



Somekh Chaikin
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To:
Maabarot Products Ltd
Kibbutz Maabarot

Dear Sirs,

Subject: Translation of the consolidated interim financial statements of Maabarot Products Ltd ("The Company")

At your request and as the auditors of the Company, we hereby report that the condensed consolidated interim statements of financial position as of March 31, 2017 and the related condensed consolidated interim statements of income and cash flows for the three-month period then ended, which are attached and stamped by our office for identification purposes, are an English translation and a convenience translation to U.S. dollars, translated at the representative exchange rate as of March 31, 2017 (\$1= NIS 3.632) of the primary consolidated interim financial statements without notes, which were published by the Company at the Israeli Stock Exchange on May 28, 2017.


Somekh Chaikin

Certified Public Accountants (Isr.)

June 12, 2017

Condensed Consolidated Interim Statements of Financial Position as at

	March 31, 2017	March 31, 2016	December 31, 2016
	(Unaudited)	(Unaudited)	(Audited)
	USD thousands	USD thousands	USD thousands
Assets			
Cash and cash equivalents	14,648	17,256	17,813
Investments in trading securities	22,408	27,247	22,388
Short-term deposit	5,529	-	5,513
Trade receivables	32,512	31,829	28,615
Other receivables	4,388	12,769	5,996
Inventory	13,807	14,616	14,414
Current tax assets	1,279	1,195	1,741
Assets of disposal group classified as held for sale	21,348	-	-
Total current assets	115,919	104,912	96,480
Asset for employee benefits	84	101	84
Fixed assets, net	7,045	9,023	8,667
Intangible assets, net	20,387	21,714	20,444
Financial asset- PUT options	-	9,664	10,380
Deferred tax assets	422	556	439
Long term prepaid expenses and other receivables	181	177	137
Investments in equity accounted investees	5,695	2,710	6,681
Available for sale investments	2,657	2,577	2,657
Total non-current assets	36,471	46,522	49,489
Total assets	152,390	151,434	145,969


 12/10/2017

Condensed Consolidated Interim Statements of Financial Position as at

	March 31, 2017 <u>(Unaudited)</u> <u>USD thousands</u>	March 31, 2016 <u>(Unaudited)</u> <u>USD thousands</u>	December 31, 2016 <u>(Audited)</u> <u>USD thousands</u>
Liabilities			
Bank loans and borrowings	4,246	3,831	2,990
Trade payables	15,382	15,203	12,833
Other current payables	7,159	6,665	5,836
Current tax liabilities	114	797	700
Liabilities to PUT option holder	5,923	7,638	5,774
Kibbutz Maabarot – related party	1,109	737	1,004
Dividend declared	2,258	2,891	-
Liabilities of disposal group classified as held for sale	2,721	-	-
Total current liabilities	<u>38,912</u>	<u>37,762</u>	<u>29,137</u>
Employee benefits	99	118	79
Other long term liabilities	188	244	201
Financial liabilities – PUT options	-	235	-
Financial liabilities – CALL options	-	4,736	3,992
Deferred tax liabilities	662	2,432	2,718
Total non-current liabilities	<u>949</u>	<u>7,765</u>	<u>6,990</u>
Total liabilities	<u>39,861</u>	<u>45,527</u>	<u>36,127</u>
Equity			
Non-controlling interests			
Share capital	4,159	4,159	4,159
Capital Reserves	31,728	31,852	31,651
Retained earnings	76,366	69,641	73,839
Total equity attributable to owners of the Company	<u>112,253</u>	<u>105,652</u>	<u>109,649</u>
Non-Controlling Interests	276	255	193
Total equity	<u>112,529</u>	<u>105,907</u>	<u>109,842</u>
Total liabilities and equity	<u>152,390</u>	<u>151,434</u>	<u>145,969</u>

Eyal Shalmon
Chairman of the Board of
Directors

Danny Taragan
CEO

Yariv Grinberg
CFO



Date of approval of the financial statements: March 25, 2017

12/6/2017

Condensed Consolidated Interim Income Statements


	For the three months ended March 31		For the year ended on December 31,
	2017	2016 *	2016 *
	(Unaudited) USD thousands	(Unaudited) USD thousands	(Audited) USD thousands
Revenues	24,376	24,060	89,896
Cost of sales	14,419	14,201	54,697
Gross profit	9,957	9,859	35,199
Research and development expenses	93	97	405
Selling and marketing expenses	5,885	5,901	21,524
General and administrative expenses	2,951	2,619	10,861
Operating profit before other expenses and income	1,028	1,242	2,409
Other expenses	-	-	(715)
Other income	-	8	63
Operating profit	1,028	1,250	1,757
Financing income	328	295	748
Financing expenses due to PUT and CALL options	(149)	(195)	(568)
Financing expenses	(507)	(81)	(746)
Financing income (expenses), net	(328)	19	(566)
Earnings after financing income (expenses), net	700	1,269	1,191
Share in profit of equity accounted investees	(51)	-	-
Profit before taxes on income	649	1,269	1,191
Taxes on income	(291)	(397)	(632)
Profit from continuing operations	358	872	559
Profit from discontinued operation (after tax)	4,510	2,101	9,454
Profit for the period	4,868	2,973	10,013
Attributable to:	4,785	2,921	9,817
Owners of the Company	83	52	196
Non-controlling interests	4,868	2,973	10,013
Profit for the period	4,868	2,973	10,013
Earnings per share attributable to the ordinary equity holders of the company(USD)	0.49	0.3	1
Basic and diluted earnings per share			
Continuing operations	0.03	0.08	0.04
Basic and diluted earnings per share			
Discontinued operation	0.46	0.22	0.96
Basic and diluted earnings per share			

* Restated- see note 6 regarding discontinued operation.

מאבארט פרוקטס לימ. ושות'יה
 סימן מסחר רשום
 תאריך: 12/6/2017

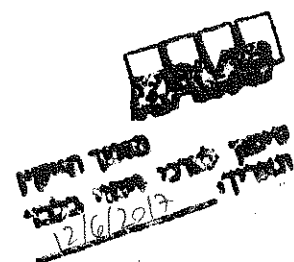
Condensed Consolidated Interim Statements of Cash Flows

	For the three months ended March 31		For the year ended on December 31,
	2017	2016	2016
	<u>(Unaudited)</u> USD thousands	<u>(Unaudited)</u> USD thousands	<u>(Audited)</u> USD thousands
Cash flows from operating activities			
Profit for the period	4,868	2,973	10,013
Adjustments for:			
Depreciation	448	465	1,835
Amortization of intangible assets	114	158	1,204
Impairment losses on available for sale Investments	-	-	247
Net financing expense (income)	(4,961)	533	(1,086)
Gain on sale of fixed assets	-	(28)	(57)
Loss (gain) on trading securities	(8)	480	240
Share in profit of equity accounted investees	(53)	(2,629)	(8,627)
Income tax expense	1,607	1,097	3,784
	610	(750)	(539)
Change in inventory	(3,432)	(2,281)	958
Change in trade and other receivables	(641)	(450)	(132)
Change in prepaid expenses	3,846	2,526	(824)
Change in trade and other payables	105	25	293
Change in Kibbutz Maabarot account	18	2	(27)
Change in provisions and employee benefits	(1,051)	(752)	(3,696)
Income taxes paid			
	1,470	1,369	3,586
Net cash from operating activities			
Cash flows from investing activities			
Interest received	326	319	666
Dividends received	2	2,028	10,557
Acquisition of trading securities, net	(12)	(193)	4,907
Proceeds from sale of fixed assets	-	45	102
Acquisition of fixed assets	(361)	(399)	(1,462)
Acquisition of intangible assets	(70)	(23)	(473)
Acquisition of available-for-sale investments	-	-	(202)
Acquisition of subsidiaries, net of cash received	(5,663)	-	-
Short-term deposit	-	-	(5,507)
	(5,778)	1,777	8,588
Net cash used in investing activities			


 12/6/2017

Condensed Consolidated Interim Statements of Cash Flows (cont'd)

	For the three months ended March 31		For the year ended on December 31, 2016
	2017	2016	
	<u>(Unaudited)</u> USD thousands	<u>(Unaudited)</u> USD thousands	<u>(Audited)</u> USD thousands
Cash flows from financing activities			
Repayment of long-term bank loans	-	(1,124)	(1,623)
Repayment of other long term liabilities	(16)	(78)	(118)
Short term bank credit and loans, net	1,248	(114)	(477)
Dividend paid to PUT option holder	-	-	(715)
Realization of PUT option	-	-	(1,082)
Dividends paid	-	-	(5,589)
Interest paid	(92)	(50)	(234)
	<u>1,140</u>	<u>(1,366)</u>	<u>(9,838)</u>
Net cash from financing activities			
	(3,168)	1,780	2,336
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents as at the beginning of the period	17,813	15,472	15,472
Effect of exchange rate fluctuations on cash and cash equivalents	3	4	5
	<u>14,648</u>	<u>17,256</u>	<u>17,813</u>
Cash and cash equivalents as at the end of the period			



 12/6/2017