



August 18, 2021

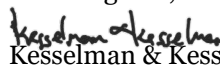
Ludan Engineering Co. Ltd.

**Re: Ludan Engineering Co. Ltd. (hereinafter – the company) Financial information as of December 31, 2020**

As the auditors of the company and at your request, we confirm that the balance sheets of the company as of December 31, 2020, 2019 and 2018 and the related statements of income, comprehensive income, changes in equity and cash flows for the years ended on those dates (hereinafter – the financial information), attached herewith and stamped by us for identification purposes, are included in the consolidated financial statements as of December 31, 2020 of Ludan Engineering Co. Ltd that were audited by us and approved and signed by the company on March 29, 2021.

In our auditors report we draw attention to Note 2 (25) to the consolidated Financial Statements as of December 31, 2020 regarding the adjustments made by the way of restatement of the consolidated Financial Statements for December 31, 2019 and 2018 and for the years then ended.

Kind Regards,

  
Kesselman & Kesselman  
Certified Public Accountants (Isr.)  
**PwC Israel**

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**Ludan Engineering Co., Ltd.**  
**Consolidated statements of the Financial Statements as at December 31**

	Note	2020	2019	2018
<i>NIS thousands</i>				
<b>Assets</b>				
<b>Current assets</b>				
Cash and Cash equivalents		36,943	22,969 (**)	22,968 (**)
Restricted bank deposits	6	1,004	1,030	482
Trade & income receivables	7-A	155,260	184,768 (**)	216,265 (**)
Other receivables & debit balances	7-B	12,796	13,090	13,475
Current tax receivables	28	2,163	3,542	2,464
Inventory	8	17,313	15,672	20,338
Total current assets attributable to operating activities		225,479	241,071	275,992
Non-current assets held for sale	3	2,247	4,462	17,264
<b>Total Current Assets</b>		<b>227,726</b>	<b>245,533</b>	<b>293,256</b>
<b>Non-Current Assets</b>				
Investments in associates	9	27	27	465
Trade receivables & loans to others	10	635	563	3,452
Fixed Assets	11	14,052	14,977	18,833
Reputation and Intangible Assets	12	28,603	25,935	25,806
Right-of-use assets	13	67,580	82,469	-
Other assets		433	426	351
Deferred tax	28	10,658	10,515	9,947
<b>Total Non-Current Assets</b>		<b>121,988</b>	<b>134,912</b>	<b>58,854</b>
<b>Total Assets</b>		<b>349,714</b>	<b>380,445</b>	<b>352,110</b>

(\*) Restatement – see Note 2 (25).

(\*\*) Re-classification – see Note 2 (26).

**The attached Notes constitute an inseparable part of the Financial Statements.**

*Kesselman & Kesselman*  
for Identification

**Ludan Engineering Co., Ltd.**

**Consolidated statements of the Financial Statements as at December 31**

	Note	2020	2019	2018
			<i>NIS thousands</i>	
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Short-term bank credit and others	14	31,881	46,807 (*)	62,233 (*)
Short-term lease liabilities	13	15,701	20,579	-
Short-term bonds	15	11,049	11,110	11,110
Suppliers, Sub-contractors and Service Providers	16	48,847	53,594	65,102
Advances from customers		4,690	9,380 (**)	9,692 (**)
Other Payables & credit balances	17	76,682	73,516 (**)	72,972 (**)
PUT option to Minority Interest	5	13,219	10,775 (*)	23,311 (*)
Tax liabilities		4,235	2,929	3,142
Total current liabilities attributable to operating activities		<u>206,304</u>	228,690	247,562
Current liabilities attributable to discontinued operations	3	374	842	-
<b>Total current liabilities</b>		<u>206,678</u>	<u>229,532</u>	<u>247,562</u>
<b>Non-current liabilities</b>				
Long term loans to banks and others	14	3,865	111 (*)	10,115 (*)
Long-term lease liabilities	13	53,198	62,927	
Bonds	15	-	10,900	21,783
Non-current compensation liabilities	18	14,522	13,357	11,744
Deferred tax	28	562	858	900
<b>Total non-current liabilities</b>		<u>72,147</u>	<u>88,153</u>	<u>44,542</u>
<b>Total liabilities</b>		<u>278,825</u>	<u>317,685</u>	<u>292,104</u>
<b>Equity</b>				
Share Equity	20	12,936	12,936	12,936
Share Premium		28,439	28,439	28,439
Currency translation adjustments		(10,207)	(10,126) (*)	(6,739) (*)
Other hedges		(5,829)	(6,554) (*)	(6,781) (*)
Retained earnings		43,798	36,736 (*)	30,632 (*)
<b>Total equity attributable to shareholders</b>		<u>69,137</u>	61,431	58,487
Minority rights		<u>1,752</u>	1,329 (*)	1,519 (*)
<b>Total Equity</b>		<u>70,889</u>	<u>62,760</u>	<u>60,006</u>
<b>Total Liabilities and Equity</b>		<u>349,714</u>	<u>380,445</u>	<u>352,110</u>

(\*) Restatement – see Note 2 (25).

(\*\*) Re-classification – see Note 2 (25).

**The attached Notes constitute an inseparable part of the Financial Statements.**

**Avi Winter**  
Chairman of the Board of Directors

**Arnon Aharon,**  
CEO

**Gonen Betser**  
VP Finances

Financial Statements approval date: March 29, 2021

**Ludan Engineering Co., Ltd.**

**Consolidated P&L statements and residuaries for year ending on December 31**

	Note	2020	2019	2018
			<i>NIS thousands</i>	
Income	22	531,675	564,901	555,422
Income Cost	23	473,017	511,617 (*) (**)	501,577 (*) (**)
<b>Gross earnings</b>		<b>58,658</b>	53,284	53,845
Sales and marketing expenses	24- A	3,244	3,626	3,962
Business development expenses		1,291	818	1,660
Administrative and general expenses	24 - B	21,861	24,585 (**)	29,137 (**)
<b>Net operating earnings by Other Expenses</b>		<b>32,262</b>	24,255	19,086
Other expenses, Net	25	(1,953)	632 (*)	(4,787) (*)
<b>Operating profit</b>		<b>30,309</b>	24,887	14,299
Financing expenses	26	(5,228)	(8,691)	(7,228)
Financing income	26	86	584	1,201
<b>Net Financing Expenses</b>		<b>(5,142)</b>	(8,107)	(6,027)
Share in losses of associated companies, Net	27	-	-	(465)
<b>Income before income taxes</b>		<b>25,167</b>	16,780	7,807
Income tax expenses	28	7,465	6,681	8,560
<b>Income from operating activities</b>		<b>17,702</b>	10,099	(753)
Net Profit (Loss) for discontinued operations	3	(2,405)	(2,692)	(11,073)
<b>Net Profit (Loss)</b>		<b>15,297</b>	7,407	(11,826)
<b>Net earnings from operating activities attributable to:</b>				
Company owners		16,876	9,520	(1,055)
Minority interest		826	579	302
<b>Net earnings from operating activities</b>		<b>17,702</b>	10,099	(753)
<b>Loss for discontinued activity attributed to:</b>				
Shareholders		(2,355)	(2,521)	(11,003)
Minority rights		(50)	(171)	(70)
<b>Loss for discontinued activity</b>		<b>(2,405)</b>	(2,692)	(11,073)
Per-share P&L attributable to the Company's owner (in NIS):	29			
Per-share earnings from operating activities		1.46	0.83	(0.09)
Per-share deficit for discontinued activity		(0.20)	(0.22)	(0.95)

(\*) Restatement – see Note 2 (25).

(\*\*) Re-classification – see Note 2 (26).

The attached Notes constitute an inseparable part of the Financial Statements.

**Ludan Engineering Co., Ltd.****Consolidated statements on total earnings for the year ending on December 31**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<i>NIS thousands</i>		
<b>Net Profit (Loss)</b>	<u>15,297</u>	<u>7,407</u>	<u>(11,826)</u>
<b>Total Other Profit (Loss) for the year (after tax impact):</b>			
<b>Amounts that will be classified or reclassified for P&amp;L in the event of specific conditions:</b>			
Foreign currency translation differentials for overseas activities	658	(3,589)	82
Classification of translation differentials to P&L regarding liquidated overseas operations	(755)	-	-
<b>Items that will not be classified to P&amp;L:</b>			
Actuarial gain on defined benefit plans	725	227	15
Profit (Loss) for the year including Other, net of tax	628	(3,362)	97
<b>Total Profit (Loss) for the year, net of tax</b>	<u>15,925</u>	<u>4,045</u>	<u>(11,729)</u>
<b>Attributed to:</b>			
Shareholders	15,165	3,839	(11,963)
Minority interests	760	206	234
<b>Total Profit (Loss) for the year</b>	<u>15,925</u>	<u>4,045</u>	<u>(11,729)</u>

The attached Notes constitute an inseparable part of the Financial Statements.

*Kesselman & Kesselman*  
for identification

**Ludan Engineering Co., Ltd.**

**Consolidated Statement on Equity Changes**

	Total equity attributable to the Company's owners					Total equity attributable to the Company's owners	Minority rights	Total Equity
	Share Equity	Premium On shares	Translati on differentials fund	Other equity funds	Residuarie s			
	<i>NIS thousands</i>							
<b>Balance as at January 1, 2020</b>	<b>12,936</b>	<b>28,439</b>	<b>(10,126)</b>	<b>(6,554)</b>	<b>36,736</b>	<b>61,431</b>	<b>1,329</b>	<b>62,760</b>
<b>Transactions in 2020:</b>								
Earnings for year	-	-	-	-	14,521	14,521	776	15,297
Total Other Profit (Loss) for the year	-	-	(81)	725	-	644	(16)	628
Total Profit (Loss) per year	-	-	(81)	725	14,521	15,165	760	15,925
Declared dividend	-	-	-	-	(5,762)	(5,762)	-	(5,762)
Dividend paid	-	-	-	-	(1,493)	(1,493)	(337)	(1,830)
Share-based payment	-	-	-	-	(204)	(204)	-	(204)
<b>Total Equity as at December 31, 2020</b>	<b>12,936</b>	<b>28,439</b>	<b>(10,207)</b>	<b>(5,829)</b>	<b>43,798</b>	<b>69,137</b>	<b>1,752</b>	<b>70,889</b>
Balance as at January 1, 2019	12,936	28,439	(6,739)	(6,781)	30,632	58,487	1,519	60,006
<b>Transactions in 2019:</b>								
Earnings for year	-	-	-	-	6,999	6,999	408	7,407
Total Other Profit (Loss) for the year	-	-	(3,387)	227	-	(3,160)	(202)	(3,362)
Total Profit (Loss) per year	-	-	(3,387)	227	6,999	3,839	206	4,045
Net purchase of shares in a consolidated company from minority rights holders	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	(1,194)	(1,194)	(396)	(1,590)
Share-based payment	-	-	-	-	299	299	-	299
<b>Total Equity as at December 31, 2019</b>	<b>12,936</b>	<b>28,439</b>	<b>(10,126)</b>	<b>(6,554)</b>	<b>36,736</b>	<b>61,431</b>	<b>1,329</b>	<b>62,760</b>

The attached Notes constitute an inseparable part of the Financial Statements

**Ludan Engineering Co., Ltd.**  
**Consolidated Statement on Equity Changes – Continued**

	Total equity attributable to the Company's owners					Total equity attributable to the Company's owners	Minority rights	Total Equity
	Share Equity	Premium On shares	Translation on differentials fund	Other equity funds	Residuals			
	<i>NIS thousands</i>							
<b>Balance as at January 1, 2018</b>	12,936	28,439	(6,819)	(6,697)	45,508	73,367	1,571	74,938
<b>Cumulative effect of first implementation of IFRS Standard 15</b>	-	-	-	-	(2,861)	(2,861)	-	(2,861)
Balance as at January 1, 2018 after first implementation	12,936	28,439	(6,819)	(6,697)	42,647	70,506	1,571	72,077
<b>The Transaction in 2018:</b>								
Earnings for year	-	-	-	-	(12,058)	(12,058)	232	(11,826)
Total Other Profit (Loss) for the year	-	-	80	15	-	95	2	97
Total Profit (Loss) per year	-	-	80	15	(12,058)	(11,963)	234	(11,729)
Dividend paid	-	-	-	(99)	(256)	(355)	(286)	(641)
Share-based payment	-	-	-	-	299	299	-	299
<b>Total Equity as at December 31, 2018</b>	12,936	28,439	(6,739)	(6,781)	30,632	58,487	1,519	60,006

The attached Notes constitute an inseparable part of the Financial Statements

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**Ludan Engineering Co. Ltd.**  
**Cash flow statements**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<i>NIS thousands</i>		
<b>Cash flows from operating activities</b>			
<b>Net cash derived from current activities before financing and taxes (Appendix A)</b>	<b>82,245</b>	88,351	26,982
Interest paid	<b>(2,884)</b>	(4,952)	(6,829)
Interest received	<b>86</b>	501	575
Income Tax paid	<b>(7,323)</b>	(8,889)	(7,055)
Income Tax refund	<b>1,577</b>	193	384
<b>Net cash derived from operating activities</b>	<b>73,701</b>	75,204	14,057
<b>Net cash used for discontinued operations</b>	<b>(585)</b>	(11,486)	(9,255)
<b>Net cash derived from operating activities</b>	<b>73,116</b>	63,718	4,802
<b>Cash flows from investment activities:</b>			
Sale of subsidiary	(12)	-	-
Net withdrawal (deposit) of designated deposits in banks	24	(590)	<b>363</b>
Repayment of loans from others	-	767	-
Purchase of Fixed Assets	(3,311)	(2,746)	<b>(5,126)</b>
Purchase of Intangible Assets	(5,309)	(4,190)	<b>(1,943)</b>
Net reimbursement of loans granted	-	-	-
<b>Net cash used for investment activities</b>	<b>(8,608)</b>	(6,759)	(6,706)
<b>Net cash derived from discontinued investment activities</b>	-	15,721	2,766
<b>Net cash derived from (used for) investment activities</b>	<b>(8,608)</b>	8,962	(3,940)
<b>Cash flows from financing activities:</b>			
Long-term loans from banking corporations and other credit providers	<b>10,000</b>	-	8,739
Long-term loans from banking corporations and other credit providers	<b>(5,219)</b>	(7,314)	(12,559)
Repayment of the principal component of the lease liability	<b>(26,667)</b>	(26,299)	-
Repayment of debenture fund	<b>(11,110)</b>	(11,110)	(11,110)
Dividend paid	<b>(1,830)</b>	(1,590)	(641)
Net Increase (Decrease) in short-term credit from banking corporations	<b>(15,940)</b>	(14,621)	13,401
Repayment of a liability in respect of a PUT option of minority rights in a consolidated company	-	(11,945)	-
<b>Net cash used for ongoing financing activity</b>	<b>(50,766)</b>	(72,879)	(2,170)
<b>Net cash derived from discontinued financing activity</b>	-	-	786
<b>Net cash used for financing activity</b>	<b>(50,766)</b>	(72,879)	(1,384)
<b>Translation differentials for oversea units</b>	<b>232</b>	200	(791)
<b>Increase (Decrease) in Cash and Cash Value</b>	<b>13,974</b>	1	(1,313)
<b>Cash and cash value for the beginning of the year</b>	<b>22,969</b>	22,968	24,281
<b>Cash and cash value for the end of the year</b>	<b>36,943</b>	22,969	22,968

The attached Notes constitute an inseparable part of the Financial Statements.

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for Identification



**Ludan Engineering Co. Ltd.**  
**Cash flow statements**

**Appendix A – cash flows from current activity before financing and taxes:**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<i>NIS thousands</i>		
<b>Income for the period from ongoing operations</b>	<b>17,702</b>	10,099	(753)
<b>Income (Expenses) not involving cash flows:</b>			
Investments in associated companies	-	-	465
Depreciation and amortization	<b>32,055</b>	33,691	9,244
Net depreciation due to impairment of assets, revaluation of PUT option value and revaluation of option to employees	<b>1,953</b>	(949)	4,280
PUT option for senior officers	-	2,337 (**)	2,467 (**)
Share-based payment cost	-	299	299
Income Taxes	<b>7,465</b>	6,681	8,560
Income from realization of investment in an Associated Company	-	(197)	-
Net income from realization of Fixed Assets	-	-	(7)
Net Increase (Decrease) of liability in respect of employee benefits	2,102	1,909	(1,611)
Net financing expenses	4,797	6,954	6,322
	<u>66,074</u>	<u>60,824</u>	<u>29,266</u>
<b>Changes in property and liability sections:</b>			
Decrease (Increase) of Trade & Receivables	<b>31,360</b>	21,364	(11,904)
Decrease (Increase) in Accounts Receivable and Debit Balances	(1,544)	(4,089)	5,294
Decrease (increase) in inventory	(1,664)	4,668	1,627
Increase (Decrease) in Vendors and Service Providers	(4,666)	(112)	7,919
Increase (Decrease) in Advance Payments from Customers	(4,853)	1,784	3,044
Increase (Decrease) in Accounts Payable and Credit Balances	(2,841)	5,423	(8,264)
Changes in liability in respect of PUT option	<b>379</b>	(1,511)	-
	<u>16,171</u>	<u>27,527</u>	<u>(2,284)</u>
<b>Net cash derived from current activities before financing and taxes</b>	<u><b>82,245</b></u>	<u>88,351</u>	<u>26,982</u>
<b>Attachment B – Non-cash operating activities</b>			
Recognition of right-of-use assets against lease liability	<u><b>10,212</b></u>	<u>107,655</u>	<u>-</u>

The attached Notes constitute an inseparable part of the Financial Statements.

**25. Correction of a material error**

The Company restated its Financial Statements for previous periods following the discovery of a material error during the preparation of the annual Financial Statements for 2020.

The December 31, 2019 and 2018 statements do not include a liability for a PUT option (PUT) granted to senior executives of an overseas subsidiary (see Note 5), for the sale of their shares to a subsidiary.

The correction of the error revealed that in 2019 and 2018, the Company did not meet certain financial conditions given to banking system entities, which include reference to the Company's equity component, detailed in Note 19 (3)1.

In light of this, and after examining the implications of discovering the material error, the Company contacted banking system entities for retroactive waivers regarding its failure to comply with the financial conditions as stated above. The requested waivers were obtained by the Company prior to the publication of these Financial Statements.

**Ludan Engineering Co. Ltd.**  
**Notes to Financial Statements**

**Note 2 – Reporting Rules and Accounting Policy (continued)**

**25. Correction of a material error – Continued**

Below shows the effect of correcting the comparison numbers as at December 31, 2019 and 2018:

	<b>As reported in the past</b>	<b>Impact of restatement</b>	<b>As reported in these Financial Statements</b>
	<b>2019</b>		
	<i>NIS thousands</i>		
<b>Balance Sheets –</b>			
Short-term credit from banking corporations	46,564	243	46,807
PUT option on equity instruments	-	10,775	10,775
Total current liabilities	218,514	10,775	229,532
Long-term liabilities to banking corporations	354	(243)	111
Total non-current liabilities	88,396	(243)	88,153
Equity attributable to the Company's owners	67,784	(6,353)	61,431
Minority rights	5,751	(4,422)	1,329
Total Equity	73,535	(10,775)	62,760
<b>Profit and Loss –</b>			
Income Cost	509,280	2,337	511,617
Other net expenses (income)	271	(902)	(631)
Net Earnings	8,841	(1,434)	7,407
Per-share earnings from ongoing operations	0.81	0.02	0.83
	<b>As reported in the past</b>	<b>Impact of restatement</b>	<b>As reported in these Financial Statements</b>
	<b>2018</b>		
	<i>NIS thousands</i>		
<b>Balance Sheets –</b>			
Short-term credit from banking corporations	59,253	2,980	62,233
PUT option on equity instruments	11,945	11,366	23,311
Total current liabilities	233,216	14,346	247,562
Long-term liabilities to banking corporations	13,095	(2,980)	10,115
Total non-current liabilities	47,522	(2,980)	44,542
Equity attributable to the Company's owners	64,457	(5,970)	58,487
Minority rights	6,915	(5,396)	1,519
Total Equity	71,372	(11,366)	60,006
<b>Profit and Loss –</b>			
Income Cost	499,110	2,467	501,577
Other net expenses (income)	3,812	975	4,787
Loss	(8,384)	(3,442)	(11,826)
Per-share earnings from ongoing operations	(0.08)	(0.01)	(0.09)

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for identification

## Ludan Engineering Co. Ltd.

### Notes to Financial Statements

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#### Note 30 – SEGMENT STATEMENT

The Group's reporting format, in accordance with the implementation of the "Management Approach", as defined in IFRS 8; i.e., in accordance with the internal reporting format for operational decision-makers for the purpose of allocating resources and evaluating segment performance.

#### A. The Group is composed of the following main business segments

##### (1) Engineering services

The Group provides engineering and project management activities in Israel and abroad with engineers, practical engineers and technical staff.

The engineering services provided as part of the construction of industrial projects (mainly the construction of manufacturing facilities in industrial plants) are management, planning, acquisition and construction services.

Additionally, the Group also provides ongoing engineering services through the Company's Human Resources Department, which is available to customers for limited periods. It also provides engineering services in the turnkey format, in which it is responsible for the overall implementation of all stages of the project.

Since the start of 2019, environmental quality in Israel is included in the engineering segment's activity. Environmental quality activities in Israel include technological solutions for industrial wastewater, consulting, implementing and rehabilitating contaminated soils and groundwater, and measuring and treating emission gases.

The Group decided to cease its activities in the renewable energy segment abroad, which included the initiation and construction of biogas facilities in Western Europe. This activity is presented as a discontinued activity. The remaining activity in this area is insignificant, which is also reported under the engineering services segment.

##### (2) Software and Control Services

The Group, through its subsidiaries, ShimoTech, Ludan Software Systems and Ardan Control Tech, develops and manufactures automated testing systems and computerized systems for ticket sales and entry control for the public transportation segment.

The Group also provides software services, including marketing of software products and their implementation at the customer. Additionally, it specializes in instrumentation and control systems used for command and control operations in factories, mainly in the process industry.

**B.** The operating results of the business segments include the segment revenues, and the costs and expenses directly relating to each segment. Joint expenses concentrated in the parent company are reasonably allocated to the segments, attributable to the actual expense rate, as follows:

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## **Ludan Engineering Co. Ltd.**

### **Notes to Financial Statements**

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The significant companies abroad, Ludan Holland and Ludan Romania, are charged fixed management fees. These management fees are only for senior management expenses at the Group's headquarters in Israel.

Israeli subsidiaries are charged management fees to cover joint expenses, according to a key calculated according to the ratio of the Israeli company revenues to the total revenues of all the Israeli subsidiaries, according to data from the annual work plan.

- C. The segment's assets include all operational assets used by the segment and mainly include cash and cash value, receivables and debit balances, inventory and fixed assets.

The segment's obligations include all operational liabilities and mainly include liabilities to suppliers, payables, liabilities to banking corporations and liabilities due to the termination of employer-employee relations.

- D. Segment results include transfers between segments. Transfers are recorded in accordance with agreed and cancelled transfer prices as part of the consolidation of financial statements.

**Ludan Engineering Co. Ltd.**  
**Notes to Financial Statements**

**Note 30 – Segment Statement – Continued**

**B. Below are the data for the Segments**

	For the year ending on December 31, 2020			Total
	Engineering Department	Software and Control Department	Cancellations	
	<i>NIS thousands</i>			
Revenues from external customers, Israeli companies	128,681	136,523	-	265,204
Revenues from external customers, oversea companies	266,471	-	-	266,471
Between segments	6,301	812	(7,113)	-
	<u>401,453</u>	<u>137,335</u>	<u>(7,113)</u>	<u>531,675</u>
Segment results in Israel	(4,764)	12,868	1,443	9,547
Segment results abroad	22,715	-	-	22,715
Total segment results	<u>17,951</u>	<u>12,868</u>	<u>1,443</u>	<u>32,262</u>
Other net expenses	<u>(1,953)</u>	<u>-</u>	<u>-</u>	<u>(1,953)</u>
Net non-allocated financing expenses				(5,142)
Taxes on Income				(7,465)
Loss for discontinued operation				<u>(2,405)</u>
Net profit				<u>15,297</u>

	For the year ending on December 31, 2019			Total
	Engineering Department	Software and Control Department	Cancellations	
	<i>NIS thousands</i>			
Revenues from external customers, Israeli companies	132,556	149,250	-	281,806
Revenues from external customers, oversea companies	283,095	-	-	283,095
Between segments	6,865	141	(7,006)	-
	<u>422,516</u>	<u>149,391</u>	<u>(7,006)</u>	<u>564,901</u>
Segment results in Israel	4,380	3,743	890	9,013
Segment results abroad	15,242	-	-	15,242
Total segment results	<u>19,622</u>	<u>3,743</u>	<u>890</u>	<u>24,255</u>
Other net expenses	<u>1,099</u>	<u>(467)</u>	<u>-</u>	<u>632</u>
Net non-allocated financing expenses				(8,107)
Income Tax				(6,681)
Loss for discontinued operation				<u>(2,692)</u>
Net Earnings				<u>7,407</u>

**Ludan Engineering Co. Ltd.**  
**Notes to Financial Statements**

For the year ending on December 31, 2018				
	Engineering Department	Software and Control Department	Cancellati ons	Total
	<i>NIS thousands</i>			
Revenues from external customers, Israeli companies	133,740	137,972	-	271,712
Revenues from external customers, oversea companies	283,710	-	-	283,710
Between segments	9,780	758	(10,538)	-
	<u>427,230</u>	<u>138,730</u>	<u>(10,538)</u>	<u>555,422</u>
Segment results in Israel	8,266	(582)	563	8,247
Segment results abroad	10,839	-	-	10,839
Total segment results	<u>19,105</u>	<u>(582)</u>	<u>563</u>	<u>19,086</u>
Other net expenses	<u>(1,577)</u>	<u>(3,210)</u>	<u>-</u>	<u>(4,787)</u>
Net non-allocated financing expenses				(6,027)
Taxes on Income				(8,560)
Share of the associated companies' losses, Net				(465)
Loss for discontinued activity				<u>(11,073)</u>
Loss				<u>(11,826)</u>

**Ludan Engineering Co. Ltd.**  
**Notes to Financial Statements**

	As at December 31, 2020		
	Engineering Segment	Software and Control Segment	Total
	<i>NIS thousands</i>		
Segment assets	<u>204,128</u>	<u>140,084</u>	344,212
Joint unallocated assets			5,502
Total consolidated assets			<u>349,714</u>
Segment liabilities	<u>179,954</u>	<u>96,434</u>	276,388
Joint unallocated liabilities			2,437
Total consolidated liabilities			<u>278,825</u>
Equity investments	<u>4,348</u>	<u>4,272</u>	8,620
Joint unallocated Equity investments			-
			<u>8,620</u>
Sale of investments and investment returns	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation and amortization	<u>5,191</u>	<u>1,763</u>	6,954
Unallocated depreciation and amortization			25,101
			<u>32,055</u>

*Kesselman & Kesselman*  
for identification



**Ludan Engineering Co. Ltd.**  
**Notes to Financial Statements**

	<b>As at December 31, 2019</b>		
	<b>Engineeri ng Segment</b>	<b>Software and Control Segment</b>	<b>Total</b>
	<i>NIS thousands</i>		
Segment assets	<u>233,668</u>	<u>139,034</u>	372,702
Joint unallocated assets			7,743
Total consolidated assets			<u>380,445</u>
Segment liabilities	<u>210,547</u>	<u>104,213</u>	314,760
Joint unallocated liabilities			2,925
Total consolidated liabilities			<u>317,685</u>
Equity investments	<u>3,280</u>	<u>3,656</u>	6,936
Joint unallocated Equity investments			-
			<u>6,936</u>
Sale of investments and investment returns	<u>(553)</u>	<u>-</u>	<u>(553)</u>
Depreciation and amortization	<u>5,536</u>	<u>2,862</u>	8,398
Unallocated depreciation and amortization			25,293
			<u>33,691</u>

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**Ludan Engineering Co. Ltd.**  
**Notes to Financial Statements**

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	<b>As at December 31, 2018</b>		
	<b>Engineeri ng Segment</b>	<b>Software and Control Segment</b>	<b>Total</b>
	<i>NIS thousands</i>		
Segment assets	<u>190,650</u>	<u>140,816</u>	331,466
Joint unallocated assets			<u>20,644</u>
Total consolidated assets			<u><u>352,110</u></u>
Segment liabilities	<u>184,038</u>	<u>105,970</u>	290,008
Joint unallocated liabilities			<u>2,096</u>
Total consolidated liabilities			<u><u>292,104</u></u>
Equity investments	<u>4,141</u>	<u>2,928</u>	7,069
Joint unallocated Equity investments			<u>-</u>
			<u><u>7,069</u></u>
Sale of investments and investment returns	<u>(4,190)</u>	<u>-</u>	<u>(4,190)</u>
Depreciation and amortization	<u>6,193</u>	<u>2,987</u>	9,180
Unallocated depreciation and amortization			<u>64</u>
			<u><u>9,244</u></u>

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**Ludan Engineering Co. Ltd.**  
**Notes to Financial Statements**

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**F. Geographical Areas**

The Group operates in the following major geographical areas:

1. Israel.
2. Western Europe
3. Eastern Europe

The following is an extract of the data for geographical regions:

	<b>Income from sales and services by geographical markets</b>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<i>NIS thousands</i>		
Israel	<b>259,823</b>	279,963	271,222
Western Europe	<b>251,942</b>	263,982	262,068
Eastern Europe	<b>19,910</b>	20,956	22,132
	<b><u>531,675</u></b>	<u>564,901</u>	<u>555,422</u>

	<b>Segment assets</b>		<b>Equity investments</b>	
	<b>As at December 31</b>		<b>As at December 31</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<i>NIS thousands</i>		<i>NIS thousands</i>	
Israel	<b>254,589</b>	277,876	<b>5,960</b>	4,526
Western Europe	<b>85,296</b>	92,895	<b>2,091</b>	1,920
Eastern Europe	<b>9,829</b>	9,674	<b>569</b>	490
	<b><u>349,714</u></b>	<u>380,445</u>	<b><u>8,620</u></b>	<u>6,936</u>