

5 September 2018

Amiad Water Systems Ltd.
(“Amiad” or the “Company”)



Interim Results

Amiad (AIM: AFS), a leading global producer of water treatment and filtration solutions, announces its interim results for the six months ended 30 June 2018.

Financial Summary

- Revenue increased to \$56.2m (H1 2017: \$55.7m)
- Gross margin improved to 40.9% (H1 2017: 39.6%)
- Operating profit increased by 10.1% to \$3.1m (H1 2017: \$2.8m)
- Profit before tax was \$2.2m (H1 2017: \$3.2m, which included exceptional gains from foreign currency hedging)
- Fully diluted earnings per share of \$0.056 (H1 2017: \$0.098)
- Net debt at 30 June 2018 was \$10.8m (31 December 2017: \$9.7m)
- Cash and cash equivalents at 30 June 2018 were \$14.6m (31 December 2017: \$16.1m)

Operational Summary

- Positive sales momentum:
 - Growth in revenue reflecting increased sales across most vertical markets in most geographies, offset by a reduction in revenue generated under the Company’s distribution agreement with Netafim, which accounts for a significant proportion of Irrigation segment sales, and weakness in the Non-Irrigation segment in Israel and India
 - Key geography of the US achieved a return to growth, with sales increasing 17.5%
 - Irrigation segment sales, which accounted for 56.4% of total revenue, increased in most geographies
 - Growth in sales in the Municipal and Oil & Gas markets, which account for an increasing proportion of revenue, although partly as a result of a reclassification of some projects within the Non-Irrigation segment
- Enhanced product offering and strengthened operations:
 - Completed integration of TEQUATIC™ PLUS Filter production line and employees
 - Launched new range of Irrigation segment products, which have already received orders and are expected to contribute to Irrigation segment growth in the second half of 2018
 - Enhanced operational efficiency and product quality through in-house metal fabrication facility
 - Post period, now has 100% ownership of Amiad India subsidiary following acquisition of outstanding 40% shareholding from local partner

Dori Ivzori, Chief Executive Officer of Amiad, said: “I am pleased to report this set of results that represents solid progress for Amiad. We achieved an increase in sales with positive momentum being sustained into the second half, including a return to growth in our key geography of the US. We continued to enhance our operational efficiency, and benefitted, in particular, from the contribution from our new in-house metal fabrication facility. Our operations were further enhanced with the completion of the integration of our TEQUATIC™ PLUS Filter acquisition as well as, post period, acquiring full ownership of our Amiad India subsidiary.

“We entered the second half of the year with positive sales momentum and anticipate reporting full year revenue growth for 2018 in line with market expectations. Looking further ahead, we expect to benefit from increasing operational efficiencies, growing sales from the new products launched this year and continued demand for our vast portfolio of solutions. As a result, we are confident of achieving a higher rate of revenue growth in 2019.”

Enquiries

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About Amiad

Amiad Water Systems (AIM: AFS) is a leading global producer of automatic, self-cleaning water treatment and filtration products and systems. Through its engineering skills and ability to innovate, Amiad provides cost-effective “green” solutions for the industrial, municipal, irrigation, oil & gas and ballast water markets. In these segments its patented products are being integrated into the core of systems for filtration and water treatment, micro irrigation and membrane protection, wastewater and potable water treatment, cooling systems and sea water filtration.

Headquartered in Israel, Amiad provides these solutions through nine subsidiaries and a comprehensive network of over 170 distributors to customers in more than 80 countries.

For additional information or product details, please visit www.amiad.com.

Operational Review

In the first half of 2018, Amiad grew its sales and improved its gross margin compared with the same period of 2017, with its new in-house metal facility making an important contribution to the increase in efficiency. The Company also advanced the execution on its strategy with the launch of a new series of products primarily targeting the Irrigation market.

The Company performed well in most of its vertical markets in most geographies (based on sales by business unit). This more-than offset a reduction in revenue generated under the Company's agreement with Netafim, which accounts for a significant proportion of Irrigation segment sales, and weakness in the Industrial market in Israel and India to result in a modest increase in total revenue. Importantly, this period marked a return to growth in Amiad's key territory of the US, which experienced increased sales in all segments.

Amiad continued to focus on implementing measures to improve its cost structure and enhance efficiency. The Company's in-house metal fabrication facility, which commenced operations in 2017, made a significant contribution to improved efficiency. This, combined with Amiad's ongoing efforts, resulted in an improvement in gross margin.

Launch of new products

During the period, Amiad launched a new Sigma series mainly targeted at the Irrigation market, which is the Company's primary segment. The new range consists of three products:

- Mini Sigma – an automatic self-cleaning filter with Amiad's suction-scanning technology that is compact and modular in design to enable various installation configurations and a small footprint
- Sigma Pro – an automatic polymeric multi-screen filter, which provides a large screen area while maintaining a small footprint
- ADI-P – an electronic controller, which can be linked to a mobile app, for advanced filter monitoring capabilities and control functionality

Alongside Amiad's existing media, disc, screen and microfibre filtration solutions, this new product range offers customers a more complete package for their irrigation filtration requirements. In addition, thanks to its compact size and modular design, the Mini Sigma will enable the Company to enter the landscaping market.

The new products have been well received by the market, and the Company is receiving increasing interest and has already established a strong order backlog for these solutions. Amiad expects sales of these new products to contribute to an increase in Irrigation segment revenue in the second half of 2018.

Segment Performance

The Irrigation segment generated \$31.7m in the first half of 2018 (H1 2017: \$32.4m), accounting for 56.4% of the Company's revenue (H1 2017: 58.2%). The reduction was due to a decrease in sales generated under the Company's distribution agreement with Netafim offsetting the slight growth in Amiad's direct Irrigation sales. In the Non-Irrigation segment, revenue increased by 5.3% to \$24.5m (H1 2017: \$23.3m), accounting for 43.6% of total revenue (H1 2017: 42.8%).

Within Non-Irrigation, and as noted in the full year 2017 results, following an internal management reporting review earlier this year, the Company made some alterations in the segmental classification of projects that fall within the Industrial, Municipal and Oil & Gas markets. As a result of this, certain projects were reclassified, which impacts comparison of those markets with previous years.

The Industrial market generated \$14.9m in the first half of 2018 (H1 2017: \$17.8m), accounting for 26.7% of the Company's revenue (H1 2017: 31.9%), with an increase in sales in Australia, Europe, Turkey and China being offset by weakness in Israel and India.

The Municipal market generated sales of \$6.3m (accounting for 11.2% of H1 2018 total revenue) compared with \$3.5m in the first half 2017, with the growth partly due to the reclassification as well as an increase in sales in the US and Singapore. Revenue in the Oil & Gas market was \$3.2m, or 5.7% of total sales, compared with \$2.0m (3.5% of total revenue) in the first half of 2017 with the growth being led by Europe, but with an increase in most territories in this market.

Ballast Water

As previously announced, the Company has been reviewing its Ballast Water activities (which generated \$0.01m during the period). Following the completion of this process, the Company has taken the strategic decision to ease down its efforts in this market and to allocate more of the R&D resources to other markets. The Company will continue to offer its existing and new product lines to the Ballast Water market and service existing and future customers when profitable business can be generated.

Global Activity

US and Latin America

In the US, the Company returned to growth as it increased sales in the Irrigation and Non-Irrigation segments, with total revenue of \$13.3m compared with \$11.3m for the first half of 2017. The largest contributor to growth was the Municipal market, although this was partly due to project reclassification. The Irrigation segment, which remains the largest segment in the US, also made a significant contribution to the growth in this territory, which was supported by a focused sales effort.

As previously stated, the Company implemented a reorganisation of the Non-Irrigation segment sales team and channel partner network in 2017, which has stabilised sales in this segment and is expected to lead to a growth in sales in the coming years.

Towards the end of 2017, as announced on 22 November 2017, the Company entered into a Patent and Technology License Agreement with Dow Global Technologies LLC under which Amiad was granted an exclusive royalty-bearing licence to use and sell, as well as take over new product manufacturing and support to the existing customers, the TEQUATIC™ PLUS Filter, which is designed for difficult-to-treat, highly loaded water. During the period, the Company installed the manufacturing equipment for the TEQUATIC™ PLUS Filter as an additional production line at Amiad's US headquarters in Mooresville, North Carolina, and progressed the integration process, such as providing the requisite training for the employees that it hired as part of the agreement in order to facilitate the transition and ensure seamless support for the TEQUATIC™ PLUS Filter customers.

The integration is now complete and the Company is focusing on implementing significant sales efforts and cost reduction measures. During the period, the acquisition accounted for a significant proportion of the Company's revenue in the Oil & Gas market in the US. The management team is pleased with the initial progress since acquiring the licence and remains confident that it represents a significant opportunity for Amiad in the US market.

In Latin America, a slight increase in revenue in Amiad Mexico was offset by a decrease in Amiad Brazil, resulting in a decline in revenue overall in this territory.

EMEA

Revenue in EMEA declined in aggregate over the first half of 2017, which was due to a reduction in sales in the Israel business unit offsetting the increase in Europe and Turkey.

The reduction in Israel was in both the Non-Irrigation and Irrigation segments, although the decrease in Irrigation segment sales was primarily due to lower revenue generated under the Netafim agreement as noted above. In the Non-Irrigation segment, the reduction is mainly due to the Company delivering a few exceptional projects during the first half of 2017. In Turkey, the increase in revenue was due to growth in the Industrial market.

In Europe, sales increased by 7.6%, which was based on growth in all markets except Municipal. In particular, the Oil & Gas market achieved an increase in revenue in Europe due to the supply of a few significant projects during the period.

During the period, the Company implemented organisational restructuring, including a relocation to a new facility and logistics centre in Europe, to better support the regional sales activities.

Asia

Revenue in Asia increased by 35.4% compared with the same period of 2017 as strong growth in China and Singapore offset a reduction in India. In China, sales increased in all markets, with strong growth in the Industrial market, which was primarily based on demand from the steel industry. Sales were significantly higher in Singapore primarily as a result of the delivery of a few major projects in the Municipal market that had been delayed from 2017, as previously noted.

In India, total revenue declined as growth in the Irrigation segment was offset by a reduction in sales in the Non-Irrigation segment due to the Company reorganising the management team and sales force.

Post period, as announced on 24 July 2018, the Company acquired 40% of the issued and outstanding share capital of its subsidiary in India, Amiad Filtration Systems (India) Private Limited (“Amiad India”), from its local partner and now holds 100% of the shares of Amiad India. As part of the agreement, the local partner has stepped down as CEO and Director of Amiad India and the Company has appointed a new general manager. This investment reflects Amiad’s confidence in the potential of the Indian market, and forms part of the Company’s long-term strategy to acquire 100% ownership of its subsidiaries to have a local presence and to establish direct sales channels in competitive markets. In addition, as a result of the acquisition and management restructuring, Amiad India will be fully-aligned with the objectives of the Company and Amiad can leverage its strengthened position in this key territory.

Australia

In Australia, revenues were 14.1% higher than the comparable period of the prior year. This was due to growth in the Industrial, Municipal and Oil & Gas markets, with the Irrigation segment being broadly flat. The strongest growth was in the Industrial market.

The above analysis shows the Company’s sales by business unit.

Financial Review

Revenue for the six months ended 30 June 2018 was \$56.2m compared with \$55.7m for H1 2017.

Gross margin was 40.9% (H1 2017: 39.6%) with gross profit increasing to \$23.0m (H1 2017: \$22.0m). This improvement was due to gains from operational efficiencies and Amiad beginning to recognise the full benefits from the construction of its new metal fabrication facility that was completed in the second half of 2017.

Sales and marketing costs increased to \$13.5m (H1 2017: \$12.7m) primarily due to the launch of the new Irrigation products during the period as well as a general increase in sales and marketing activities and some exceptional expenses related to the reorganisation in Amiad Europe. R&D costs were broadly flat at \$1.9m (H1 2017: \$1.8m) and administrative and general expenses were reduced to \$4.6m (H1 2017: \$4.8m) as the Company continued to maintain tight cost control.

Operating profit increased by 10.1% to \$3.1m (H1 2017: \$2.8m). Profit before tax was \$2.2m (H1 2017: \$3.2m) and fully diluted earnings per share were \$0.056 (H1 2017: \$0.098). The reduction was due to net finance costs of \$0.9m compared with a net finance income of \$0.4m in H1 2017 primarily as a result of exceptional gains from foreign currency hedging in the earlier period.

As at 30 June 2018, cash and cash equivalents were \$14.6m (31 December 2017: \$16.1m). Net debt at 30 June 2018 was \$10.8m (31 December 2017: \$9.7m), with the increase primarily due to an increase in inventories relating to the launch of the new products.

Outlook

Amiad entered the second half of the year with increasing momentum as the new products launched in the second quarter are being well received by the market. The Company expects to generate initial sales from these products in the second half, with an acceleration towards the end of the year and a major ramp-up expected in 2019. This is projected to contribute to growth in revenue in the Irrigation segment, which is expected to continue to be the largest segment by revenue for the full year 2018.

Revenue in the Non-Irrigation segment is also expected to grow for full year 2018 compared with 2017 supported primarily by a firm backlog of orders in the US, Turkey, China and Australia.

The return to growth experienced in the US and Singapore is expected to be sustained through the second half, along with continued good growth in Australia.

Amiad continues to actively manage the impact of foreign currency movement and believes that its hedging position is well established for the second half. However, if there is significant erosion of the US Dollar against the New Israeli Shekel, it could have an adverse effect on the Company's reported results.

With positive sales momentum in most of its markets and territories, Amiad anticipates reporting results for full year 2018 in line with market expectations. Looking further ahead, the Company expects to benefit from the increasing operational efficiencies, growing sales from the new products and continued demand for its vast portfolio of solutions, and hence remains confident of achieving a higher revenue growth rate in 2019 compared with that anticipated for 2018.

AMIAD WATER SYSTEMS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018

	<u>June 30</u>		<u>December 31,</u>
	<u>2018</u>	<u>2017</u>	<u>2017</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
<u>U.S. dollars in thousands</u>			
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	14,575	15,674	16,122
Financial assets at fair value through profit or loss	162	452	238
Trade and other receivables:			
Trade	36,203	37,909	38,795
Other	4,164	5,145	3,935
Current income tax assets	609	446	615
Inventories	30,070	25,941	28,470
T o t a l Current Assets	<u>85,783</u>	<u>85,567</u>	<u>88,175</u>
NON-CURRENT ASSETS:			
Investment in joint venture	10	10	10
Severance pay fund, net	159	396	184
Long-term receivables	273	60	57
Property, plant and equipment	10,168	11,065	11,271
Intangible assets	13,927	14,034	14,745
Deferred income tax assets	2,634	2,493	2,480
T o t a l Non Current Assets	<u>27,171</u>	<u>28,058</u>	<u>28,747</u>
T o t a l Assets	<u>112,954</u>	<u>113,625</u>	<u>116,922</u>

Date of approval of the interim financial information by the Company's Board of Directors: September 4, 2018

AMIAD WATER SYSTEMS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018

	June 30		December 31,
	2018	2017	2017
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
Liabilities and equity			
CURRENT LIABILITIES:			
Bank credit and current maturities of borrowings from banks	10,956	11,314	13,746
Financial liabilities at fair value through profit or loss – derivatives	303	104	108
Trade and other payable:			
Trade	14,132	16,138	15,855
Other	11,626	12,856	12,826
Current income tax liability	253	675	287
T o t a l Current Liabilities	37,270	41,087	42,822
NON-CURRENT LIABILITIES:			
Borrowings from banks (net of current maturities)	14,442	12,432	12,037
Liability for royalty payment	1,066	-,	1,116
Remeasurements of post-employment benefit obligations, net	335	409	372
Deferred income tax liabilities	56	6	-,
T o t a l Non Current Liabilities	15,899	12,847	13,525
T o t a l Liabilities	53,169	53,934	56,347
EQUITY:			
Capital and reserves attributable to equity holders of the Company:			
Share capital	2,798	2,798	2,798
Capital reserves	28,558	28,531	28,547
Transaction with non-controlling interest	(259)	(259)	(259)
Currency translation reverse	(6,344)	(5,539)	(5,206)
Retained earnings	32,732	31,358	32,089
	57,485	56,889	57,969
Non-controlling interests	2,300	2,802	2,606
Total Equity	59,785	59,691	60,575
Total Liabilities and Equity	112,954	113,625	116,922

AMIAD WATER SYSTEMS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

	Six months ended		Year ended
	June 30		December 31,
	2018	2017	2017
	(Unaudited)		(Audited)
U.S dollars in thousands			
except per share data			
Revenue	56,245	55,670	112,269
Cost of sales	33,232	33,627	67,924
Gross Profit	23,013	22,043	44,345
Research and development, net	1,854	1,795	3,698
Selling and marketing costs	13,488	12,698	25,872
Administrative and general expenses	4,626	4,791	10,221
Other gains	(31)	(34)	(6)
Operating Profit	3,076	2,793	4,560
Finance income	122	1,100	1,761
Finance costs	(1,028)	(656)	(1,241)
Finance income (costs), net	(906)	444	520
Profit (loss) before income taxes	2,170	3,237	5,080
Income tax expense	481	725	932
Profit for the period	1,689	2,512	4,148
Other comprehensive income (loss)-			
Items that will not be reclassified to profit or loss:			
Re-measurements of post-employment benefit obligations	-	-	221
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	(1,582)	769	(919)
Other comprehensive income (loss) for the period	(1,582)	769	(698)
Total comprehensive income for the period	107	3,281	4,846
Profit attributable to:			
Equity holders of the Company	1,278	2,226	3,178
Non-controlling interests	411	286	970
	1,689	2,512	4,148
Total comprehensive income attributable to:			
Equity holders of the Company	140	2,975	4,039
Non-controlling interest	(33)	306	807
	107	3,281	4,846
U.S dollars			
Earnings (loss) per share attributable to the equity holders of the company during the period:			
Basic	0.056	0.098	0.140
Diluted	0.056	0.098	0.140

AMIAD WATER SYSTEMS LTD.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

	Attributable to owners of the parent						Non-controlling interest	Total equity	
	Number of shares	Share capital	Capital Reserve	Currency translation reserve	Transaction with Non-controlling Interest	Retained earning			Total
	U.S dollars in thousands								
BALANCE AT JANUARY 1, 2018 (audited)									
CHANGES DURING THE SIX MONTH ENDED JUNE 30, 2018 (unaudited):	22,663,651	2,798	28,547	(5,206)	(259)	32,089	57,969	2,606	60,575
Comprehensive income -									
Profit for the period						1,278	1,278	411	1,689
Currency translation differences				(1,138)			(1,138)	(444)	(1,582)
Total comprehensive income				(1,138)		1,278	140	(33)	107
Transaction with owners:									
Recognition of compensation related employee stock and option grants			11				11		11
Dividend to a non-controlling interest								(273)	(273)
Dividend (\$0.028 per share)						(635)	(635)		(635)
Total transactions with owners			11			(635)	(624)	(273)	(897)
BALANCE AT JUNE 30, 2018 (unaudited)	22,663,651	2,798	28,558	(6,344)	(259)	32,732	57,485	2,300	59,785
BALANCE AT JANUARY 1, 2017 (audited)	22,663,651	2,798	28,520	(6,288)	(259)	29,857	54,628	2,902	57,530
CHANGES DURING THE SIX MONTH ENDED JUNE 30, 2017 (unaudited):									
Comprehensive income -									
Profit for the period						2,226	2,226	286	2,512
Currency translation differences				749			749	20	769
Total comprehensive income				749		2,226	2,975	306	3,281
Transaction with owners:									
Recognition of compensation related employee stock and option grants			11				11		11
Dividend to a non-controlling interest								(406)	(406)
Dividend (\$0.032 per share)						(725)	(725)		(725)
Total transactions with owners			11			(725)	(714)	(406)	(1,120)
BALANCE AT JUNE 30, 2017 (unaudited)	22,663,651	2,798	28,531	(5,539)	(259)	31,358	56,889	2,802	59,691

AMIAD WATER SYSTEMS LTD.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

	Attributable to owners of the parent								
	Number of shares	Share capital	Capital reserve	Currency translation reserve	Transaction with non- Controlling Interest	Retained earning	Total	Non- controlling interest	Total equity
					U.S dollars in thousands				
BALANCE AT JANUARY 1, 2017									
Comprehensive income (loss):	22,663,651	2,798	28,520	(6,288)	(259)	29,857	54,628	2,902	57,530
Profit (loss) for the year						3,178	3,178	970	4,148
Currency translation differences				1,082			1,082	(163)	919
Remeasurement of net defined benefit liability						(221)	(221)		(221)
Total comprehensive income (loss)				1,082		2,957	4,039	807	4,846
Transaction with owners:									
Recognition of compensation related to employee stock and options grants			27				27		27
Dividend to Non-Controlling Interest								(1,103)	(1,103)
Dividend (\$0.032 per share)						(725)	(725)		(725)
Total transaction with owners			27			(725)	(698)	(1,103)	(1,801)
BALANCE AT December 31, 2017	22,663,651	2,798	28,547	(5,206)	(259)	32,089	57,969	2,606	60,575

AMIAD WATER SYSTEMS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

	Six months ended		Year ended
	June 30		December 31,
	2018	2017	2017
	(Unaudited)		(Audited)
U.S dollars in thousands			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash generated from operations	1,000	3,590	5,719
Interest paid	(523)	(365)	(35)
Interest received	118	102	201
Income tax received (paid)	(552)	(557)	(1,333)
Net cash generated from operating activities	<u>43</u>	<u>2,770</u>	<u>4,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(1,011)	(1,426)	(2,607)
Business acquisition	-,-	-,-	(1,173)
Purchase of intangible assets	(21)	(68)	(179)
Investments grants received	1,626	89	89
Restricted deposit	80	(144)	35
Proceeds from sale of property, plant and equipment	39	18	(302)
Net cash used in investing activities	<u>713</u>	<u>(1,531)</u>	<u>(4,137)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Receipt of long-term borrowings	3,037	2,015	(725)
Dividends paid to equity holders of the Company	(635)	(725)	(1,103)
Dividends paid to minority interests	(273)	(406)	6,005
Payments of long term borrowings	(3,528)	(3,421)	(6,838)
Increase in bank credit and short term borrowing, net	109	305	1,760
Net cash generated used in financing activities	<u>(1,290)</u>	<u>(2,232)</u>	<u>(901)</u>
EXCHANGE RATE GAIN (LOSS) ON CASH AND CASH EQUIVALENTS	<u>(1,013)</u>	<u>576</u>	<u>517</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,547)</u>	<u>(417)</u>	<u>31</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>16,122</u>	<u>16,091</u>	<u>16,091</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>14,575</u></u>	<u><u>15,674</u></u>	<u><u>16,122</u></u>

CASH FLOWS FROM OPERATIONS:

APPENDIX A:

	Six months ended		Year ended
	June 30		December 31,
	2018	2017	2017
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
Profit for the period	1,689	2,512	4,148
(a) Adjustments to reconcile net income to net cash generated from operating activities:			
Depreciation and amortization	1,082	1,658	3,460
Interest paid	523	365	35
Interest received	(118)	(102)	(201)
Income taxes paid, net	552	557	1,333
Share based payment, net	11	11	27
Increase in deferred income taxes, net	(139)	(213)	(199)
Accrued severance pay, net	19	(13)	(58)
Exchange rate differences on borrowings	265	(183)	(198)
Profit from sale of property, plant and equipment	(25)	(16)	(111)
Increase (Decrease) in assets at fair value through profit or loss	271	(329)	5
	<u>2,441</u>	<u>1,735</u>	<u>4,093</u>
Changes in working capital:			
Decrease (increase) in accounts receivable:			
Trade	1,614	(3,351)	(3,878)
Other	(566)	(532)	624
Decrease (increase) in long-term receivable	(225)	2	4
Increase (Decrease) in accounts payable:			
Trade	(1,029)	1,617	997
Other	(800)	2,263	1,852
Increase in inventories	(2,124)	(656)	(2,121)
	<u>(3,130)</u>	<u>(657)</u>	<u>(2,522)</u>
Cash generated from operations	<u>1,000</u>	<u>3,590</u>	<u>5,719</u>