



Unitronics (1989) (R”G) Ltd

Quarterly Report as of September 30, 2013

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

CHAPTER A – PREFACE

1. General

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

Company No.: 520044199

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2. Description of the Company and Its Business Environment

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

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

The Company mainly operates from facilities located in "Unitronics Building," an office and industrial building which is leased, in part, by the Company, and a different part therein is leased to the Company. Unitronics Building is situated at Airport City next to the

David Ben-Gurion Airport, and it houses the Company's offices and all its other facilities in Israel.

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

3. Main Events in the Period of the Report and Up To Its Publication

3.1 Convening of an annual general meeting

The Company convened an annual general meeting of its shareholders for Monday, December 9, 2013 at 12:30 (Brussels time), at the Sheraton Zaventem Hotel in Brussels, Belgium (“**the meeting**”). The items on the meeting’s agenda are as follows: (i) approval of a remuneration policy for officers of the Company pursuant to Amendment 20 to the Companies Law; (ii) electing Mr. Haim Shani as chairman of the board of directors in addition to his role as Company CEO, for an additional term of office of three years commencing from the date of termination of the prior term of office, on December 9, 2013, pursuant to section 121(C) of the Companies Law and in accordance with the Company’s Articles of Association; (iii) approval of the re-appointment of Ms. Edna Ramot as a director of the Company (not an external director) (category A) for an additional term of office up to the date of the Company’s annual general meeting for 2016, in accordance with the Company’s Articles of Association; (iv) presentation of the Company’s Periodic Report and financial statements for 2012; (ii) approval of the re-appointment of the Amit-Halfon accounting firm as the Company’s auditors for 2013 and for the period up to the next annual meeting of the Company’s shareholders and authorizing the Company’s board of directors to determine its fee. For additional details, see immediate report regarding Convening of a Meeting dated October 23, 2013, Ref. No. 2013-01-173805, included herein by way of reference.

Following the Securities Authority’s comments to the draft remuneration policy that was attached to the report on the convening of a general meeting, on November 17, 2013 the Company published an amending report to the report on the convening of a general meeting, attached to which was an amended draft of the remuneration policy, which is submitted to the general meeting for approval. For additional details, see Amending Report to the Report on the Convening of a General Meeting dated November 17, 2013, reference no: 2013-01-193608, included herein by way of reference.

3.2 A change in the Company’s officers

On September 30, 2013, Mr. Nygate Daniel Rafael was appointed as deputy CEO of the Company. For additional details, see immediate report dated October 1, 2013, regarding appointment of a senior officer (except for a single director, who was appointed by the corporation), reference no: 2013-01-153204, included herein by way of reference.

Subsequent to the balance sheet date, on November 30, 2013, Mr. Eyal Saban, deputy CEO of the Company, will cease to hold office. For further details see immediate report dated October 1, 2013, regarding a senior officer that ceased to hold office, reference no. 2013-01-153201, included herein by way of reference.

Subsequent to the balance sheet date, on December 4, 2013, Mr. Amir Anchel, deputy CEO of the Company and budget manager, will cease to hold office. For

further details see immediate report dated October 6, 2013, regarding a senior officer that ceased to hold office, reference no. 2013-01-184293, included herein by way of reference.

3.4 Payment for debentures (Series 2)

On August 25, 2013, the Company paid the fifth installment out of five of the debentures Fund (Series 2) (together with the final installment of the interest accrued on these debentures), issued by the Company under the 2006 Prospectus. Following this payment, all the Company's liabilities in respect of debentures (Series 2) were paid in full (for details see immediate report on the Capital and Registered Securities of the Corporation and Changes Therein, included herein by way of reference, dated 26 August 2012, reference No. 201301-125076).

Chapter B – Board of Directors' Report

1. Financial Position

Assets

Total assets according to the consolidated balance sheet of the Company as of September 30, 2013, amounted to approx. NIS 198.948 million compared with approx. NIS 185.548 million as of December 31, 2012.

Cash, cash equivalents and marketable securities did not change materially, and together they amounted to approx. NIS 48.093 million as of September 30, 2013, compared with approx. NIS 49.699 million as of December 31, 2012.

Trade and income receivable recorded an increase to approx. NIS 19.701 million as of September 2013 compared with approx. NIS 14.702 million as of December 31, 2012. This increase mainly stems from an increase in the balance of trade and income receivable in the Products Segment.

An increase was recorded in the inventory of work in progress, which amounted to approx. NIS 20.767 million as of September 30, 2013, compared with approx. NIS 18.011 million as of December 31, 2012, and reflects progress in the implementation of projects on the reporting date only.

An increase was recorded in intangible assets, which amounted to NIS 42.493 million as of September 30, 2013, compared with approx. NIS 34.046 million as of December 31, 2012. The increase is mainly attributable to the recording of the Company's development assets in respect of which the development costs satisfy the conditions for recognition as an intangible asset, offset by current amortization.

Liabilities

Current maturities of debentures decreased and as of September 30, 2013 amounted to approx. NIS 11.875 million compared with approx. NIS 17.788 million as of December 31, 2012. The decrease in this item stems from the fifth and final payment of the principal of the debentures (Series 2).

A decrease was recorded in trade payables, which amounted to approx. NIS 15.825 million as of September 30, 2013, compared with approx. NIS 30.753 million as of December 31, 2012. The decrease in this item is primarily due to a decrease in trade balances in the Systems and Products segment.

Accounts payable and accruals decreased to approx. NIS 25.395 million as of September 30, 2013 compared with approx. NIS 28.280 million as of December 31, 2012. The decrease in this item primarily stems from a decrease in income in advance in the Systems segment net of an increase in income in advance in the Parking Solutions segment.

Non-current liabilities as of September 30, 2013, totaled approx. NIS 97.643 million, compared with NIS 58.728 million as of December 31, 2011. The decrease in non-current liabilities stems from the issuance of debentures (Series 4) by the Company in January 2013 for a total amount of NIS 53.125 million par value, offset by the first installment out of five of debenture principal (Series 3), which was paid in March 2013.

An increase was recorded in the Company's working capital, which totaled approx. NIS 57.010 million as of September 30, 2013, compared with approx. NIS 27.992 million as of December 31, 2012. This increase primarily stems from a rise in the balance of trade and income receivable and inventory of work in progress as well as a decrease in current maturities of debentures, trade payables and accounts payable as specified in this section above.

The Company's shareholders' equity slightly decreased to approx. NIS 42.844 million as of September 30, 2013, compared with approx. NIS 43.900 million as of December 31, 2012. The decrease in shareholders equity was mainly due to the loss recorded for the period as detailed below.

2. Operating Results

Revenues

The Company's revenues in the quarter that ended September 30, 2013, amounted to approx. 39.558 million compared to approx. NIS 34.876 million in the same quarter of 2013 (a 13% increase). The Company's revenues in the first nine months of 2013 amounted to approx. NIS 112.044 million as compared to approx. NIS 106.621 in the same period of 2012 (a 5% increase). Most of the growth in this quarter stems from the growth in revenues that generated by the Systems segment and the Parking Solutions segment, as detailed below.

Company revenues from the Products segment in the quarter ended September 30, 2013, amounted to approx. NIS 24.414 million, a 3% increase compared with approx. NIS 23.650 million in the corresponding quarter of 2012. Revenues from the products segment in the first nine months of 2013 amounted to approx. NIS 71.673 million, a 2% increase compared with approx. NIS 70.376 million in the same period of 2012.

Revenues from the Systems segment in the quarter ended September 30, 2013, amounted to approx. NIS 13.508 million, a 22% increase compared with approx. NIS 11.088 million in the corresponding quarter of 2012. Revenues from the Systems segment in the first nine months of 2013 amounted to approx. NIS 37.996 million, down 6% from approx. NIS 35.795 million in the same period of 2012. The changes in revenues from the Systems segment stem from changes in the actual rate of progress in the construction of several logistic systems by the Company's systems department, mainly in connection with the planning and construction of logistics systems for key customers in Israel (for details see Sections 1.10.9 of the Company's Periodic Report), and in the pace of receipt of orders from customers for the construction of systems in the reporting period, which is explained, among others by the relative volatility of this segment.

Revenues from the Parking Solutions segment amounted to approx. NIS 1.503 million in

the quarter ended on September 30, 2013. In the third quarter of 2012 no revenues were generated by the Parking Solutions segment. Revenues from the Parking Solutions segment in the first nine months of 2013 totaled approx. NIS 2.031 million compared to approx. NIS 139,000 in the same period of 2012.

Revenues from the products segment in the quarter ended September 30, 2013, accounted for 62% of total Company revenues in this quarter, whereas revenues from the Systems segment in the same period accounted for some 34% of total revenues and revenues from the Parking Solutions segment accounted for 4% of revenues for the period. In the same period of 2012, revenues from the Products segment were 68% of total Company revenues for this quarter whereas revenues from the Systems segment accounted for 32% of total revenues. Overall for the year 2012, revenues from products accounted for some 68% of total revenues, revenues from systems accounted for 31% of total revenues and revenues from Parking Solutions were less than 1% from total revenues for the period.

Cost of Income and Gross Profit

Total gross profit in the quarter ended September 30, 2013, amounted to approx. NIS 11.909 million (about 30% of the revenues for the period), compared with approx. NIS 47.471 million in the corresponding quarter of 2012 (about 21% of revenues for the period). Total gross profit in the first nine months of 2013 amounted to approx. NIS 30.863 million (about 28% of revenues for the period), compared with approx. NIS 27.123 million in the same period of 2012 (about 25% of revenues for the period).

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

Development Costs, Net

Net development costs in the quarter ended September 30, 2013, amounted to approx. NIS 1.143 million, compared with approx. NIS 1.182 in the corresponding quarter of 2012. Net development costs in the first nine months of 2013 amounted to approx. NIS 4.500 million, compared with approx. NIS 3.792 million in the same period of 2012. In addition, during the reporting period, an intangible asset in respect of development costs was recognized in the amount of approx. NIS 11.455 million, compared with NIS 9.864 million in the corresponding period of 2012. Total development costs that were recognized as an intangible asset in the reporting period, which grew in comparison with the corresponding period, reflect the continued development of technologies required to support the Company's operations, with a corresponding adjustment of its development staff, which is designed to address its business plans in the different fields of operation.

Selling and Marketing Expenses

No change was recorded in the selling and marketing expenses in the quarter ended September 30, 2013, and it amounted to approx. NIS 4.275 million (about 11% of revenues), compared with approx. NIS 3.981 million (about 11% of revenues) in the corresponding quarter of 2012. Selling and marketing expenses in the first nine months of 2013 came to approx. NIS 12.349 million (about 11% of revenues), compared with approx. NIS 12.351 million (about 12% of revenues) in the same period of 2012.

General and Administrative Expenses

General and administrative expenses grew in the quarter ended September 30, 2013, and they amounted to approx. NIS 2.533 million, compared with approx. NIS 2.201 million in the corresponding quarter of 2012, and in the first nine months of 2013 it amounted to approx. NIS 8.084 million, compared with approx. NIS 6.135 million in the same period of 2012. The moderate increase in general and administrative expenses in the reported quarter stems, in the Company's opinion, from the fixed costs required for the continued operation and support of the Parking Solutions segment as set forth below. Most of the increase in these expenses in the first nine months of 2013, compared to the same period of 2012, stems from a one-off compensation recorded in the first half of 2012, which was ruled in favor of the Company upon the completion of legal proceedings as well as the fixed costs required for the continued operation and support in the Parking Solutions segment as set forth below.

Operating Profit

The operating profit for the quarter ended September 30, 2013 increased, and it amounted to approx. NIS 3.958 million (about 10% of revenues), compared to an operating profit of approx. NIS 2.107 million in the same quarter of 2012. The growth in the operating profit in the reported quarter primarily stems from an increase in gross profit as specified above.

In the first nine months of 2013, there was an increase in the operating profit, which amounted to approx. NIS 5.923 million, compared to an operating profit of approx. NIS 4.845 million in the same period of 2012. The increase in the operating profit in the reported period primarily stems from an increase in the gross profit offset by a rise in development expenses and in general and administrative expenses, as set forth above.

Financing Income and Expenses

Net financing expenses in the quarter ended September 30, 2013, amounted to approx. NIS 2.043 million, compared with net financing expenses of approx. NIS 78 million in the third quarter of 2012. Net financing expenses in the first nine months of 2013 amounted to approx. NIS 6.623 million, compared with net financing expenses of approx. NIS 2.945 million in the same period of 2012.

Most of the increase in this item stems from an increase in expenses due to exchange rate differences on embedded derivatives, which resulted from the Euro's depreciation against the NIS as well as an increase in credit costs related to debentures, due to an increase in the balance of outstanding debentures in the reported period, offset by a decrease in long-term credit costs compared to the same period of 2012, arising from the Euro's decline against the NIS in the reported period.

Profit

In the reported quarter, the Company posted a net profit totaling approx. NIS 1.915 million (5% of revenues), compared to a profit of approx. NIS 185,000 in the corresponding quarter of 2012. In the first nine months of 2013, the Company posted a loss of approx. NIS 700,000 (about 2% of revenues), compared with a profit of approx. NIS 1.900 million in the same period of 2012.

In the Company's opinion, the growth in the profit and loss results in the reported quarter primarily stems from the increase in profit and loss from operating activities after deducting the increase in financing expenses, as stated above. The decrease in profit and loss in the first nine months of 2013, in the Company's opinion, primarily stems from

the increase in financing expenses, net of the increase in profit and loss from operating activities, as stated above.

Analysis of Business Results by Operating Segments

As mentioned above, the Company's main commercial activity of the Company is conducted by means of three business departments: the Products Department, the Systems Department and the Parking Solutions Department. In the years 2011 and 2012, the Company began consolidating the parking solutions activities which, until that time, were reported as part of the systems segment, within wholly owned subsidiaries. The operating results of the parking solutions segment in corresponding periods contributed an insignificant amount to total results. As of January 1, 2013, the Company is presenting the operating activity of the parking solutions segment separately. For further details regarding the Company's operating segments, see Chapter A, sections 1.8, 1.9, 1.10 and 1.11 of the Company's Periodic Report.

Details on the various segments' results appear hereunder.

Products Segment

No material change was recorded in the Products Segment in the third quarter, which generated a profit of approx. NIS 7.377 million, compared with a profit of approx. NIS 7.183 million in the corresponding quarter of 2012. The results of the Products Segment in the first nine months of 2013 amounted to a profit of approx. NIS 21.103 million, compared with a profit of approx. NIS 21.584 million in the first nine months of 2012. Most of the change in the results of the Products segment in the first nine months of 2013 stems from a slight decline in the gross profit margin which, in the Company's opinion, is attributable to the effect of the YoY decline in the main currencies in which sales are made vis-à-vis the NIS, plus higher selling and marketing expenses attributed to this segment.

Systems Segment

The results of the Systems Segment amounted to a loss of approx. NIS 1.397 million in the reported quarter, compared with a loss of approx. NIS 2.880 million in the second quarter of 2012. The results of the Systems Segment in the first nine months of 2013 amounted to a profit of NIS 496,000, compared with a loss of approx. NIS 4.580 million in the same period of 2012. The increase in the segment's results stems, in the Company's opinion, from a YoY increase in revenues from the construction of systems, which generated a higher gross profit margin, together with a decrease in selling and marketing expenses attributed to this segment.

Parking Solutions Segment

The operating results of the Parking Solutions Segment decreased to a loss of approx. NIS 739 million in the reported quarter, compared with a loss of approx. NIS 498,000 in the third quarter of 2012. The results of the Parking Solutions Segment in the first nine months of 2013 amounted to a loss of approx. NIS 3.144 million, compared with a loss of approx. NIS 1.142 million in the same period of 2012. In the Company's opinion, the change in the segment's results in the reported period is primarily attributable to an increase in the fixed costs required for the activity in this Segment, in line with the Company's plans.

3. Liquidity and Sources of Financing

The balance of cash, cash equivalents and marketable securities of the Company did not change materially and, as of September 30, 2013, totaled approx. NIS 48.093 million, compared with approx. NIS 49.699 million as of December 31, 2012.

The cash flow from operating activities in the quarter ended September 30, 2013, amounted to a negative cash flow of approx. NIS 1.704 million. Net negative cash flow primarily stemmed from changes in assets and liability items (mainly an increase in trade and income receivable net of a decrease in inventory), offset by profit for the quarter and expenses not involving cash flows. In the first nine months of 2013, the cash flow from operating activities amounted to a negative cash flow of approx. NIS 18.421 million. The net negative cash flow primarily stemmed from changes in asset and liability items (a decrease in trade payables, a decrease in accounts payable, an increase in trade and income receivable and an increase in inventory of work in progress) net of expenses not involving cash flows.

Cash flows arising from investment activities in the quarter ended September 30, 2013, amounted to approx. NIS 2.278 million. The net positive cash flows primarily stem from the sale of marketable securities offset by investment in development assets during the period. In the first nine months of 2013, the negative cash flows used in investment activities amounted to approx. NIS 7.933 million. The negative cash flow mainly derived from the recording of investments in development assets during the period, net of the sale of marketable securities.

The cash flows used for financing activities in the quarter ended September 30, 2013, amounted to approx. NIS 7.513 million. The net cash flow was mainly used to make the fifth and final payment of the (Series 2) debenture principal. In the first nine months of 2013, the positive cash flows stemmed from financing activities amounted to approx. NIS 30.171 million. The positive cash flows primarily stemmed from the issuance of debentures (Series 4) offset by the first of five installments of debentures (Series 3) and the fifth out of five payments of debentures (Series 2), as specified in section 3.3 above.

On September 30, 2013, total credit lines available to the Company for its operating activities amounted to approx. NIS 29.7 million, of which a total of NIS 29.3 million was used to secure the Company's obligations in projects carried out by the Systems and Parking Solutions segments.

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

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

5. Consolidated Linkage Bases Report

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

NIS in Thousands						
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Assets

Cash and cash equivalents	2,343	-	9,892	10,412	-	-	22,647
Cash limited in use	4,139	-	-	-	-	-	4,139
Marketable securities	11,786	13,660	-	-	-	-	25,446
Trade and income receivable	5,992	-	6,789	6,920	-	-	19,701
Accounts receivable	455	-	-	22	-	1,247	1,724
Inventory	-	-	-	-	-	21,047	21,047
Inventory of work in progress	-	-	-	-	-	20,767	20,767
Long-term deposits	-	-	-	-	-	424	424
Fixed assets	-	-	-	-	-	40,560	40,560
Intangible assets	-	-	-	-	-	42,493	42,493
Total assets	24,715	13,660	16,681	17,354	-	126,538	198,948

Liabilities

Short-term loans and current maturities of long-term loans	71	-	3,432	386	-	-	3,889
Current maturities of debentures	-	11,875	-	-	-	-	11,875
Suppliers and service providers	8,281	-	2,936	4,603	5	-	15,825
Embedded derivatives	-	-	1,477	-	-	-	1,477
Accounts payable and credit balances	5,245	-	-	422	-	19,728	25,395
Long-term loans from banks and others	25	-	6,662	1,254	-	-	7,941
Debentures	-	87,117	-	-	-	-	87,117
Liabilities due to employee benefits, net	-	-	-	-	-	2,585	2,585
Total liabilities	13,622	98,992	14,507	6,665	5	22,313	156,104

Net assets (liabilities)	11,093	(85,332)	2,174	10,689	(5)	104,245	42,844
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6. Sensitivity Analyses on Financial Instruments as of September 30, 2013

As of the balance sheet date, the Company conducted 5 sensitivity analyses in respect of changes in the market value of financial instruments within a range of 5% and 10%. The analyses were based on the model specified.

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

	Profit (Loss) on Change, NIS in Thousands		NIS in Thousands Fair Value	Profit (Loss) on Change NIS in Thousands	
	10%	5%		-5%	-10%
NIS to \$	3.891	3.714	3.537	3.360	3.183
Cash and cash equivalents	1,041	521	10,412	(521)	(1,041)
Trade and income receivable	692	346	6,920	(346)	(692)
Accounts receivable	2	1	22	(1)	(2)
Current maturities of loans	(39)	(19)	(386)	19	39
Trade payable	(460)	(230)	(4,603)	230	460
Accounts payable and accruals	(42)	(21)	(422)	21	42
Long-term loans	(125)	(63)	(1,254)	63	125
Total	<u>1,069</u>	<u>535</u>	<u>10,689</u>	<u>(535)</u>	<u>(1,069)</u>

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

	Profit (Loss) on Change, NIS in Thousands		NIS in Thousands Fair Value	Profit (Loss) on Change, NIS in Thousands	
	10%	5%		-5%	-10%
NIS to Euro	5.251	5.012	4,773	4.535	4.296
Cash and cash equivalents	989	495	9,892	(495)	(989)
Trade and income receivable	679	339	6,789	(339)	(679)
Current maturities of loans	(343)	(172)	(3,432)	172	343
Trade payable	(294)	(147)	(2,936)	147	294
Accounts payable and accruals	0	0	0	0	0
Long-term loans	(666)	(333)	(6,662)	333	666
Total	<u>365</u>	<u>182</u>	<u>3,651</u>	<u>(182)</u>	<u>(365)</u>

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

	Profit (Loss) on Change, NIS in Thousands		NIS in Thousands Fair Value	Profit (Loss) on Change, NIS in Thousands	
	10%	5%		-5%	-10%
CPI in points	246.18	234.99	223.80	212.61	201.42
Marketable securities	1,366	683	13,660	(683)	(1,366)
Current maturities of debentures	<u>(1,188)</u>	<u>(594)</u>	<u>(11,875)</u>	<u>594</u>	<u>1,188</u>
Debentures (*) (**)	<u>(8,712)</u>	<u>(4,356)</u>	<u>(87,117)</u>	<u>4,336</u>	<u>6,969</u>
Total	<u>(8,534)</u>	<u>(4,267)</u>	<u>(85,332)</u>	<u>4,247</u>	<u>6,791</u>

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

(**) Series 3 debentures linked to the CPI 219.80 (1993 base)

- 4) The following table presents the fair value changes in derivative financial instruments that are sensitive to changes in underlying assets denominated in Euro:

	Profit (Loss) on Change, NIS in Thousands		NIS in Thousands Fair Value	Profit (Loss) on Change, NIS in Thousands	
	10% increase in the underlying asset	5% increase in the underlying asset		5% decline in the underlying asset	10% decline in the underlying asset
Liability in respect of embedded derivatives	<u>1,437</u>	<u>718</u>	<u>(1,477)</u>	<u>(718)</u>	<u>(1,437)</u>

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

	Profit (Loss) on Change NIS in Thousands		NIS in Thousands Fair Value	Profit (Loss) on Change NIS in Thousands	
	10%	5%		-5%	-10%
Local – government	982	491	9,822	(491)	(982)
Local – corporate	1,319	660	13,193	(660)	(1,319)
Shares	<u>243</u>	<u>122</u>	<u>2,431</u>	<u>(122)</u>	<u>(243)</u>
Total	<u>2,544</u>	<u>1,273</u>	<u>25,446</u>	<u>(1,273)</u>	<u>(3,590)</u>

8. Dedicated Disclosure to the Debenture Holders

The Corporation's Liability Certificates:

(1)	Security	Debentures (Series 3)
A	Issue date	March 2011
B	Total par value on issue date	56,442,000
C	Par value as of the reporting date	45,153,600
D	Par value according to linkage terms – as of the report date	47,502,000
E	Accrued interest as of the report date	52,000
F	Liability value as of the report date	47,502,000
G	Stock Exchange value	49,895,000
H	Type of interest, including description	5.65% annual interest
I	Payment dates of outstanding principal	Four equal annual payments as of March 23, 2014
J	Future interest payment dates	Every 23 rd of March and September starting from March 2014, up until March 23, 2017 (inclusive)
K	Details of linkage basis of interest and principal	Principal and interest linked to the Consumer Price Index at a base rate of no less than 212.73 (February 2011 index according to the 1993 basis)
L	Are the liability certificates convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the terms under which the Company's right to perform early redemption can be exercised, see paragraph 12 of the Shelf Offering Report dated March 22, 2011, reference no: 2011-01-088428)
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Reznick, Paz, Nevo Trust Ltd 14 Yad Harutzim St, Tel Aviv 67778 Tel: 03-6389200; Fax: 03-6393316 Email: trust@rpn.co.il

(5+6) As of the reporting period and throughout the said period, the Company, to the best of its knowledge, was in compliance with all the terms and obligations of the trust deed for Debentures (Series 3), the Company was not found to be in violation of any undertaking or term that was set forth in the trust deeds and which are not of a technical nature, and there were no grounds to call for immediate repayment of the liability certificates.

- (8) On April 4, 2011, a pledge was created over a bank account deposit at the Registrar of Companies, in the amount of the annual interest on the debentures, to secure the payment of interest pursuant to the terms of the debentures (Series 3). As long as the Company has an outstanding balance of the debentures (Series 3), the Company will refrain from creating additional charges on its assets, in excess of those that existed on the date of signing the trust deed in connection with the debentures (Series 3), in favor of any third party whatsoever, without the trustee's advance written consent, save with regard to charges on land and/or equipment that will be purchased by the Company subsequent to the date of signing the trust deed, the pledging thereof will serve solely for the purpose of securing the funding to be given for purchasing the asset that is the object of the charge – and which the Company will be permitted to create without any restrictions in favor of any person or corporation. Subject to the aforesaid, the Company shall be entitled to create, without any limitation, additional charges of any type on its assets, all or part thereof, without this derogating from the Company's ability to undertake towards third parties to refrain from creating additional charges and without derogating from the aforesaid undertakings which the Company made to the banks prior to the date of signing the Debenture trust deed (Series 3).

(1)	Security	Debentures (Series 4)
A	Issue date	January 2013
B	Total par value on issue date	53,125,000
C	Par value as of the reporting date	53,125,000
D	Par value according to linkage terms – as of the report date	54,090,000
E	Accrued interest as of the report date	484,000
F	Liability value as of the report date	52,629,000
G	Stock Exchange value	55,664,000
H	Type of interest, including description	5.4% annual interest
I	Payment dates of outstanding principal	Six unequal annual payments payable on January 31 of each of the years 2015 through 2020, at the following rates, by years in chronological order: (a) 12.5% of the principal; (b) 12.5% of the principal; (c) 12.5% of the principal; (d) 20.5% of the principal; (e) 21% of the principal; (f) 21% of the principal.
J	Future interest payment dates	Every 31 ST of January and July starting from January 2014, up until January 13, 2020 (inclusive)
K	Details of linkage basis of interest and principal	Principal and interest linked to the Consumer Price Index at a minimum base rate of 219.80 (December 2012 index according to the 1993 basis), No hedging performed.
L	Are the liability certificates convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the terms under which the Company's right to perform early redemption can be exercised, see paragraph 12 of the Shelf Offering Report dated January 24, 2013, reference no: 2013-01-021699)
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Mishmeret - Trust Services Ltd. 48, Menachem Begin St, Tel Aviv 66184 Tel: 03-6374352; Fax: 03-6374344 Email: ramis@bdo.co.il

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

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

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

For details on the Company's liabilities by repayment dates, as of September 30, 2013, see report dated November 28, 2013, which the Company published concurrently with the publication of this report.

9. Projected Cash Flow

The Board of Directors determined, after reviewing the warning signs specified in Regulation 10(b)(14) of the Securities Regulations (Periodic and Immediate Reports) – 1970, with regard to the disclosure of anticipated cash flows for the payment of the Company's obligations, that the Company has no liquidity problems and is able to meet its obligations, including payment in full of its liabilities in respect of the issuance of Debentures (Series 3 and 4). A review as stated is performed by the Board of Directors on a quarterly basis, prior to the approval of the financial statements published by the Company for the quarter in question.

10. Details on the Process of Approval of the Company's Financial Statements

10.1 Preparation of the Financial Statements

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

10.2 Financial Statements Review Committee

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

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

* For details regarding the education and experience of the members of the Committee for Review of the Financial Statements, see Section 4.11 of Chapter D of the Periodic Report.

For the purpose of approving the financial statements as of September 30, 2013, a Committee meeting was held on November 26, 2013. In this meeting, the Committee discussed the effectiveness of internal controls over financial reporting and disclosure by the Company, which are the responsibility of the person in charge of reporting and the person in charge of control oversight, and which are supervised by the steering committee, which serves as a top-level supervising entity to ensure full compliance with reporting regulations, in accordance with internal procedures adopted by the Board of Directors on February 2, 2011 in connection with periodic and immediate reports. A comprehensive discussion of material issues took place in order to formulate the Committee's recommendations to the Board of Directors, prior to the board's approval of the financial statements; the Committee subsequently approved its recommendations.

The following persons were invited to, and attended, the Committee's meeting on November 26, 2013: members of the Committee (CPAs Yoel Sela, Zvi Livneh and Moshe Braaz), other board members (Haim Shani, Bareket Shani and Edna Ramot) Mr. Yair Itzkovitch, CFO; Mr. Eyal Saban, VP; CPA. Miri Ben-David, Company comptroller, Mr. Nir Weisberger, Company attorney; CPA Haim Halfon, from the Company's accounting firm; and Mr. Miguel Elchanati, from the Company's internal audit firm.

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

10.3 The Company's Board of Directors

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

1. Mr. Haim Shani – Chairman of the Board and Company CEO, and a director with

professional qualifications.

2. Mrs. Bareket Shani – Director with professional qualifications, Vice President and Head of Human Resources, member of the Credit, Investments and Securities Committee of the Company's Board of Directors.
3. Mr. Zvi Livneh, CPA – Director with accounting skills and member of the Credit, Investments and Securities Committee of the Company's Board of Directors, member of the Audit Committee, member of the Committee for Review of the Financial Statements and member of the Remuneration Committee.
4. Mr. Yoel Sela, CPA – External and independent director with accounting skills, member of the Audit Committee, member of the Committee for Review of the Financial Statements, member of the Credit, Investments and Securities Committee of the Company's Board of Directors and a member of the Remuneration Committee.
5. Mr. Moshe Braaz, CPA – External and independent director with accounting skills, member and Chairman of the Audit Committee, member and Chairman of the Remuneration Committee, member of the Committee for Review of the Financial Statements, chairman of the Credit, Investments and Securities Committee of the Company's Board of Directors and member and chairman of the Remuneration Committee.
6. Mrs. Edna Ramot - Director with professional skills.

Following the Board of Directors' review of the financial statements, a Board meeting was held for the purpose of presenting and discussing the financial statements. In the meeting on November 28, 2013, the Company's management reviewed the key data of the financial statements. The Company's auditor attended the meeting and responded to the questions of the Board of Directors that were addressed to him (together with the Company's CEO and CFO, who responded to questions addressed to them). At the end of the discussion, the financial statements were approved by unanimous vote by the Board of Directors.

Moshe Braaz
Director

Haim Shani
Chairman and CEO

Date: November 28, 2013

UNITRONICS (1989) (R"G) LTD.

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

(Unaudited)

Unitronics (1989) (R"G) Ltd.

**Condensed Consolidated Interim
Financial Statements**

September 30, 2013

(unaudited)

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

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

Scope of the review

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

Conclusion

Based on our review, nothing came to our notice which would cause us to think that the above financial information is not prepared, in all significant aspects, in accordance with IAS 34.

In addition to the remarks in the previous paragraph, based on our review, nothing came to our notice which would cause us to think that the above financial information does not meet, in all significant aspects, the provisions of disclosure under Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports) – 1970.

Amit, Halfon
Certified Public Accountants (Israel)

Ramat Gan,
November 28, 2013

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

Amit, Halfon is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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

September 30, 2013	September 30, 2013	September 30, 2012	December 31, 2012
<u> </u>	<u> </u>	<u> </u>	<u> </u>

	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
		<u>(in thousands)</u>	
<u>Convenience translation into Euro (1)</u>		<u>NIS</u>	
<u>Current assets</u>			
Cash and cash equivalents	4,744	22,647	15,110
Restricted cash	867	4,139	3,336
Marketable securities	5,331	25,446	35,899
Accounts receivable -			
Trade	4,128	19,701	16,096
Other	361	1,724	2,943
Embedded derivatives	-	-	666
Inventory	4,409	21,047	19,495
Inventory - work in progress	4,351	20,767	8,687
	<u>24,191</u>	<u>115,471</u>	<u>102,232</u>
	-----	-----	-----
			<u>110,912</u>

<u>Non-current assets</u>			
Long-term deposits	89	424	196
Property and equipment, net	8,497	40,560	40,278
Intangible assets, net	8,902	42,493	30,988
	<u>17,488</u>	<u>83,477</u>	<u>71,462</u>
	-----	-----	-----
			<u>74,636</u>

	<u>41,679</u>	<u>198,948</u>	<u>173,694</u>
	-----	-----	-----
			<u>185,548</u>

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

Moshe Braaz
Director

Yair Itscovich
Chief Financial Officer

Approved: November 28, 2013.

(1) See note 1C.

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

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

	September 30, 2013	September 30, 2013	September 30, 2012	December 31, 2012
	(unaudited)	(unaudited)		(audited)
	(in thousands)			
	Convenience translation into Euro (1)	NIS		
<u>Current liabilities</u>				
Current maturities of long-term loans	815	3,889	4,515	4,590
Current maturities of bonds	2,488	11,875	18,035	17,788
Accounts payable -				
Trade	3,315	15,825	18,568	30,753
Other	5,320	25,395	25,686	28,280
Embedded derivatives	309	1,477	790	1,509
	<u>12,247</u>	<u>58,461</u>	<u>67,594</u>	<u>82,920</u>
<u>Non-current liabilities</u>				
Loans from banks and others	1,664	7,941	12,757	11,063
Bonds	18,250	87,117	44,976	45,025
Liabilities for benefits to employees, net	542	2,585	2,638	2,640
	<u>20,456</u>	<u>97,643</u>	<u>60,371</u>	<u>58,728</u>
<u>Shareholders' equity</u>				
Share capital	74	352	352	352
Share premium	10,598	50,588	50,588	50,588
Capital reserve from translation of foreign operation	(297)	(1,417)	(454)	(957)
Company shares held by the company	(1,475)	(7,042)	(6,711)	(7,042)
Reserve from a transaction with a controlling party	22	104	-	-
Retained earnings	54	259	1,954	959
	<u>8,976</u>	<u>42,844</u>	<u>45,729</u>	<u>43,900</u>
	<u>41,679</u>	<u>198,948</u>	<u>173,694</u>	<u>185,548</u>

(1) See note 1C.

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

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

	For the nine months period ended September 30,	For the nine months period ended September 30,		For the three months period ended September 30,	For the three months period ended September 30,		For the year ended December 31,
	2013	2013	2012	2013	2013	2012	2012
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	Convenience translation into Euro (1)	NIS		(in thousands) Convenience translation into Euro (1)	NIS		
Revenues	23,473	112,044	106,621	8,287	39,558	34,876	142,126
Cost of revenues	17,007	81,181	79,498	5,792	27,649	27,405	105,322
Gross profit	6,466	30,863	27,123	2,495	11,909	7,471	36,804
Development expenses, net	943	4,500	3,792	239	1,143	1,182	5,576
Selling & Marketing expenses	2,588	12,349	12,351	896	4,275	3,981	17,616
General & Administrative expenses	1,694	8,084	6,135	531	2,533	2,201	8,828
Other expenses	1	7	-	-	-	-	-
Operating profit	1,240	5,923	4,845	829	3,958	107	4,784
Financing income	486	2,319	3,368	263	1,257	2,489	3,583
Financing expenses	1,873	8,942	6,313	691	3,300	2,411	7,081
Profit (loss) before tax benefit	(147)	(700)	1,900	401	1,915	185	1,286
Tax benefit	-	-	-	-	-	-	114
Net profit (loss) for the period	(147)	(700)	1,900	401	1,915	185	1,400
Profit per 1 ordinary share NIS 0.02 par value (NIS):							
Basic and diluted profit (loss) per 1 ordinary share	(0.015)	(0.070)	0.188	0.040	0.191	0.018	0.139

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.
Condensed consolidated interim statement of other comprehensive income (loss)

	For the nine months period ended September 30,	For the nine months period ended September 30,		For the three months period ended September 30,	For the three months period ended September 30,		For the year ended December 31,
	2013	2013	2012	2013	2013	2012	2012
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	<u>(in thousands)</u>						
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Net profit (loss) for the period	(147)	(700)	1,900	401	1,915	185	1,400
<u>Other comprehensive income (loss)</u>							
Items that may not be classified afterwards to profit or loss							
Actuarial loss	-	-	-	-	-	-	(495)
Items that may be reclassified to profit or loss in the future if certain conditions are met -							
Translation of foreign operation	(96)	(460)	194	(44)	(213)	(61)	(309)
Other comprehensive income (loss) for the period	(96)	(460)	194	(44)	(213)	(61)	(804)
Comprehensive income (loss) for the period	(243)	(1,160)	2,094	357	1,702	124	596

(1) See note 1C.

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

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

	Share capital	Share premium	Capital reserve from translation of foreign operation	Company shares held by the company	Reserve from a transaction with a controlling party	Retained earnings	Total
NIS in thousands							
Balance at January 1, 2012 (audited)	352	50,588	(648)	(6,643)	-	54	43,703
Net profit for the year	-	-	-	-	-	1,400	1,400
Other comprehensive loss for the year	-	-	(309)	-	-	(495)	(804)
Total comprehensive profit (loss) for the year	-	-	(309)	-	-	905	596
Purchase of company shares by the company	-	-	-	(399)	-	-	(399)
Balance at December 31, 2012 (audited)	352	50,588	(957)	(7,042)	-	959	43,900
Net loss for the period	-	-	-	-	-	(700)	(700)
Other comprehensive loss for the period	-	-	(460)	-	-	-	(460)
Total comprehensive loss for the period	-	-	(460)	-	-	(700)	(1,160)
Capital benefit arising from a transaction with a controlling party	-	-	-	-	104	-	104
Balance at September 30, 2013 (unaudited)	352	50,588	(1,417)	(7,042)	104	259	42,844
Balance at January 1, 2012 (audited)	352	50,588	(648)	(6,643)	-	54	43,703
Net profit for the period	-	-	-	-	-	1,900	1,900
Other comprehensive profit for the period	-	-	194	-	-	-	194
Total comprehensive profit for the period	-	-	194	-	-	1,900	2,094
Purchase of company shares by the company	-	-	-	(68)	-	-	(68)
Balance at September 30, 2012 (unaudited)	352	50,588	(454)	(6,711)	-	1,954	45,729
Balance at July 1, 2013 (unaudited)	352	50,588	(1,204)	(7,042)	104	(1,656)	41,142
Net profit for the period	-	-	-	-	-	1,915	1,915
Other comprehensive loss for the period	-	-	(213)	-	-	-	(213)
Total comprehensive profit (loss) for the period	-	-	(213)	-	-	1,915	1,702
Balance at September 30, 2013 (unaudited)	352	50,588	(1,417)	(7,042)	104	(259)	42,844
Balance at July 1, 2012 (unaudited)	352	50,588	(393)	(6,643)	-	1,769	45,673
Net profit for the period	-	-	-	-	-	185	185
Other comprehensive loss for the period	-	-	(61)	-	-	-	(61)
Total comprehensive profit (loss) for the period	-	-	(61)	-	-	185	124
Purchase of company shares by the company	-	-	-	(68)	-	-	(68)
Balance at September 30, 2012 (unaudited)	352	50,588	(454)	(6,711)	-	1,954	45,729

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

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

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserve from translation of foreign operation</u>	<u>Company shares held by the company</u>	<u>Reserve arising from a transaction with a controlling party</u>	<u>Retained earnings (loss)</u>	<u>Total</u>
<u>Convenience translation into Euro (1), in thousands</u> <u>(unaudited)</u>							
<u>Balance at December 31, 2012</u> (audited)	74	10,598	(201)	(1,475)	-	201	9,197
Net loss for the period	-	-	-	-	-	(147)	(147)
Other comprehensive loss for the period	-	-	(96)	-	-	-	(96)
Total comprehensive loss for the period	-	-	(96)	-	-	(147)	(243)
Capital benefit arising from a transaction with a controlling party	-	-	-	-	22	-	22
<u>Balance at September 30, 2013</u> (unaudited)	<u>74</u>	<u>10,598</u>	<u>(297)</u>	<u>(1,475)</u>	<u>22</u>	<u>54</u>	<u>8,976</u>

(1) See note 1C.

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

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

	For the nine months period ended September 30,	For the nine months period ended September 30,		For the three months period ended September 30,	For the three months period ended September 30,		For the year ended December 31,
	2013 (unaudited)	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2013 (unaudited)	2012 (unaudited)	2012 (audited)
	Convenience translation into Euro (1)	NIS		(in thousands) Convenience translation into Euro (1)	NIS		
Cash flows - operating activities							
Net profit (loss) for the period	(147)	(700)	1,900	401	1,915	185	1,400
Adjustments necessary to show the cash flows - operating activities (Appendix A)	(3,712)	(17,721)	15,794	(758)	(3,619)	12,753	20,914
Cash flows provided by (used in) operating activities	(3,859)	(18,421)	17,694	(357)	(1,704)	12,938	22,314
Cash flows - investing activities							
Sale of marketable securities, net	1,246	5,953	1,249	1,379	6,580	385	7,236
Purchase of property and equipment	(297)	(1,420)	(817)	(39)	(185)	(327)	(1,396)
Sale of property and equipment	16	77	-	-	-	-	-
Investment in restricted cash	(304)	(1,454)	-	-	-	-	-
Repayment of restricted cash	147	700	-	-	-	-	-
Repayment (investment) in long-term deposits	(14)	(65)	(12)	(14)	(68)	15	(29)
Investment in intangible assets	(2,456)	(11,724)	(9,855)	(848)	(4,049)	(3,241)	(14,385)
Cash flows provided by (used in) investing activities	(1,662)	(7,933)	(9,435)	478	2,278	(3,168)	(8,574)
Cash flows - financing activities							
Repayment of long-term loans	(692)	(3,307)	(3,298)	(236)	(1,125)	(1,108)	(4,401)
Bonds issue	10,791	51,509	-	-	-	-	-
Repayment of bonds	(3,777)	(18,031)	(6,251)	(1,338)	(6,388)	(6,251)	(6,251)
Purchase of company shares by the company	-	-	(68)	-	-	(68)	(399)
Cash flows provided by (used in) financing activities	6,322	30,171	(9,617)	(1,574)	(7,513)	(7,427)	(11,051)
Translation differences in respect of foreign operation cash balances	(39)	(183)	1	(23)	(105)	(50)	(143)
Change in cash and cash equivalents for the period	762	3,634	(1,357)	(1,476)	(7,044)	2,293	2,546
Cash and cash equivalents at beginning of period	3,982	19,013	16,467	6,220	29,691	12,817	16,467
Cash and cash equivalents at end of period	4,744	22,647	15,110	4,744	22,647	15,110	19,013

(1) See note 1C

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

Unitronics (1989) (R"G) Ltd.

Condensed consolidated interim statement of cash flows

For the nine months period ended September 30, <u>2013</u>	For the nine months period ended September 30, <u>2013</u> <u>2012</u>		For the three months period ended September 30, <u>2013</u>	For the three months period ended September 30, <u>2013</u> <u>2012</u>		For the year ended December 31, <u>2012</u>
(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		

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

Income and expenses not involving cash flows:

Depreciation and amortization	1,087	5,187	4,649	324	1,548	1,512	7,494
Profit from marketable securities, net	(149)	(713)	(919)	(119)	(566)	(1,042)	(1,693)
Change in liabilities for benefits to employees, net	(12)	(55)	106	11	53	5	(191)
Reevaluation of restricted cash	(8)	(36)	(55)	(2)	(9)	(18)	(68)
Capital loss	1	7	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-	(114)
Exchange rate changes of long-term loans and bonds	307	1,464	1,792	292	1,387	912	860
Reevaluation of embedded derivatives	2	8	(933)	(217)	(1,036)	(677)	412

Changes in assets and liabilities:

Decrease (increase) in accounts receivable - trade	(1,094)	(5,224)	1,650	(932)	(4,449)	5,610	2,876
Decrease (increase) in accounts receivable - other	182	870	(558)	176	840	(1,939)	(475)
Decrease (increase) in inventory	221	1,056	(2,903)	415	1,981	(2,500)	(6,656)
Decrease (increase) in inventory - work in progress	(582)	(2,777)	(1,316)	(186)	(886)	10	(10,661)
Increase (decrease) in accounts payable - trade	(3,127)	(14,928)	4,395	(2)	(11)	2,000	16,578
Increase (decrease) in accounts payable - other	(540)	(2,580)	9,886	(518)	(2,471)	8,880	12,552
	<u>(3,712)</u>	<u>(17,721)</u>	<u>15,794</u>	<u>(758)</u>	<u>(3,619)</u>	<u>12,753</u>	<u>20,914</u>

(1) See note 1C.

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

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

	For the nine months period ended September 30,		For the three months period ended September 30,	For the three months period ended September 30,		For the year ended December 31,
	2013	2012	2013	2013	2012	2012
	(unaudited)		(unaudited)	(unaudited)		(audited)
	NIS		(in thousands)	NIS		
Convenience translation into Euro (1)			Convenience translation into Euro (1)			
Appendix B - Non-cash operations						
Booking a capital benefit arising from a transaction with a controlling party	22	104	-	-	-	-
Appendix C - Additional information on cash flows regarding operating activities						
Cash paid during the period for:						
Interest	1,076	5,137	4,483	650	2,170	4,600
Taxes on income	17	81	81	6	27	108
Cash received during the period for:						
Interest and dividend	234	1,119	1,127	33	171	1,400

(1) See note 1C.

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

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

Note 1 - General

- A. These financial statements have been prepared in a condensed format as at September 30, 2013, and for the nine and three months periods then ended ("consolidated interim financial statements"). These financial statements should be read in conjunction with the Company's audited annual financial statements and accompanying notes as at December 31, 2012 and for the year then ended.
- B. Following are data regarding the Israeli CPI and the exchange rate of the U.S. dollar and the Euro:

<u>As of</u>	<u>Israeli CPI</u> <u>Points (*)</u>	<u>Exchange rate of</u> <u>1 U.S. dollar</u> <u>NIS</u>	<u>Exchange rate of</u> <u>1 Euro</u> <u>NIS</u>
September 30, 2013	223.80	3.537	4.7734
September 30, 2012	220.84	3.912	5.0649
December 31, 2012	219.80	3.733	4.9206
<u>Change during the period</u>	<u>%</u>	<u>%</u>	<u>%</u>
Nine month ended September 30, 2013	1.82	(5.25)	(2.99)
Nine month ended September 30, 2012	2.11	2.38	2.57
Three month ended September 30, 2013	0.49	(2.24)	1.14
Three month ended September 30, 2012	1.14	(0.28)	2.70
For the year ended December 31, 2012	1.63	(2.30)	(0.35)

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

- C. Convenience translation in EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated in EURO by dividing each NIS amount by the representative rate of exchange of the EURO as at September 30, 2013 (EURO 1 = NIS 4.7734).

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

Note 2 - Significant Accounting Policies

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

Notes to the Financial Statements

Note 2 - Significant Accounting Policies (cont'd)

B. Initial implementation of new accounting standards

1. IAS 19 (Revised) - Employee Benefits

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

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

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

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

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

3. IFRS 13- Fair value measurement

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

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

4. IAS 1 - Presentation of Financial Statements

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

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

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

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

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

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

Note 3 - Events in the reported period

- A. On January 24, 2013 the Company published a Shelf Offer Report ("Offer Report") in the framework of which the public was offered NIS 53,125,000 par value of bonds (Series 4) of the Company, which were issued at 100% of their par value; the bonds and are linked (principal interest) to the consumer price index for the month of December 2012 (which was published on January 15, 2013). The bonds will be repayable (principal) in six (6) annual unequal installments, which will be paid on January 31 of each of the years of 2015 – 2020 (inclusive), as detailed in the Offer Report. The bonds (Series 4) will bear interest for the unpaid balance of the bonds (Series 4) which will be paid in semi-annual equal installments as from July 31, 2013. The proceeds (gross) from the bonds allotted in accordance with the Shelf Offer Report, aggregate NIS 53,125,000 (in total 53,125 bond units (Series 4) were allotted, the annual rate of interest that the bonds bear was set in the tender at 5.4%. The annual effective interest rate is 6.25%.

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

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

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

Correct as at September 30, 2013, the Company is holding 1,676,192 shares, comprising 14.35% of the Company's issued share capital, which were purchased for a total amount of NIS 7,042 thousand (unchanged compared to the previous period).

- C. In March 2013 a one-sided one-time waiver of an annual bonus to Mr. Haim Shani, a controlling party and CEO of the Company, for the 2012 year of 7.5% of the profits before tax which aggregated NIS 104 thousand was approved. The waiver was enrolled as capital benefit arising from a transaction with a controlling party.

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

Note 4 - Financial Instruments

A. Fair value

Below the balances books and the fair value of financial instruments which are not presented in the financial statements according to their fair value Which there is a substantial difference between the carrying amount to fair value as at September 30, 2013:

	Book value	Fair value
	<u>NIS, (in thousands)</u>	
<u>Financial liabilities (*)</u>		
Bonds linked to the Israeli CPI	98,992	105,559

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

B. Classification of financial instruments at fair value rating

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

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

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

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

As of September 30, 2013, the Company holds financial instruments measured at fair value according to the classifications as follows:

	Level 1	Level 2	Level 3	Total
	<u>NIS, (in thousands)</u>			
<u>Financial assets at fair value:</u>				
Marketable securities	25,446	-	-	25,446
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	-	1,477	-	1,477

During the three-month period ended September 30, 2013, there were no transfers between Level 1 and Level 2, and there were no transfers to or from Level 3.

C. Evaluation techniques.

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

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

Note 5 - Business segments

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

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

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

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

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

Note 5 - Business segments (cont'd)

	For the nine months period ended September 30, <u>2013</u>	For the nine months period ended September 30, <u>2013</u> <u>2012</u>		For the three months period ended September 30, <u>2013</u>	For the three months period ended September 30, <u>2013</u> <u>2012</u>		For the year ended December 31, <u>2012</u>
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	(in thousands)			(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
C. Revenues							
Products	15,016	71,673	70,376	5,115	24,414	23,650	96,375
System integration projects	7,960	37,996	35,795	2,830	13,508	11,088	44,684
Parking solutions	425	2,031	139	315	1,503	-	664
Other	72	344	311	27	133	138	403
Total revenues	<u>23,473</u>	<u>112,044</u>	<u>106,621</u>	<u>8,287</u>	<u>39,558</u>	<u>34,876</u>	<u>142,126</u>
D. Segment results							
Products	4,421	21,103	21,584	1,545	7,377	7,183	29,558
System integration projects	292	1,396	(4,580)	293	1,397	(2,880)	(6,936)
Parking solutions	(659)	(3,144)	(1,142)	(155)	(739)	(498)	(1,040)
Other	2	9	41	(3)	(13)	(3)	4
Unallocated corporate expenses	(2,816)	(13,441)	(11,058)	(851)	(4,064)	(3,695)	(16,802)
Operating profit	1,240	5,923	4,845	829	3,958	107	4,784
Unallocated financing income (expenses), net	(1,387)	(6,623)	(2,945)	(428)	(2,043)	78	(3,498)
Tax benefit	-	-	-	-	-	-	114
Profit (loss) for the period	<u>(147)</u>	<u>(700)</u>	<u>1,900</u>	<u>401</u>	<u>1,915</u>	<u>185</u>	<u>1,400</u>

(1) See note 1C.

UNITRONICS (1989) (R"G) LTD.

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

September 30, 2013

(Unaudited)

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

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

Introduction

We reviewed the separate interim financial information presented under Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970 of Unitronics (1989) (R"G) Ltd. (hereinafter – “the Company”) as at September 30, 2013 and for the periods of nine and three months then ended. The separate financial information is in the responsibility of the Company's Board of Directors and Management. Our responsibility is to express a conclusion on the separate interim financial information for the interim periods, based on our review.

Scope of the review

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

Conclusion

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

Amit, Halfon
Certified Public Accountants (Israel)

Ramat Gan,
November 28, 2013

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

Amit, Halfon is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Unitronics (1989) (R"G) Ltd.

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

	<u>September 30, 2013</u>	<u>September 30, 2013</u>	<u>September 30, 2012</u>	<u>December 31, 2012</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>		<u>NIS</u>	
<u>Current assets</u>				
Cash and cash equivalents	3,600	17,184	11,353	15,019
Restricted cash	867	4,139	3,336	3,349
Marketable securities	5,331	25,446	35,899	30,686
Accounts receivable -				
Trade	3,057	14,593	12,118	11,411
Other	239	1,141	2,477	2,173
Accounts receivable - other - subsidiaries	5,048	24,096	12,942	13,665
Embedded derivatives	-	-	666	40
Inventory	4,041	19,290	17,752	20,081
Inventory - work in progress	3,557	16,978	7,867	16,780
	<u>25,740</u>	<u>122,867</u>	<u>104,410</u>	<u>113,204</u>
<u>Non-current assets</u>				
Long-term deposits	89	424	196	157
Property and equipment, net	8,381	40,006	39,727	39,831
Intangible assets, net	7,492	35,763	29,077	30,758
	<u>15,962</u>	<u>76,193</u>	<u>69,000</u>	<u>70,746</u>
	<u><u>41,702</u></u>	<u><u>199,060</u></u>	<u><u>173,410</u></u>	<u><u>183,950</u></u>

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

Moshe Braaz
Director

Yair Itscovich
Chief Financial Officer

Approved: November 28, 2013.

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

	September 30, 2013	September 30, 2013	September 30, 2012	December 31, 2012
	(unaudited)	(unaudited)	(unaudited)	(audited)
	(in thousands)			
	Convenience translation into Euro (1)	NIS		
<u>Current liabilities</u>				
Current maturities of long-term loans	815	3,889	4,515	4,590
Current maturities of bonds	2,488	11,875	18,035	17,788
Accounts payable -				
Trade	3,054	14,580	18,121	29,116
Other	3,923	18,725	24,073	25,819
Embedded derivatives	309	1,477	790	1,509
	<u>10,589</u>	<u>50,546</u>	<u>65,534</u>	<u>78,822</u>
<u>Non-current liabilities</u>				
Liabilities less assets associated with subsidiaries	1,681	8,027	1,776	2,500
Loans from banks and others	1,664	7,941	12,757	11,063
Bonds	18,250	87,117	44,976	45,025
Liabilities for benefits to employees, net	542	2,585	2,638	2,640
	<u>22,137</u>	<u>105,670</u>	<u>62,147</u>	<u>61,228</u>
<u>Shareholders' equity</u>				
Share capital	74	352	352	352
Share premium	10,598	50,588	50,588	50,588
Capital reserve from translation of foreign operation	(297)	(1,417)	(454)	(957)
Company shares held by the company	(1,475)	(7,042)	(6,711)	(7,042)
Reserve from a transaction with a controlling party	22	104	-	-
Retained earnings	54	259	1,954	959
	<u>8,976</u>	<u>42,844</u>	<u>45,729</u>	<u>43,900</u>
	<u>41,702</u>	<u>199,060</u>	<u>173,410</u>	<u>183,950</u>

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

	For the nine months period ended September 30,	For the nine months period ended September 30,		For the three months period ended September 30,	For the three months period ended September 30,		For the year ended December 31,
	2013	2013	2012	2013	2013	2012	2012
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Revenues	18,011	85,973	82,447	6,361	30,364	26,717	109,408
Revenues from subsidiaries	3,690	17,613	18,678	1,241	5,922	6,667	25,586
Total revenues	21,701	103,586	101,125	7,602	36,286	33,384	134,994
Cost of revenues	16,445	78,492	78,662	5,432	25,930	27,152	104,814
Gross profit	5,256	25,094	22,463	2,170	10,356	6,232	30,180
Development expenses, net	467	2,229	2,953	145	691	862	3,862
Selling & marketing expenses	1,166	5,565	6,559	438	2,091	2,043	9,181
General & administrative expenses	1,234	5,891	4,540	386	1,842	1,607	6,531
General & administrative expenses to subsidiaries	126	601	560	58	275	250	723
Other expenses	1	7	-	-	-	-	-
Operating profit	2,262	10,801	7,851	1,143	5,457	1,470	9,883
Financing income	568	2,709	3,307	345	1,647	2,489	3,583
Financing expenses	1,915	9,142	6,459	775	3,702	2,714	7,160
Profit (loss) after financing, net	915	4,368	4,699	713	3,402	1,245	6,306
The Company's share of subsidiaries loss	(1,062)	(5,068)	(2,799)	(312)	(1,487)	(1,060)	(5,020)
Profit (loss) before tax benefit	(147)	(700)	1,900	401	1,915	185	1,286
Tax benefit	-	-	-	-	-	-	114
Net profit (loss) for the period attributed to the company's shareholders	(147)	(700)	1,900	401	1,915	185	1,400

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

	For the nine months period ended September 30,	For the nine months period ended September 30,		For the three months period ended September 30,	For the three months period ended September 30,		For the year ended December 31,
	2013	2013	2012	2013	2013	2012	2012
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Net profit (loss) for the period attributed to the company's shareholders	(147)	(700)	1,900	401	1,915	185	1,400
<u>Other comprehensive income (loss)</u>							
Items that may not be classified afterwards to profit or loss -							
Actuarial loss	-	-	-	-	-	-	(495)
Items that may be reclassified to profit or loss in the future if certain conditions are met -							
Translation of foreign operation	(96)	(460)	194	(44)	(213)	(61)	(309)
Other comprehensive income (loss) for the period	(96)	(460)	194	(44)	(213)	(61)	(804)
 Total comprehensive profit (loss) for the period attributed to the company's shareholders	 (243)	 (1,160)	 2,094	 357	 1,702	 124	 596

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

	For the nine months period ended September 30,	For the nine months period ended September 30,		For the three months period ended September 30,	For the three months period ended September 30,		For the year ended December 31,
	2013	2013	2012	2013	2013	2012	2012
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	(in thousands)						
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Cash flows - operating activities							
Net profit (loss) for the period attributed to the company's shareholders	(147)	(700)	1,900	401	1,915	185	1,400
Adjustments necessary to show the cash flows - operating activities (Appendix A)	(2,614)	(12,479)	18,895	4	19	13,612	24,878
Cash flows provided by (used in) operating activities of the company	(2,761)	(13,179)	20,795	405	1,934	13,797	26,278
Cash flows used in operating activities from transactions with subsidiaries	(2,186)	(10,431)	(6,117)	(1,207)	(5,761)	(2,825)	(8,840)
Cash flows provided by (used in) operating activities	(4,947)	(23,610)	14,678	(802)	(3,827)	10,972	17,438
Cash flows - investing activities							
Sale of marketable securities, net	1,246	5,953	1,249	1,379	6,580	385	7,236
Purchase of property and equipment	(284)	(1,357)	(576)	(40)	(189)	(292)	(1,066)
Sale of property and equipment	16	77	-	-	-	-	-
Investment in restricted cash	(304)	(1,454)	-	-	-	-	-
Repayment of restricted cash	147	700	-	-	-	-	-
Repayment (investment) of long-term deposits	(14)	(65)	(12)	(14)	(68)	15	(29)
Investment in intangible assets	(1,728)	(8,250)	(8,580)	(608)	(2,904)	(2,764)	(11,720)
Cash flows provides by (used in) investing activities	(921)	(4,396)	(7,919)	717	3,419	(2,656)	(5,579)
Cash flows - financing activities							
Repayment of long-term loans	(692)	(3,307)	(3,298)	(236)	(1,125)	(1,108)	(4,401)
Bonds issue	10,791	51,509	-	-	-	-	-
Repayment of bonds	(3,777)	(18,031)	(6,251)	(1,338)	(6,388)	(6,251)	(6,251)
Purchase of company shares by the company	-	-	(68)	-	-	(68)	(399)
Cash flows provided by (used in) financing activities	6,322	30,171	(9,617)	(1,574)	(7,513)	(7,427)	(11,051)
Change in cash and cash equivalents for the period	454	2,165	(2,858)	(1,659)	(7,921)	889	808
Cash and cash equivalents at beginning of period	3,146	15,019	14,211	5,259	25,105	10,464	14,211
Cash and cash equivalents at end of period	3,600	17,184	11,353	3,600	17,184	11,353	15,019

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

	For the nine months period ended September 30, <u>2013</u>	For the nine months period ended September 30, <u>2013</u>	<u>2012</u>	For the three months period ended September 30, <u>2013</u>	For the three months period ended September 30, <u>2013</u>	<u>2012</u>	For the year ended December 31, <u>2012</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
				<u>(in thousands)</u>			
<u>Appendix A - Adjustments necessary to show the cash flows - operating activities</u>							
<u>Income and expenses not involving cash flows:</u>							
The Company's share of subsidiaries losses	1,062	5,068	2,799	312	1,487	1,060	5,020
Depreciation and amortization	1,061	5,064	4,581	322	1,537	1,487	7,399
Profit from marketable securities, net	(149)	(713)	(919)	(119)	(566)	(1,042)	(1,693)
Change in liabilities for benefits to employees, net	(12)	(55)	106	11	53	5	(191)
Capital loss	1	7	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-	(114)
Exchange rate changes of long-term loans and bonds	307	1,464	1,792	291	1,387	912	860
Reevaluation of restricted cash	(8)	(36)	(55)	(2)	(9)	(18)	(68)
Reevaluation of embedded derivatives	2	8	(933)	(217)	(1,036)	(677)	412
<u>Changes in assets and liabilities:</u>							
Decrease (increase) in accounts receivable - trade	(667)	(3,182)	2,171	(695)	(3,316)	5,326	2,878
Decrease (increase) in accounts receivable - other	174	830	(428)	129	618	(1,795)	(149)
Decrease (increase) in inventory	166	791	(2,637)	379	1,809	(2,306)	(5,720)
Decrease (increase) in inventory - work in progress	(41)	(198)	(624)	95	455	129	(9,537)
Increase (decrease) in accounts payable - trade	(3,045)	(14,536)	4,241	(72)	(346)	1,929	15,236
Increase (decrease) in accounts payable - other	(1,465)	(6,991)	8,801	(430)	(2,054)	8,602	10,545
	<u>(2,614)</u>	<u>(12,479)</u>	<u>18,895</u>	<u>4</u>	<u>19</u>	<u>13,612</u>	<u>24,878</u>

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

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

	For the nine months period ended September 30, <u>2013</u>	For the nine months period ended September 30, <u>2013</u> <u>2012</u>	For the three months period ended September 30, <u>2013</u>	For the three months period ended September 30, <u>2013</u> <u>2012</u>	For the year ended December 31, <u>2012</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u> <u>(in thousands)</u>	<u>(unaudited)</u>	<u>(audited)</u>
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>	
<u>Capital note to subsidiary</u>	<u>-</u>	<u>-</u> <u>-</u>	<u>-</u>	<u>-</u> <u>-</u>	<u>2,000</u>
<u>Booking a capital benefit arising from a transaction with a controlling party</u>	<u>22</u>	<u>104</u> <u>-</u>	<u>-</u>	<u>-</u> <u>-</u>	<u>-</u>

Appendix B - Non-cash operations

Capital note to subsidiary

Booking a capital benefit arising from a transaction with a
controlling party

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.

Additional information

Note 1 - General

- A. These separate interim financial information have been prepared in accordance with regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970 and do not include all the information required in regulation 9C and the 10th addition of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 about separate financial information of the company. These separate interim financial information should be read in with the Company's audited annual separate financial information as at December 31, 2012 and for the year then ended, and with the condensed consolidated interim financial statement as at September 30, 2013.
- B. Consolidated companies - defined in Note 1D to the consolidated financial statements as at December 31, 2012.
- C. Convenience translation in EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated into EURO by dividing each NIS amount by the representative rate of exchange of the EURO as at September 30, 2013 (EURO 1 = NIS 4.7734).

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

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

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

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

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

For this matter, the Management consists of:

HAIM SHANI, Company CEO
BAREKET SHANI, Deputy CEO
EYAL SABAN, VP
YAIR ITZKOVICH, CFO

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

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

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

In the Quarterly Report on The Effectiveness of Internal Control Over Financial Reporting and Disclosure that was attached to the quarterly report for the period ended on June 30, 2013 (hereinafter - the "Last Quarterly Report on Internal Control"), the internal control system in the company was resolved as effective.

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

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

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

I, HAIM SHANI, certify that:

1. I have reviewed the periodic report of UNITRONICS (1989) (R"G) Ltd. (the "**Corporation**") for the third quarter of 2013 (the "**Report**").
2. To the best of my knowledge, the Report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made therein not to be misleading in reference to the period covered by the Report, under the circumstances in which they were made.
3. To the best of my knowledge, as of the dates and for the periods to which the Report refers, the financial statements and other financial information included in the Report, properly reflect, in all material aspects, the financial standing, operating results and cash flows of the Corporation.
4. Based on my most current assessment of the internal control over financial reporting and disclosure, I have disclosed to the Corporation's Independent Auditor, the Board of Directors and the Audit Committee of the Corporation's Board of Directors:
 - a. All significant faults and material weaknesses in installation and operation of the internal control over financial reporting and disclosure, which may reasonably impact the Corporation's capacity to accumulate, process, summarize or report financial information, in a manner which may cast doubt over the reliability of the financial reporting and preparation of the financial statements, pursuant to statutory provisions; and -
 - b. Any fraud, whether or not material, involving the General Manager or any of the direct reports thereof, or any other involved employees having a significant capacity in the internal control over financial reporting and disclosure;
5. I, on my own or with others of the Corporation:
 - a. Have installed controls and procedures, or verified its installation or existence under my supervision, which designed to ensure that material information with regard to the Corporation, including subsidiaries thereof, as defined in Securities Regulations (Annual financial statements), 2010, is brought to my attention by others at the Corporation and its subsidiaries, and specifically during the period of preparation of the Report; and -
 - b. Have installed controls and procedures or verified its installation or existence under my supervision, which designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally-accepted accounting principles;
 - c. No event or matter that occurred during the period between the last reporting date (quarterly or periodically, as the case may be) and this reporting date which could change the conclusion of the board of directors and the management, regarding the effectiveness of internal control over financial reporting and the company's disclosure, has been brought to my attention.

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

November 28, 2013

HAIM SHANI, CEO

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

I, YAIR ITZKOVICH, certify that:

1. I have reviewed the interim financial statements and other financial information included in the report for interim periods report of UNITRONICS (1989) (R"G) Ltd. (the "Corporation") for the third quarter of 2013 (the "**Report**" or the "**Report for Interim Periods**").
2. To the best of my knowledge, the interim financial statements and other financial information included in the Report for Interim Periods is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made therein, not to be misleading in reference to the period covered by the Report under the circumstances in which they were made.
3. To the best of my knowledge, as of the dates and for the periods to which the Report refers to, the interim financial statements and other financial information included in the Report for Interim Periods properly reflect, in all material aspects, the financial standing, operating results and cash flows of the Corporation.
4. Based on my most current assessment of the internal control over financial reporting and disclosure, I have disclosed to the Corporation's Independent Auditor, Board of Directors and Audit Committee of the Corporation's Board of Directors,:
 - a. All significant faults and material weaknesses in installation and operation of the internal control over financial reporting and disclosure, as relevant to the financial statements and other financial information included in the Reports, which may reasonably impact the Corporation's capacity to accumulate, process, summarize or report financial information in a manner which may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and-
 - b. Any fraud, whether or not material, involving the General Manager or any of the direct reports thereof, or any other involved employees having a significant capacity in the internal control over financial reporting and disclosure;
5. I, on my own or with others at the Corporation:
 - a. Have installed controls and procedures or verified its installation or existence under our supervision, designed to ensure that material information with regard to the Corporation, including subsidiaries thereof, as defined in Securities Regulations (Annual financial statements), 2010, is brought to my attention by others at the Corporation and its subsidiaries, specifically during the period of preparation of the Report; and-
 - b. Have installed controls and procedures or verified its installation or existence under my supervision, designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally-accepted accounting principles;
 - c. No event or matter, which could change, to my opinion the conclusion of the board of directors and the management, regarding the effectiveness of

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

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

November 28, 2013

YAIR ITZKOVICH, CFO

Unitronics (1989) (R"G) Ltd.

**Fair Value Valuation of
Embedded Derivatives**

Valuation Date: 30/09/2013

Limitation Conditions

The document was prepared solely for the management of Unitronics Ltd. (Hereinafter: the "**Management**", "**Unitronics**" or the "**Company**") for the purposes stated herein and should not be relied upon for any other purpose. Unless required by law it shall not be provide to any third party without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to which the report is disclosed or otherwise made available.

In the course of our analysis, we made use of financial and other information and representations provided to us by the Management or its representatives. We assume such information reliable. The more significant sources of this information are identified in the accompanying report. Our conclusions are dependent on such information being complete and accurate in all material respects; however, we have not examined such information and, accordingly, do not express an opinion or any other form of assurance thereon.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the existing business records of the Company. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the Management.

Projections relating to future events are based on assumptions, which may not remain valid for the whole of the relevant period. Particularly, projections are based solely on the information that was available on Valuation Dates, and may differ from projections and/or financial results that were made available later on. Consequently, this information cannot be relied upon to the same extent as that derived from audited accounts for completed accounting periods. We express no opinion as to how closely the actual results will correspond to those projected by the Company.

The valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Therefore, there is no indisputable single value and we normally express our opinion on the value as falling within a likely range. However, as purpose requires the expression of a single value, we have adopted a value at the mid-point of our valuation range.

Whilst we consider our value/range of values to be both reasonable and defensible based on the information available to us, others may place a different value on the business.

Excluding gross negligence and malice, Financial Immunities and its employees or any other party acting on its behalf, shall not be liable for any loss or damage whatsoever that the Company may suffer, directly or indirectly, as a result of Financial Immunities services.

Without derogating from the previously mentioned, in any event whatsoever, Financial Immunities liability shall be limited to the amount of fees payable by the Company to Financial Immunities in respect with providing its services for preparing the Project.

The Company will indemnify Financial Immunities against all claims by third parties that arise out of or in connection with the Project and/or services rendered under this agreement

Finally, the results of our valuation do not constitute a Solvency Opinion or a Fairness Opinion, and should not be relied upon as such. Furthermore, the analysis we perform should not be taken to supplant any procedures that the Company should undertake in connection with the transaction.

Financial Immunities has no personal interest in the Company, and its fees are not contingent on the conclusions of this opinion.



Sincerely,
Financial Immunities Ltd.

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Fair Value Valuation of Embedded Derivatives

1. Background

Unitronics Company focuses on the design, development, manufacture, marketing, sale and support of mass production line automation products and realization of logistic systems automation projects. The Company signed an agreement with a customer. Under the terms of the agreement, the Company undertook to accomplish a project expected to generate to the Company future cash flows denominated in euro. As of this moment, EUR does not represent the functional currency either for Unitronics or for the customer. Company's experience with the analogous projects indicates that there exists a reasonable probability for deviation of payment terms from the originally scheduled ones.

The table bellow presents the expected payments as reported by the Company:

Transaction No.	Date of order signing	Inflow in EUR
SO9024592	06/05/2009	€ 10,591,854
SO9024593	06/05/2009,07/12/2009	€ 4,497,003
SO9026013	29/09/2009,11/12/2009,15/01/2010, 24/03/2010	€ 1,440,190
SO9027063	23/12/2009	€ 177,000
SO10027583	04/02/2010	€ 137,458
SO9026912	17/12/2009,13/01/2010	€ 1,671,892
SO10028957	31/05/2010	€ 45,325
SO10029075	10/06/2010	€ 85,748
SO10028772	16/05/2010	€ 1,726,001
SO10029601	28/07/2010	€ 1,158,700
SO10029738	12/08/2010	€ 179,575
SO10030086	19/09/2010	€ 139,421
SO10030459	24/10/2010	€ 48,000
SO10030873	28/11/2010	€ 77,649
SO10030874	28/11/2010	€ 234,260
SO10031217	22/12/2010	€ 21,814
SO10031195	21/12/2010	€ 28,093
SO10030475	25/10/2010	€ 74,817
SO10031025	07/12/2010	€ 41,453
SO10030653	08/11/2010	€ 33,000
SO11033018	16/03/2011	€ 24,179
SO11033017	16/03/2011	€ 32,626
USO1202098	24/05/2012	€ 10,238,123
Total		€ 32,704,181

The following table reports the expected inflows in ILS as of the date of agreement signing and the valuation date (30/09/2013):

Transaction No.	Cumulative Actual Amount in EUR as of 30/09/2013	Total Cumulative Actual Amount in ILS as of 30/09/2013	2009 Year 2009		2010 Year 2010		2011 Year 2011		2012 Year 2012	
			Total Expected Amount in ILS	Total Actual Amount in ILS	Total Expected Amount in ILS	Total Actual Amount in ILS	Total Expected Amount in ILS	Total Actual Amount in ILS	Total Expected Amount in ILS	Total Actual Amount in ILS
SO9024592	€ 10,134,883	₪51,605,444	₪14,577,321	₪14,746,628	₪29,747,772	₪26,656,597	₪5,237,501	₪4,743,947	₪0	₪0
SO9024593	€ 4,497,003	₪22,980,597	₪6,918,719	₪6,875,196	₪11,682,369	₪10,517,110	₪6,191,981	₪5,588,291	₪0	₪0
SO9026013	€ 1,296,171	₪6,631,183	₪1,384,069	₪1,395,250	₪5,671,166	₪5,235,933	₪0	₪0	₪0	₪0
SO9027063	€ 177,000	₪906,618	₪0	₪0	₪719,572	₪683,235	₪239,650	₪223,383	₪0	₪0
SO10027583	€ 128,537	₪644,729	₪0	₪0	₪582,058	₪566,248	₪56,001	₪54,827	₪24,760	₪23,654
SO9026912	€ 1,409,140	₪7,200,670	₪0	₪0	₪7,077,563	₪6,657,687	₪585,143	₪542,983	₪0	₪0
SO10028957	€ 36,260	₪174,423	₪0	₪0	₪86,233	₪84,613	₪86,335	₪89,811	₪0	₪0
SO10029075	€ 85,748	₪428,740	₪0	₪0	₪280,603	₪302,640	₪116,978	₪126,100	₪0	₪0
SO10028772	€ 1,480,801	₪7,335,040	₪0	₪0	₪4,938,815	₪5,139,187	₪1,572,012	₪1,705,663	₪0	₪0
SO10029601	€ 1,158,700	₪5,829,432	₪0	₪0	₪2,004,760	₪2,011,463	₪3,728,806	₪3,817,969	₪0	₪0
SO10029738	€ 163,642	₪821,962	₪0	₪0	₪773,057	₪796,804	₪24,723	₪25,158	₪0	₪0
SO10030086	€ 139,421	₪684,614	₪0	₪0	₪0	₪0	₪679,862	₪684,614	₪0	₪0
SO10030459	€ 48,000	₪240,000	₪0	₪0	₪0	₪0	₪242,487	₪240,000	₪0	₪0
SO10030873	€ 77,649	₪377,422	₪0	₪0	₪189,002	₪182,273	₪170,136	₪176,266	₪18,897	₪18,883
SO10030874	€ 222,547	₪1,081,679	₪0	₪0	₪570,203	₪549,902	₪513,285	₪531,777	₪0	₪0
SO10031217	€ 21,814	₪106,849	₪0	₪0	₪0	₪0	₪0	₪0	₪102,697	₪106,849
SO10031195	€ 28,093	₪133,000	₪0	₪0	₪0	₪0	₪132,855	₪133,000	₪0	₪0
SO10030475	€ 59,853	₪294,336	₪0	₪0	₪244,980	₪237,162	₪56,501	₪57,174	₪0	₪0
SO10031025	€ 33,163	₪160,480	₪0	₪0	₪0	₪0	₪160,228	₪160,480	₪0	₪0
SO10030653	€ 33,000	₪167,134	₪0	₪0	₪0	₪0	₪165,701	₪167,134	₪0	₪0
SO11033018	€ 24,179	₪120,000	₪0	₪0	₪0	₪0	₪119,895	₪120,000	₪0	₪0
SO11033017	€ 32,626	₪161,923	₪0	₪0	₪0	₪0	₪161,772	₪161,923	₪0	₪0
USO1202098	€ 6,557,740	₪31,769,558	₪0	₪0	₪0	₪0	₪0	₪0	₪14,118,200	₪14,230,530
	€ 27,845,970	₪139,855,834	₪22,880,108	₪23,017,074	₪64,568,155	₪59,620,853	₪20,241,852	₪19,350,499	₪14,264,554	₪14,379,917

2013 Year 2013	
Total Expected Amount in ILS	Total Actual Amount in ILS
₪6,156,566	₪5,458,273
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪487,121	₪490,190
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪0	₪0
₪18,171,931	₪17,539,028
₪24,815,618	₪23,487,491

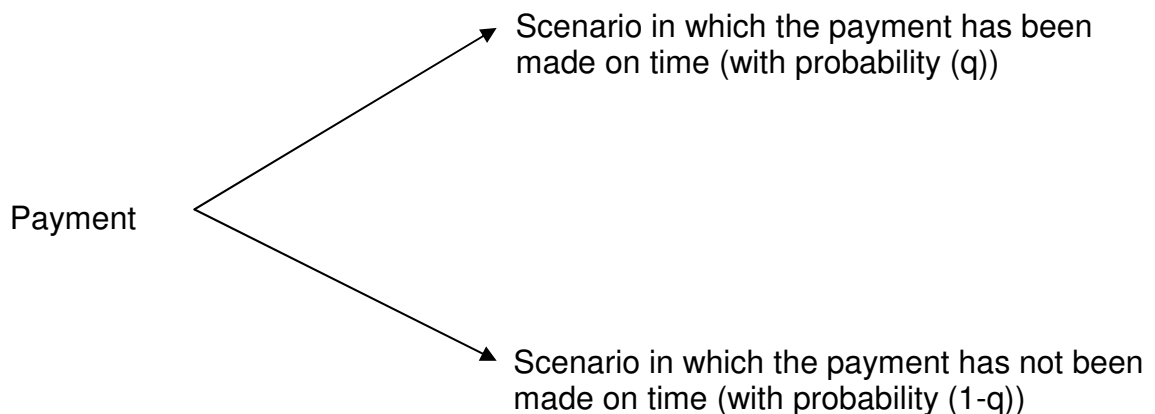
2. Methodology

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

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

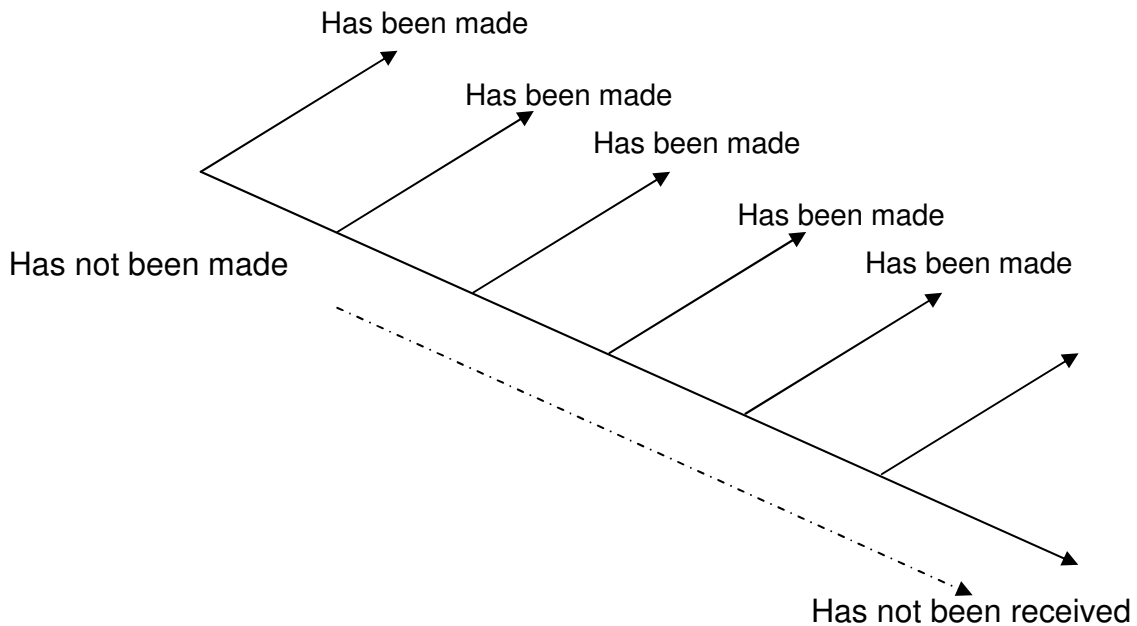
3. Calculation Model

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



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

The following figure illustrates possible implementation of the introduced above model. More specifically, the figure shows that if payment is made at the originally scheduled date, then no delay will be considered. In contrast, if the payment has not been made on time, we will move to the next point (of the model) – possible payment date next to the initially scheduled one - and then reexamine whether or not the payment is made.



4. ILS Cash Flow Calculations

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

10/06/2010, 28/07/2010, 12/08/2010, 19/09/2010, 24/10/2010, 25/10/2010, 08/11/2010, 28/11/2010, 07/12/2010, 21/12/2010, 22/12/2010, 16/03/2011, 24/05/2012). For example: for the payment expected on 31/05/2010 there is a probability of 50% to be made on this date (in accordance with the future rate determined for the corresponding date), and a probability of 50% to be made during the next three months following after the initially scheduled date (according to the Company).

B. After we estimated the constant ILS inflow for each payment date, we estimate the forward rate for 30/09/2013 (the valuation date). We compute the forward rate for the valuation date in a similar way we do for the agreement inception date. Since such market parameters as interest rate, exchange rate, and others changed over the period between the agreement inception date and the valuation date, values of forward rates for those two dates are not the same.

C. The following table reports payments in ILS for a corresponding agreement inception date:

Transaction	Date of order signing	Inflow in ILS
SO9024592	06/05/2009	₪58,223,101
SO9024593	06/05/2009,07/12/2009	₪24,793,069
SO9026013	29/09/2009,11/12/2009,15/01/2010, 24/03/2010	₪7,848,466
SO9027063	23/12/2009	₪959,222
SO10027583	04/02/2010	₪710,137
SO9026912	17/12/2009,13/01/2010	₪9,096,246
SO10028957	31/05/2010	₪217,864
SO10029075	10/06/2010	₪397,581
SO10028772	16/05/2010	₪8,198,013
SO10029601	28/07/2010	₪5,733,566
SO10029738	12/08/2010	₪877,536
SO10030086	19/09/2010	₪679,862
SO10030459	24/10/2010	₪242,487
SO10030873	28/11/2010	₪378,036
SO10030874	28/11/2010	₪1,141,297
SO10031217	22/12/2010	₪102,697
SO10031195	21/12/2010	₪132,855
SO10030475	25/10/2010	₪378,662
SO10031025	07/12/2010	₪201,261
SO10030653	08/11/2010	₪165,701
SO11033018	16/03/2011	₪119,895
SO11033017	16/03/2011	₪161,772
USO1202098	24/05/2012	₪50,656,095
Total		₪171,415,421

D. The following tables summarize the data used for the forward rate and ILS payment calculations for corresponding agreement inception date.

Date: 06/05/2009.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00015	0.00007	0.00006	-0.00035	-0.00043	0.00262	0.00763	0.01511	0.04709	0.09596	0.1828	0.27091	0.35537
EUR Depo Rate:	0.375	0.68	0.85	1.13	1.39	1.59	1.51	1.65	1.803	1.956	2.315	2.606	2.846
ILS Depo Rate:	0.711	0.755	0.874	1.108	1.379	1.707	1.716	1.951	2.406	2.866	3.468	3.882	4.18

06/05/2009	
(Original) Date of Payment	Forward Rate
15/01/2010	5.5147
01/03/2010	5.5181
01/04/2010	5.5212
01/05/2010	5.5245
01/07/2010	5.5340
01/08/2010	5.5551
01/10/2010	5.5515
01/11/2010	5.5583
01/12/2010	5.5654
23/12/2010	5.5711
23/03/2011	5.5953

Date: 29/09/2009.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	-0.00005	-0.00033	-0.00221	-0.00254	-0.00383	-0.00459	-0.00208	0.00372	0.03468	0.08638	0.17453	0.27354	0.37392
EUR Depo Rate:	0.28	0.29	0.31	0.57	0.78	1.07	1.03	1.15	1.406	1.666	2.157	2.431	2.697
ILS Depo Rate:	-0.038	-0.015	-0.146	0.30	0.523	0.916	0.993	1.235	1.852	2.484	3.257	3.718	4.097

29/09/2009	
(Original) Date of Payment	Forward Rate
31/01/2010	5.4864
31/07/2010	5.4894
30/06/2012	5.5246

Date: 07/12/2009.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00002	0.00011	-0.00035	-0.00212	-0.00323	-0.00524	-0.00802	-0.01053	-0.00391	0.01073	0.06152	0.12813	0.2075
EUR Depo Rate:	0.32	0.25	0.42	0.45	0.60	0.92	1.10	1.19	1.482	1.777	2.226	2.445	2.683
ILS Depo Rate:	0.424	0.351	0.357	0.234	0.375	0.745	0.927	1.017	1.456	1.899	2.628	3.057	3.467

07/12/2009	
(Original) Date of Payment	Forward Rate
01/03/2010	5.6343
01/04/2010	5.6325
01/05/2010	5.6313
01/07/2010	5.6286
01/08/2010	5.6271
01/10/2010	5.6244

Date: 11/12/2009.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	-0.00001	-0.00005	-0.0012	-0.00176	-0.00256	-0.00334	-0.00492	-0.00642	0.01018	0.04028	0.11647	0.21267	0.31777
EUR Depo Rate:	0.33	0.29	0.40	0.56	0.79	1.06	1.10	1.28	1.511	1.744	2.136	2.425	2.674
ILS Depo Rate:	0.27	0.245	0.149	0.383	0.613	0.953	0.995	1.18	1.657	2.139	2.879	3.431	3.869
11/12/2009													
(Original) Date of Payment							Forward Rate						
31/03/2010							5.5551						
31/07/2010							5.5511						
30/06/2012							5.5564						

Date: 17/12/2009.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00	-0.00002	-0.00047	-0.00085	-0.00138	-0.00093	-0.00193	-0.00327	0.01129	0.03691	0.10283	0.1899	0.28592
EUR Depo Rate:	0.305	0.22	0.33	0.46	0.76	0.53	1.18	1.32	1.49	1.66	2.042	2.347	2.605
ILS Depo Rate:	0.301	0.204	0.234	0.376	0.669	0.503	1.149	1.277	1.651	2.028	2.71	3.26	3.697
17/12/2009													
(Original) Date of Payment							Forward Rate						
30/05/2010							5.4517						
30/07/2010							5.4499						
15/08/2010							5.4495						
03/10/2010							5.4476						
19/01/2011							5.4484						
19/04/2011							5.4544						

Date: 23/12/2009.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00001	0.00007	-0.00011	-0.00074	-0.00116	-0.00014	-0.00172	-0.00429	0.02005	0.05685	0.14635	0.24947	0.36269
EUR Depo Rate:	0.29	0.22	0.33	0.47	0.75	1.03	1.16	1.30	1.497	1.695	2.094	2.445	2.728
ILS Depo Rate:	0.367	0.29	0.311	0.393	0.677	1.039	1.134	1.238	1.767	2.248	3.029	3.631	4.098
23/12/2009													
(Original) Date of Payment							Forward Rate						
31/03/2010							5.4202						
31/05/2010							5.4192						

Date: 13/01/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00014	0.00024	0.00198	0.0023	0.00329	0.0071	0.01108	0.01546	0.03999	0.07317	0.15718	0.26377	0.3837
EUR Depo Rate:	0.30	0.40	0.47	0.495	0.575	0.85	1.10	1.20	1.441	1.694	2.10	2.414	2.676
ILS Depo Rate:	0.544	0.638	0.90	0.768	0.833	1.131	1.395	1.507	1.969	2.411	3.121	3.69	4.149
13/01/2010													
(Original) Date of Payment							Forward Rate						
30/05/2010							5.3426						
15/08/2010							5.3446						
19/01/2011							5.3544						
19/04/2011							5.3647						

Date: 15/01/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00006	0.00047	0.00184	0.00265	0.00316	0.00769	0.01055	0.01271	0.03715	0.07004	0.14992	0.25249	0.3645
EUR Depo Rate:	0.45	0.325	0.35	0.375	0.475	0.86	1.04	1.16	1.397	1.639	2.052	2.369	2.631
ILS Depo Rate:	0.838	0.79	0.764	0.689	0.718	1.165	1.323	1.419	1.891	2.331	3.03	3.598	4.041

15/01/2010	
(Original) Date of Payment	Forward Rate
30/03/2010	5.3028
30/07/2010	5.3058
30/06/2012	5.3182

Date: 04/02/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	-0.00001	0.00007	0.00276	0.00511	0.00766	0.01558	0.02516	0.03607	0.05308	0.06577	0.11818	0.19141	0.27068
EUR Depo Rate:	0.29	0.305	0.395	0.445	0.485	0.825	1.10	1.19	1.388	1.589	1.958	2.27	2.505
ILS Depo Rate:	0.208	0.375	1.102	1.068	1.091	1.448	1.776	1.918	2.107	2.261	2.762	3.241	3.599

04/02/2010	
(Original) Date of Payment	Forward Rate
31/03/2010	5.1562
31/05/2010	5.1638
01/06/2010	5.1639
01/08/2010	5.1672
01/09/2010	5.1704

Date: 24/03/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00042	0.0009	0.00181	0.00385	0.00635	0.0138	0.02205	0.03203	0.04968	0.06851	0.12498	0.19499	0.26943
EUR Depo Rate:	0.28	0.235	0.365	0.405	0.455	0.82	1.03	1.18	1.319	1.459	1.818	2.133	2.413
ILS Depo Rate:	0.902	0.836	0.796	0.872	0.955	1.378	1.632	1.841	2.006	2.171	2.683	3.143	3.527

24/03/2010	
(Original) Date of Payment	Forward Rate
31/07/2010	5.0034
30/09/2010	5.0076
30/06/2012	5.0234

Date: 16/05/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00007	0.00027	0.00107	0.00282	0.00532	0.01496	0.02399	0.03476	0.06839	0.11256	0.20127	0.28795	0.37868
EUR Depo Rate:	0.285	0.305	0.38	0.48	0.63	0.97	1.09	1.11	1.172	1.234	1.533	1.86	2.167
ILS Depo Rate:	0.554	0.571	0.655	0.843	1.092	1.623	1.791	1.879	2.172	2.463	2.991	3.421	3.804

16/05/2010	
(Original) Date of Payment	Forward Rate
15/06/2010	4.7106
15/09/2010	4.7171
15/10/2010	4.7198
15/02/2011	4.7311
03/04/2011	4.7366
03/07/2011	4.7501

Date: 31/05/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	-0.00003	0.00029	0.00112	0.00117	0.00501	0.00983	0.01542	0.02346	0.05165	0.09153	0.16863	0.25835	0.35614
EUR Depo Rate:	0.30	0.31	0.475	0.47	0.63	0.915	1.025	1.16	1.235	1.311	1.582	1.842	2.093
ILS Depo Rate:	0.068	0.63	0.767	0.623	1.056	1.34	1.474	1.673	1.98	2.292	2.783	3.217	3.60

31/05/2010	
(Original) Date of Payment	Forward Rate
31/07/2010	4.7540
30/11/2010	4.7600
28/02/2011	4.7652

Date: 10/06/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	-0.00004	0.00018	0.00125	0.00359	0.00468	0.01084	0.01742	0.02537	0.05356	0.09229	0.17258	0.25482	0.33587
EUR Depo Rate:	0.295	0.29	0.415	0.47	0.625	0.935	1.08	1.20	1.231	1.262	1.538	1.832	2.104
ILS Depo Rate:	-0.014	0.497	0.747	0.922	1.031	1.413	1.598	1.767	2.02	2.274	2.794	3.216	3.56

10/06/2010	
(Original) Date of Payment	Forward Rate
31/07/2010	4.6344
31/10/2010	4.6388
31/12/2010	4.6424
30/06/2012	4.6487

Date: 28/07/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00043	0.00092	0.00342	0.00546	0.00597	0.01119	0.01528	0.01915	0.03185	0.0463	0.08169	0.14202	0.19368
EUR Depo Rate:	0.465	0.435	0.55	0.67	0.775	1.015	1.26	1.495	1.467	1.44	1.679	1.928	2.171
ILS Depo Rate:	1.54	1.408	1.372	1.34	1.271	1.478	1.694	1.91	1.922	1.934	2.259	2.679	2.989

28/07/2010	
(Original) Date of Payment	Forward Rate
31/01/2011	4.9512
28/02/2011	4.9524
30/04/2011	4.9545
31/07/2011	4.9586

Date: 12/08/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00012	0.00064	0.00238	0.00419	0.00537	0.01119	0.01736	0.02459	0.05063	0.08208	0.14672	0.21328	0.2902
EUR Depo Rate:	0.36	0.585	0.455	0.525	0.935	1.07	1.13	1.42	1.35	1.28	1.515	1.687	1.907
ILS Depo Rate:	1.276	1.274	1.036	1.031	1.387	1.543	1.626	1.952	2.068	2.147	2.544	2.804	3.119

12/08/2010	
(Original) Date of Payment	Forward Rate
31/08/2010	4.8701
31/10/2010	4.8726
31/01/2011	4.8772
30/04/2011	4.8827

Date: 19/09/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.0001	0.00084	0.00226	0.00406	0.0058	0.0101	0.00932	0.01782	0.03683	0.06299	0.11568	0.18465	0.26553
EUR Depo Rate:	0.405	0.375	0.52	0.61	0.83	1.15	1.17	1.41	1.462	1.515	1.621	1.827	2.03
ILS Depo Rate:	1.197	1.167	1.093	1.112	1.322	1.586	1.446	1.802	1.996	2.193	2.444	2.807	3.152

19/09/2010

(Original) Date of Payment	Forward Rate
30/11/2010	4.8737
31/01/2011	4.8759

Date: 24/10/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00004	0.00031	0.00021	-0.00035	-0.00118	-0.00126	-0.00069	0.00099	0.01501	0.03789	0.07913	0.13638	0.22177
EUR Depo Rate:	0.405	0.725	0.775	0.815	0.94	1.18	1.36	1.51	1.567	1.623	1.736	1.92	2.11
ILS Depo Rate:	0.691	1.015	0.834	0.786	0.86	1.146	1.361	1.551	1.789	2.024	2.286	2.625	2.983

24/10/2010

(Original) Date of Payment	Forward Rate
31/12/2010	5.0516

Date: 25/10/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00006	0.00045	0.00001	-0.0007	-0.00118	-0.00131	-0.00113	0.00052	0.01432	0.03754	0.07736	0.13887	0.22117
EUR Depo Rate:	0.405	0.615	0.785	0.825	0.955	1.15	1.35	1.5	1.569	1.638	1.775	1.914	2.106
ILS Depo Rate:	0.873	1.086	0.798	0.753	0.875	1.113	1.338	1.532	1.783	2.037	2.317	2.635	3.016

25/10/2010

(Original) Date of Payment	Forward Rate
30/01/2011	5.0369
28/02/2011	5.0367
30/04/2011	5.0362
03/07/2011	5.0361

Date: 08/11/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00011	0.00039	0.00058	0.0002	0.00031	0.00027	0.0035	0.00762	0.01938	0.03703	0.06912	0.11845	0.19014
EUR Depo Rate:	0.405	0.89	0.755	1.055	1.06	1.25	1.25	1.44	1.525	1.612	1.781	1.903	2.062
ILS Depo Rate:	0.814	1.306	0.906	1.093	1.099	1.278	1.361	1.613	1.805	2.003	2.265	2.519	2.845

08/11/2010

(Original) Date of Payment	Forward Rate
31/01/2011	5.0215
28/02/2011	5.0212
30/04/2011	5.0211
31/07/2011	5.0234

Date: 28/11/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00011	0.00086	0.00159	0.00209	0.00262	0.00616	0.01313	0.02288	0.03885	0.05814	0.09598	0.13954	0.20649
EUR Depo Rate:	0.405	0.45	0.705	0.95	1.05	1.24	1.34	1.46	1.552	1.646	1.831	2.087	2.347
ILS Depo Rate:	1.217	1.263	1.112	1.216	1.283	1.512	1.723	1.957	2.114	2.273	2.522	2.841	3.234

28/11/2010

(Original) Date of Payment	Forward Rate
30/06/2012	4.8713

Date: 07/12/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00005	0.00009	0.00022	0.00052	0.001	0.00397	0.0092	0.01651	0.03661	0.06422	0.11282	0.20423	0.25323
EUR Depo Rate:	0.405	0.625	0.82	0.85	0.98	1.24	1.38	1.52	1.602	1.682	1.843	2.153	2.444
ILS Depo Rate:	0.8	0.728	0.884	0.926	1.078	1.424	1.657	1.891	2.138	2.382	2.661	3.254	3.538

07/12/2010

(Original) Date of Payment	Forward Rate
07/12/2010	4.8273
15/01/2011	4.8327
30/01/2011	4.8327
15/02/2011	4.8329
30/04/2011	4.8344
30/07/2011	4.8385

Date: 21/12/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.00012	0.00089	0.00205	0.00273	0.0029	0.00672	0.01243	0.01943	0.03575	0.05609	0.10248	0.17019	0.2499
EUR Depo Rate:	0.405	0.7	0.78	0.9	1.02	1.235	1.38	1.37	1.53	1.688	2.004	2.304	2.557
ILS Depo Rate:	1.336	1.694	1.287	1.255	1.284	1.54	1.755	1.808	2.062	2.314	2.766	3.248	3.659

21/12/2010

(Original) Date of Payment	Forward Rate
28/02/2011	4.7300

Date: 22/12/2010.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.0003	0.00076	0.00217	0.00279	0.00328	0.00758	0.01416	0.02214	0.04081	0.06484	0.11755	0.19416	0.27851
EUR Depo Rate:	0.405	0.435	0.535	0.695	0.865	1.155	1.18	1.32	1.48	1.641	1.965	2.245	2.504
ILS Depo Rate:	1.198	1.288	1.085	1.055	1.16	1.496	1.598	1.811	2.085	2.361	2.834	3.314	3.725

22/12/2010

(Original) Date of Payment	Forward Rate
28/02/2011	4.7108

Date: 16/03/2011.

	1 Day	1 Week	1 Month	2 Month	3 Month	6 Month	9 Month	1 Year	18 Month	2 Year	3 Year	4 Year	5 Year
Forward Points:	0.0008	0.00109	0.00333	0.0061	0.00646	0.0104	0.0104	0.00796	0.02421	0.04812	0.10976	0.19695	0.31323
EUR Depo Rate:	0.405	0.695	0.87	0.92	1.08	1.42	1.695	1.845	1.962	2.076	2.308	2.546	2.757
ILS Depo Rate:	1.876	1.848	1.625	1.669	1.602	1.856	1.999	2.033	2.319	2.598	3.089	3.584	4.06

16/03/2011

(Original) Date of Payment	Forward Rate
30/04/2011	4.9590

Date: 24/05/2012.

24/05/2012	
(Original) Date of Payment	Forward Rate
31/05/2012	4.8896
31/08/2012	4.8937
30/09/2013	4.9917
31/01/2013	4.9389
31/01/2013	4.9389
30/04/2013	4.9584
30/04/2013	4.9584
30/09/2013	4.9717
30/04/2013	4.9584
30/09/2013	4.9717
30/09/2013	4.9717
31/07/2013	4.9784
31/01/2014	5.0173
31/03/2014	5.0301
31/05/2012	4.8896
30/09/2012	4.8895
30/09/2013	4.9518
30/04/2013	4.9584
30/09/2013	4.9717
30/09/2013	4.9717
31/07/2013	4.9784
30/09/2013	4.9917
30/09/2013	4.9917
30/11/2013	5.0039
30/11/2013	5.0039
31/01/2014	5.0173
31/03/2014	5.0301
31/05/2012	4.8896
30/09/2012	4.8895
30/09/2013	4.9717
30/09/2013	4.9917
31/07/2013	4.9784
30/09/2013	4.9917
30/11/2013	5.0039
31/01/2014	5.0173
31/05/2014	5.0433
31/07/2014	5.0565
31/05/2012	4.8896
30/09/2012	4.9079
30/09/2012	4.8895
30/09/2013	4.9717
30/09/2013	4.9917

E. The following tables present the data used for the forward rate and ILS payment calculations for the valuation date (30/09/2013):

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO9024592	06/05/2009	23/03/2011	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO9026013	29/09/2009	31/03/2011	31/12/2013	4.7694
SO9026013	29/09/2009	31/03/2011	31/12/2013	4.7694
SO9026013	29/09/2009	31/03/2011	31/12/2013	4.7694
SO9026013	29/09/2009	31/03/2011	31/12/2013	4.7694
SO9026013	11/12/2009	31/03/2011	31/12/2013	4.7694
SO9026013	11/12/2009	31/03/2011	31/12/2013	4.7694
SO9026013	15/01/2010	31/03/2011	31/12/2013	4.7694
SO9026013	15/01/2010	31/03/2011	31/12/2013	4.7694
SO9026013	24/03/2010	31/03/2011	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10027583	04/02/2010	31/03/2010	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO9026912	17/12/2009	19/01/2011	31/12/2013	4.7694
SO9026912	17/12/2009	19/01/2011	31/12/2013	4.7694
SO9026912	13/01/2010	19/01/2011	31/12/2013	4.7694
SO9026912	17/12/2009	19/04/2011	31/12/2013	4.7694
SO9026912	17/12/2009	19/04/2011	31/12/2013	4.7694
SO9026912	13/01/2010	19/04/2011	31/12/2013	4.7694
SO9026912	13/01/2010	19/04/2011	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10028957	31/05/2010	28/02/2011	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10029075	10/06/2010	31/03/2011	31/12/2013	4.7694
SO10029075	10/06/2010	31/03/2011	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10028772	16/05/2010	03/04/2011	31/12/2013	4.7694
SO10028772	16/05/2010	03/07/2011	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10029738	12/08/2010	30/04/2011	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10030874	28/11/2010	31/03/2011	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10030475	25/10/2010	30/04/2011	31/12/2013	4.7694
SO10030475	25/10/2010	03/07/2011	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
SO10031025	07/12/2010	30/04/2011	31/12/2013	4.7694
SO10031025	07/12/2010	30/07/2011	31/12/2013	4.7694

30/09/2013				
Transaction No.	Order Date	(Original) Date of Payment	(Revised) Date	Forward Rate
USO1202098	24/05/2012	30/04/2013	31/10/2013	4.7714
USO1202098	24/05/2012	30/06/2013	31/12/2013	4.7694
USO1202098	24/05/2012	31/07/2013	31/10/2013	4.7714
USO1202098	24/05/2012	31/03/2014	31/03/2014	4.7657
USO1202098	24/05/2012	30/06/2013	31/12/2013	4.7694
USO1202098	24/05/2012	31/07/2013	31/10/2013	4.7714
USO1202098	24/05/2012	30/09/2013	31/12/2013	4.7694
USO1202098	24/05/2012	30/09/2013	31/12/2013	4.7694
USO1202098	24/05/2012	30/11/2013	30/11/2013	4.7706
USO1202098	24/05/2012	30/11/2013	30/11/2013	4.7706
USO1202098	24/05/2012	31/01/2014	31/01/2014	4.7682
USO1202098	24/05/2012	31/03/2014	31/03/2014	4.7657
USO1202098	24/05/2012	30/09/2013	31/12/2013	4.7694
USO1202098	24/05/2012	30/11/2013	30/11/2013	4.7706
USO1202098	24/05/2012	31/01/2014	31/01/2014	4.7682
USO1202098	24/05/2012	31/05/2014	31/05/2014	4.7628
USO1202098	24/05/2012	31/07/2014	31/07/2014	4.7603
USO1202098	24/05/2012	30/09/2013	31/12/2013	4.7694
USO1202098	24/05/2012	31/05/2014	31/05/2014	4.7628

5. Fair Value Calculations

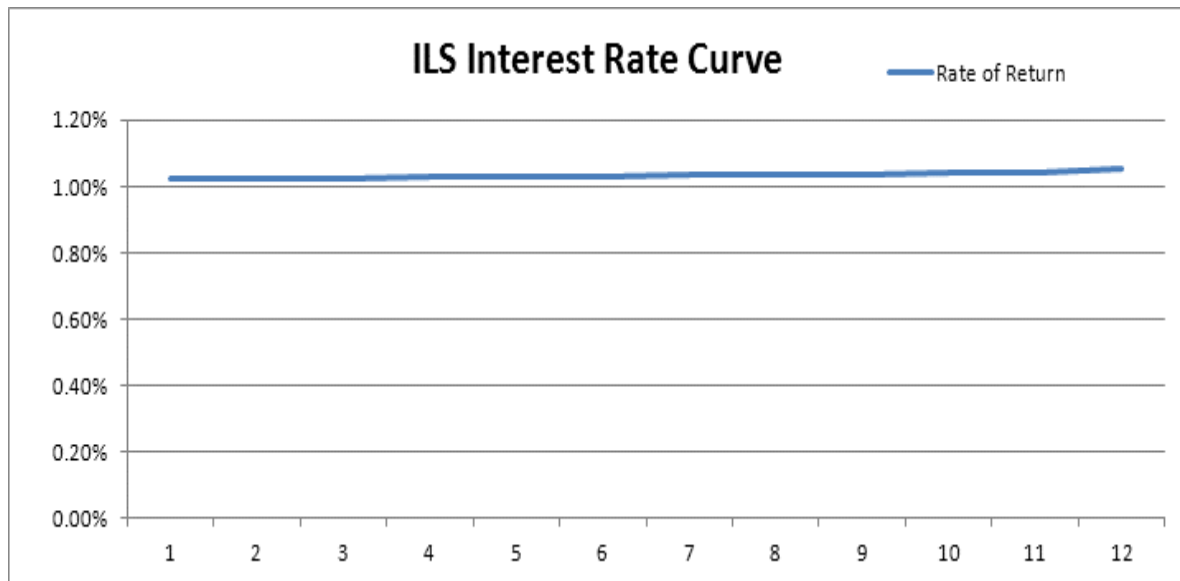
The fair value for 30/09/2013 computed as the difference between multiples of expected payment and forward rate on agreement inception date, and multiples of expected payment and forward rate on the valuation date. Each of the obtained results (profit/loss), discounted by risk free rate estimated for the corresponding period. This value discounted to 30/09/2013 by risk free rate matching to this period.

EUR/ILS Exchange Rate data:

Contract Inception Date	EUR/ILS Exchange Rate
06/05/2009	5.5069
29/09/2009	5.4968
07/12/2009	5.6437
11/12/2009	5.5644
17/12/2009	5.4603
23/12/2009	5.4274
13/01/2010	5.3439
15/01/2010	5.3050
04/02/2010	5.1542
24/03/2010	4.9991
16/05/2010	4.7132
31/05/2010	4.7564
10/06/2010	4.6363
28/07/2010	4.9471
12/08/2010	4.8735
19/09/2010	4.8749
24/10/2010	5.0606
25/10/2010	5.0465
08/11/2010	5.0291
28/11/2010	4.8745
07/12/2010	4.8392
21/12/2010	4.7342
22/12/2010	4.7147
16/03/2011	4.9630
24/05/2012	4.8359

F. The following table and figure show the risk free rate curve we use to define discount rate in the implemented model.

30/09/2013												
Month	1	2	3	4	5	6	7	8	9	10	11	12
Rate of Return	1.02%	1.02%	1.02%	1.03%	1.03%	1.03%	1.03%	1.03%	1.04%	1.04%	1.04%	1.05%



6. Findings

The table below presents the Fair Value as of 30/09/2013:

Transaction No.	Transaction Volume in EUR	Expected CF in ILS	Transaction Volume Balance in EUR as of 30/09/2013	Expected CF in ILS Balance as of 30/09/2013	CF in ILS Balance as of 30/09/2013	Fair Value as of 30/09/2013
SO9024592	€ 10,591,854	₪58,223,101	€ 456,971	₪2,503,941	₪2,179,480	₪(324,461)
SO9024593	€ 4,497,003	₪24,793,069	€ 0	₪0	₪0	₪0
SO9026013	€ 1,440,190	₪7,848,466	€ 144,019	₪793,232	₪686,886	₪(106,346)
SO9027063	€ 177,000	₪959,222	€ 0	₪0	₪0	₪0
SO10027583	€ 137,458	₪710,137	€ 8,922	₪47,317	₪42,550	₪(4,767)
SO9026912	€ 1,671,892	₪9,096,246	€ 262,752	₪1,433,540	₪1,253,172	₪(180,368)
SO10028957	€ 45,325	₪217,864	€ 9,065	₪45,296	₪43,235	₪(2,061)
SO10029075	€ 85,748	₪397,581	€ 0	₪0	₪0	₪0
SO10028772	€ 1,726,001	₪8,198,013	€ 245,200	₪1,200,065	₪1,169,459	₪(30,606)
SO10029601	€ 1,158,700	₪5,733,566	€ 0	₪0	₪0	₪0
SO10029738	€ 179,575	₪877,536	€ 15,933	₪79,756	₪75,991	₪(3,765)
SO10030086	€ 139,421	₪679,862	€ 0	₪0	₪0	₪0
SO10030459	€ 48,000	₪242,487	€ 0	₪0	₪0	₪0
SO10030873	€ 77,649	₪378,036	€ 0	₪0	₪0	₪0
SO10030874	€ 234,260	₪1,141,297	€ 11,713	₪57,809	₪55,864	₪(1,945)
SO10031217	€ 21,814	₪102,697	€ 0	₪0	₪0	₪0
SO10031195	€ 28,093	₪132,855	€ 0	₪0	₪0	₪0
SO10030475	€ 74,817	₪378,662	€ 14,964	₪77,180	₪71,369	₪(5,811)
SO10031025	€ 41,453	₪201,261	€ 8,291	₪41,033	₪39,541	₪(1,492)
SO10030653	€ 33,000	₪165,701	€ 0	₪0	₪0	₪0
SO11033018	€ 24,179	₪119,895	€ 0	₪0	₪0	₪0
SO11033017	€ 32,626	₪161,772	€ 0	₪0	₪0	₪0
USO1202098	€ 10,238,123	₪50,656,095	€ 3,680,383	₪18,365,964	₪17,550,863	₪(815,101)
	€ 32,704,181	₪171,415,421	€ 4,858,212	₪24,645,134	₪23,168,412	₪(1,476,722)

The fair value is the liability in amount of (-1,476,722 ₪) ILS.



UNITRONICS (1989) (R"G) LTD.

PRESS RELEASE
Airport City, Israel,
November 28, 2013

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

Corporation's Liabilities Status Report by Dates of Payment

Airport City, Israel - November 28, 2013 - Unitronics published the attached Immediate Report pursuant to the requirements of Israeli law, in connection with the requirement to report the Corporation's liabilities status by dates of payment.

About Unitronics

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

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

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

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	---	Other	Gross Interest Payment (Without Tax Deduction)
First Year		71							6
Second Year		25							1
Third Year		-							-
Fourth Year		-							-
Fifth Year and So On		-							-
Total		96							7

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

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	---	Other	Gross Interest Payment (Without Tax Deduction)
First Year			3,432	386					287
Second Year			1,793	386					217
Third Year			838	386					175
Fourth Year			838	386					140
Fifth Year and So On			3,193	96					459
Total			10,094	1,640					1,278

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

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

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

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	---	Other	Gross Interest Payment (Without Tax Deduction)
First Year	11,875	71	3,432	386					5,562
Second Year	18,637	25	1,793	386					4,634
Third Year	18,637	-	838	386					3,555
Fourth Year	18,637	-	838	386					2,484
Fifth Year and So On	33,806	-	3,193	96					3,212
Total	101,592	96	10,094	1,640					19,447

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

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

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

- I. (1) Cash and cash equivalents, marketable securities and short term deposits ("Solo" report) (in NIS thousands):42,630
 (2) Cash and cash equivalents, marketable securities and short term deposits of all consolidated companies (in NIS thousands):48,093
 (*) Restricted cash is excluded.

Respectfully,

Unitronics (1989) (R"G) Ltd.