



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 June 30, 2016 and the related condensed consolidated interim statements of income and cash flows for the six and three month periods 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 on June 30, 2016 (\$1= NIS 3.846) of the primary consolidated interim financial statements without notes from the consolidated interim financial statements which were published by the Company at the Israeli Stock Exchange on August 30, 2016.

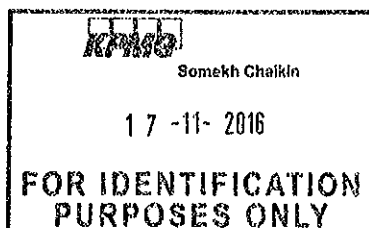

Somekh Chaikin

Certified Public Accountants (Isr.)

November 17, 2016

Condensed Consolidated Interim Statements of Financial Position as at

	June 30, 2016 <u>(Unaudited)</u> <u>USD thousands</u>	June 30, 2015 <u>(Unaudited)</u> <u>USD thousands</u>	December 31, 2015 <u>(Audited)</u> <u>USD thousands</u>
Assets			
Cash and cash equivalents	27,328	16,845	14,611
Investments in trading securities	20,869	25,836	26,002
Trade receivables	27,786	26,425	27,658
Other receivables	4,554	4,743	5,762
Inventory	13,491	13,512	13,089
Current tax assets	1,152	1,163	1,241
Total current assets	95,180	88,524	88,363
Asset for employee benefits	95	95	95
Fixed assets, net	8,315	8,800	8,588
Intangible assets, net	20,540	20,558	20,633
Financial asset- PUT options	8,970	10,348	9,620
Deferred tax assets	488	755	599
Long term prepaid expenses and other receivables	198	191	141
Investments in equity accounted investees	3,750	3,422	8,119
Available for sale investments	2,623	2,677	2,433
Total non-current assets	44,979	46,846	50,228
Total assets	140,159	135,370	138,591



Condensed Consolidated Interim Statements of Financial Position as at

	June 30, 2016 <u>(Unaudited)</u> <u>USD thousands</u>	June 30, 2015 <u>(Unaudited)</u> <u>USD thousands</u>	December 31, 2015 <u>(Audited)</u> <u>USD thousands</u>
Liabilities			
Bank loans and borrowings	3,283	3,968	4,852
Trade payables	13,871	12,045	12,716
Other current payables	5,804	6,138	5,464
Current tax liabilities	616	121	267
Liabilities to PUT option holder	7,119	7,161	7,031
Kibbutz Maabarot – related party	743	514	672
Total current liabilities	31,436	29,947	31,002
Employee benefits	90	65	108
Other long term liabilities	192	118	303
Financial liabilities – PUT options	224	-	219
Financial liabilities – CALL options	4,342	3,614	4,290
Deferred tax liabilities	2,312	2,966	2,655
Total non-current liabilities	7,160	6,763	7,575
Total liabilities	38,596	36,710	38,577
Equity			
Non-controlling interests	186	(241)	193
Share capital	3,927	3,927	3,927
Capital Reserves	30,405	31,566	30,156
Retained earnings	67,045	63,408	65,738
Total equity attributable to owners of the Company	101,377	98,901	99,821
Total equity	101,563	98,660	100,014
Total liabilities and equity	140,159	135,370	138,591

Eyal Shalmon
Chairman of the Board of
Directors

Danny Taragan
CEO

Yariv Grinberg
CFO

Date of approval of the financial statements: August 30, 2016

Somekh Chalkin

17 -11- 2016

FOR IDENTIFICATION
PURPOSES ONLY

Condensed Consolidated Interim Statements of Income

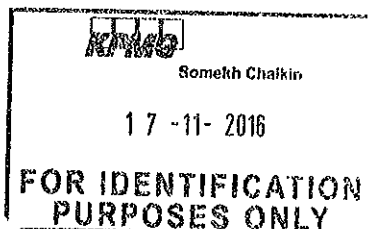
	For the six months ended June 30		For the year ended December 31 2015
	2016	2015	(Audited)
	(Unaudited) USD thousands	(Unaudited) USD thousands	USD thousands
Revenues	44,605	44,462	89,019
Cost of sales	25,764	26,487	51,583
Gross profit	18,841	17,975	37,436
Research and development expenses	182	130	267
Selling and marketing expenses	10,552	11,735	23,021
General and administrative expenses	5,022	4,711	10,019
Operating profit before other expenses and income	3,085	1,399	4,129
Other expenses	(49)	-	(223)
Other income	31	60	76
Operating profit	3,067	1,459	3,982
Financing income	430	428	898
Financing expenses due to PUT and CALL options	(1,075)	*(2,115)	*(3,954)
Financing expenses	(305)	*(1,696)	*(2,267)
Financing expenses, net	(950)	(3,383)	(5,323)
Earnings (loss) after financing income (expenses), net	2,117	(1,924)	(1,341)
Share in profit of equity accounted investees	3,674	3,356	8,053
Profit before taxes on income	5,791	1,432	6,712
Taxes on income	(1,658)	(865)	(2,901)
Profit for the period	4,133	567	3,811
Attributable to:			
Owners of the Company	4,037	620	4,121
Non controlling interests	96	(53)	(310)
Profit for the period	4,133	567	3,811
Basic and diluted earnings per share	0.41	0.06	0.42

*Reclassified 17-11-2016

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Condensed Consolidated Interim Statements of Cash Flows

	For the six months ended June 30		For the year ended on December 31,
	2016	2015	2015
	<u>(Unaudited)</u> USD thousands	<u>(Unaudited)</u> USD thousands	<u>(Audited)</u> USD thousands
Cash flows from operating activities			
Profit for the period	4,133	567	3,811
Adjustments for:			
Depreciation	870	942	1,833
Amortization of intangible assets	310	316	658
Impairment losses on available for sale investments	-	71	71
Net financing expense	610	1,798	3,200
Gain on sale of fixed assets	(14)	(61)	(72)
Loss (gain) on trading securities	223	78	373
Share in profit of equity accounted investees	(3,674)	(3,356)	(8,053)
Income tax expense	1,658	866	2,901
Change in inventory	(410)	2,806	3,427
Change in trade and other receivables	1,221	3,550	1,149
Change in prepaid expenses	(221)	(156)	239
Change in trade and other payables	1,624	(347)	(1,068)
Change in Kibbutz Maabarot account	71	(170)	(12)
Change in provisions and employee benefits	(11)	(18)	8
Income taxes paid	(1,422)	(1,360)	(3,463)
Net cash from operating activities	4,968	5,526	5,002
Cash flows from investing activities			
Interest received	462	509	717
Dividends received	8,053	6,647	6,663
Acquisition of trading securities, net	4,911	(885)	(1,346)
Proceeds from sale of fixed assets	57	81	209
Acquisition of fixed assets	(657)	(470)	(1,082)
Acquisition of intangible assets	(217)	(82)	(164)
Acquisition of subsidiaries, net of cash received	-	-	(438)
Acquisition of available-for-sale investments	(190)	-	-
Proceeds from sale of available-for-sale investments	-	478	478
Net cash from investing activities	12,419	6,278	5,037



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

	For the six months ended June 30		For the year ended on December 31,
	2016	2015	2015
	<u>(Unaudited)</u> USD thousands	<u>(Unaudited)</u> USD thousands	<u>(Audited)</u> USD thousands
Cash flows from financing activities			
Long-term bank loans received	-	1,107	1,107
Repayment of long-term bank loans	(1,062)	(1,209)	(1,209)
Repayment of other long term liabilities	(111)	(11)	(26)
Long term liabilities received	-	31	111
Short term bank credit and loans, net	(372)	(884)	(61)
Dividend paid to PUT option holder	(281)	(374)	(374)
Dividends paid	(2,730)	(1,820)	(2,990)
Interest paid	(107)	(205)	(399)
Net cash used in financing activities	(4,663)	(3,365)	(3,841)
Net increase in cash and cash equivalents	12,724	8,439	6,198
Cash and cash equivalents as at the beginning of the period	14,611	8,423	8,423
Effect of exchange rate fluctuations on cash and cash equivalents	(7)	(17)	(10)
Cash and cash equivalents as at the end of the period	27,328	16,845	14,611

