



Somekh Chaikin
KPMG Millennium Tower
17 Ha'arba'a Street, PO Box 609
Tel Aviv 6100601, Israel
+ 972 3 684 8000

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, 2017 and the related condensed consolidated interim statements of income and cash flows for the six 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 June 30, 2017 (\$1= NIS 3.496) of the primary consolidated interim financial statements without notes, which were published by the Company at the Israeli Stock Exchange on August 24, 2017.

Somekh Chaikin
Somekh Chaikin

Certified Public Accountants (Isr.)

September 19, 2017

Condensed Consolidated Interim Statements of Financial Position as at

	June 30, 2017 <u>(Unaudited)</u> <u>USD thousands</u>	June 30, 2016 <u>(Unaudited)</u> <u>USD thousands</u>	December 31, 2016 <u>(Audited)</u> <u>USD thousands</u>
Assets			
Cash and cash equivalents	183,618	30,064	18,506
Investments in trading securities	23,753	22,958	23,259
Short-term deposit	5,760	-	5,727
Trade receivables	29,296	30,568	29,729
Other receivables	22,191	5,010	6,229
Inventory	18,527	14,842	14,975
Current tax assets	1,390	1,268	1,809
Total current assets	284,535	104,710	100,234
Asset for employee benefits	87	105	87
Fixed assets, net	7,248	9,148	9,003
Intangible assets, net	21,362	22,597	21,240
Financial asset- PUT options	-	9,868	10,784
Deferred tax assets	483	537	456
Long term prepaid expenses and other receivables	191	217	142
Investments in equity accounted investees	5,945	4,126	6,941
Available for sale investments	2,473	2,886	2,760
Total non-current assets	37,789	49,484	51,413
Total assets	322,324	154,194	151,647



Somekh Chaikin

FOR IDENTIFICATION PURPOSES ONLY

DATE: 19/3/2017

Condensed Consolidated Interim Statements of Financial Position as at

	June 30, 2017 <u>(Unaudited)</u> <u>USD thousands</u>	June 30, 2016 <u>(Unaudited)</u> <u>USD thousands</u>	December 31, 2016 <u>(Audited)</u> <u>USD thousands</u>
Liabilities			
Bank loans and borrowings	4,806	3,612	3,106
Trade payables	15,845	15,260	13,332
Other current payables	22,879	6,386	6,064
Current tax liabilities	38,534	678	727
Liabilities to PUT option holder	5,912	7,832	5,999
Kibbutz Maabarot – related party	2,299	817	1,043
Total current liabilities	90,275	34,585	30,271
Employee benefits	90	100	81
Other long term liabilities	187	211	208
Financial liabilities – PUT options	-	246	-
Financial liabilities – CALL options	-	4,777	4,148
Deferred tax liabilities	456	2,543	2,824
Total non-current liabilities	733	7,877	7,261
Total liabilities	91,008	42,462	37,532
Equity			
Non-controlling interests			
Share capital	4,320	4,320	4,320
Capital Reserves	32,840	33,450	32,882
Retained earnings	193,987	73,757	76,712
Total equity attributable to owners of the Company	231,147	111,527	113,914
Non-Controlling Interests	169	205	201
Total equity	231,316	111,732	114,115
Total liabilities and equity	322,324	154,194	151,647

Eyal Shalmon
Chairman of the Board of
Directors

Yariv Grinberg
CFO

Date of approval of the financial statements: August 24, 2017



Somekh Chaikin

FOR IDENTIFICATION PURPOSES ONLY

DATE: 19/9/2017

Condensed Consolidated Interim Income Statements

	For the six months ended June 30		For the year ended on December 31, 2016 *
	2017	2016 *	
	(Unaudited) USD thousands	(Unaudited) USD thousands	(Audited) USD thousands
Revenues	46,265	47,088	93,393
Cost of sales	27,861	28,187	56,825
Gross profit	18,404	18,901	36,568
Research and development expenses	211	200	421
Selling and marketing expenses	11,700	11,608	22,362
General and administrative expenses	5,216	5,291	11,282
Operating profit before other expenses and income	1,277	1,802	2,503
Other expenses	-	(53)	(743)
Other income	-	34	65
Operating profit	1,277	1,783	1,825
Financing income	624	474	777
Financing expenses due to PUT and CALL options	(314)	(410)	(590)
Financing expenses	(748)	(336)	(775)
Financing income (expenses), net	(438)	(272)	(588)
Earnings after financing income (expenses), net	839	1,511	1,237
Share in profit of equity accounted investees	(397)	-	-
Profit before taxes on income	442	1,511	1,237
Taxes on income	(156)	(921)	(657)
Profit from continuing operations	286	590	580
Profit from discontinued operation (after tax)	119,475	3,960	9,822
Profit for the period	119,761	4,550	10,402
Attributable to:			
Owners of the Company	119,622	4,444	10,198
Non-controlling interests	139	106	204
Profit for the period	119,761	4,550	10,402
Earnings per share attributable to the ordinary equity holders of the company(USD)			
Basic and diluted earnings per share	12	-	1
Continuing operations			
Basic and diluted earnings per share	-	-	-
Discontinued operation			
Basic and diluted earnings per share	12	-	1

* Restated- see note 6 regarding discontinued operation.



Somekh Chaikin

FOR IDENTIFICATION PURPOSES ONLY

DATE: 19/9/2017

Condensed Consolidated Interim Statements of Cash Flows

	For the six months ended June 30		For the year ended on December 31, 2016
	2017	2016	
	(Unaudited) USD thousands	(Unaudited) USD thousands	(Audited) USD thousands
Cash flows from operating activities			
Profit for the period	119,761	4,550	10,402
Adjustments for:			
Depreciation	855	957	1,909
Amortization of intangible assets	216	341	1,252
Impairment losses on available for sale Investments	-	-	256
Net financing expense (income)	(5,823)	672	(1,128)
Gain on sale of fixed assets	-	(16)	(59)
Gain from realization of investment in investee	(151,007)	-	-
Loss (gain) on trading securities	(113)	245	249
Share in profit of equity accounted investees	290	(4,042)	(8,963)
Income tax expense	37,304	1,824	3,931
Change in inventory	(3,545)	(454)	(560)
Change in trade and other receivables	1,559	1,343	996
Change in prepaid expenses	(329)	(243)	(138)
Change in trade and other payables	2,342	1,787	(856)
Change in Kibbutz Maabarot account	1,256	78	304
Change in provisions and employee benefits	5	(13)	(28)
Income taxes paid	(1,410)	(1,564)	(3,840)
Net cash from operating activities	1,361	5,465	3,727
Cash flows from investing activities			
Interest received	516	509	692
Dividends received	10,425	8,859	10,967
Acquisition of trading securities, net	(381)	5,402	5,098
Proceeds from sale of fixed assets	-	63	106
Acquisition of fixed assets	(692)	(723)	(1,519)
Acquisition of intangible assets	(354)	(239)	(492)
Realization of investment in investee	161,613	-	-
Acquisition of available-for-sale investments	-	(209)	(209)
Acquisition of subsidiaries, net of cash received	(6,103)	-	-
Short-term deposit	-	-	(5,721)
Net cash used in investing activities	165,024	13,662	8,922



Somekh Chaikin

FOR IDENTIFICATION PURPOSES ONLY

DATE: 19/9/2017

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

	For the six months ended June 30		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 financing activities			
Repayment of long-term bank loans	-	(1,168)	(1,686)
Repayment of other long term liabilities	(23)	(122)	(122)
Short term bank credit and loans, net	1,699	(409)	(496)
Dividend paid to PUT option holder	(400)	(309)	(743)
Dividend paid to non-controlling interests	(70)	-	-
Realization of PUT option	-	-	(1,124)
Dividends paid	(2,346)	(3,003)	(5,807)
Interest paid	(136)	(119)	(243)
Net cash from financing activities	(1,276)	(5,130)	(10,221)
Net increase (decrease) in cash and cash equivalents	165,109	13,997	2,428
Cash and cash equivalents as at the beginning of the period	18,506	16,073	16,073
Effect of exchange rate fluctuations on cash and cash equivalents	3	(6)	5
Cash and cash equivalents as at the end of the period	183,618	30,064	18,506



Somekh Chaikin

FOR IDENTIFICATION PURPOSES ONLY

DATE: 19/9/2017