



Unitronics (1989) (R”G) Ltd

Quarterly Report as of September 30, 2015

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

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CHAPTER A – PREFACE

1.1 General

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

Company No.: 520044199

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

Email Address: investors@unitronics.com

Telephone: 03 977 8888

Facsimile: 03 977 8877

1.2 Description of the Company and Its Business Environment

Unitronics operate in three main areas of activity:

Products: Design, development, production, marketing, sale and support of various models of programmable controllers which incorporate an operating panel (keyboard and display) as an integral part of the controller, and connectivity (including Internet, intranet and cellular phone communications), as well as external controller expansion units and software for controllers. The controllers are intended mainly for the management of automated systems including industrial automation, logistics systems, automatic parking systems, for the management of production floors and additional auxiliary items.

This activity is carried out by the Company as well as via a wholly owned subsidiary, Unitronics Inc., which is incorporated in the US (hereinafter: "**Unitronics Inc.**").

The Company's controllers and services are marketed and sold through the Company's own marketing system and via Unitronics Inc., as well as through a network of distributors comprising approximately 165 distributors (of which 110 in the US) in approximately sixty countries (including Israel) throughout Europe, Asia, South and Central America, North America and Africa.

Systems: Design, construction and maintenance services of computerized storage and/or logistics systems, mainly automated warehouses, and automated distribution centers, including the installation of new systems and/or the upgrading and servicing of existing systems and maintenance services for these systems based on framework agreements or individual call requests.

This activity is carried out through the Company and Unitronics Automated Solutions Ltd. (hereinafter: "**Unitronics Solutions**"), a wholly owned subsidiary of the Company (see also section 1.3.4 below).

The Company's services in the Systems segment are provided mainly to customers in Israel, and in a minority of cases also outside Israel.

Parking Solutions: Development, design, marketing, production, establishment and maintenance of automated parking systems, including the installation of new systems and/or the upgrading and servicing of existing systems and maintenance services for these systems based on framework agreements or individual call requests.

This activity is carried out through Unitronics Solutions and through Unitronics Systems Inc., a second-tier subsidiary incorporated in the US, wholly owned by Unitronics Solutions (hereinafter: "**Systems**").

The services in the Parking Solutions segment are provided mainly to customers in Israel and in the US.

The Company operates primarily 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 rented to the Company. Unitronics Building is situated at Airport City near the David Ben-Gurion Airport, and it houses the Company's offices and most of its facilities in Israel. For additional details see sections 1.13.1 and 1.13.2 in Chapter A of the Company's Periodic Report for 2014, which was published by the Company on March 12, 2015, reference no: 2015-01-050227 (hereinafter: "**the Periodic Report**").

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

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

1.3.1 Signature on a binding letter of intent - establishment of an automated parking lot in Canada

On March 4, 2015, a Canadian customer, unrelated to the Company or to interested parties therein, Prestige Properties Corp. (hereinafter: the "**Customer**") signed, with the Company (through Unitronics Systems Inc.), a binding letter of intent (BLOI) (hereinafter: the "**Letter of Intent**") for the design, supply and establishment of an automated parking system of 1,400 parking spaces in Calgary, Alberta, Canada (hereinafter: the "**Project**"). In accordance with the letter of intent, the customer will pay the Company for the project a total of US \$ 24 million (about NIS 96 million). For additional details see immediate report dated March 8, 2015 on an event or matter outside the ordinary course of the corporation's business, reference no. 2015-01-045496, included herein by way of reference). To the best of the Company's knowledge as of the reporting date the customer has not yet received a building permit and there is no progress in the project. The Company has no certainty that the project will be carried out or about the date of commencement of the works.

1.3.2 Principal payment of debentures (Series 4)

On February 1, 2015 the Company made the first payment of six principal payments of debentures (Series 4), which were issued by the Company under a Shelf Prospectus published on February 22, 2011 and amended on March 17, 2011 (hereinafter: "**the 2011 Shelf Prospectus**") and a Shelf Offering Report published by the Company on January 24, 2013 pursuant to the 2011 Shelf Prospectus (hereinafter: "**the 2013 Offering Report**"). For the full version of the 2011 Shelf Prospectus see company report dated February 22, 2011, reference no. 2011-01-058260, and March 17, 2011, reference no. 2011-01-084435. For the full version of the 2013 Shelf Offering Report see company report dated January 24, 2013, reference no. 2013-01-021699.

1.3.3 Principal payment of debentures (Series 5)

On August 31, 2015 the Company made the first payment of nine principal payments of debentures (Series 5), which were issued by the Company under a Shelf Prospectus published on August 19, 2014 (hereinafter: “**the 2014 Shelf Prospectus**”) and a Shelf Offering Report published by the Company on September 10, 2014 pursuant to the 2014 Shelf Prospectus (hereinafter: “**the 2014 Offering Report**”). For the full version of the 2014 Shelf Prospectus see company report dated August 19, 2014, reference no. 2014-01-137235. For the full version of the 2014 Shelf Offering Report see company report dated September 10, 2014, reference no. 2014-01-155406.

1.3.4 Reorganization – agreement signed to transfer the Systems activity to a subsidiary

On March 15, 2015, the Board of Directors of the Company approved a restructuring agreement (hereinafter: the “**Restructuring Agreement**”) with Unitronics Solutions, whereby the Company will transfer to Unitronics Solutions its activities in the field of design, establishment and maintenance of storage systems and/or logistics systems, mainly automated warehouses and automated distribution centers. The restructuring agreement was signed on March 29, 2015; details of the assets, rights and obligations to be transferred to Unitronics Solutions within the framework of the transferred activities have yet to be finalized between the parties. However, as part of the restructuring agreement the Company and Unitronics Solutions agreed to complete the missing details regarding the composition of the assets, rights and obligations from time to time, as required and by mutual agreement, subject to all the approvals required by law. The restructuring is expected to be implemented as a transfer exempt from income tax in accordance with Part 2E of the Israeli Income Tax Ordinance and subject to the conditions set out therein. The validity of the restructuring agreement is conditional, among others, upon the receipt of a pre-ruling from the Tax Authority in this regard. In accordance with the restructuring agreement and subject to such pre-ruling approval, the restructuring was to have become effective from April 1, 2015 (for further details see immediate report dated March 15, 2015 regarding an event or matter outside the ordinary course of the corporation's business, reference no. 2015-01-501688, included herein by way of reference). Further to its application to the Tax Authority in this regard, the Company received a pre-ruling whose validity was conditioned, among others, on the Company's notification to the Tax Authority, by September 30, 2015, as to whether it accepts the terms of the pre-ruling. On September 24, 2015 the Tax Authority extended the deadline for delivery of the Company's said notification until December 31, 2015, subject to no material changes occurring until December 31, 2015 that could affect the conditions set in the pre-ruling. If the Company does not accept the terms of said pre-ruling, the pre-ruling and the restructuring agreement will not go into effect.

1.3.5 Change of Company's officers

On March 15, 2015, Mr. Daniel Rafael Nygate, VP and Purchasing Manager, ceased to hold office, even though he continued to serve as a senior officer in the Company as specified below (for further details see immediate report dated March 15, 2015, regarding a senior officer that ceased to hold office, reference no. 2015-01-051697, included herein by way of reference).

On March 15, 2015, Mr. Daniel Rafael Nygate was appointed as the CEO of Unitronics Solutions (for further details see immediate report dated March 15, 2015 regarding the

appointment of a senior officer, reference no. 2015-01-051721, included herein by way of reference).

On March 15, 2015, CPA Ronen Zalayet was appointed as the CFO of Unitronics Solutions (for further details see immediate report dated March 15, 2015 regarding the appointment of a senior officer, reference no. 2015-01-051709, included herein by way of reference).

On March 15, 2015, Mr. Josef Ratsabi was appointed as Vice President of Unitronics Solutions (for further details see immediate report dated March 15, 2015 regarding the appointment of a senior officer, reference no. 2015-01-051724, included herein by way of reference).

On July 16, 2015, Mr. Doron Shinar was appointed as an External Director of the Company (for further details see immediate report dated July 16, 2015 regarding the appointment of a director, reference no. 2015-01-074889, included herein by way of reference). On the same date, Mr. Zvi Livne was reappointed for an additional period as a Director of the Company, as detailed in section 1.3.6 below.

1.3.6 Annual General Meeting

On July 16, 2015, the General Meeting of the Company's Shareholders (hereinafter: "**the Meeting**") adopted the following resolutions: (a) To appoint Mr. Doron Shinar as an External Director of the Company for a period of three years commencing on the date of approval of the appointment by the Meeting; (b) To approve an agreement of lease from a company controlled by Mr. Haim Shani, the Company's controlling shareholder, and Mrs. Bareket Shani, Mr. Shani's wife, for a further period of three years commencing on August 1, 2015 (the date of expiration of the previous lease agreement), under Section 275(a) of the Companies Law, in accordance with the terms of the New Contract as defined in the notice of convening of the Meeting (for further details see immediate report dated May 20, 2015 regarding the convening of an Annual and Extraordinary General Meeting, reference number 2015-01-024276, included herein by way of reference, hereinafter: "**the Meeting convening report**"); (c) To appoint Mr. Zvi Livne as a Director (Category B) of the Company for an additional period up to the date of holding of the Annual General Meeting of the Company's Shareholders for 2018, in accordance with the Company's Articles; (d) To re-approve the payment of an attendance fee and annual compensation to Mr. Zvi Livne, in accordance with the Company's compensation policy and the Companies Regulations (Rules on Compensation and Expenses of an External Director, 2000) (hereinafter: "**the External Directors Compensation Regulations**"), in the fixed amount as defined in those regulations; (e) To re-approve the grant of a letter of indemnification and exemption to Mr. Livne, in the wording approved and signed with the Company's other Directors (for further details, including the text of the Company's customary letter of indemnification and exemption, see immediate report regarding the grant of indemnification to an officer, reference number 2011-01-282483 (hereinafter: "**the customary indemnification letter**"), and Mr. Livne's inclusion in the Company's directors and officers insurance policy, in accordance with the Company's compensation policy; (f) To approve the amendment of article 65(a) in the Company's Articles of Association, as set out in the text attached to the Meeting convening report; (g) To approve the payment of an attendance fee and annual compensation to Mr. Doron Shinar, in accordance with the Company's compensation policy and the External Directors Compensation Regulations, in the fixed amount as defined in those regulations, starting from the date of his appointment as an External Director of the Company; (h) To approve the grant of a letter of indemnification and exemption to Mr. Shinar, in the wording of the customary indemnification letter, and Mr. Shinar's inclusion

in the Company's directors and officers insurance policy, in accordance with the Company's compensation policy, starting from the date of his appointment as an External Director (for further details see immediate report dated July 16, 2015 regarding the results of a Meeting to approve a transaction with a controlling shareholder and/or to approve a private offering and/or to approve Chairman/CEO dual office holding and/or the appointment of an External Director, reference number 2015-01-074880, included herein by way of reference).

1.3.7 Renewal and extension of the Company's directors and officers liability insurance policy

On August 24, 2015, the Compensation Committee of the Company resolved, in accordance with the provisions of Regulations 1B(5) and 1B(1) of the Companies Regulations (Reliefs in Transactions with Interested Parties), 2000 (hereinafter: "**the Reliefs Regulations**"), to approve the renewal and extension of the Company's directors and officers liability insurance policy (hereinafter: "**the Policy**") for all the directors and officers of the Company (those who are not controlling shareholders in the Company as well as those who are controlling shareholders of the Company or their relatives), with effect from July 1, 2015 to November 30, 2016, in accordance with the Company's compensation policy which was approved by the Meeting of the Company's Shareholders held on December 9, 2013 (for the text of the approved compensation policy see appendix to immediate report dated November 17, 2013 regarding the convening of a Meeting, reference number 2013-01-193608, included herein by way of reference). In addition, further to the Compensation Committee's said approval, on August 24, 2015, the Board of Directors of the Company approved, in accordance with the provisions of Regulation 1b(5) of the Reliefs Regulations, the renewal and extension of the Policy for directors and officers of the Company who are controlling shareholders of the Company or their relatives, with effect from July 1, 2015 to November 30, 2016, in accordance with the Company's compensation policy (for details see immediate report dated August 24, 2015 regarding a transaction with a controlling shareholder or with a director that does not require the approval of the General Meeting, reference number 2015-01-103710, included herein by way of reference).

1.3.8 Legal proceedings

For details regarding legal proceedings, see Note 3B to the consolidated financial statements of the Company as of September 30, 2015.

Chapter B – Board of Directors' Report

2.1 Financial Position

2.1.1 Balance Sheet

	As of September 30		As of	Board of directors' explanations for changes in balance sheet balances compared to December 31, 2014
	2015	2014	December 31, 2014	
	NIS in thousand			
Current assets	104,094	171,198	131,977	The decrease is mainly attributable to the following items: A decrease of NIS 5,709 thousand in cash and cash equivalents; a decrease of NIS 11,916 thousand in marketable securities for repayment of part of the principal of debentures (Series 4 and 5), as explained below; a decrease of NIS 3,770 thousand in trade receivables, mainly in the Parking segment; a decrease of NIS 6,018 thousand in inventory in the Products segment, reflecting increased operating efficiency (following an increase in inventory in 2014 as explained in section 2.2.1 of the Periodic Report).
Non-current assets	84,262	71,616	74,070	The increase is mainly attributable to an increase of NIS 10,672 thousand in intangible assets due primarily to continued investments in development.
Total assets	188,356	242,814	206,047	
Current liabilities	48,173	105,855	64,587	The decrease is mainly attributable to the following items: A decrease of NIS 5,731 thousand in trade payables, stemming mainly from the Products segment due to a decrease in inventory levels as explained above, and a decrease of NIS 9,766 thousand in accounts payable, stemming mainly from a decrease in prepaid income from projects in the Systems segment and a decrease in expenses payable in the Parking segment due to progress in the execution of projects on the reporting date.
Non-current liabilities	81,081	91,347	91,800	The decrease is mainly due to a decrease of NIS 10,497 thousand in debentures following the first principal payment (of six) on debentures (Series 4) and the first principal payment (of nine) on debentures (Series 5) during the reporting period.
Equity attributable to Company shareholders	59,102	45,612	49,660	
Total liabilities and equity	188,356	242,814	206,047	

The Company's working capital as of September 30, 2015 totaled NIS 55,921 thousand compared to working capital as of December 31, 2014 totaling NIS 67,390 thousand. The decrease in the Company's working capital is mainly a result of the repayment of debentures as explained above.

2.1.2 Results of operations

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31	Board of directors' explanations for changes in income statement items
	2015	2014	2015	2014	2014	
	NIS in thousand					
Income	119,175	122,530	35,562	42,185	171,311	In the reporting period there was no significant change in the Company's income compared to the same period last year. In the third quarter of 2015 there was a decrease in the Company's income compared to the same quarter in 2014, mainly due to a decrease in income from the Parking segment. For details of income by segments, see section 2.1.3 below.
Cost of income	76,099	84,800	23,512	27,900	117,566	
Gross profit (gross profit margin)	43,076 (36.1%)	37,730 (30.8%)	12,050 (33.9%)	14,285 (33.8%)	53,745 (31.4%)	The increase in gross profit margins in the reporting period compared to the same period last year is mainly attributable to an increase in gross profit margins in the Products segment and in the Systems segment. In the third quarter of 2015 there was no significant change in gross profit margins compared to the same quarter in 2014.
Development expenses, net	4,613	4,511	1,414	1,607	6,102	In the reporting period and in the third quarter of 2015 there was no significant change in net development expenses compared to the same periods in 2014. Total development expenses in the reporting period reflect continued activity in the development of technologies required to support the Company's operations.
Selling and marketing expenses	16,669	14,454	5,673	5,474	20,657	The increase in the reporting period compared to the same period last year is mainly attributable to the Products segment and is intended to help facilitate the Company's business plans in this segment.
Administrative and general expenses	10,124	7,878	3,231	2,582	11,148	The increase in general and administrative expenses in the reporting period and in the third quarter of 2015 compared to the same periods last year is mainly attributable to an increase in the Company's legal expenses (regarding legal proceedings see Note 3B to the attached financial statements) and to a provision for a bonus for the Company's CEO in respect of the profit for those periods.

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31	Board of directors' explanations for changes in income statement items
	2015	2014	2015	2014	2014	
	NIS in thousand					
Other expenses (income)	-	2,158	-	(33)	2,150	Other expenses in the nine-month period last year are mainly due to a capital loss from the sale of a real estate property as detailed in section 1.13.3 of the Periodic Report.
Profit from ordinary activities	11,670	8,729	1,732	4,655	13,688	
Financing expenses, net	1,578	6,749	1,173	4,352	8,531	The decrease in financing expenses, net, in the reporting period compared to the same period in 2014 is mainly attributable to the weakening of the euro against the shekel in the reporting period by approximately 6.8% (while in the first quarter of 2015 the euro weakened by approximately 9.55%). As a result, the Company recorded in the reporting period (mainly in the first quarter of 2015) exceptional financing income from euro-shekel hedging transactions and from erosion in the value of euro-denominated bank loans. The decrease in financing expenses in the third quarter of 2015 compared to the same quarter in 2014 is attributable to a loss from early redemption of debentures in an amount of NIS 3 million recorded in the same quarter in 2014.
Profit before tax benefit (taxes on income)	10,092	1,980	559	303	5,157	
Tax benefit (taxes on income)	(816)	(744)	186	(145)	(1,811)	Tax expenses in the reporting period are mainly attributable to current taxes on the expected profit for tax purposes for the period and taking into account the tax benefits to which the Company is entitled under the approved enterprise program of the Investment Center as detailed in Note 24C to the financial statements for 2014 attached to the Periodic Report. Benefit tax in the third quarter of 2015 are mainly attributable to the reconciliation of deferred tax balances.
Net profit for the period	9,276	1,236	745	158	3,346	

2.1.3 Analysis of Business Results by Operating Segments

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

During 2014, the Company's management began to examine the performance of the segments after allocation of the development costs to the Products segment and to the Parking Solutions segment. Accordingly, the development costs were attributed in the comparative figures for the quarters of 2014 to these segments.

2.1.3.1 Revenues

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31	Board of directors' explanations for changes
	2015	2014	2015	2014	2014	
	NIS in thousand					
Products	80,736	80,803	25,543	28,435	108,442	In the reporting period there was no significant change in income compared to the same period last year. In the third quarter of 2015 there was a decrease in income compared to the same quarter in 2014, due to a one-time transaction in the same period in 2014.
Percentage of total company revenues	68%	66%	72%	67%	63%	
Systems	25,413	25,737	8,193	6,524	37,835	In the reporting period there was no significant change compared to the same period in 2014. In the third quarter of 2015 there was an increase compared to the same quarter in 2014, attributable to changes in the actual rate of progress in the construction of several logistics systems, mainly in connection with the design and construction of logistics systems in Israel, and in the rate of receipt of orders from customers for the construction of systems during the reporting period, which can be explained, among other factors, by the volatility of this market.
Percentage of total company revenues	21%	21%	23%	15%	22%	

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31	Board of directors' explanations for changes
	2015	2014	2015	2014	2014	
Parking solutions	12,713	15,684	1,696	7,091	24,641	The decrease recorded in income from the Parking Solutions segment in the reporting period and in the third quarter of 2015 compared to the same periods last year is mainly due to a decline in the rate of progress in existing projects which are in the final completion stages and a delay in the start of execution of new projects.
Percentage of total company revenues	11%	13%	5%	17%	14%	

2.1.3.2 Segment results

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31	Board of directors' explanations for changes
	2015	2014	2015	2014	2014	
	NIS in thousand					
Operating segments						
Products	17,712	19,868	5,244	7,710	26,535	The decrease in the results of the segment in the reporting period compared to the same period in 2014 is mainly due to an increase in selling and marketing expenses. The decrease in the results of the segment in the third quarter of 2015 compared to the same quarter in 2014 is mainly due to a decrease in income, as explained in section 2.1.3.1 above.
Systems	10,327	1,742	3,128	283	4,737	The growth in profit from this segment in the reporting period and in the third quarter of 2015 compared to the same periods last year stems from a strong mix of projects with high profit margins and from a decrease in provisions for the expected costs to completion of projects which are nearing completion.
Parking solutions	(9,260)	(4,849)	(4,584)	(1,442)	(7,109)	In the Parking Solutions segment there was an increase in the operating loss compared to the same periods last year, mainly attributable to lower revenues of the segment, as explained above, as well as higher expenditures on preparations for an increase in the scope of activity, which is still not reflected in the revenues.

2.2 Liquidity and Sources of Financing

The balance of cash, cash equivalents and marketable securities of the Company as of September 30, 2015 totaled NIS 49,183 thousand compared with NIS 66,808 thousand as of December 31, 2014. Below are explanations on the changes in cash flows:

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31	Board of directors' explanations for changes
	2015	2014	2015	2014	2014	
	NIS in thousand					
Cash flow from operating activities	13,877	11,746	4,905	585	14,264	The positive cash flow in the reporting period is mainly due to the profit for the period, net of changes in the working capital items (mainly a decrease in trade credit provided and a decrease in inventory), compared to a positive cash flow in the same period last year which was mainly due to an increase in trade credit received and a decrease in the inventory of work in progress.
Cash flow from investing activities	(7,427)	(34,956)	(1,055)	(42,874)	454	The negative cash flow in the reporting period is mainly due to continued investments in development offset by the proceeds from the sale of marketable securities (for making the first of six principal payments on debentures (Series 4) and the first of nine principal payments on debentures (Series 5)). In the same period last year the negative cash flow stemmed mainly from the reclassification of the proceeds from the issuance of debentures (Series 5) to cash designated for early repayment of debentures (Series 3) and from investments in development offset by the net proceeds from the sale of a real estate property.
Cash flow from financing activities	(12,249)	24,167	(4,380)	38,073	(14,330)	The negative cash flow in the reporting period is mainly due to a principal payment on debentures (Series 4) and a principal payment on debentures (Series 5), as detailed in sections 1.3.2 and 1.3.3 above. The positive cash flow in the same period last year stemmed mainly from a net receipt resulting from the issuance of debentures (Series 5) reduced by the second principal payment on debentures (Series 3).

On September 30, 2015, the total credit lines available to the Company for its operating activities amounted to NIS 27.3 million. As of September 30, 2015 a total of NIS 26.4 million of this amount was used, mainly to secure the Company's obligations in projects carried out in the Systems and Parking Solutions segments.

2.3 Dedicated Disclosure to Debenture Holders

2.3.1

(1)	Security	Debentures (Series 4)
A	Issue date	January 2013
B	Total par value on issue date	53,125,000
C	Par value as of the reporting date	46,484,375
D	Par value according to linkage terms – as of the report date	47,142,589
E	Accrued interest as of the report date	421,977
F	Liability value as of the report date	46,313,533
G	Stock Exchange value	50,612,188
H	Type of interest, including description	5.4% fixed annual interest
I	Payment dates of outstanding principal	Five unequal annual installments payable on January 31 of each year from 2016 to 2020 (inclusive), at the following rates (from the principal on the issuance date) by years in chronological order: (a) 12.5% of the principal, (b) 12.5% of the principal, (c) 20.5% of the principal (d) 21% of the principal, (e) 21% of the principal, (f) 21% of the principal.
J	Future interest payment dates	Every January 31 and July 31 from January 31, 2016 up to (and including) January 31, 2020
K	Details of linkage basis of interest and principal	Principal and interest linked to the Consumer Price Index. Base index - December 2012 CPI without hedging
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the terms of the Company to exercise its right to early redemption, see section 12 of the Shelf Offering Report dated January 24, 2013, Reference No. 2013-01-021699)
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Mishmeret Trust Company Ltd. 48 Menachem Begin Road, Tel Aviv 66184, Israel Phone: 03-6374352, Fax: 03-6374344 Email: ramis@bdo.co.il (hereinafter in this section: " the Trustee ")

- (5 +6) As of and during the reporting period, the Company, to the best of its knowledge, complied with all the terms and obligations in the trust deed for debentures (Series 4), the Company is not in breach of any obligation or condition set forth in the trust deed, and there are no grounds for calling for the immediate repayment of the debentures.
- (8) On February 12, 2013, a lien on the deposit funds in a bank account in the amount of the semi-annual interest on the debentures was created at the Registrar of Companies which was designated to secure the payment of interest on debentures (Series 4). As long as the Company has an outstanding balance of debentures (Series 4), the Company and all of its subsidiaries (on the date of the signing of the trust deed and any other subsidiary established or acquired until the date of full repayment of debentures (Series 4) as it may be) shall not create a general lien on its assets to any third party without the prior consent of a simple majority of the debenture holders. It is emphasized that the Company and/or any of its subsidiaries shall be entitled to grant a first and/or second ranking pledge over their property, in whole or in part, including cash and cash equivalents for the benefit of financing entities, which will provide it with financing for the purchase of property or equipment, including a floating charge over the specific asset/s, including for the purchase of building construction services, including the replacement of financing entities that hold specific pledges on other entities on the date of the Offering Report, without having to obtain consent of the holders of debentures (Series 4) for this.

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

- Dividend distribution – the Company has undertaken that during the period in which debentures (Series 4) are outstanding, it shall not distribute dividend at a rate exceeding 30% of the annual cumulative net profit (calendar) attributable to the Company's shareholders, based on the recent audited consolidated financial statements of the Company, which were published prior to the date of the Company's resolution regarding distribution of the dividend, unless the Company obtains the prior consent of the holders of debentures (Series 4), which was received by special resolution in a meeting of debenture holders convened in accordance with the Second Addendum to the trust deed of debentures (Series 4). For additional details on the said restriction, see section 11.1 of the Offering Report published on January 24, 2013 (Reference No. 2013-01-021699) (hereinafter: **"the 2013 Offering Report"**).
- Net financial debt to CAP ratio – the Company undertook that as of the date of listing of debentures (Series 4) and as long as debentures (Series 4) are outstanding, the ratio between the Company's net financial debt and the Company's net CAP (solo) according to its financial statements (solo), whether audited or reviewed (as the case may be), in relation to the Company's financial statements as of the periods ended June 30 and December 31, shall not exceed 80%. If the Company is in breach of this undertaking, at any review date, the rate of interest payable by the Company to the holders of debentures (Series 4) on the first payment date following the date of the breach, will be raised by 0.5% only per annum above the interest rate determined in the tender, during the period in which the breach occurred. Should the Company breach this undertaking on the date following the previous review date, the rate of interest which is to be paid by the Company to the holders of debentures (Series 4), shall be increased by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If, on two consecutive review dates, such breach is discovered, such that this ratio is 85% or

more, then such breach shall constitute grounds for declaring the outstanding balance of debentures (Series 4) immediately due and payable. For additional details regarding the aforesaid restriction, see section 11.2 of the 2013 Offering Report.

- Net financial debt to EBITDA ratio – the Company undertook that as of the date of listing of debentures (Series 4) and as long as debentures (Series 4) are outstanding, the ratio between the Company's net financial debt and the Company's EBITDA according to its audited or reviewed consolidated financial statements (as the case may be), in relation to the Company's financial statements as of the periods ended June 30 and December 31, shall not exceed 10. Should the Company breach this undertaking, at any review date, the interest rate payable by the Company to the holders of debentures (Series 4) on the first payment date following the date of the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period of the breach. If the Company is in breach of this undertaking on the date following the previous review date, the interest rate which is to be paid by the Company to the holders of debentures (Series 4), will be raised by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If on two consecutive review dates said breach is discovered, such that this ratio is 12% or more, then such breach shall constitute grounds for declaring the outstanding balance of debentures (Series 4) immediately due and payable. For additional details regarding the aforesaid restriction, see section 11.3 of the 2013 Offering Report.
- Restriction on shareholders' equity – the Company's shareholders' equity according to the Company's audited or reviewed financial statements (solo) (as the case may be), as of June 30 and December 31, shall not be less than NIS 20 million during two consecutive quarters. Should the Company breach this undertaking, at any review date, the interest rate which is to be paid by the Company to the holders of debentures (Series 4) on the first payment date following the publication of the recent financial statements which point to the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period of the breach. If the Company is in breach of this undertaking on the date following the previous review date, the interest rate which is to be paid by the Company to the holders of debentures (Series 4), shall be raised by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If, on two consecutive review dates said breach is discovered, such that the shareholders' equity falls below NIS 15 million, then such breach shall constitute grounds for declaring the outstanding balance of debentures (Series 4) immediately due and payable. For additional details regarding the aforesaid restriction, see section 11.4 of the 2013 Offering Report.
- The Company's undertaking not to create charges – the Company undertook not to create a floating charge on its assets, and to ascertain that each of its subsidiaries (on the date of execution of the trust deed and any additional subsidiary of the Company that will be established or acquired until the date of final repayment of debentures (Series 4), if any) shall not create any charge as aforesaid. For additional details regarding the aforesaid restriction, see section 11.5 of the 2013 Offering Report.

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

Upon the occurrence of certain events, and upon certain conditions, the trustee of debentures (Series 4) may declare the debentures immediately due and payable. Among these events, the following may be enumerated, in brief: a material deterioration in the Company's business and a real concern that the Company may not be able to repay its debentures on time; the imposition of an attachment on the Company's assets, the performance of an execution action against the Company's assets, the appointment of a temporary or permanent receiver to the Company's assets, which were not removed and/or cancelled within 45 days; the sale of the bulk of the Company's assets; if Mr. Haim Shani ceases to be the controlling shareholder of the Company, whether directly or indirectly, without obtaining the consent of the holders of debentures (Series 4) to the transfer of control; a fundamental breach of the terms of debentures (Series 4) and the trust deed, which were not remedied within 14 days of the date on which the trustee notified the Company of the said breach; a breach of any of the financial covenants set forth in section 11 of the 2013 Offering Report, where it is explicitly stated that the breach thereof constitutes grounds for immediate repayment. For details regarding the list of the grounds available to the trustee for declaring debentures (Series 4) due and payable, see section 18.1 of the 2013 Offering Report.

In a meeting of the holders of debentures (Series 4) of the Company which was called for July 16, 2015, and which, in the absence of a quorum, adopted resolutions at an adjourned meeting held on July 20, 2015, the term of office of the trustee was approved up to the full and final repayment of debentures (Series 4) of the Company. For further details see immediate report dated July 28, 2015 regarding the results of a meeting of debenture holders, reference number 2015-01-083988, included herein by way of reference.

2.3.2

(1)	Security	Debentures (Series 5)
A	Issue date	September 2014
B	Total par value on issue date	40,000,000
C	Par value as of the reporting date	36,000,000
D	Par value according to linkage terms – as of the report date	36,000,000
E	Accrued interest as of the report date	173,039
F	Liability value as of the report date	34,905,422
G	Stock Exchange value	38,484,000
H	Type of interest, including description	5.8% fixed annual interest
I	Payment dates of outstanding principal	Eight unequal annual installments payable on August 31 of each year from 2016 to 2023 (inclusive), at the following rates (from the principal on the issuance date) by years in chronological order: (a) 10% of the principal, (b) 5% of the principal, (c) 5% of the principal (d) 5% of the principal, (e) 5% of the principal, (f) 20% of the principal, (g) 20% of the principal, (h) 20% of the principal.
J	Future interest payment dates	Every February 28 and August 31 from February 28, 2016 up to (and including) August 31, 2023.
K	Details of linkage basis of interest and principal	Unlinked
L	Are the debentures convertible?	Not convertible
M	Corporation's right to perform early redemption	Exists (for details regarding the terms in which the Company may exercise its right to early redemption, see section 8.4 of the Shelf Offering Report dated September 10, 2014, Reference No. 2014-01-155406)
N	Has a guarantee been given for payment of the liability in the trust deed?	No
O	Is the liability material to the Company?	Yes
(2)	The trustee in charge of the debenture series in the trust company; the trustee's contact details	Hermetic Trust (1975) Ltd. 113 Hayarkon Street, Tel Aviv, Israel Phone: 03-5274867, Fax: 03-5271736 Email: hermetic@hermetic.co.il

(5 +6) As of and during the reporting period, the Company, to the best of its knowledge, complied with all the terms and obligations in the trust deed for debentures (Series 5), the Company is not in breach of any obligation or condition set forth in the trust deed, and there are no grounds for calling for the immediate repayment of the debentures.

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

- Dividend distribution – the Company has undertaken that during the period in which debentures (Series 5) are outstanding, it shall not make a distribution, as this term is defined in the Companies Law, 1999, at a rate exceeding 30% of the annual net

profit in the last calendar year that ended prior to the distribution, attributable to the Company's shareholders, based on the recent audited consolidated financial statements of the Company, which were published prior to the date of the Company's resolution regarding distribution of the dividend, unless the Company obtains the prior approval of the holders of debentures (Series 5), which was adopted by special resolution in a meeting of debenture holders convened in accordance with the Second Addendum to the trust deed of debentures (Series 5). For additional details on the said restriction, see section 1 of Appendix 5 to the Shelf Offering Report published on September 10, 2014 (reference no. 2014-01-155406) (hereinafter: "**the 2014 Offering Report**").

- Net financial debt to net CAP ratio – the Company undertook that as of the date of listing of debentures (Series 5) and as long as debentures (Series 5) are outstanding, the ratio between the Company's net financial debt and the Company's net CAP (solo) according to its financial statements (solo), whether audited or reviewed (as the case may be), based on the Company's financial statements as of the periods ended June 30 and December 31, shall not exceed 70%. If the Company is in breach of this undertaking, at any review date, the rate of interest payable by the Company to the holders of debentures (Series 5) on the first payment date following the date of the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period in which the breach occurred. If the Company is in breach of this undertaking on the date following the previous review date, the rate of interest which is to be paid by the Company to the holders of debentures (Series 5), shall be increased by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If the said breach is discovered on two consecutive review dates, such that this ratio is 75% or more, then such breach shall constitute grounds for declaring the outstanding balance of debentures (Series 5) due and payable. For additional details regarding the aforesaid restriction, see section 2 of Appendix 5 to the 2014 Offering Report.
- Restriction on shareholders' equity – the Company's shareholders' equity according to the Company's audited or reviewed financial statements (solo) (as the case may be), as of June 30 and December 31, shall not be less than NIS 25 million. If the Company is in breach of this undertaking, at any review date, the interest rate payable by the Company to the holders of debentures (Series 5) on the interest payment date following the publication of the last financial statements which point to the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period of the breach. If the Company is in breach of this undertaking on the date subsequent to the previous review date, the interest rate payable by the Company to the holders of debentures (Series 5), will be raised by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If said breach is discovered on two consecutive review dates, such that the shareholders' equity falls below NIS 20 million, then such breach shall constitute grounds for declaring the outstanding balance of debentures (Series 5) due and payable. For additional details regarding the aforesaid restriction, see section 3 of Appendix 5 to the 2014 Offering Report.
- Net financial debt to EBITDA ratio – the Company undertook that as of the date of listing of debentures (Series 5) and as long as debentures (Series 5) are outstanding, the ratio between the Company's net financial debt and its EBITDA according to the Company's audited or reviewed consolidated financial statements (as the case may be), in relation to the 12-month period preceding the review date,

shall not exceed 10. The review of the Company's compliance with the net financial debt to EBITDA ratio shall be conducted twice in each calendar year on the date of publication of the financial statements as of June 30 and December 31 of each year. If the Company is in breach of this undertaking, at any review date, the interest rate payable by the Company to the holders of debentures (Series 5) on the first payment date following the date of the breach, will be raised by only 0.5% per annum above the interest rate determined in the tender, during the period of the breach. If the Company is in breach of this undertaking on the date subsequent to the previous review date, the interest rate which is to be paid by the Company to the holders of debentures (Series 5), will be raised by an additional 0.5% per annum above the previous interest rate, from the date of the additional breach until the end of the breach period. If said breach is discovered on two consecutive review dates, indicating a ratio of 12 or more, then this breach shall constitute grounds for declaring the outstanding balance of debentures (Series 5) due and payable. For additional details regarding the aforesaid restriction, see section 4 of Appendix 5 to the 2014 Offering Report.

- The Company's undertaking not to create charges – the Company undertook not to create a floating charge on its assets, and to ascertain that each of its subsidiaries (on the date of signing the trust deed and any additional subsidiary of the Company that will be established or acquired until the date of final repayment of debentures (Series 5), if any) shall not create any charge as aforesaid. For additional details regarding the aforesaid restriction, see section 5 of Appendix 5 to the 2014 Offering Report.

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

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

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

For details regarding the Company's liabilities by repayment dates, as of September 30, 2015, see the report dated November 26, 2015 published by the Company concurrently with the publication of this report.

2.5 Projected Cash Flows

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

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

2.6.1 Preparation of the Financial Statements

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

2.6.2 Financial Statements Review Committee

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

Name	Zvi Livne, CPA	Joel Sela, CPA	Moshe Braz, CPA	Doron Shinar
An independent or an external director	No	External director	External director	External director
Chairman of the Financial Statements Review Committee	No	No	No	Yes
Has accounting and financial expertise	Yes	Yes	Yes	Yes
Did he provide a statement prior to his nomination?	Yes	Yes	Yes	Yes

* For details regarding the education and experience of the members of the Financial Statements Review Committee, see section 4.10 of Chapter D of the Periodic Report, and in connection with Mr. Shinar, also Appendix D to the Meeting convening report.

As a part of the approval process of the financial statements as of September 30, 2015, a Committee meeting was held on November 23, 2015. A comprehensive discussion of material issues took place in order to formulate the Committee's recommendations to the Board of Directors, for the purpose of approval of the financial statements; later, the Committee approved its recommendations.

The following people were invited to, and attended, the Committee meeting on November 23, 2015: members of the Committee (CPA Joel Sela, CPA Zvi Livne, CPA Moshe Braz and Mr. Doron Shinar); the other members of the Board of Directors (Messrs. Haim Shani, Bareket Shani and Edna Ramot); CPA Gaby Badusa, CFO; CPA Avi Peleg, Controller; Mr. Nir Weisberger, Legal Counsel of the Company; CPA Haim Halfon, from the Company's auditing firm, and CPA Itzik Bukris, from the office of the Company's internal auditor.

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

2.6.3 The Company's Board of Directors

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

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

Following the Board of Directors' review of the financial statements, a Board meeting was held for the purpose of presenting and discussing the financial statements. In a meeting held on November 26, 2015, the Company's management reviewed the main data of the financial statements. The Company's auditor attended the meeting and responded to the questions addresses to him by the Board of Directors (together with the Company's CEO and CFO, who responded to questions addressed to them). At the end of the discussion, the financial statements were unanimously approved by a vote of the Board of Directors.

Zvi Livne
Director

Haim Shani
Chairman of the Board of Directors
and CEO

Date: November 26, 2015

UNITRONICS (1989) (R"G) LTD.

**Condensed Consolidated Interim
Financial Statements
September 30, 2015**

(Unaudited)

Unitronics (1989) (R"G) Ltd.

**Condensed Consolidated Interim
Financial Statements**

September 30, 2015

(unaudited)

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

We reviewed the attached financial information of Unitronics (1989) (R"G) Ltd. and its subsidiaries (hereinafter – “the Group”) which includes the condensed consolidated interim statement of financial position as of September 30, 2015 and the condensed consolidated interim statements of profit or loss, comprehensive income, 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 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 26, 2015

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

	<u>September 30, 2015</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>December 31, 2014</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	7,897	34,779	39,924	40,488
Restricted cash	528	2,326	43,189	2,516
Marketable securities	3,271	14,404	26,803	26,320
Accounts receivable -				
Trade	5,281	23,256	20,502	27,026
Other	726	3,195	4,743	2,486
Embedded derivatives	40	176	-	-
Other financial assets	168	739	163	418
Inventory	4,984	21,949	24,751	27,967
Inventory - work in progress	742	3,270	11,123	4,756
	<u>23,637</u>	<u>104,094</u>	<u>171,198</u>	<u>131,977</u>
<u>Non-current assets</u>				
Long-term deposits	70	309	438	432
Property and equipment, net	4,368	19,236	19,296	19,593
Intangible assets, net	14,696	64,717	51,882	54,045
	<u>19,134</u>	<u>84,262</u>	<u>71,616</u>	<u>74,070</u>
	<u>42,771</u>	<u>188,356</u>	<u>242,814</u>	<u>206,047</u>

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

Tzvi Livne
Director

Gavriel Badusa
Chief Financial Officer

Approved: November 26, 2015.

(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, 2015	September 30, 2015	September 30, 2014	December 31, 2014
	(unaudited)	(unaudited)		(audited)
	(in thousands)			
Convenience translation into Euro (1)	NIS			
<u>Current liabilities</u>				
Current maturities of long-term loans	273	1,201	2,149	1,915
Current maturities of bonds	2,335	10,284	45,233	10,259
Accounts payable -				
Trade	3,818	16,814	23,653	22,545
Other	4,457	19,629	33,952	29,395
Embedded derivatives	6	26	868	473
Other financial liabilities	50	219	-	-
	10,939	48,173	105,855	64,587
<u>Non-current liabilities</u>				
Loans from banks	966	4,254	5,649	5,461
Bonds	16,108	70,935	81,403	81,432
Liabilities for benefits to employees, net	453	1,997	2,325	1,787
Deferred taxes	884	3,895	1,970	3,120
	18,411	81,081	91,347	91,800
<u>Equity</u>				
Share capital	80	352	352	352
Share premium	11,487	50,588	50,588	50,588
Capital reserve from translation of foreign operation	142	624	(975)	458
Company shares held by the company	(1,599)	(7,042)	(7,042)	(7,042)
Reserve from a transaction with a controlling party	24	104	104	104
Retained earnings	3,287	14,476	2,585	5,200
	13,421	59,102	45,612	49,660
	42,771	188,356	242,814	206,047

(1) See note 1C.

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

Unitronics (1989) (R"G) Ltd.
Condensed Consolidated Interim Statements of Profit or 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,
	2015	2015	2014	2015	2015	2014	2014
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	(in thousands)						
Convenience translation into Euro (1)	NIS			Convenience translation into Euro (1)	NIS		
Revenues	27,062	119,175	122,530	8,075	35,562	42,185	171,311
Cost of revenues	17,280	76,099	84,800	5,339	23,512	27,900	117,566
Gross profit	9,782	43,076	37,730	2,736	12,050	14,285	53,745
Development expenses, net	1,048	4,613	4,511	321	1,414	1,607	6,102
Selling & marketing expenses	3,785	16,669	14,454	1,288	5,673	5,474	20,657
General & administrative expenses	2,299	10,124	7,878	734	3,231	2,582	11,148
Other expenses (Income)	-	-	2,158	-	-	(33)	2,150
Operating profit	2,650	11,670	8,729	393	1,732	4,655	13,688
Financing income	946	4,166	1,893	312	1,374	881	1,927
Financing expenses	1,304	5,744	8,642	578	2,547	5,233	10,458
Profit before tax benefit (taxes on income)	2,292	10,092	1,980	127	559	303	5,157
Tax benefit (taxes on income)	(186)	(816)	(744)	42	186	(145)	(1,811)
Net profit for the period	2,106	9,276	1,236	169	745	158	3,346
<u>Profit per 1 ordinary share NIS 0.02 par value (NIS):</u>							
Basic profit per 1 ordinary share	0.211	0.927	0.124	0.017	0.074	0.016	0.335

(1) See note 1C.

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

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

	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,
	2015	2015	2014	2015	2015	2014	2014
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
	(in thousands)			(in thousands)			
Net profit for the period	2,106	9,276	1,236	169	745	158	3,346
<u>Other comprehensive income (after tax)</u>							
Items that may not be classified afterwards to profit or loss:							
Re-measurement gain from defined benefit plans	-	-	-	-	-	-	505
Items that may be reclassified to profit or loss in the future if certain conditions are met:							
Adjustments arising from translating financial statements of foreign operations	38	166	613	217	955	650	2,046
Other comprehensive profit for the period	38	166	613	217	955	650	2,551
Total comprehensive profit for the period attributed to the company's shareholders	2,144	9,442	1,849	386	1,700	808	5,897

(1) See note 1C.

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

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

	Share capital	Share premium	Capital reserve from translation of foreign operation	Company shares held by the company	Reserve deriving from a transaction with a controlling party	Retained earnings	Total
<u>NIS, in thousands</u>							
<u>Balance at January 1, 2014 (audited)</u>	352	50,588	(1,588)	(7,042)	104	1,349	43,763
Net profit for the year	-	-	-	-	-	3,346	3,346
Other comprehensive income for the year	-	-	2,046	-	-	505	2,551
Total comprehensive income for the year	-	-	2,046	-	-	3,851	5,897
<u>Balance at December 31, 2014 (audited)</u>	352	50,588	458	(7,042)	104	5,200	49,660
Net profit for the period	-	-	-	-	-	9,276	9,276
Other comprehensive income for the period	-	-	166	-	-	-	166
Total comprehensive income for the period	-	-	166	-	-	9,276	9,442
<u>Balance at September 30, 2015 (unaudited)</u>	352	50,588	624	(7,042)	104	14,476	59,102
<u>Balance at January 1, 2014 (audited)</u>	352	50,588	(1,588)	(7,042)	104	1,349	43,763
Net profit for the period	-	-	-	-	-	1,236	1,236
Other comprehensive income for the period	-	-	613	-	-	-	613
Total comprehensive income for the period	-	-	613	-	-	1,236	1,849
<u>Balance at September 30, 2014 (unaudited)</u>	352	50,588	(975)	(7,042)	104	2,585	45,612
<u>Balance at July 1, 2015 (unaudited)</u>	352	50,588	(331)	(7,042)	104	13,731	57,402
Net profit for the period	-	-	-	-	-	745	745
Other comprehensive income for the period	-	-	955	-	-	-	955
Total comprehensive income for the period	-	-	955	-	-	745	1,700
<u>Balance at September 30, 2015 (unaudited)</u>	352	50,588	624	(7,042)	104	14,476	59,102
<u>Balance at July 1, 2014 (unaudited)</u>	352	50,588	(1,625)	(7,042)	104	2,427	44,804
Net profit for the period	-	-	-	-	-	158	158
Other comprehensive income for the period	-	-	650	-	-	-	650
Total comprehensive income for the period	-	-	650	-	-	158	808
<u>Balance at September 30, 2014 (unaudited)</u>	352	50,588	(975)	(7,042)	104	2,585	45,612

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</u>	<u>Total</u>
<u>Convenience translation into Euro (1), in thousands (unaudited)</u>							
<u>Balance at December 31, 2014</u>	80	11,487	104	(1,599)	24	1,181	11,277
Net profit for the period	-	-	-	-	-	2,106	2,106
Other comprehensive income for the period	-	-	38	-	-	-	38
Total comprehensive income for the period	-	-	38	-	-	2,106	2,144
<u>Balance at September 30, 2015</u>	<u>80</u>	<u>11,487</u>	<u>142</u>	<u>(1,599)</u>	<u>24</u>	<u>3,287</u>	<u>13,421</u>
<u>Balance at July 1, 2015</u>	80	11,487	(75)	(1,599)	24	3,118	13,035
Net profit for the period	-	-	-	-	-	169	169
Other comprehensive income for the period	-	-	217	-	-	-	217
Total comprehensive income for the period	-	-	217	-	-	169	386
<u>Balance at September 30, 2015</u>	<u>80</u>	<u>11,487</u>	<u>142</u>	<u>(1,599)</u>	<u>24</u>	<u>3,287</u>	<u>13,421</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,
	2015	2015	2014	2015	2015	2014	2014
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
				(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
<u>Cash flows - operating activities</u>							
Net profit for the period	2,106	9,276	1,236	169	745	158	3,346
Adjustments necessary to show the cash flows - operating activities (Appendix A)	1,045	4,601	10,510	945	4,160	427	10,918
Cash flows provided by operating activities	3,151	13,877	11,746	1,114	4,905	585	14,264
<u>Cash flows - investing activities</u>							
Sale (Purchase) of marketable securities, net	2,634	11,598	(83)	1,117	4,919	371	(269)
Purchase of property and equipment	(181)	(795)	(733)	(54)	(238)	(243)	(1,442)
Sale of property and equipment	-	-	18,425	-	-	125	18,490
Investment in restricted cash	-	-	(39,629)	-	-	(38,700)	(929)
Repayment of restricted cash	45	200	655	-	-	-	2,680
Repayment (investment) in long-term deposits	1	5	(44)	2	11	(29)	(56)
Investment in intangible assets	(4,185)	(18,435)	(13,547)	(1,305)	(5,747)	(4,398)	(18,020)
Cash flows provided by (used in) investing activities	(1,686)	(7,427)	(34,956)	(240)	(1,055)	(42,874)	454
<u>Cash flows - financing activities</u>							
Repayment of long-term loans	(341)	(1,501)	(2,752)	(86)	(380)	(629)	(3,352)
Bonds issue	-	-	38,702	-	-	38,702	38,702
Repayment of bonds	(2,440)	(10,748)	(11,783)	(908)	(4,000)	-	(11,783)
Early redemption of bonds	-	-	-	-	-	-	(37,897)
Cash flows provided by (used in) financing activities	(2,781)	(12,249)	24,167	(994)	(4,380)	38,073	(14,330)
Translation differences in respect of foreign operation	20	90	525	100	441	571	1,658
Change in cash and cash equivalents for the period	(1,296)	(5,709)	1,482	(20)	(89)	(3,645)	2,046
Cash and cash equivalents at beginning of period	9,193	40,488	38,442	7,917	34,868	43,569	38,442
Cash and cash equivalents at end of period	7,897	34,779	39,924	7,897	34,779	39,924	40,488

(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,
2015	2015	2014	2015	2015	2014	2014
(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
			(in thousands)			
Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		

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

Income and expenses which not involve cash flows:

Depreciation and amortization	2,044	8,997	7,800	722	3,175	2,655	10,592
Profit (loss) from marketable securities, net	72	318	(495)	10	46	(380)	174
Change in liabilities for benefits to employees, net	48	210	(73)	14	63	(106)	(10)
Reevaluation of restricted cash	-	-	(14)	-	-	(5)	(40)
Capital (profit) loss	-	-	2,158	-	-	(33)	2,150
Deferred taxes	(14)	(60)	744	(50)	(222)	145	1,811
Exchange rate changes of long-term loans and bonds	(116)	(511)	(107)	85	373	290	(136)
Reevaluation of embedded derivatives and other financial assets	(165)	(725)	(581)	261	1,149	103	(1,231)
Loss on early redemption of debentures	-	-	-	-	-	-	2,991

Changes in assets and liabilities:

Decrease (increase) in accounts receivable - trade	880	3,873	(3,407)	1,280	5,637	(2,085)	(8,949)
Decrease (increase) in accounts receivable - other	(144)	(632)	(3,375)	16	70	(2,092)	(1,091)
Decrease (increase) in inventory	1,440	6,341	(5,628)	273	1,204	(3,724)	(8,616)
Decrease (increase) in inventory - work in progress	337	1,486	4,192	(315)	(1,386)	554	10,563
Increase (decrease) in accounts payable - trade	(1,302)	(5,733)	7,789	(176)	(776)	1,108	6,680
Increase (decrease) in accounts payable - other	(2,035)	(8,963)	1,507	(1,175)	(5,173)	3,997	(3,970)
	1,045	4,601	10,510	945	4,160	427	10,918

(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, 2015	For the nine months period ended September 30, 2015 2014		For the three months period ended September 30, 2015	For the three months period ended September 30, 2015 2014		For the year ended December 31, 2014
(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		

Appendix B - Additional information on cash flows
regarding operating activities

Cash paid during the period for:

Interest	1,157	5,096	5,470	562	2,476	2,529	5,529
Taxes on income	9	41	77	3	14	23	90

Cash received during the period for:

Interest and dividend	151	665	880	25	108	118	1,109
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(1) See note 1C.

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

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

Note 1 - General

- A. These financial statements have been prepared in a condensed format as of September 30, 2015, 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 of December 31, 2014 and for the year then ended.
- B. Following are data regarding the Israeli CPI and the exchange rate of the U.S. dollar and the Euro:

As of	Israeli CPI Points (*)	Exchange rate of 1 U.S. dollar NIS	Exchange rate of 1 Euro NIS
September 30, 2015	222.02	3.923	4.4038
September 30, 2014	223.14	3.695	4.6486
December 31, 2014	223.36	3.889	4.7246
Change during the period	%	%	%
Nine months ended September 30, 2015	(0.60)	0.87	(6.79)
Nine months ended September 30, 2014	(0.29)	6.45	(2.79)
Three months ended September 30, 2015	(0.40)	4.09	4.37
Three months ended September 30, 2014	(0.29)	7.48	(0.97)
For the year ended December 31, 2014	(0.20)	12.04	(1.20)

(*) 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 of September 30, 2015 (EURO 1 = NIS 4.4038).

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

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 consolidated financial statements.

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

Note 3 - Events during the reported period

- A. On March 2015 a Canadian customer, which is not connected to the Company or to interested parties in it - Prestige Properties Corp. (hereinafter: "the Customer") signed with the Company (through a wholly owned sub-subsidiary incorporated in the US - Unitronics Systems Inc.) a Binding Letter of Intent (BLOI) for the planning, supply and construction of an automatic vehicle storage and retrieval system ("AVSRS") for 1,400 parking places in Calgary Alberta Canada (hereinafter: "the Project"), the largest automatic parking facility in North America, for one of the world's premier hotel chains.
 According to the BLOI, the customer will pay the Company for the project, a total amount of 24 million US dollars (about 96 million NIS).
 According to the BLOI, the final agreement between the parties will be based on agreed versions of standard agreements proposed by the Design – Build Institute of America, which determines, inter alia, timetables, milestones and terms of payment.
 To the best of the Company's knowledge as of the reporting date the customer has not yet received a building permit and there is no progress in the project. The Company has no certainty that the project will carried out or about the date of commencement of the works.
- B. In August 2015 the subsidiary Unitronics Automated Solutions Ltd. (hereinafter: "Solutions") filed against certain customers (and a principal shareholder and manager thereof), and concurrently those customers filed against Solutions, financial lawsuits in connection with agreements for the construction of automated parking systems. Solution's claim amounts to 10,000 thousand NIS (for court fee purposes) (hereinafter: "lawsuit"), while the customers' claim amounts to 2,915 thousand NIS (hereinafter: "counterclaim lawsuit"). Solution's lawsuit is in respect of termination unlawfully and in bad faith and avoidance of performance of said agreements, in an attempt to cause damage to Solutions; the customer's counterclaim lawsuit is in respect of breach of the agreements, fraud, bad faith and negligence on the part of Solutions. In addition, the customers requested to reserve their rights in respect of damages not known on the date of filing the counteraction.
 Pursuant to its lawsuit, Solutions was granted a temporary injunction in the amount of approximately 340 thousand NIS against the exercise of performance guarantees which it had provided, subject to the deposit of a bond, which was deposited in actual fact. On September 16, 2015 there was a discussion about the injunction matter. As of the reporting date, a new decision has not yet obtained.
 The parties agreed to extend the deadline for submission of statement of defense until December 15, 2015 and applied for consensual request to joinder of files (which a new decision has not yet obtained). Dates to the preliminary discussion in connection with the lawsuit and in relation to the counterclaim lawsuit, has not to be determined. The company's legal advisers estimate that there is likelihood of more than 50% that the counterclaim lawsuit will rejected.

Note 4 - Financial Instruments

A. Fair value

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

Financial liabilities (*)

	September 30, 2015		September 30, 2014		December 31, 2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
	(unaudited)				(audited)	
	NIS, (in thousands)					
Bonds - non-linked	34,905	38,484	38,711	40,852	38,761	40,004
Bonds linked to the Israeli CPI	46,314	50,612	87,925	94,421	52,930	56,047

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

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

Note 4 - Financial Instruments (cont'd)

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).

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

	Level 1	Level 2	Level 3	Total
<u>As of September 30, 2015 (unaudited)</u>				
	<u>NIS, (in thousands)</u>			
<u>Financial assets at fair value:</u>				
Marketable securities	14,404	-	-	14,404
Forward contracts	-	739	-	739
Embedded derivatives	-	176	-	176
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	-	26	-	26
Forward contracts	-	219	-	219
<u>As of September 30, 2014 (unaudited)</u>				
<u>Financial assets at fair value:</u>				
Marketable securities	26,803	-	-	26,803
Forward contracts	-	163	-	163
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	-	868	-	868
<u>As of December 31, 2014 (audited)</u>				
<u>Financial assets at fair value:</u>				
Marketable securities	26,320	-	-	26,320
Forward contracts	-	418	-	418
<u>Financial liabilities at fair value:</u>				
Embedded derivatives	-	473	-	473

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

C. Evaluation techniques

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

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

Note 5 - Business segments

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

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

From the fourth quarter of 2014 the company examines the segment's operating performance on the basis of measuring operating income, after development costs related to products segment and parking solutions segment. Until the third quarter of 2014, development costs were unallocated to these operative segments. Development costs were allocated in the comparison figures to those operative segments accordingly.

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

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>2015</u>	For the nine months period ended September 30, <u>2015</u> <u>2014</u>		For the three months period ended September 30, <u>2015</u>	For the three months period ended September 30, <u>2015</u> <u>2014</u>		For the year ended December 31, <u>2014</u>
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
				<u>(in thousands)</u>			
C. Revenues							
Products	18,333	80,736	80,803	5,800	25,543	28,435	108,442
System integration projects	5,771	25,413	25,737	1,860	8,193	6,524	37,835
Parking solutions	2,887	12,713	15,684	385	1,696	7,091	24,641
Other	71	313	306	30	130	135	393
Total revenues	<u>27,062</u>	<u>119,175</u>	<u>122,530</u>	<u>8,075</u>	<u>35,562</u>	<u>42,185</u>	<u>171,311</u>
D. Segment results							
Products	4,022	17,712	19,868	1,190	5,244	7,710	26,535
System integration projects	2,345	10,237	1,742	710	3,128	283	4,737
Parking solutions	(2,103)	(9,260)	(4,849)	(1,041)	(4,584)	(1,442)	(7,109)
Other	-	-	(4)	-	-	7	(33)
Unallocated corporate expenses	(1,614)	(7,109)	(8,028)	(466)	(2,056)	(1,903)	(10,442)
Operating profit	2,650	11,670	8,729	393	1,732	4,655	13,688
Unallocated financing expenses, net	358	1,578	6,749	266	1,173	4,352	8,531
Tax benefit (taxes on income)	(186)	(816)	(744)	42	186	(145)	(1,811)
Net profit for the period	<u>2,106</u>	<u>9,276</u>	<u>1,236</u>	<u>169</u>	<u>745</u>	<u>158</u>	<u>3,346</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, 2015

(Unaudited)

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

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

Introduction

We reviewed the separate interim financial information presented under regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970 of Unitronics (1989) (R"G) Ltd. (hereinafter – “the Company”) as of September 30, 2015 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 in Israel, and therefore does not enable us to be certain that we will know of all the significant matters which could have been identified in an audit. Consequently, we are not issuing an audit opinion.

Conclusion

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

Amit, Halfon
Certified Public Accountants (Israel)

Ramat Gan,
November 26, 2015

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

	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2014</u>	<u>December 31,</u> <u>2014</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
<u>Convenience translation into Euro (1)</u>		<u>NIS</u>		
<u>Current assets</u>				
Cash and cash equivalents	5,591	24,621	31,532	33,884
Restricted cash	290	1,276	42,201	1,476
Marketable securities	3,271	14,404	26,803	26,320
Accounts receivable -				
Trade	2,496	10,991	11,371	12,769
Other	416	1,836	3,398	1,297
Other financial assets	168	739	163	418
Accounts receivable - other - subsidiaries	7,419	32,673	28,769	10,303
Inventory	4,618	20,335	22,691	26,131
Inventory - work in progress	214	942	8,344	2,935
	<u>24,483</u>	<u>107,817</u>	<u>175,272</u>	<u>115,533</u>
<u>Non-current assets</u>				
Long-term deposits	70	309	438	432
Property and equipment, net	4,141	18,235	18,737	18,940
Long-term receivables - Subsidiary	7,948	35,000	15,000	35,000
Intangible assets, net	9,619	42,362	39,204	40,024
	<u>21,778</u>	<u>95,906</u>	<u>73,379</u>	<u>94,396</u>
	<u><u>46,261</u></u>	<u><u>203,723</u></u>	<u><u>248,651</u></u>	<u><u>209,929</u></u>

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

Tzvi Livne
Director

Gavriel Badusa
Chief Financial Officer

Approved: November 26, 2015

(1) See note 1B.

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

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

	<u>September 30, 2015</u>	<u>September 30 2015</u>	<u>September 30, 2014</u>	<u>December 31, 2014</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>		<u>(audited)</u>
		<u>(in thousands)</u>		
	<u>Convenience translation into Euro (1)</u>	<u>NIS</u>		
<u>Current liabilities</u>				
Current maturities of long-term loans	273	1,201	2,149	1,915
Current maturities of bonds	2,335	10,284	45,233	10,259
Accounts payable -				
Trade	3,036	13,373	21,478	19,526
Other	2,450	10,789	26,057	18,991
Embedded derivatives	6	26	868	473
Other financial liabilities	50	219	-	-
	<u>8,150</u>	<u>35,892</u>	<u>95,785</u>	<u>51,164</u>
<u>Non-current liabilities</u>				
Liabilities less assets associated with subsidiaries	6,279	27,648	15,907	17,305
Loans from banks	966	4,254	5,649	5,461
Bonds	16,108	70,935	81,403	81,432
Liabilities for benefits to employees, net	453	1,997	2,325	1,787
Deferred taxes	884	3,895	1,970	3,120
	<u>24,690</u>	<u>108,729</u>	<u>107,254</u>	<u>109,105</u>
<u>Equity</u>				
Share capital	80	352	352	352
Share premium	11,487	50,588	50,588	50,588
Capital reserve from translation of foreign operation	142	624	(975)	458
Company shares held by the company	(1,599)	(7,042)	(7,042)	(7,042)
Reserve from a transaction with a controlling party	24	104	104	104
Retained earnings	3,287	14,476	2,585	5,200
	<u>13,421</u>	<u>59,102</u>	<u>45,612</u>	<u>49,660</u>
	<u>46,261</u>	<u>203,723</u>	<u>248,651</u>	<u>209,929</u>

(1) See note 1B.

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

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

	For the 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,
	2015	2015	2014	2015	2015	2014	201
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	(in thousands)						
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Revenues	16,685	73,476	78,173	5,148	22,670	24,104	108,602
Revenues from subsidiaries	5,621	24,753	22,803	1,575	6,935	8,401	29,011
Total revenues	22,306	98,229	100,976	6,723	29,605	32,505	137,613
Cost of revenues	13,712	60,381	70,795	4,296	18,916	21,843	94,195
Gross profit	8,594	37,848	30,181	2,427	10,689	10,662	43,418
Development expenses, net	543	2,390	2,184	155	684	680	2,958
Selling & marketing expenses	1,477	6,506	6,280	478	2,105	2,282	8,918
General & administrative expenses	1,547	6,813	5,742	432	1,904	1,814	8,162
General & administrative expenses to subsidiaries	153	675	657	65	285	275	835
Other expenses (Income)	-	-	749	-	-	(33)	740
Operating profit	4,874	21,464	14,569	1,297	5,711	5,644	21,805
Financing income	1,191	5,244	2,495	402	1,769	1,131	2,830
Financing expenses	1,387	6,106	8,411	585	2,572	4,981	9,975
Profit after financing, net	4,678	20,602	8,653	1,114	4,908	1,794	14,660
The Company's share of subsidiaries loss	(2,386)	(10,510)	(6,767)	(987)	(4,349)	(1,491)	(9,597)
Profit before tax benefit (taxes on income)	2,292	10,092	1,886	127	559	303	5,063
Tax benefit (taxes on income)	(186)	(816)	(650)	42	186	(145)	(1,717)
Net profit for the period attributed to the company's shareholders	2,106	9,276	1,236	169	745	158	3,346

(1) See note 1B.

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, <u>2015</u>	For the nine months period ended September 30, <u>2015</u> <u>2014</u>		For the three months period ended September 30, <u>2015</u>	For the three months period ended September 30, <u>2015</u> <u>2014</u>		For the year ended December 31, <u>2014</u>
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	(in thousands)						
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
Net profit for the period attributed to the company's shareholders	2,106	9,276	1,236	169	745	158	3,346
<u>Other comprehensive income (after tax)</u>							
Items that may not be classified afterwards to profit or loss - Re-measurement gain from defined benefit plans	-	-	-	-	-	-	505
Items that may be reclassified to profit or loss in the future if certain conditions are met - Adjustments arising from translating financial statements of foreign operations	38	166	613	217	955	650	2,046
Other comprehensive profit for the period	38	166	613	217	955	650	2,551
Total comprehensive profit for the period attributed to the company's shareholders	2,144	9,442	1,849	386	1,700	808	5,897

(1) See note 1B.

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

Unitronics (1989) (R" G) Ltd.
Cash Flows included in the interim consolidated financial statements
attributed to the company

	For the	For the nine months		For the three	For the three months		For the
	nine months	period ended		months	period ended		year ended
	period ended	September 30,		period ended	September 30,		December 31,
	September 30,	2015	2014	September 30,	2015	2014	2014
	2015	(unaudited)		2015	(unaudited)		(audited)
	(unaudited)			(unaudited)			
				(in thousands)			
	Convenience			Convenience			
	translation			translation			
	into Euro (1)	NIS		into Euro (1)	NIS		
Cash flows - operating activities							
Net profit for the period attributed to the company's shareholders	2,106	9,276	1,236	169	745	158	3,346
Adjustments necessary to show the cash flows - operating activities (Appendix A)	2,855	12,573	19,061	1,176	5,177	6,576	21,871
Cash flows provided by operating activities of the company	4,961	21,849	20,297	1,345	5,922	6,734	25,217
Cash flows used in operating activities from transactions with subsidiaries	(5,079)	(22,370)	(18,118)	(2,142)	(9,432)	(7,844)	(19,652)
Cash flows provided by (used in) operating activities	(118)	(521)	2,179	(797)	(3,510)	(1,110)	5,565
Cash flows - investing activities							
Sale (Purchase) of marketable securities, net	2,634	11,598	(83)	1,117	4,919	371	(269)
Purchase of property and equipment	(80)	(350)	(648)	(14)	(61)	(187)	(1,256)
Sale of property and equipment	-	-	18,425	-	-	125	18,490
Investment in restricted cash	-	-	(38,700)	-	-	(38,700)	-
Repayment of restricted cash	45	200	655	-	-	-	2,680
Repayment (investment) of long-term deposits, net	1	5	(44)	2	11	(29)	(56)
Investment in intangible assets	(1,804)	(7,946)	(8,084)	(609)	(2,682)	(2,659)	(10,605)
Cash flows provided by (used in) investing activities of the company	796	3,507	(28,479)	496	2,187	(41,079)	8,984
Cash flows provided by investing activities from transactions with subsidiaries	-	-	1,409	-	-	-	1,409
Cash flows provided by (used in) investing activities	796	3,507	(27,070)	496	2,187	(41,079)	10,393
Cash flows - financing activities							
Repayment of long-term loans	(341)	(1,501)	(2,752)	(86)	(380)	(629)	(3,352)
Repayment of bonds	(2,440)	(10,748)	(11,783)	(908)	(4,000)	-	(11,783)
Bonds issue	-	-	38,702	-	-	38,702	38,702
Early redemption of bonds	-	-	-	-	-	-	(37,897)
Cash flows provided by (used in) financing activities	(2,781)	(12,249)	24,167	(994)	(4,380)	38,073	(14,330)
Change in cash and cash equivalents for the period	(2,103)	(9,263)	(724)	(1,295)	(5,703)	(4,116)	1,628
Cash and cash equivalents at beginning of period	7,694	33,884	32,256	6,886	30,324	35,648	32,256
Cash and cash equivalents at end of period	5,591	24,621	31,532	5,591	24,621	31,532	33,884

(1) See note 1B.

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

Unitronics (1989) (R" G) Ltd.
Cash Flows included in the interim consolidated financial statements
attributed to the company

	For the nine months period ended September 30, <u>2015</u>	For the nine months period ended September 30,		For the three months period ended September 30, <u>2015</u>	For the three months period ended September 30,		For the year ended December 31, <u>2014</u>
	(unaudited)	2015	2014	(unaudited)	2015	2014	(audited)
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	(in thousands)			(in thousands)			
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
<u>Appendix A</u> - Adjustments necessary to show the cash flows - operating activities							
<u>Income and expenses not involving cash flows:</u>							
The Company's share of subsidiaries losses	2,386	10,510	6,767	987	4,349	1,491	9,597
Depreciation and amortization	1,530	6,740	6,966	537	2,364	2,286	9,116
Loss (profit) from marketable securities, net	72	318	(495)	10	46	(380)	174
Change in liabilities for benefits to employees, net	48	210	(73)	14	63	(106)	(10)
Capital loss (Gain)	-	-	749	-	-	(33)	740
Deferred taxes	(14)	(60)	650	(50)	(222)	145	1,717
Reevaluation of restricted cash	-	-	(11)	-	-	(2)	(11)
Exchange rate changes of long-term loans and bonds	(116)	(511)	(107)	85	373	290	(136)
Reevaluation of embedded derivatives and other financial assets	(125)	(549)	(581)	301	1,325	103	(1,231)
Loss from early redemption of bonds	-	-	-	-	-	-	2,991
<u>Changes in assets and liabilities:</u>							
Decrease (increase) in accounts receivable - trade	404	1,778	1,628	(2)	(7)	1,265	230
Increase in accounts receivable - other	(105)	(462)	(3,009)	(148)	(652)	(2,233)	(904)
Decrease (increase) in inventory	1,382	6,086	(5,663)	79	349	(3,815)	(9,033)
Decrease (increase) in inventory - work in progress	453	1,993	4,126	99	435	(859)	9,535
Increase (decrease) in accounts payable - trade	(1,397)	(6,153)	7,725	95	417	1,988	5,773
Increase (decrease) in accounts payable - other	(1,663)	(7,327)	389	(831)	(3,663)	6,436	(6,677)
	<u>2,855</u>	<u>12,573</u>	<u>19,061</u>	<u>1,176</u>	<u>5,177</u>	<u>6,576</u>	<u>21,871</u>

(1) See note 1B.

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

Unitronics (1989) (R" G) Ltd.
Cash Flows included in the interim consolidated financial statements
attributed to the company

	For the 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,
	2015	2015	2014	2015	2015	2014	2014
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(audited)
	<u>(in thousands)</u>						
	Convenience translation into Euro (1)	NIS		Convenience translation into Euro (1)	NIS		
<u>Appendix B - Non-cash operations</u>							
Providing long-term financing to a subsidiary	-	-	-	-	-	-	20,000
<u>Appendix C - Additional information regarding operating activities</u>							
Cash paid during the period for:							
Interest	1,157	5,096	5,470	562	2,476	2,529	5,529
Taxes on income	9	41	77	3	14	23	90
Cash received during the period for:							
Interest and dividend	151	665	880	25	108	118	1,109

(1) See note 1B.

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

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

Note 1 - General

A. These separate interim financial information as of September 30, 2015 and for the periods of nine and three months then ended, have been prepared in accordance with regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. These separate interim financial information should be read in conjunction with the Company's audited annual separate financial information as of December 31, 2014 and for the year then ended, and with the related additional information.

B. Convenience translation in EURO

For the convenience of the reader, the NIS amounts for the last reported period have been translated into EURO by dividing each NIS amount by the representative rate of exchange of the EURO as of September 30, 2015 (EURO 1 = NIS 4.4038).

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

**Chapter D - Statements by the CEO and CFO of the Corporation
for the Third Quarter of 2015**

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

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

I, HAIM SHANI, certify that:

1. I have reviewed the quarterly report of UNITRONICS (1989) (R"G) Ltd. ("the corporation") for the third quarter of 2015 ("the Report").
2. To the best of my knowledge, the report is free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the financial statements and other financial information included in the report properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, the Board of Directors and the Audit Committee of the corporation's Board of Directors, any fraud, whether material or not, involving the CEO or any direct report of the CEO, or involving any other employees that have a significant role in the financial reporting and in disclosure and control over financial reporting.

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

November 26, 2015

HAIM SHANI, CEO

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

I, GABRIEL BADUSA, certify that:

1. I have reviewed the interim financial statements and other financial information included in the interim reports of UNITRONICS (1989) (R"G) Ltd. ("the corporation") for the third quarter of 2015 (hereinafter - "the Report" or "the Interim Reports").
2. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports are free of any misrepresentation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports properly reflect, in all material aspects, the financial standing, operating results and cash flows of the corporation as of the dates and for the periods to which the report refers.
4. I have disclosed to the corporation's Independent Auditor, the Board of Directors and the Audit Committee of the corporation's Board of Directors, any fraud, whether material or not, involving the CEO or any direct report of the CEO, or involving any other employees that have a significant role in the financial reporting and in disclosure and control over financial reporting.

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

November 26, 2015

GAVRIEL BADUSA, CFO



UNITRONICS (1989) (R"G) LTD.

PRESS RELEASE
Airport City, Israel,
November 26, 2015

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

Corporation's Liabilities Status Report by Dates of Payment

Airport City, Israel – November 26, 2015 - Unitronics published the attached Immediate Report pursuant to the requirements of Israeli law, in connection with the requirement to report the Corporation's liabilities status by dates of payment.

About Unitronics

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

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

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

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

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

Reporting period: September 30th, for the year: 2015.

Detailed Corporation's liabilities status by dates of payment is as follows:

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

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	Other	Gross Interest Payment (Without Tax Deduction)	Total by year
First Year	6,735	4,000						4,452	15,187
Second Year	6,735	2,000						3,856	12,591
Third Year	11,045	2,000						3,260	16,305
Fourth Year	11,314	2,000						2,540	15,854
Fifth Year and So On	11,314	26,000						4,597	41,911
Total	47,143	36,000						18,705	101,848

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

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

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

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	Other	Gross Interest Payment (Without Tax Deduction)	Total by year
First Year			773	428				154	1,355
Second Year			773	428				123	1,324
Third Year			469	107				95	671
Fourth Year			367					81	448
Fifth Year and So On			2,110					219	2,329
Total			4,492	963				672	6,127

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

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

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

Fund Payments									
	NIS Index Linked	NIS Index Unlinked	Euro	USD	---	---	Other	Gross Interest Payment (Without Tax Deduction)	Total by year
First Year	6,735	4,000	773	428				4,606	16,542
Second Year	6,735	2,000	773	428				3,979	13,915
Third Year	11,045	2,000	469	107				3,355	16,976
Fourth Year	11,314	2,000	367					2,621	16,302
Fifth Year and So On	11,314	26,000	2,110					4,816	44,240
Total	47,143	36,000	4,492	963				19,377	107,975

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

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

1. Total credit balance provided to the reporting Corporation by its parent company or controlling shareholder and balance of debentures issued by the reporting Corporation and held by its parent company or controlling shareholder: 0.
 2. Total credit balance provided to the reporting Corporation by companies controlled by its parent company or controlling shareholder which are not controlled by the reporting Corporation, and balance of debentures issued by the reporting Corporation and held by companies controlled by its parent company or controlling shareholder which are not controlled by the reporting Corporation: 0.
 3. Total credit balance provided to the reporting Corporation by consolidated companies and balance of debentures issued by the reporting Corporation and held by the consolidated companies: 0.
- I. (1) Cash and cash equivalents, marketable securities and short term deposits ("Solo" report) (in NIS thousands): 39,025
 (2) Cash and cash equivalents, marketable securities and short term deposits of all consolidated companies (in NIS thousands): 49,183
 (*) Pledged cash is excluded.

Respectfully,

Unitronics (1989) (R"G) Ltd.