Unitronics Solutions and for use as the Company's own headquarters.
Other expenses	10	-	10	-	-	Loss from sell of fixed assets.
Profit (loss) from ordinary activities	(3,280)	9,938	(898)	3,845	13,335	
Financing expenses, net	2,700	405	1,665	2,181	2,306	Net financing expenses in the first half of 2016 were significantly higher than net financing expenses in the same period last year, mainly due to exceptional financing income recorded by the Company in 2015 stemming from the revaluation of hedging transactions on the euro, decreased by 9.6% during the first quarter of 2015. In the second quarter of 2016 there was a decrease in financing expenses compared to the same period last year, mainly due to a decrease in expenses on debentures as well as a loss recorded on securities in the same quarter last year. In addition, the Company recorded in the second quarter, for the first time, financing expenses from the revaluation of the option granted to FIMI totaling approximately NIS 232 thousand. For more details see notes 3b and 4c2 to the financial statements.
Profit (loss) before taxes on income	(5,980)	9,533	(2,563)	1,664	11,029	
Tax benefit (Taxes on income)	31	(1,002)	234	(107)	(1,417)	Due to the loss, no provision was made for current taxes. Taxes are mainly due to changes is deferred tax balances.
Profit (loss) for the period	(5,949)	8,531	(2,329)	1,557	9,612	

2.1.3 Analysis of Business Results by Operating Segment

As mentioned above, the Company's main commercial operations are carried out in three business segments: the Products segment, the Logistics Solutions segment and the Parking Solutions segment. For further details regarding the Company's operating segments, see Chapter A, sections 1.8, 1.9, 1.10 and 1.11 of the Periodic Report.

2.1.3.1 Revenues

Operating segment	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31	Board of Directors' explanations for changes
	2016	2015	2016	2015	2015	
	NIS in thousand					
Products	57,240	55,193	29,690	27,206	109,059	In the first half and second quarter of 2016 there was an increase in sales of products compared to the same periods last year, mainly due to marketing activity.
Percentage of total company revenues	74%	66%	71%	73%	69%	
Logistics Solutions	12,221	17,220	6,768	7,308	35,070	The decrease in revenues in the Logistics Solutions segment during the reporting period stems from a decrease in the number of projects in execution during the reporting period compared to last year.
Percentage of total company revenues	16%	21%	16%	20%	22%	
Parking Solutions	7,672	11,017	5,455	2,459	14,611	The decrease in revenues in the first half of 2016 stems from a decrease in the progress of projects in approaching end stage during the reporting period and slow progression of projects in early implementation stage.
Percentage of total company revenues	10%	13%	13%	7%	9%	

2.1.3.2 Segment Results

Operating segment	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31	Board of Directors' explanations for changes
	2016	2015	2016	2015	2015	
	NIS in thousand					
Products	13,778	12,468	7,208	6,637	23,857	The improvement in results of the Products segment compared to last year is mainly explained by an increase in sales and decrease in selling and marketing expenses.
Logistics Solutions	1,749	7,199	1,179	3,007	14,710	The decrease in results of the Logistics Solutions segment during the reporting period compared to last year stems from the elimination of provisions for expected costs to completion recorded in 2015 for projects that ended in the course of that year, as well as a decrease in the number of projects in execution compared to 2015.
Parking Solutions	(13,674)	(4,676)	(6,485)	(3,395)	(16,118)	There was an increase in the operating loss in the Parking Solutions segment compared to the same periods last year, mainly due to a decrease in the revenues, an increase in manpower on preparations for an increase in the scope of operations which is still not reflected in the revenues. In addition, in the first quarter provisions have been made, arising from a manufacturing costs update in projects that their agreements were signed in previous years but their production started during the reporting period, due to technological improvements developed for the systems included in these projects.

2.2 Liquidity and Sources of Financing

The balance of cash, cash equivalents, marketable securities and short-term investments of the Company as of June 30, 2016, totaled NIS 67,827 thousand compared to NIS 45,389 thousand as of December 31, 2015. Below are explanations for the changes in cash flows:

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31	Board of Directors' explanations for changes
	2016	2015	2016	2015	2015	
	NIS in thousand					
Cash flows from operating activities	1,566	8,972	2,549	8,329	16,685	The positive cash flows in the first half and second quarter of the year are mainly attributable to net changes in the working capital items. The cash flows from operating activities are lower than in the same periods last year due to a decrease in profit.
Cash flows from investing activities	40,55)5(	(6,372)	(48,127)	(8,193)	(13,841)	Cash flows for investing activities in the first half and second quarter were mainly used in investing the proceeds from the allocation of shares to FIMI in short- and long-term deposits as well as investing in development assets and in fixed assets.
Cash flows from financing activities	51,088	(7,869)	58,059	(547)	(12,544)	Cash flows from financing activities in the first half and second quarter of 2016 were mainly provided by the allocation of shares to FIMI.

On June 30, 2016, total credit lines available to the Company for its operating activities amounted to NIS 27.7 million. As of June 30, 2016, a total of NIS 26.8 million of this amount was used mainly to secure the Company's obligations in projects carried out in the Logistics Solutions and Parking Solutions segments.

2.3 Dedicated Disclosure to Debenture Holders

2.3.1

(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	39,843,750
D	Par value according to linkage terms – as of the report date	39,963,009
E	Accrued interest as of the report date	895,000
F	Liability value as of the report date	39,348,000
G	Stock Exchange value	43,892,000
H	Type of interest, including description	5.4% fixed annual interest
I	Payment dates of outstanding principal	Four unequal annual installments payable on January 31 of each year from 2017 to 2020 (inclusive), at the following rates (from the original principal) by years in chronological order: (a) 12.5% of the principal, (b) 20.5% of the principal (c) 21% of the principal, (d) 21% of the principal.
J	Future interest payment dates	Every January 31 and July 31 from July 31, 2016 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. Base index - December 2012 CPI, without hedging
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the conditions for exercising the Company's 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, the person in charge of the debenture series at the trust company; the trustee's contact details	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 debentures (Series 4), the Company was not in breach of any obligation or condition set forth in the trust deed, and there were no grounds for calling for the immediate repayment of the debentures.

(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, to secure the payment of interest on debentures (Series 4). As long as the Company has an outstanding balance of debentures (Series 4), the Company and any of its subsidiaries (on the date of the signing of the trust deed and any other subsidiary that may be established or acquired until the date of full repayment of debentures (Series 4)) shall not create 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 specific lien of any ranking over all or any of their property, including cash and cash equivalents, to financing entities that provide it with financing for the purchase of property or equipment, including a floating lien over specific asset/s, including for the purchase of building construction services, including the replacement of financing entities that hold specific liens on the date of the Offering Report with other entities, without having to obtain the consent of the holders of debentures (Series 4) for this.

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

- Dividend distribution – the Company has undertaken that during the period in which debentures (Series 4) are outstanding, it shall not distribute dividends at a rate exceeding 30% of the annual (calendar) cumulative net profit attributable to the Company's shareholders based on the last audited consolidated financial statements of the Company published prior to the date of the Company's resolution regarding the dividend distribution, unless the Company obtains the prior consent of the holders of debentures (Series 4) in a special resolution passed at a meeting of the debenture holders convened as provided in the Second Addendum to the trust deed of debentures (Series 4). For further details on the said restriction, see section 11.1 of the Shelf Offering Report published on January 24, 2013 (Reference No. 2013-01-021699) (hereinafter: "**the 2013 Offering Report**").

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

- Net financial debt to EBITDA ratio – the Company undertook that as of the date of the listing of debentures (Series 4) and as long as debentures (Series 4) are outstanding, the ratio between the Company's net financial debt and its EBITDA according to the Company's audited or reviewed (as the case may be) consolidated financial statements as of June 30 and December 31, shall not exceed 10. If the Company is in breach of this undertaking, at any review date, the interest rate payable by the Company to the holders of debentures (Series 4) on the first payment date following the date of the breach shall be increased by 0.5% only per annum above the interest rate determined in the tender, during the period of the breach. Should the Company breach this undertaking on a date subsequent to the previous review date, the interest rate which is to be paid by the Company to the holders of debentures (Series 4) 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 breach period. If said breach is discovered on two consecutive review dates, such that this ratio is 12 or more, then such breach shall constitute grounds for declaring the outstanding balance of debentures (Series 4) immediately due and payable. For further 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 its audited or reviewed (as the case may be) solo financial statements as of June 30 and December 31, shall not be less than NIS 20 million. If the Company is in breach of this undertaking, at any review date, the interest rate payable by the Company to the holders of debentures (Series 4) on the first payment date following the publication of the last financial statements which indicate the breach, shall be increased by 0.5% only per annum above the interest rate determined in the tender, during the period of the breach. Should the Company breach this undertaking on a date subsequent to the previous review date, the interest rate which is to be paid by the Company to the holders of debentures (Series 4) 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 breach period. If said breach is discovered on two consecutive review dates, such that the shareholders' equity falls below NIS 15 million, then such breach shall constitute grounds for declaring the outstanding balance of debentures (Series 4) immediately due and payable. For further 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 general charge on all its property, 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 may be established or acquired until the date of final repayment of debentures (Series 4)) shall not create any charge as aforesaid. For further details regarding the aforesaid restriction, see section 11.5 of the 2013 Offering Report.

The Company shall be entitled (but not obligated), in its sole discretion, to make an early redemption, in whole or in part, of debentures (Series 4), 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 under certain conditions, the trustee of debentures (Series 4) may 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 the debentures on time; the imposition of an attachment on the Company's assets, the performance of an execution action against the Company's assets, or 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 a substantial part of the Company's assets; if Mr. Haim Shani ceases to be the controlling shareholder of the Company, directly or indirectly, without obtaining the consent of the holders of debentures (Series 4) to the transfer of control; a fundamental breach of the terms and the trust deed of debentures (Series 4), which was 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 list of the grounds available to the trustee for declaring debentures (Series 4) due and payable, see section 18.1 of the 2013 Offering Report.

2.3.2

(1)	Security	Debentures (Series 5)
A	Issue date	September 2014
B	Total par value on issue date	40,000,000
C	Par value as of the reporting date	36,000,000
D	Par value according to linkage terms – as of the report date	36,000,000
E	Accrued interest as of the report date	694,000
F	Liability value as of the report date	35,039,000
G	Stock Exchange value	41,807,000
H	Type of interest, including description	5.8% fixed annual interest
I	Payment dates of outstanding principal	Eight unequal annual installments payable on August 31 of each year from 2016 to 2023 (inclusive), at the following rates (from the original principal) by years in chronological order: (a) 10% of the principal, (b) 5% of the principal, (c) 5% of the principal (d) 5% of the principal, (e) 5% of the principal, (f) 20% of the principal, (g) 20% of the principal, (h) 20% of the principal.
J	Future interest payment dates	Every February 28 and August 31 from August 31, 2016 up to (and including) August 31, 2023 (inclusive)
K	Details of linkage basis of interest and principal	Unlinked
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the conditions for exercising the Company's right to early redemption, see section 8.4 of the Shelf Offering Report dated September 10, 2014, Reference No. 2014-01-155406)
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, the person in charge of the debenture series at the trust company; the trustee's contact details	Hermetic Trust (1975) Ltd. 113 Hayarkon Street, Tel Aviv, Israel Phone: 03-5274867, Fax: 03-5271736 Email: hermetic@hermetic.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 debentures (Series 5), the Company was not in breach of any obligation or condition set forth in the trust deed, and there were no grounds for calling for the immediate repayment of the debentures.

Pursuant to the terms of issue of debentures (Series 5), the Company has made the following undertakings:

- Dividend distribution – the Company has undertaken that during the period in which debentures (Series 5) are outstanding, it shall not make a distribution, as this term is defined in the Companies Law, 5759-1999, at a rate exceeding 30% of the annual (calendar) net profit in the last calendar year ended prior to the distribution, attributable to the Company's shareholders based on the last audited consolidated financial statements of the Company published prior to the date of the Company's resolution regarding the dividend distribution, unless the Company obtains the prior consent of the holders of debentures (Series 5), in a special resolution passed at a meeting of debenture holders convened as provided in the Second Addendum to the trust deed of debentures (Series 5). For further details on the said restriction, see section see section 1 in Appendix 5 to the Shelf Offering Report published on September 10, 2014 (reference no. 2014-01-155406) (hereinafter: "**the 2014 Offering Report**").

- Net financial debt to net cap ratio – the Company undertook that as of the date of the listing of debentures (Series 5) and as long as debentures (Series 5) are outstanding, the ratio between the Company's net financial debt and its net cap (solo) according to the Company's audited or reviewed (as the case may be) solo financial statements as of June 30 and December 31, shall not exceed 70%. If the Company is in breach of this undertaking, at any review date, the interest rate payable by the Company to the holders of debentures (Series 5) on the first payment date following the date of the breach shall be increased by 0.5% only per annum above the interest rate determined in the tender, during the period of the breach. Should the Company breach this undertaking on a date subsequent to the previous review date, the interest rate which is to be paid by the Company to the holders of debentures (Series 5) 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 breach period. If said breach is discovered on two consecutive review dates, such that this ratio is 75% or more, then such breach shall constitute grounds for declaring the outstanding balance of debentures (Series 5) immediately due and payable. For further details regarding the aforesaid restriction, see section 2 in Appendix 5 to the 2014 Offering Report.

- Restriction on shareholders' equity – the Company's shareholders' equity according to its audited or reviewed (as the case may be) solo financial statements as of June 30 and December 31, shall not be less than NIS 25 million. If the Company is in breach of this undertaking, at any review date, the interest rate payable by the Company to the holders of debentures (Series 5) on the first payment date following the publication of the last financial statements which indicate the breach, shall be increased by 0.5% only per annum above the interest rate determined in the tender, during the period of the breach. Should the Company breach this undertaking on a date subsequent to the previous review date, the interest rate which is to be paid by the Company to the holders of debentures (Series 5) 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 breach period. If said breach is discovered on two consecutive review dates, such that the shareholders' equity falls below NIS 20 million, then such breach shall constitute grounds for declaring the outstanding balance of debentures (Series 5) immediately due and payable. For further details regarding the aforesaid restriction, see section 3 in Appendix 5 to the 2014 Offering Report.

- Net financial debt to EBITDA ratio – the Company undertook that as of the date of the listing of debentures (Series 5) and as long as debentures (Series 5) are outstanding, the ratio between the Company's net financial debt and its EBITDA according to the Company's audited or reviewed (as the case may be) consolidated financial statements for the 12-month period prior to the review date, shall not exceed 10. The review of the Company's compliance with the net financial debt to EBITDA ratio shall be conducted twice in each calendar year on the date of publication of the financial statements as of June 30 and December 31 of each year. If the Company is in breach of this undertaking, at any review date, the interest rate payable by the Company to the holders of debentures (Series 5) on the first payment date following the date of the breach shall be increased by 0.5% only per annum above the interest rate determined in the tender, during the period of the breach. Should the Company breach this undertaking on a date subsequent to the previous review date, the interest rate which is to be paid by the Company to the holders of debentures (Series 5) 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 breach period. If said breach is discovered on two consecutive review dates, such that this ratio is 12 or more, then this breach shall constitute grounds for declaring the outstanding balance of debentures (Series 5) due and payable. For further details regarding the aforesaid restriction, see section 4 in Appendix 5 to the 2014 Offering Report.

- The Company's undertaking not to create charges – the Company undertook not to create a general charge on all its property, 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 may be established or acquired until the date of final repayment of debentures (Series 5)) shall not create any charge as aforesaid. For further details regarding the aforesaid restriction, see section 5 in Appendix 5 to the 2014 Offering Report.

The Company shall be entitled (but not obligated), in its sole discretion, to make an early redemption, in whole or in part, of Debentures (Series 5), upon such terms and subject to such restrictions as set forth in the 2014 Shelf Prospectus and in the 2014 Offering Report.

Upon the occurrence of certain events, and under certain conditions, the trustee of debentures (Series 5) may declare the debentures immediately due and payable. Among these events, the following may be enumerated, in brief: there has been a material deterioration in the Company's business compared to the situation on the date of the offering and there is a real concern that the Company may not be able to repay the debentures on time; the debentures were not repaid on time or another material undertaking provided to the holders was not met; the Company failed to publish a financial statement that it is required to published by law, within 30 days from the last date required by law; the debentures were delisted from the stock exchange; there is a real concern that the Company may not meet its material obligations to the holders; the Company ceased or announced its intention to cease payments; the Company is in breach of any of the financial covenants set forth in Appendix 5 to the trust deed of debentures (Series 5), where it is explicitly stated that the breach thereof constitutes grounds for immediate repayment. For details regarding the list of grounds available to the trustee for declaring debentures (Series 5) due and payable, see section 8 of the 2014 Offering Report.

2.4 Quarterly Report on the Company's Liabilities by Maturity Dates

For details regarding the Company's liabilities by repayment dates as of June 30, 2016, see immediate report (T-126) dated August 30, 2016 published by the Company concurrently with the publication of this report and included herein by reference.

2.5 Projected Cash Flows

The Board of Directors of the Company determined, following an examination of the warning signs specified in Regulation 10(b)(14) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 regarding disclosure of the projected cash flows for repayment of the Company's obligations, that no warning sign exists, and that the Company has no liquidity problems and is able to meet its obligations, including the full payment of its obligations in respect of debentures (Series 4 and 5). An examination as stated is performed by the Board of Directors on a quarterly basis, concurrently with the approval of the quarterly financial statements published by the Company.

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

2.6.1 Preparation of the financial statements

The financial statements of the Company were prepared by the Company's CFO. The statements were reviewed by the Company's independent auditor, who was given full access to all material and information in the Company, including meetings with the Company's employees and managers, as required by him. Following 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

With the coming into effect of the Companies Regulations (Provisions and Conditions Regarding the Financial Statements Approval Process), 2010, the Audit Committee was appointed by the Board of Directors of the Company (in its meeting on November 11, 2010) also to serve as a Financial Statements Review Committee (hereinafter: "**the committee**"), with a composition and significance that are consistent with said regulations, in all matters related to the financial statements as of December 31, 2010 and onwards. As of the reporting date, the following Directors serve on this committee:

Name	Mr. Zvi Livne, CPA	Ms. Rivka Granot	Mr. Doron Shinar, Adv.
An independent or an external director	No	External director	External director
Chairman of the Financial Statements Review Committee	No	Yes	No
Has accounting and financial expertise	Yes	Yes	Yes
Provided a statement prior to his nomination	Yes	Yes	Yes

* For details regarding the education and experience of Messrs. Livne and Shinar, see section 4.10 in Chapter D of the Periodic Report. For details regarding the education and experience of Ms. Rivka Granot, see immediate report dated May 18, 2016 regarding the appointment of a director, reference no. 2016-01-028854.

Prior to the approval of the financial statements as of June 30, 2016, the committee held a meeting on August 25, 2016. A comprehensive discussion of material issues took place for the purpose of formulating the committee's recommendations to the Board of Directors regarding the approval of the financial statements.

The following were invited to, and attended, the committee meeting on August 25, 2016: the members of the committee (CPA Zvi Livne, Ms. Rivka Granot and Adv. Doron Shinar); Mr. Amit Ben Zvi, CPA Gaby Badusa, Company CFO; Adv. Nir Weissberger, external legal counsel; CPA Gal Amit and CPA Lior Shmuel from the office of the Company's independent auditors.

The committee discussed and formulated its recommendations to the Board of Directors on 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 policies adopted and the accounting treatment applied to material issues; valuations including the underlying assumptions and estimates. The draft financial statements and the committee's recommendations were submitted to the Board of Directors for review three business days before the Board convened to discuss the financial statements, which in the Board's estimation is a reasonable timeframe for submitting the recommendations to it.

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

The Company regards the Board of Directors as the organ in charge of entity-level controls over the Company's financial statements. The members of the Company's Board of Directors and their respective positions in the Company are as follows:

1. Mr. Amit Ben Zvi – Chairman of the Board of Directors with professional qualifications.
2. Mr. Haim Shani – Director with professional qualifications and Company CEO.
3. Ms. Bareket Shani – Director with professional qualifications, Vice President and Head of Human Resources.
4. Mr. Zvi Livne, CPA – Director with accounting skills, member of the Audit and Remuneration Committee and member of the Financial Statements Review Committee.
5. Mr. Gillon Beck – Director with professional qualifications and accounting skills.
6. Mr. Yariv Avisar – Director with professional qualifications.
7. Ms. Rivka Granot – External and Independent Director with accounting and financial skills, member and Chairman of the Financial Statements Review Committee and member and Chairman of the Audit and Remuneration Committee.
8. Mr. Doron Shinar, Adv. – External and Independent Director with accounting skills, member of the Audit and Remuneration Committee and member of the Financial Statements Review Committee.

After the Directors reviewed the financial statements, the Board of Directors met for the presentation and discussion thereof. At a meeting held on August 30, 2016, the Company's management reviewed the main data of the financial statements. The Company's independent auditor attended the meeting and responded to questions addressed 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.

Amit Ben Zvi	Haim Shani
Chairman of the Board of Directors	Director and CEO

Date: August 30, 2016

UNITRONICS (1989) (R"G) LTD.

Condensed Consolidated Interim Financial Statements
June 30, 2016

(Unaudited)

Unitronics (1989) (R"G) Ltd.

Condensed Consolidated Interim Financial Statements

June 30, 2016

(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 statements of financial position as of June 30, 2016 and the condensed consolidated interim statements of profit or loss, comprehensive income (loss), 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 30, 2016

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 statements of financial position

	June 30, 2016	June 30, 2016	June 30, 2015	December 31, 2015
	(unaudited)	(unaudited)		(audited)
		(in thousands)		
	Convenience translation into Euro (1)	NIS		
Current assets				
Cash and cash equivalents	9,995	42,818	34,868	30,897
Restricted cash	495	2,121	2,285	2,321
Marketable securities	-	-	19,369	14,492
Short-term deposits in banks	5,838	25,009	-	-
Accounts receivable -				
Trade	5,670	24,290	28,238	27,262
Other	946	4,053	3,176	3,630
Other financial assets	68	290	2,039	506
Inventory	5,669	24,285	22,965	22,039
Inventory - work in progress	596	2,555	1,883	3,563
	29,277	125,421	114,823	104,710
Non-current assets				
Long-term deposits in banks	4,671	20,010	-	-
Long-term deposits - other	90	386	370	302
Property and equipment, net	5,169	22,143	19,363	20,047
Intangible assets, net	16,012	68,595	61,633	67,666
	25,942	111,134	81,366	88,015
	55,219	**236,555**	**196,189**	**192,725**

Amit Ben Zvi Chairman of the Board of Directors	Haim Shani Director and C.E.O.	Gavriel Badusa Chief Financial Officer

Approved: August 30, 2016.

(1) See note 1B.

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

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

	June 30, 2016	June 30, 2016	June 30, 2015	December 31, 2015
	(unaudited)	(unaudited)		(audited)
		(in thousands)		
	Convenience translation into Euro (1)	NIS		
Current liabilities				
Current maturities of long-term loans	274	1,172	1,236	1,172
Current maturities of bonds	2,393	10,250	10,252	10,260
Accounts payable -				
Trade	5,080	21,768	17,565	21,878
Other	4,129	17,689	25,254	18,797
Other financial liabilities	3	11	220	-
	11,879	50,890	54,527	52,107
Non-current liabilities				
Loans from banks and others	761	3,263	4,365	3,826
Bonds	14,972	64,137	74,706	70,753
Liabilities for benefits to employees, net	534	2,287	1,934	2,190
Deferred taxes	1,005	4,305	3,255	4,477
Liability for share purchase option	1,070	4,585	-	-
	18,342	78,577	84,260	81,246
Equity				
Share capital	100	427	352	352
Share premium	24,397	104,513	50,588	50,588
Capital reserve from translation of foreign operations	59	253	(331)	588
Company shares held by the company	(1,644)	(7,042)	(7,042)	(7,042)
Reserve deriving from a transaction with a controlling party	24	104	104	104
Retained earnings	2,062	8,833	13,731	14,782
	24,998	107,088	57,402	59,372
	55,219	**236,555**	**196,189**	**192,725**

(1) See note 1B.

The notes to the condensed consolidated 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,
	2016	2016	2015	2016	2016	2015	2015
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	(in thousands)						
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Revenues	18,050	77,325	83,613	9,807	42,013	37,050	159,149
Cost of revenues	14,069	60,270	52,587	7,611	32,604	22,530	103,201
Gross profit	3,981	17,055	31,026	2,196	9,409	14,520	55,948
Development expenses, net	599	2,563	3,199	271	1,159	1,616	6,336
Selling & marketing expenses	2,544	10,898	10,996	1,266	5,422	5,672	23,081
General & administrative expenses	1,602	6,864	6,893	867	3,716	3,387	13,196
Other expenses	2	10	-	2	10	-	-
Operating profit (loss)	(766)	(3,280)	9,938	(210)	(898)	3,845	13,335
Financing income	36	156	4,869	54	231	764	5,088
Financing expenses	666	2,856	5,274	442	1,896	2,945	7,394
Profit (loss) before tax benefit (taxes on income)	(1,396)	(5,980)	9,533	(598)	(2,563)	1,664	11,029
Tax benefit (taxes on income)	7	31	(1,002)	54	234	(107)	(1,417)
Profit (loss) for the period	(1,389)	(5,949)	8,531	(544)	(2,329)	1,557	9,612
Profit (loss) per 1 ordinary share NIS 0.02 par value (NIS):							
Basic and diluted profit (loss) per 1 ordinary share	(0.127)	(0.546)	0.853	(0.046)	(0.197)	0.156	0.961

(1) See note 1B.

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

Unitronics (1989) (R"G) Ltd.
Condensed consolidated interim statements 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,
	2016	2016	2015	2016	2016	2015	2015
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Profit (loss) for the period	(1,389)	(5,949)	8,531	(544)	(2,329)	1,557	9,612
Other comprehensive income (loss) (after tax)							
Items that may not be classified afterwards to profit or loss:							
Re-measurement gains from defined benefit plans	-	-	-	-	-	-	(30)
Items that may be reclassified to profit or loss in the future if certain conditions are met:							
Adjustments arising from translating financial statements of foreign operations	(78)	(335)	(789)	43	185	(1,248)	130
Other comprehensive income (loss) for the period	(78)	(335)	(789)	43	185	(1,248)	100
Comprehensive income (loss) for the period	(1,467)	(6,284)	7,742	(501)	(2,144)	309	9,712

(1) See note 1B.

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

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

	Share capital	Share premium	Capital reserve from translation of foreign operations	Company shares held by the company	Reserve deriving from a transaction with a controlling party	Retained earnings	Total
	NIS, in thousands						
Balance at January 1, 2015 (audited)	352	50,588	458	(7,042)	104	5,200	49,660
Net profit for the year	-	-	-	-	-	9,612	9,612
Other comprehensive income (loss) for the year	-	-	130	-	-	(30)	100
Total comprehensive income for the year	-	-	130	-	-	9,582	9,712
Balance at December 31, 2015 (audited)	352	50,588	588	(7,042)	104	14,782	59,372
Loss for the period	-	-	-	-	-	(5,949)	(5,949)
Other comprehensive loss for the period	-	-	(335)	-	-	-	(335)
Total comprehensive loss for the period	-	-	(335)	-	-	(5,949)	(6,284)
Private placement of shares	75	53,925	-	-	-	-	54,000
Balance at June 30, 2016 (unaudited)	427	104,513	253	(7,042)	104	8,833	107,088
Balance at January 1, 2015 (audited)	352	50,588	458	(7,042)	104	5,200	49,660
Net profit for the period	-	-	-	-	-	8,531	8,531
Other comprehensive loss for the period	-	-	(789)	-	-	-	(789)
Total comprehensive income (loss) for the period	-	-	(789)	-	-	8,531	7,742
Balance at June 30, 2015 (unaudited)	352	50,588	(331)	(7,042)	104	13,731	57,402
Balance at April 1, 2016 (unaudited)	352	50,588	68	(7,042)	104	11,162	55,232
Loss for the period	-	-	-	-	-	(2,329)	(2,329)
Other comprehensive income for the period	-	-	185	-	-	-	185
Total comprehensive income (loss) for the period	-	-	185	-	-	(2,329)	(2,144)
Private placement of shares	75	53,925	-	-	-	-	54,000
Balance at June 30, 2016 (unaudited)	427	104,513	253	(7,042)	104	8,833	107,088
Balance at April 1, 2015 (unaudited)	352	50,588	917	(7,042)	104	12,174	57,093
Net profit for the period	-	-	-	-	-	1,557	1,557
Other comprehensive loss for the period	-	-	(1,248)	-	-	-	(1,248)
Total comprehensive income (loss) for the period	-	-	(1,248)	-	-	1,557	309
Balance at June 30, 2015 (unaudited)	352	50,588	(331)	(7,042)	104	13,731	57,402

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

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

	Share capital	Share premium	Capital reserve from translation of foreign operations	Company shares held by the company	Reserve arising from a transaction with a controlling party	Retained earnings	Total
	Convenience translation into Euro (1), in thousands (unaudited)						
Balance at December 31, 2015	82	11,809	137	(1,644)	24	3,451	13,859
Loss for the period	-	-	-	-	-	(1,389)	(1,389)
Other comprehensive loss for the period	-	-	(78)	-	-	-	(78)
Total comprehensive loss for the period	-	-	(78)	-	-	(1,389)	(1,467)
Private placement of shares	18	12,588	-	-	-	-	12,606
Balance at June 30, 2016	100	24,397	59	(1,644)	24	2,062	24,998
Balance at April 1, 2016	82	11,809	16	(1,644)	24	2,606	12,893
Loss for the period	-	-	-	-	-	(544)	(544)
Other comprehensive profit for the period	-	-	43	-	-	-	43
Total comprehensive income (loss) for the period	-	-	43	-	-	(544)	(501)
Private placement of shares	18	12,588	-	-	-	-	12,606
Balance at June 30, 2016	100	24,397	59	(1,644)	24	2,062	24,998

(1) See note 1B.

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

Unitronics (1989) (R"G) Ltd.

Condensed consolidated interim statements 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,
	2016	2016	2015	2016	2016	2015	2015
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Cash flows - operating activities							
Profit (loss) for the period	(1,389)	(5,949)	8,531	(544)	(2,329)	1,557	9,612
Adjustments necessary to show the cash flows - operating activities (Appendix A)	1,750	7,496	441	1,135	4,859	6,772	7,073
Cash flows provided by operating activities	361	1,547	8,972	591	2,530	8,329	16,685
Cash flows - investing activities							
Sale of (investment in) marketable securities, net	3,360	14,392	6,679	377	1,616	(443)	11,487
Purchase of property and equipment	(492)	(2,108)	(557)	(254)	(1,090)	(424)	(1,097)
Sale of property and equipment	3	11	-	3	11	-	-
Repayment of restricted cash	43	185	200	-	-	-	200
Investment in long-term deposits in banks	(4,669)	(20,000)	-	(4,669)	(20,000)	-	-
Investment in short-term deposits in banks	(5,836)	(25,000)	-	(5,836)	(25,000)	-	-
repayment (Investment) in long-term other deposits, net	10	43	(6)	14	59	(46)	39
Investment in intangible assets	(1,881)	(8,059)	(12,688)	(865)	(3,704)	(7,280)	(24,470)
Cash flows used in investing activities	(9,462)	(40,536)	(6,372)	(11,230)	(48,108)	(8,193)	(13,841)
Cash flows - financing activities							
Repayment of long-term loans	(137)	(585)	(1,121)	(69)	(294)	(547)	(1,796)
Repayment of bonds	(1,559)	(6,680)	(6,748)	-	-	-	(10,748)
Private placement of shares and share purchase option	13,622	58,353	-	13,622	58,353	-	-
Cash flows provided by (used in) financing activities	11,926	51,088	(7,869)	13,553	58,059	(547)	(12,544)
Translation differences in respect of foreign operations cash balances	(42)	(178)	(351)	(32)	(136)	(698)	109
Change in cash and cash equivalents for the period	2,783	11,921	(5,620)	2,882	12,345	(1,109)	(9,591)
Cash and cash equivalents at beginning of period	7,212	30,897	40,488	7,113	30,473	35,977	40,488
Cash and cash equivalents at end of period	9,995	42,818	34,868	9,995	42,818	34,868	30,897

(1) See note 1B.

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

Unitronics (1989) (R"G) Ltd.
Condensed consolidated interim statements 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,
	2016	2016	2015	2016	2016	2015	2015
	(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	1,913	8,191	5,822	978	4,188	2,829	12,711
Loss (profit) from marketable securities, net	23	100	272	-	(1)	519	341
Change in liabilities for benefits to employees, net	23	97	147	16	69	51	367
Capital loss	2	10	-	2	10	-	-
Reevaluation of deposits in banks	(4)	(19)	-	(4)	(19)	-	-
Reevaluation of long-term loans and bonds	(34)	(144)	(884)	49	211	386	(998)
Change in deferred taxes	(62)	(265)	162	(55)	(234)	224	(290)
Reevaluation of share purchase option	54	232	-	54	232	-	-
Reevaluation of embedded derivatives and other financial assets	56	241	(1,874)	35	148	703	(561)
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable - trade	658	2,817	(1,764)	(98)	(421)	3,261	(203)
Increase in accounts receivable - other	(140)	(598)	(702)	(40)	(170)	(660)	(1,118)
Decrease (increase) in inventory	(539)	(2,311)	5,137	(222)	(951)	2,070	6,204
Decrease in inventory - work in progress	235	1,008	2,872	405	1,736	198	1,193
Increase (decrease) in accounts payable - trade	(226)	(970)	(4,957)	(196)	(841)	1,190	(1,659)
Increase (decrease) in accounts payable - other	(209)	(893)	(3,790)	211	902	(3,999)	(8,914)
	1,750	7,496	441	1,135	4,859	6,772	7,073

(1) See note 1B.

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

	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,
	2016	2016	2015	2016	2016	2015	2015
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Appendix B - Non-cash operations							
Purchase of property and equipment on credit	203	868	-	91	391	-	990
Appendix C - Additional information regarding operating activities							
Cash paid during the period for:							
Interest	555	2,378	2,620	8	35	45	5,135
Taxes on income	6	27	27	3	13	13	54
Cash received during the period for:							
Interest and dividend	21	89	557	1	5	135	819

(1) See note 1B.

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

Unitronics (1989) (R"G) Ltd.
Notes to the consolidated financial statements

Note 1 - General

A. These financial statements have been prepared in a condensed format as of June 30, 2016, 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 of December 31, 2015 and for the year then ended ("annual consolidated financial statements").

B. 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 of June 30, 2016 (EURO 1 = NIS 4.2839).
The translated EURO amounts presented in these financial statements should not be construed as representing amounts receivable or payable in EURO unless otherwise indicated.

Note 2 - Accounting Policies

A. The condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard 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.

B. The accounting policy which was implemented in the preparation of the condensed consolidated interim financial statements is identical to those used in the preparation of the annual consolidated financial statements.

Note 3 - Significant events in the reported period and thereafter

A. On January 26, 2016 Unitronics Systems Inc. (a second-tier subsidiary of the company) signed with a customer, who is not related to the company or to the interested party in it, on an agreement to establish an automatic parking garage places in New Jersey, USA, for an investment of USD 4.5 million.

B. On May 18, 2016 the investment transaction in the Company by FIMI Fund (hereinafter – "FIMI") was completed according to which FIMI invested NIS 60 million in the Company against an allotment of 3,750,000 shares comprising 27.27% of the Company's issued and paid-up capital; the controlling shareholder in the company Mr. Haim Shani informed the Company that at the same time an agreement had been signed between him and FIMI according to which FIMI acquired from him 3,125,000 shares of the company that he owned for a total amount of NIS 50 million comprising 22.72% of the Company's share capital (after completing the two transactions) and therefore, Mr. Haim Shani, after the entry of FIMI, holds 22% of the Company's shares and continues to serve as the Company's CEO. Consequently FIMI holds a total of 49.99% of the Company's issued and paid-up share capital. Stock allocation expenses were approximately NIS 1,647 thousands.
In addition, the Company granted to FIMI writ of right whereby should the conditions set forth in the investment agreement be met, the Company will allot to FIMI up to 535,714 additional shares (hereinafter – "the additional shares"), without additional consideration. At the request of the Tel-Aviv Stock Exchange the Company undertook that a condition for the allotment of the additional shares would be that the Company will capitalize to share capital some of the premium paid on the shares allotted, or from any other source in its shareholders equity which may be capitalized according to any law, in an amount of NIS 0.30 for every additional share actually allotted to FIMI.
The Company split the package issued to FIMI Fund for a gross amount of NIS 60 million. The Company first allocated the consideration to the writ of right which is a derivative instrument for an amount of NIS 4.5 million, which the difference between the gross consideration and the value of the writ of right being ascribed to the shares component that were issued to FIMI. For additional details see Note 4(c)(2).

Note 3 - Significant events in the reported period and thereafter (cont'd)

C. The Company's compliance with financial covenants bonds series 4 and 5

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 shareholders' equity will not be less than NIS 20 million, including setting a mechanism for updating the interest for exceptional periods from the financial covenants agreed, and circumstances which are grounds for immediate repayment, and all as detailed in the Trust Deed.

In the framework of the Shelf Offer Report from September 2014, the Company engaged in a trust deed for the bonds (Series 5) on September 10, 2014 (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 70% and the ratio of financial debt to EBITDA which will not exceed 10, and a condition that the shareholders' equity will not be less than NIS 25 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 of June 30 and December 31, as long as the bonds exist and are in circulation.
As of June 30, 2016 the Company meets its financial covenants as mentioned above.

D. On July 28, 2016 Unitronics Systems Inc. (a second-tier subsidiary of the company) signed with a customer, who is not related to the company or to the interested party in it, on an agreement to establish an automatic parking system places in a building in New York, USA, for an investment of USD 4 million.

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, 2016	
	Book value	Fair value
	(unaudited)	
	NIS, (in thousands)	
Financial liabilities (*)		
Bonds linked to the Israeli CPI	39,348	43,892
Bonds not linked	35,039	41,807

	June 30, 2015	
	Book value	Fair value
	(unaudited)	
	NIS, (in thousands)	
Financial liabilities (*)		
Bonds linked to the Israeli CPI	46,100	51,133
Bonds not linked	38,858	42,880

	December 31, 2015	
	Book value	Fair value
	(audited)	
	NIS, (in thousands)	
Financial liabilities (*)		
Bonds linked to the Israeli CPI	46,063	50,561
Bonds not linked	34,950	39,870

(*) The fair value is based on stock market value as of 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).

Note 4 - Financial Instruments (cont'd)

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 of June 30, 2016 (unaudited)		NIS, (in thousands)		
Financial assets at fair value:				
Forward contracts	-	265	-	265
Embedded derivatives	-	25	-	25
Financial liabilities at fair value:				
Forward contracts	-	11	-	11
Liability for share purchase option	-	-	4,585	4,585
As of June 30, 2015 (unaudited)				
Financial assets at fair value:				
Marketable securities	19,369	-	-	19,369
Forward contracts	-	2,039	-	2,039
Financial liabilities at fair value:				
Embedded derivatives	-	220	-	220
As of December 31, 2015 (audited)				
Financial assets at fair value:				
Marketable securities	14,492	-	-	14,492
Forward contracts	-	446	-	446
Embedded derivatives	-	60	-	60

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

Note 4 - Financial Instruments (cont'd)

C. Adjustment for fair value measurements that classified as Level 3 on fair value hierarchy of financial instruments

	Financial liabilities at fair value that classified to profit or loss	
	2016	2015
	NIS, (in thousands)	
Beginning of period (unaudited) (*)	4,353	-
Total net loss recognized in profit or loss	232	-
Balance at June 30, 2016 (unaudited)	4,585	-

(*) As of May 18, 2016 - the date of establishment the liability

D. Evaluation techniques

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

2. Liability for share purchase option
The fair value of the liability for share purchase option mentioned in Note 3b above for which no quoted market price exists, is determined for every reporting period on the basis of the economic model used in an evaluation made by an external evaluator.

The economic model prepared on May 18, 2016 (the date of completing the transaction) established an estimate for the liability of NIS 4,353 thousand. This estimate was updated on the date of the report.

The fair value of the price adjustment mechanism is the expected future value of the additional shares which will be allotted to FIMI (should they be allotted), discounted on the date of the calculation, where the number of shares that will be allotted to FIMI will be derived from the consideration that FIMI will receive at the time of the sale of all the acquired shares.

The future values of the acquired shares are estimated using the binomial model and are divided into two categories:

1. The branches where the value of the shares acquired is lower than 250% of FIMI'S purchase price for which FIMI is entitled to the allotment of additional shares.

2. The branches in which the value of the shares acquired is higher than 250%% of FIMI'S purchase price for which FIMI is not entitled to the allotment of additional shares.

The future value of the additional shares was calculated by multiplying (a) the total shares that FIMI will receive by (b) the future value of the share and by (c) the probable future value of the share.

The fair value of the additional shares was calculated by discounting the future value by zero risk interest on the date of the calculation.

Note 5 - Business segments

A. The Group defined the Chairman of the Board of Directors and the Company's CEO who makes the strategic decisions as the chief operating decision makers, of the Group. The Chairman and 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 Chairman and the CEO examines the segment's 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 operate in three main operative segments

- Planning, development, manufacture and marketing of PLC's - Programmable Logic Controllers systems (hereinafter "Products segment").
- Planning, construction and maintenance of system integration projects (hereinafter "Logistics solutions segment").
- Planning, development, manufacture, marketing, construction and maintenance of mechanized systems for automated parking solutions (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,
	2016	2016	2015	2016	2016	2015	2015
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
C. Revenues							
Products	13,361	57,240	55,193	6,931	29,690	27,206	109,059
Logistic solutions	2,853	12,221	17,220	1,580	6,768	7,308	35,070
Parking solutions	1,791	7,672	11,017	1,273	5,455	2,459	14,611
Other	45	192	183	23	100	77	409
Total revenues	18,050	77,325	83,613	9,807	42,013	37,050	159,149
D. Segment results and match income (loss) for the period:							
Products	3,217	13,778	12,468	1,682	7,208	6,637	23,857
Logistic solutions	408	1,749	7,199	275	1,179	3,007	14,710
Parking solutions	(3,192)	(13,674)	(4,676)	(1,514)	(6,485)	(3,395)	(16,118)
Other	5	23	-	2	8	3	13
Unallocated corporate expenses	(1,204)	(5,156)	(5,053)	(655)	(2,808)	(2,407)	(9,127)
Operating profit (loss)	(766)	(3,280)	9,938	(210)	(898)	3,845	13,335
Unallocated financing expenses, net	(630)	(2,700)	(405)	(388)	(1,665)	(2,181)	(2,306)
Tax benefit (taxes on income)	7	31	(1,002)	54	234	(107)	(1,417)
Profit (loss) for the period	(1,389)	(5,949)	8,531	(544)	(2,329)	1,557	9,612

(1) See note 1B.

UNITRONICS (1989) (R"G) LTD.

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

June 30, 2016

(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 of June 30, 2016 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 30, 2016

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, 2016	June 30, 2016	June 30, 2015	December 31, 2015
	(unaudited)	(unaudited)		(audited)
		(in thousands)		
	Convenience translation into Euro (1)	NIS		
Current assets				
Cash and cash equivalents	7,803	33,429	30,324	24,180
Restricted cash	255	1,091	1,276	1,276
Marketable securities	-	-	19,369	14,492
Short-term deposits in bank	5,838	25,009	-	-
Accounts receivable -				
Trade	3,005	12,874	10,984	16,444
Other	480	2,058	1,148	1,753
Other financial assets	60	257	2,039	446
Accounts receivable - other - subsidiaries	9,468	40,558	23,241	19,544
Inventory	4,513	19,335	20,684	20,159
Inventory - work in progress	-	-	1,377	-
	31,422	134,611	110,442	98,294
Non-current assets				
Long-term deposits in bank	4,671	20,010	-	-
Long-term deposits - other	90	386	370	302
Property and equipment, net	4,061	17,395	18,529	18,059
Long-term receivables - Subsidiary	12,839	55,000	35,000	55,000
Intangible assets, net	10,259	43,949	41,567	43,183
	31,920	136,740	95,466	116,544
	63,342	**271,351**	**205,908**	**214,838**

Amit Ben Zvi	Haim Shani	Gavriel Badusa
Chairman of the Board of Directors	Director and C.E.O.	Chief Financial Officer

Approved: August 30, 2016.

(1) See note 1B.
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, 2016	June 30, 2016	June 30, 2015	December 31, 2015
	(unaudited)	(unaudited)		(audited)
		(in thousands)		
	Convenience translation into Euro (1)	NIS		
Current liabilities				
Current maturities of long term loans	274	1,172	1,236	1,172
Current maturities of bonds	2,393	10,250	10,252	10,260
Accounts payable -				
Trade	3,688	15,802	12,956	16,975
Other	1,847	7,913	15,329	10,186
Other financial liabilities	3	11	220	-
	8,205	35,148	39,993	38,593
Non-current liabilities				
Liabilities less assets associated with subsidiaries	11,797	50,538	24,253	35,627
Loans from banks and others	761	3,263	4,365	3,826
Bonds	14,972	64,137	74,706	70,753
Liabilities for benefits to employees, net	534	2,287	1,934	2,190
Deferred taxes	1,005	4,305	3,255	4,477
Liability for share purchase option	1,070	4,585	-	-
	30,139	129,115	108,513	116,873
Equity				
Share capital	100	427	352	352
Share premium	24,397	104,513	50,588	50,588
Capital reserve from translation of foreign operations	59	253	(331)	588
Company shares held by the company	(1,644)	(7,042)	(7,042)	(7,042)
Reserve from a transaction with a controlling party	24	104	104	104
Retained earnings	2,062	8,833	13,731	14,782
	24,998	107,088	57,402	59,372
	63,342	**271,351**	**205,908**	**214,838**

(1) See note 1B.

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,
	2016	2016	2015	2016	2016	2015	2015
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Revenues	9,260	39,670	50,806	4,759	20,389	24,150	101,522
Revenues from subsidiaries	3,889	16,659	17,818	1,972	8,448	8,112	32,694
Total revenues	13,149	56,329	68,624	6,731	28,837	32,262	134,216
Cost of revenues	8,416	36,053	41,465	4,286	18,361	18,908	82,082
Gross profit	4,733	20,276	27,159	2,445	10,476	13,354	52,134
Development expenses, net	344	1,472	1,706	170	728	780	3,100
Selling & marketing expenses	917	3,930	4,401	496	2,125	2,229	8,841
General & administrative expenses	941	4,030	4,909	520	2,228	2,285	8,823
General & administrative expenses to subsidiaries	91	390	390	46	197	219	878
Operating profit	2,440	10,454	15,753	1,213	5,198	7,841	30,492
Financing income	255	1,089	5,552	170	726	1,126	6,616
Financing expenses	688	2,947	5,611	420	1,799	3,345	7,626
Profit after financing, net	2,007	8,596	15,694	963	4,125	5,622	29,482
The Company's share of subsidiaries losses	3,403	14,576	6,161	1,561	6,688	3,958	18,453
Profit (loss) before tax benefit (taxes on income)	(1,396)	(5,980)	9,533	(598)	(2,563)	1,664	11,029
Tax benefit (taxes on income)	7	31	(1,002)	54	234	(107)	(1,417)
Profit (loss) for the period attributed to the company's shareholders	(1,389)	(5,949)	8,531	(544)	(2,329)	1,557	9,612

(1) See note 1B.

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

Unitronics (1989) (R"G) Ltd.
Comprehensive income (loss) 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,
	2016	2016	2015	2016	2016	2015	2015
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Profit (loss) for the period attributed to the company's shareholders	(1389)	(5,949)	8,531	(544)	(2,329)	1,557	9,612
Other comprehensive income (loss) (after tax)							
Items that may not be classified afterwards to profit or loss:							
Re-measurement gains from defined benefit plans	-	-	-	-	-	-	(30)
Items that may be reclassified to profit or loss in the future if certain conditions are met:							
Adjustments arising from translating financial statements of foreign operations	(78)	(335)	(789)	43	185	(1,248)	130
Other comprehensive income (loss) for the period	(78)	(335)	(789)	43	185	(1,248)	100
Total comprehensive income (loss) for the period attributed to the company's shareholders	(1467)	(6,284)	7,742	(501)	(2,144)	309	9,712

(1) See note 1B.
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,
	2016	2016	2015	2016	2016	2015	2015
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Cash flows - operating activities							
Profit (loss) for the period attributed to the company's shareholders	(1,389)	(5,949)	8,531	(544)	(2,329)	1,557	9,612
Adjustments necessary to show the cash flows - operating activities (Appendix A)	4,835	20,711	7,396	2,362	10,120	8,624	22,155
Cash flows provided by operating activities of the company	3,446	14,762	15,927	1,818	7,791	10,181	31,767
Cash flows used in operating activities from transactions with subsidiaries	(4,905)	(21,014)	(12,938)	(1,938)	(8,303)	(4,479)	(29,241)
Cash flows provided by (used in) operating activities	(1,459)	(6,252)	2,989	(120)	(512)	5,702	2,526
Cash flows - investing activities							
Sale of (investment in) marketable securities, net	3,360	14,392	6,679	377	1,616	(443)	11,487
Purchase of property and equipment	(8)	(36)	(289)	-	-	(198)	(538)
Repayment of restricted cash	43	185	200	-	-	-	200
Investment in long-term deposits in banks	(4,669)	(20,000)	-	(4,669)	(20,000)	-	-
Investment in short-term deposits in banks	(5,836)	(25,000)	-	(5,836)	(25,000)	-	-
repayment (Investment) in long-term other deposits, net	10	43	(6)	14	59	(46)	39
Investment in intangible assets	(1,207)	(5,171)	(5,264)	(590)	(2,528)	(2,745)	(10,874)
Cash flows provided by (used in) investing activities	(8,307)	(35,587)	1,320	(10,704)	(45,853)	(3,432)	314
Cash flows - financing activities							
Repayment of long-term loans	(137)	(585)	(1,121)	(69)	(294)	(547)	(1,796)
Repayment of bonds	(1,559)	(6,680)	(6,748)	-	-	-	(10,748)
Private placement of shares and share purchase option	13,622	58,353	-	13,622	58,353	-	-
Cash flows provided by (used in) financing activities	11,926	51,088	(7,869)	13,553	58,059	(547)	(12,544)
Change in cash and cash equivalents for the period	2,160	9,249	(3,560)	2,729	11,694	1,723	(9,704)
Cash and cash equivalents at beginning of period	5,643	24,180	33,884	5,074	21,735	28,601	33,884
Cash and cash equivalents at end of period	7,803	33,429	30,324	7,803	33,429	30,324	24,180

(1) See note 1B.

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,
	2016	2016	2015	2016	2016	2015	2015
	(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	3,403	14,576	6,161	1,561	6,688	3,958	18,453
Depreciation and amortization	1,243	5,325	4,376	625	2,678	2,025	9,361
Loss (Profit) from marketable securities, net	23	100	272	-	(1)	519	341
Change in liabilities for benefits to employees, net	23	97	147	16	69	51	367
Reevaluation of deposits in banks	(4)	(19)	-	(4)	(19)	-	-
Change in deferred taxes	(62)	(265)	162	(55)	(234)	224	(290)
Reevaluation of long-term loans and bonds	(34)	(144)	(884)	49	211	386	(998)
Reevaluation of share purchase option	54	232	-	54	232	-	-
Reevaluation of embedded derivatives and other financial assets	47	200	(1,874)	21	92	703	(501)
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable - trade	833	3,570	1,785	(74)	(317)	2,295	(3,675)
Decrease (increase) in accounts receivable - other	(107)	(459)	190	(144)	(619)	65	(419)
Decrease in inventory	192	824	5,737	25	107	2,321	6,231
Decrease in inventory - work in progress	-	-	1,558	-	-	141	2,935
Increase (decrease) in accounts payable - trade	(274)	(1,173)	(6,570)	250	1,069	(1,245)	(2,551)
Increase (decrease) in accounts payable - other	(502)	(2,153)	(3,664)	38	164	(2,819)	(7,099)
	4,835	20,711	7,396	2,362	10,120	8,624	22,155

(1) See note 1B.

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,
	2016	2016	2015	2016	2016	2015	2015
	(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	-	-	-	-	-	-	20,000
Appendix C - Additional information regarding operating activities							
Cash paid during the period for:							
Interest	555	2,378	2,620	8	35	45	5,135
Taxes on income	6	27	27	3	13	13	54
Cash received during the period for:							
Interest and dividend	21	89	557	1	5	135	819

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

Unitronics (1989) (R"G) Ltd.
Additional information

Note 1 - General

A. These separate interim financial information as of June 30, 2016 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, 2015 and for the year then ended, and with the related additional information.

B. 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 of June 30, 2016 (EURO 1 = NIS 4.2839).
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 2016

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 2016 ("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 30, 2016

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Haim Shani, Director and CEO

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

I, Gavriel 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 2016 (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 30, 2016

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Gavriel Badusa, CFO

UNITRONICS

UNITRONICS (1989) (R"G) LTD.

PRESS RELEASE

Airport City, Israel,

August 30, 2016

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

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

Corporation's Liabilities Status Report by Dates of Payment

Airport City, Israel – August 30, 2016 - 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: 2016.
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	6,661	4,000						4,130	14,791
Second Year	10,923	2,000						3,596	16,519
Third Year	11,190	2,000						2,890	16,080
Fourth Year	11,190	2,000						2,170	15,360
Fifth Year and So On		26,000						3,538	29,538
Total	**39,964**	**36,000**						**16,324**	**92,288**

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									
Second Year									
Third Year									
Fourth Year									
Fifth Year and So On									
Total									

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			752	420				120	1,292
Second Year			555	210				91	856
Third Year			357					76	433
Fourth Year			357					64	421
Fifth Year and So On			1,785					150	1,935
Total			**3,806**	**630**				**501**	**4,937**

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	6,661	4,000	752	420				4,250	16,083
Second Year	10,923	2,000	555	210				3,687	17,375
Third Year	11,190	2,000	357					2,966	16,513
Fourth Year	11,190	2,000	357					2,234	15,781
Fifth Year and So On		26,000	1,785					3,688	31,473
Total	**39,964**	**36,000**	**3,806**	**630**				**16,825**	**97,225**

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									

I. 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.

J. 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.

K. 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.

L. (1) Cash and cash equivalents, marketable securities and short term deposits ("Solo" report) (in NIS thousands):58,438
(2) Cash and cash equivalents, marketable securities and short term deposits of all consolidated companies (in NIS thousands):67,827
(*) Pledged cash is excluded.

Respectfully,

Unitronics (1989) (R"G) Ltd.