ATTUNITY LTD

FORM 6-K
(Report of Foreign Issuer)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16
OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of September 2016

Commission file number: **001-20892**

ATTUNITY LTD.
(Name of registrant)

16 Atir Yeda Street, Atir Yeda Industrial Park, Kfar Saba, 4464321, Israel
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F S Form 40-F £

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): £

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): £

This Form 6-K (including exhibits thereto)is hereby incorporated by reference into: Form F-3 Registration Statements File Nos. 333-205799, 333-205798, 333-173205, 333-138044, 333-122937 and 333-119157 and Form S-8 Registration Statements File Nos. 333-122302, 333-142284, 333-164656, 333-184136 and 333-193783.

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Exhibit

99.1	Attunity Ltd. unaudited consolidated financial statements for the six months ended June 30, 2016 and notes thereto.
99.2	Attunity Ltd. – Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2016.
101	The following financial information from the Registrant's financial statements for the six months ended June 30, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statement of Comprehensive Loss; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and in detail.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ATTUNITY LTD.

By: /s/ Dror Harel-Elkayam
Dror Harel-Elkayam
Chief Financial Officer and Secretary

Date: September 19, 2016

Exhibit 99.1

ATTUNITY LTD. AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2016

UNAUDITED

U.S. DOLLARS IN THOUSANDS

INDEX

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2016 Unaudited	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,919	$ 12,522
Trade receivables (net of allowance for doubtful accounts of $15 at June 30, 2016 and December 31, 2015)	6,920	4,524
Other accounts receivable and prepaid expenses	1,136	639
Total current assets	16,975	17,685
LONG-TERM ASSETS:		
Severance pay fund	3,706	3,513
Property and equipment, net	1,359	1,260
Intangible assets, net	5,747	9,272
Goodwill	30,929	30,844
Other assets	1,644	584
Total long-term assets	43,385	45,473
Total assets	$ 60,360	$ 63,158

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

	June 30, 2016 Unaudited	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 1,052	$ 664
Payment obligation related to acquisitions	1,018	2,204
Deferred revenues	10,788	9,354
Employees and payroll accruals	4,662	4,012
Accrued expenses and other current liabilities	1,262	1,248
Total current liabilities	18,782	17,482
LONG-TERM LIABILITIES:		
Deferred revenues	1,016	1,348
Liability presented at fair value	633	719
Payment obligation related to acquisitions	-	254
Accrued severance pay	5,050	4,746
Other liabilities	330	318
Total long-term liabilities	7,029	7,385
SHAREHOLDERS' EQUITY:		
Share capital - Ordinary shares of NIS 0.4 par value - Authorized: 32,500,000 shares at June 30, 2016 and December 31, 2015; Issued and outstanding: 16,631,754 and 16,406,243 shares at June 30, 2016 and December 31, 2015, respectively	1,899	1,876
Additional paid-in capital	147,470	144,836
Accumulated other comprehensive loss	(1,087)	(1,137)
Accumulated deficit	(113,733)	(107,284)
Total shareholders' equity	34,549	38,291
Total liabilities and shareholders' equity	$ 60,360	$ 63,158

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars and shares in thousands, except per share data

	Six months ended June 30, 2016	Six months ended June 30, 2015
	Unaudited	
Revenues:		
Software licenses	$ 13,539	$ 12,360
Maintenance and services	12,433	10,248
Total revenue	25,972	22,608
Operating expenses:		
Cost of software licenses	1,267	1,127
Cost of maintenance and services	3,112	2,116
Research and development	6,792	4,893
Selling and marketing	17,847	13,285
General and administrative	2,308	2,636
Impairment of acquisition-related intangible assets	2,132	-
Total operating expenses	33,458	24,057
Operating loss	7,486	1,449
Financial expenses (income), net	(80)	235
Loss before taxes on income	7,406	1,684
Taxes on income (benefit)	(957)	441
Net loss	6,449	$ 2,125
Basic and diluted net loss per share	$ 0.39	$ 0.13
Weighted average number of shares used in computing basic and diluted net loss per share	16,671	15,900

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

U.S. dollars in thousands

	Six months ended June 30, 2016	Six months ended June 30, 2015
	Unaudited	
Net loss	$ (6,449)	$ (2,125)
Other comprehensive income (loss):		
Cash flow hedges:		
Changes in unrealized gains	91	37
Reclassification adjustments for gains included in net loss	(16)	(7)
Net change	75	30
Foreign currency translation adjustment	(25)	(187)
Net change in accumulated comprehensive loss	50	(157)
Comprehensive loss	$ (6,399)	$ (2,282)

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,	
	2016	2015
	Unaudited	
Cash flows from operating activities:		
Net loss	(6,449)	$ (2,125)
Adjustments required to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	237	193
Share-based compensation	2,220	1,153
Amortization of intangible assets	1,393	1,285
Impairment charge	2,132	-
Accretion of payment obligation	23	130
Change in:		
Accrued severance pay, net	111	163
Trade receivables	(2,714)	1,390
Other accounts receivable and prepaid expenses	(491)	(972)
Other long-term assets	144	(12)
Trade payables	397	355
Deferred revenues	1,262	2,225
Employees and payroll accruals	840	239
Accrued expenses and other current liabilities	49	(339)
Liability presented at fair value and other long-term liabilities	(74)	40
Tax deficiencies (benefit) related to exercise of stock options	44	(60)
Change in deferred taxes, net	(1,208)	195
Net cash provided by (used in) operating activities	(2,084)	3,860
Cash flows from investing activities:		
Purchase of property and equipment	(340)	(283)
Cash paid in connection with acquisition, net of acquired cash	-	(10,402)
Net cash used in investing activities	(340)	(10,685)

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,	
	2016	**2015**
	Unaudited	
Cash flows from financing activities:		
Proceeds from exercise of warrants and options	155	696
Payment of contingent consideration	(1,239)	(2,054)
Tax benefit related to exercise of stock options	(44)	60
Net cash used in financing activities	(1,128)	(1,298)
Foreign currency translation adjustments on cash and cash equivalents	(51)	2
Decrease in cash and cash equivalents	(3,603)	(8,121)
Cash and cash equivalents at the beginning of the period	12,522	18,959
Cash and cash equivalents at the end of the period	$ 8,919	$ 10,838
Supplemental disclosure of cash flow activities:		
Cash paid during the period for:		
Income taxes	$ 660	$ 1,028
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of shares related to acquisitions	$ -	$ 6,599

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1:- GENERAL

Attunity Ltd. (the "Company" or "Attunity") develops, markets, sells and supports Big Data management software solutions that enable access, management, sharing and distribution of data across heterogeneous enterprise platforms, organizations, and the cloud. In addition, the Company provides maintenance, consulting, and other related services for its products.

The Company has wholly-owned subsidiaries in the United States, United Kingdom, Hong-Kong and Israel. The Company's subsidiaries are engaged primarily in sales and marketing.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Unaudited interim consolidated financial statements:

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments of a normal recurring nature necessary for a fair presentation of the Company's consolidated financial statements.

The balance sheet at December 31, 2015 has been derived from the audited consolidated financial statements of the Company at that date but does not include all of information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2015, included in the Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") on March 31, 2016. Results for the six months ended June 30, 2016 are not necessarily indicative of results that may be expected for the year ending December 31, 2016.

Unless otherwise noted, all references to "dollars" or "$" are to United States dollars.

b. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

c. Reclassifications:

Certain amounts in prior years' financial statements have been reclassified to reflect certain immaterial adjustments related to prior year business combination. The reclassification had no effect on previously reported net income, cash flows or shareholders' equity.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Impact of recently issued accounting standard not yet adopted:

1. Stock Compensation - In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (“ASU 2016-09”), which simplified certain aspects of the accounting for share-based payment transactions, including income taxes, classification of awards and classification in the statement of cash flows. ASU 2016-09 will be effective for the Company beginning in its first quarter of 2018. The Company is currently evaluating the impact of adopting ASU 2016-09 on its consolidated financial statements.

2. Leases - In February 2016, the FASB issued ASU 2016-02, "Leases" ("ASU 2016-02"). The updated standard aims to increase transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the balance sheet and requiring disclosure of key information about leasing arrangements. This update is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods; early adoption is permitted and modified retrospective application is required. The Company is in the process of evaluating ASU 2016-02 to determine the impact of adopting ASU 2016-02 on its financial statements.

3. Financial Instruments - In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (“ASU 2016-01”), which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Company beginning in its first quarter of 2019. The Company does not believe the adoption of ASU 2016-01 will have a material impact on its consolidated financial statements.

4. Revenue Recognition –In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)", and requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. As currently issued and amended, ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, though early adoption is permitted for annual reporting periods beginning after December 15, 2016. The Company is still evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures.

NOTE 3:- FAIR VALUE MEASUREMENTS

FASB issued Accounting Standards Codification ("ASC") No. 820, "Fair Value Measurements and Disclosures" ("ASC No. 820"), which defines fair value and establishes a framework for measuring fair value. According to ASC No. 820, fair value is an exit price, representing the amount that would be received for selling an asset or paid for the transfer of a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Company measures the contingent payment obligations payable, if any, in connection with its acquisitions of businesses or entities ("Contingent Considerations"), foreign currency derivative contracts and other derivative instruments at fair value. Foreign currency derivative contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments. The Contingent Considerations related to acquisitions and liabilities presented at fair value are classified within Level 3 as the valuation inputs are based on significant inputs not observable in the market. See also note 4 below.

There have been no transfers between fair value measurements levels during the six months ended June 30, 2016.

The below table sets forth the Company's assets and liabilities that were measured at fair value as of June 30, 2016 and December 31, 2015 by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

U.S. dollars in thousands, except share and per share data

NOTE 3:- FAIR VALUE MEASUREMENTS (Cont.)

	June 30, 2016 (unaudited)			
	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	$ -	$ 14	$ -	$ 14
Total assets	$ -	$ 14	$ -	$ 14
Liabilities:				
Contingent Consideration related to acquisitions	$ -	$ -	$ 267	$ 267
Liabilities presented at fair value	-	-	633	633
Total liabilities	$ -	$ -	$ 900	$ 900

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent Consideration related to acquisitions	$ -	$ -	$ 2,458	$ 2,458
Foreign exchange contracts	-	62	-	62
Liability presented at fair value	-	-	719	719
Total liabilities	$ -	$ 62	$ 3,177	$ 3,239

The following table set forth the change of fair value measurements that are categorized within Level 3:

Total fair value as of January 1, 2016	$ 3,177
Settlements	(2,214)
Changes in fair value recognized in expenses	(86)
Accretion of payment obligation	23
Total fair value as of June 30, 2016 (unaudited)	$ 900

U.S. dollars in thousands, except share and per share data

NOTE 4:- CONTINGENT CONSIDERATION

The fair value of the Contingent Considerations was estimated based on several factors of which the most significant is the Company's revenue projections. The Company used a Monte Carlo Simulation of the triangular model with a discount rate of 16%. Contingent Considerations are revalued to current fair value at each reporting date. Any change in the fair value, as a result of time passage is recognized in the financial expenses, any other changes in significant inputs such as the discount rate, the discount period or other factors used in the calculation, is recognized in operation expenses in the consolidated results of operations in the period the estimated fair value changes. Contingent Considerations will continue to be accounted for and measured at fair value until the contingencies are settled during fiscal year 2017. Accretion of the Contingent Considerations is included in financial expenses, net.

During the first six months of 2016, the Company made a partial earn-out payment to Hayes' former shareholders in the amount of approximately $1,200. The balance of approximately $750 was paid in July 2016.

NOTE 5:- GOODWILL AND OTHER INTANGIBLE ASSETS, NET

a. Goodwill:

Changes in goodwill:

	June 30, 2016	December 31, 2015
	Unaudited	
Goodwill, beginning of period	$ 30,844	$ 17,467
Revaluation (foreign currency exchange differences)	85	(207)
Acquisition	-	13,584
Goodwill, end of period	$ 30,929	$ 30,844

U.S. dollars in thousands, except share and per share data

NOTE 5:- GOODWILL AND OTHER INTANGIBLE ASSETS, NET (cont.)

b. Net other intangible assets consisted of the following:

	Weighted average amortization period (years)	June 30, 2016 Unaudited	December 31, 2015
Original amount:			
Core technology	5.09	$ 13,384	$ 13,384
Customer relationships	6.86	1,981	1,981
Non-competition agreement	4	224	224
		15,589	15,589
Accumulated amortization:			
Core technology		6,101	4,834
Customer relationships		1,469	1,371
Non-competition agreement		140	112
		7,710	6,317
Impairment of acquisition-related intangible assets (*)		2,132	-
Other intangible assets ,net:			
Core technology		5,151	8,550
Customer relationships		512	610
Non-competition agreement		84	112
		$ 5,747	$ 9,272

The estimated future amortization expense of other intangible assets as of June 30, 2016 for the years ending:

Year ending December 31,	
2016	$ 1,109
2017	1,845
2018	1,421
Thereafter	1,372
	$ 5,747

(*) In the second quarter of 2016, the Company recorded a $2,132 impairment charge on developed technology. This impairment was based upon forecasted discounted cash flows which considered delayed sales trends with longer than expected sales cycles of Appfluent products, which the Company believes is primarily due to the innovative nature of this solution.

NOTE 6:- LIABILITY PRESENTED AT FAIR VALUE

According to the loan agreement ("Agreement") with Plenus Technologies Ltd. and its affiliates, ("Plenus"), dated January 31, 2007 (as amended on March 30, 2009 and September 4, 2011), Plenus is entitled to consideration of 15% of the proceeds payable in a Fundamental Transaction (as defined in the Agreement), upon consummation of a Fundamental Transaction until December 31, 2017. During such period, Plenus may elect to receive the $ 300 in cash in lieu of such compensation. This compensation right was accounted for in accordance with ASC No. 815-40, "Derivatives and Hedging", based on which it was considered as a derivative and presented at fair value, with liabilities presented at fair value and other long term liabilities, which is marked to market at each reporting period. As of June 30, 2016 and December 31, 2015, the liability amounted to $ 633 and $ 719, respectively. The fair value of this derivative was conducted by management, and in connection therewith considered the report performed by an independent third-party valuation firm, using the Binomial Model for options valuation based on assumptions provided by management.

NOTE 7:- DERIVATIVES AND HEDGING ACTIVITIES

The Company follows FASB ASC No. 815, "Derivatives and Hedging", which requires companies to recognize all of their derivative instruments as either assets or liabilities in the statement of financial position at fair value. The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging transaction and further, on the type of hedging transaction. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation. Due to the Company's global operations, it is exposed to foreign currency exchange rate fluctuations in the normal course of its business. The Company used derivative financial instruments, specifically foreign currency forward and option contracts ("Hedging Contracts"), to manage exposure to foreign currency risks, by hedging a portion of the Company's forecasted expenses denominated in NIS expected to occur within a year. The effect of exchange rate changes on foreign currency Hedging Contracts is expected to partially offset the effect of exchange rate changes on the underlying hedged item.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

NOTE 7:- DERIVATIVES AND HEDGING ACTIVITIES (Cont.)

For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains or losses from contracts that were not designated as hedging instruments are recognized in "financial expenses, net". Net income from hedging transactions recognized in financial expenses, net during the first six months of 2016 and 2015 was $3 and $82, respectively. As of June 30, 2016 and December 31, 2015, the notional principal amount of the Hedging Contracts to sell U.S. dollars held by the Company was $6,422 and $6,471, respectively.

As of June 30, 2016, the fair value of the Company's outstanding Hedging Contracts that were designated as hedging instruments was recorded as asset of $17, included in the balance sheet within "Other accounts receivable and prepaid expenses".

As of December 31, 2015, the fair value of the Company's outstanding Hedging Contracts that were designated as hedging instruments was recorded as liability of $58, included in the balance sheet within "Accrued expenses and other current liabilities".

As of June 30, 2016 and December 31, 2015, the fair value of the Company's outstanding Hedging Contracts that were not designated as hedging instruments was recorded as liability of $3 and $4, respectively, included in the balance sheet within "Other accounts receivable and prepaid expenses".

NOTE 8:- FINANCIAL EXPENSES (INCOME), NET

	Six months ended June 30,	
	2016	**2015**
	Unaudited	
Financial income:		
Revaluation of liabilities presented at fair value	(86)	$ -
Hedging	(3)	(82)
Exchange rate differences and other	(119)	(42)
	(208)	(124)
Financial expenses:		
Revaluation of liabilities presented at fair value	-	59
Exchange rate differences and other	105	170
Accretion of contingent consideration	23	130
	128	359
	(80)	$ 235

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

NOTE 9:- SUBSEQUENT EVENT

In July 2015, the Company secured a short-term line of credit of approximately $5,000 from an Israeli bank, which was extended in August 2016 for an additional one-year period.

Exhibit 99.2

ATTUNITY LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Six Months Ended June 30, 2016

Cautionary Statement Regarding Forward-Looking Statements

Except for the historical information contained in the following sections, the statements contained in the following sections are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Statements preceded by, followed by, or that otherwise include the words "believes", "expects", "anticipates", "intends", "estimates", "plans", and similar expressions or future or conditional verbs such as "will", "should", "would", "may" and "could" are generally forward-looking in nature and not historical facts. Because such statements deal with future events, they are subject to various risks and uncertainties and actual results could differ materially from our current expectations.

Factors that could cause or contribute to such differences include, but are not limited to:

- *risks and uncertainties relating to our history of operating losses and ability to achieve profitability;*
- *our reliance on strategic relationships with our distributors, original equipment manufacturer ("OEMs"), value-added resellers ("VARs") and "go-to-market" and other business partners, and on our other significant customers;*
- *our ability to manage our growth effectively;*
- *risks and uncertainties relating to acquisitions, including costs and difficulties related to integration of acquired businesses and impairment charges;*
- *our ability to expand our business into the SAP market and the success of our Gold Client offering;*
- *timely availability and customer acceptance of Attunity's new and existing products, including Attunity Compose and Attunity Visibility;*
- *risks and uncertainties relating to fluctuations in our quarterly operating results, which may not necessarily be indicative of future periods;*
- *changes in the competitive landscape, including new competitors or the impact of competitive pricing and products;*
- *a shift in demand for products such as Attunity's products;*
- *the impact on revenue of economic and political uncertainties and weaknesses in various regions of the world, including the commencement or escalation of hostilities or acts of terrorism as well as cyber-attacks; and*
- *other factors and risks on which Attunity may have little or no control.*

The foregoing list is intended to identify only certain of the principal factors that could cause actual results to differ. For a more detailed description of the risks and uncertainties affecting our company, reference is made to our Annual Report on Form 20-F for the year ended December 31, 2015, which is on file with the Securities and Exchange Commission ("SEC"), and the other risk factors discussed from time to time by our company in reports filed or furnished to the SEC.

Except as otherwise required by law, we undertake no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

General

Introduction

Unless indicated otherwise by the context, all references in this report to *"Attunity",* the *"Company", "we", "us" or "our"* are to Attunity Ltd and its subsidiaries. When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

- " *Appfluent* " means Appfluent Technology, Inc., a Delaware corporation we acquired in March 2015;
- " *BI* " means business intelligence;
- " *Big Data"* means very large and complex quantities of datasets that are difficult to process using traditional data processing applications;
- " *BIReady* " means BIReady B.V., a Netherlands company, from which we acquired its warehouse automation technology and certain related assets in November 2014;
- " *CDC* " means change data capture, a process that captures and replicate only the changes made to enterprise data sources rather the entire data sources;
- " *dollars" or "$"* mean United States dollars;
- " *Hadoop* " means an open-source software framework for storage and large-scale processing of data-sets on clusters of commodity hardware;
- " *Hayes* " means Hayes Technology Group, Inc., an Illinois corporation we acquired in December 2013;
- " *NIS* " *or* " *shekel* " mean New Israeli Shekels; and
- " *RepliWeb* " means RepliWeb Inc., a Delaware corporation we acquired in September 2011.

You should read the following discussion and analysis in conjunction with our unaudited consolidated financial statements for the six months ended June 30, 2016 and notes thereto, and together with our audited consolidated financial statements for the year ended December 31, 2015 filed with the SEC as part of our Annual Report on form 20-F for the year ended December 31, 2015.

Overview

We were founded in 1988 and became a public company in the United States in 1992. We have been delivering software solutions to organizations around the world for over twenty years and we are now a leading provider of data management software solutions that enable access, management, sharing and distribution of data across heterogeneous enterprise platforms, organizations, and the cloud.

Our software solutions include data replication and distribution (Attunity Replicate, change data capture (CDC) and Attunity Gold Client Solutions), test data management (Attunity Gold Client Solutions), data connectivity (Attunity Connect), enterprise file replication (Attunity RepliWeb), managed-file-transfer (Attunity MFT), data warehouse automation (Attunity Compose), data usage analytics (Attunity Visibility) and cloud data delivery (Attunity CloudBeam).

Our software solutions benefit our customers' businesses by enabling real-time access and availability of data and files where and when needed, across the maze of heterogeneous systems making up today's information technology (IT) environment. Our software is commonly used for projects such as data warehousing, Hadoop, BI and Big Data analytics, reporting, migration and modernization, data consolidation and distribution, and cloud initiatives.

Our products form a comprehensive suite of software infrastructure that is designed to reduce the complexity of moving and managing data to, from, and between today's information systems and enable the use of enterprise information where and when needed. Our software includes products for real-time data integration (including data and file replication); data warehouse automation, data usage analytics, test data management, and MFT (a process that allows organizations to secure and automate business-to-business information exchanges over standard internet connections).

Through direct sales as well as distribution, OEM agreements and strategic relationships with leading global-class partners, our solutions have been deployed at thousands of organizations worldwide in all areas of industry, including financial services, healthcare, insurance, energy, telecommunications, manufacturing, retail, pharmaceuticals and the supply chain industry.

Financial Highlights

- Total revenues in the first six months of 2016 increased by 15% to $26.0 million from $22.6 million in the first six months of 2015. Total revenues were composed of (1) license revenues, which increased by 10% to $13.5 million in the first six months of 2016 from $12.4 million in the same period last year, and (2) maintenance, support and services revenues, which increased by 21% to $12.4 million in the first six months of 2016 from $10.2 million in the same period last year.

- Operating loss in the first six months of 2016 was $7.5 million, compared with $1.4 million for the same period in 2015. Operating loss for the first six months of 2016 included an impairment charge of acquisition-related intangible assets in the amount of approximately $2.1 million (none for the same period last year), and equity-based compensation expenses totaling approximately $1.9 million (compared with $1.0 million for the same period last year), as well as $2.1 million in amortization and expenses related to acquisitions (compared with $2.3 million in similar expenses in the same period last year).

- Net loss in the first six months of 2016 was $6.4 million, or ($0.39) per diluted share, compared with a net loss of $2.1 million, or ($0.13) per diluted share, in the same period last year.

- Cash and cash equivalents were approximately $8.9 million as of June 30, 2016, compared with $12.5 million as of December 31, 2015.

- Shareholders' equity decreased to $34.5 million as of June 30, 2016, compared with $38.3 million as of December 31, 2015.

Recent Major Developments

Below is a summary of the most significant developments in our Company and business since January 1, 2016:

- On July 19, 2016 we announced that a global corporation (the "Global Customer") has chosen Attunity Replicate for Hadoop as a strategic technology to enable large-scale data ingest for the Global Customer's corporate data lake and for customer analytics projects.

- On June 8, 2016, we announced that our Board of Directors has adopted a shareholder bonus rights plan, intended to ensure that all of Attunity's shareholders are treated fairly and equitably in the event of an unsolicited takeover attempt and to encourage any potential acquirer to negotiate with our Board of Directors.

Critical Accounting Estimates and Assumptions

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. A comprehensive discussion of our critical accounting policies is included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in our Annual Report on Form 20-F for the year ended December 31, 2015.

Results of Operations

The following discussion of our unaudited results of operations for the six months periods ended June 30, 2016 and 2015, included in the following table, which presents selected financial information data (in U.S. dollars in thousands) as a percentage of total revenues as well as the percentage change between such periods, is based upon our unaudited statements of operations contained in our financial statements for those periods, and the related notes, accompanying this report.

	Six Month Periods Ended June 30,				Percent Change
	2016		2015		
	UNAUDITED		UNAUDITED		
Revenues:					
Software licenses	$ 13,539	52%	$ 12,360	55%	10%
Maintenance and services	12,433	48%	10,248	45%	21%
Total Revenues	25,972	100%	22,608	100%	15%
Cost of software licenses	1,267	5%	1,127	5%	12%
Cost of maintenance and services	3,112	12%	2,116	9%	47%
Research and development	6,792	26%	4,893	22%	39%
Selling and marketing	17,847	69%	13,285	59%	34%
General and administrative	2,308	9%	2,636	12%	(12)%
Impairment of acquisition-related intangible assets	2,132	8%	--	--	--
Total operating expenses	33,458	129%	24,057	106%	39%
Operating loss	(7,486)	(29)%	(1,449)	(6)%	417%
Financial expenses (income), net	(80)	--	235	1%	(134)%
Loss before taxes on income	(7,406)	(29)%	(1,684)	(7)%	340%
Taxes on income (benefit)	(957)	(4)%	441	2%	(317)%
Net loss	$ (6,449)	(25)%	$ (2,125)	(9)%	203%

Six Months Ended June 30, 2016 Compared with Six Months Ended June 30, 2015

Revenues . Our revenues are derived primarily from software licenses, maintenance and services. The following table provides a breakdown of our revenues by type of revenues (in U.S. dollars in thousands) and as a percentage out of total revenues for the periods indicated, as well as the percentage change between such periods:

	Six Month Periods Ended June 30,				Percent Change
	2016		2015		
Software licenses	$ 13,539	52%	$ 12,360	55%	10%
Maintenance and services	12,433	48%	10,248	45%	21%
Total	25,972	100%	$ 22,608	100%	15%

Total revenues in the first six months of 2016 increased to $26.0 million, a 15% increase compared with the same period in 2015. Total revenues were composed of:

- License revenues, which increased by 10% to $13.5 million in the first six months of 2016, compared with the same period in 2015. This increase is mainly due to an increase in the average deal size and in the number of key transactions (including the sale to the Global Customer), which we attribute to increased productivity of our expanded sales team; and

- Maintenance, support and services revenues, which increased by 21% to $12.4 million in the first six months of 2016, compared with the same period in 2015. This increase is primarily due to (1) an increase in license revenues that contributed to higher maintenance revenues, (2) an increase in services revenues that was driven by large scale transactions that require professional services, and (3) the contribution of Appfluent to our maintenance, support and services revenues.

Cost of Revenues . Cost of software license revenues consists of amortization of acquired core technology. Cost of maintenance and services consists primarily of salaries of employees performing the services and related overhead. The following table sets forth a breakdown of our cost of revenues between software licenses and maintenance and services (in U.S. dollars in thousands) as well as the percentage change between the periods indicated:

	Six Month Periods Ended June 30,		Percent
	2016	**2015**	**Change**
Cost of software licenses	$ 1,267	$ 1,127	12%
Cost of maintenance and services	3,112	2,116	47%
Total	$ 4,379	$ 3,243	35%

Our total cost of revenues increased by 35% to $4.4 million in the first six months of 2016 from $3.2 million in the first six months of 2015. This is mainly due to (1) approximately $0.8 million of additional expenses associated with the increase in headcount of our support and professional services personnel and (2) an increase in amortization of acquired intangible assets of approximately $0.1 million. The headcount of customer support personnel, including professional services personnel, increased from 28 on June 30, 2015 to 36 on June 30, 2016.

Operating Expenses . The following table sets forth a breakdown of our operating expenses, excluding cost of revenues (in U.S. dollars in thousands) and the percentage change between the periods indicated:

	Six Month Periods Ended June 30,		Percent
	2016	**2015**	**Change**
Research and development	$ 6,792	$ 4,893	39%
Selling and marketing	17,847	13,285	34%
General and administrative	2,308	2,636	(12)%
Impairment of acquisition-related intangible assets	2,132	-	N/A
Total	$ 29,079	$ 20,814	40%

Research and Development . Research and development ("R&D") expenses consist primarily of salaries of employees engaged in on-going research and development activities and other related costs. Our total R&D costs increased by 39% to $6.8 million in the first six months of 2016 from $4.9 million in the first six months of 2015. This is primarily because of (1) the increase in our R&D personnel, including Appfluent employees, which translated into additional employee-related costs of approximately $1.0 million, compared with the same period in 2015, (2) an approximately $0.3 million increase in equity-based compensation, and (3) an increase of approximately $0.2 million due to salary updates. The headcount of R&D personnel increased from 73 on June 30, 2015 to 84 on June 30, 2016.

Selling and Marketing . Selling and marketing expenses consist primarily of costs related to compensation and overhead to sales, marketing and business development personnel, travel and related expenses, and sales offices maintenance and administrative costs. Selling and marketing expenses increased to $17.8 million in the first six months of 2016, a 34% increase compared with the same period in 2015. This increase is primarily due to (1) the expansion of our sales and marketing teams and related expenses of approximately $2.7 million, consistent with our strategy to increase our global footprint, (2) increased sales commission expenses (due to higher revenues) of approximately $0.6 million, (3) an approximately $0.4 million increase in equity-based compensation, (4) additional investment in marketing activities of approximately $0.4 million, consistent with our expansion strategy, and (5) an increase of $0.3 million in travel and rent expenses, to support such expansion. Our sales and marketing teams' headcount increased from 89 employees as of June 30, 2015 to 110 employees as of June 30, 2016.

General and Administrative . General and administrative expenses consist primarily of compensation costs for finance, general management and administration personnel, and legal, audit, and other administrative costs. General and administrative expenses were $2.3 million in the first six months of 2016, a 12% decrease compared with the same period in 2015. This decrease is primarily due to acquisition expenses of approximately $0.6 million related to the Appfluent acquisition in March 2015, partially offset by an approximately $0.2 million increase in equity-based compensation.

Impairment of acquisition-related intangible assets. In the second quarter of 2016, we recorded a $2.1 million impairment charge on acquisition-related intangible assets. This impairment was based upon forecasted discounted cash flows which considered delayed sales trends with longer than expected sales cycles of Attunity Visibility, which we believe is primarily due to the innovative nature of this solution.

Operating Loss . Based on the foregoing, we recorded an operating loss of approximately $7.5 million in the first six months of 2016 compared with $1.4 million in the first six months of 2015.

Financial Income/Expenses, Net . Financial income, net amounted to $80,000 in the first six months of 2016, compared with financial expenses, net of $0.2 million in the first six months of 2015. This is primarily because of (1) a decrease in financial expenses by approximately $0.1 million due to a revaluation of a liability presented at fair value, and (2) a decrease in foreign exchange losses of $0.1 million.

Taxes on Income. Income tax benefit in the first six months of 2016 was $1.0 million, compared with taxes on income of $0.4 million in the first six months of 2015. This is mainly as a result of a tax benefit recorded due to reduction of a deferred tax liability on intangible assets in the amount of $0.8 million, mainly due to the $2.1 million impairment charge we recorded in the second quarter of 2016.

Net Loss in the first six months of 2016 was $6.4 million, or ($0.39) per diluted share, compared with $2.1 million or ($0.13) per diluted share, in the same period last year.

Liquidity and Capital Resources

In the past several years, we financed our operations through cash generated by operations, short-term loans and, until mid 2012, also long-term borrowings. In November 2013, we also raised net proceeds of approximately $18.0 million in a public offering of our ordinary shares and, as described below, in July 2015 we also secured a short-term line of credit.

Our funding and treasury activities are conducted within corporate practices to maximize investment returns while maintaining appropriate liquidity for both our short and long term needs. Cash and cash equivalents are held primarily in U.S. dollars and NIS.

Principal Financing Activities

In the past two years, we have engaged in several financing activities designed to improve our cash position, as follows:

Credit Line . In July 2015, we secured a short-term line of credit of approximately $5.0 million from an Israeli bank, which line of credit was extended in August 2016 for an additional one-year period ending in July 2017. Draws, if any, under the credit line will bear interest of the monthly LIBOR plus 3.25%. As of June 30, 2016, approximately $430,000 of the line of credit is used by the bank mainly as collateral to secure the Company's obligations under an office lease agreement. To secure the credit line, we agreed, among other things, to grant the bank a first priority floating charge on all of our assets. We refer to the agreements relating to such charges as the “Security Agreements”. The Security Agreements contain various restrictive covenants, including limitations on our ability to pledge additional assets, enter into affiliated party transactions, pay dividends or repurchase our shares, and subject to specified exceptions, a negative pledge on the assets of some of our subsidiaries.

Working Capital and Cash Flows

As of June 30, 2016 we had cash and cash equivalents of approximately $8.9 million compared with $12.5 million in cash and cash equivalents as of December 31, 2015. The decrease is mainly attributable to (1) net cash used in operating activities of $2.1 million, and (2) an earn-out payment of $1.2 million we made to Hayes’ former shareholders.

As of June 30, 2016, we had a deficit in working capital of $1.8 million, compared with a working capital of $0.2 million as of December 31, 2015. The decrease in working capital was mainly due to (1) a decrease of $3.6 million in cash and cash equivalents, and (2) an increase in deferred revenues of $1.4 million. This was partially offset by an increase of $2.4 million in trade receivables.

The following table presents the components of net cash flows used in and provided by operating, investing and financing activities for the periods presented (U.S. dollars in thousands):

	Six Month Period Ended June 30,	
	2016	**2015**
Net cash provided by (used in) operating activities	$ (2,084)	$ 3,860
Net cash used in investing activities	(340)	(10,683)
Net cash used in financing activities	(1,128)	(1,298)

In the past three years, we used a significant portion of our cash for acquisitions. In 2015, 2014 and 2013, we paid a total of approximately $12.5 million, $0.7 million and $4.2 million, respectively, as cash consideration (including contingent consideration paid during these years, but excluding consideration payable in ordinary shares) for this purpose (namely, the acquisitions of Appfluent, BIReady and Hayes).

Net cash used in operating activities was $2.1 million in the first six months of 2016, compared with net cash provided by operating activities of $3.9 million in the first six months of 2015. The change is mainly due to (1) a $4.3 million increase in net loss, and (2) a $4.1 million increase in trade receivables, partially offset by (1) the non-cash impairment charge of $2.1 million and (2) a $1.3 million increase in other adjustments for non-cash expenses .

Net cash used in investing activities was $0.3 million in the first six months of 2016, compared with $10.7 million in the same period in 2015. The decrease is mainly attributable to the acquisition of Appfluent that occurred during the first quarter of 2015.

Net cash used in financing activities was $1.1 million in the first six months of 2016, compared with $1.3 million in the first six months of 2015. The decrease is mainly due to the partial earn-out payment to Hayes' former shareholders in the amount $1.2 million paid during the first six months of 2016, compared with of $2.1 million that was paid to them during the first six months of 2015. This was partially offset by a decrease of approximately $0.5 million in the proceeds from exercise of stock options.

Principal Capital Expenditure and Divestitures

Our capital expenditures remained at the same level with approximately $0.3 million in the six months ended June 30, 2016, compared with the same period in 2015, most of which were used for the purchase of computer equipment and software.

Other than future capital expenditures of the types and consistent with the amounts described above, we have no significant capital expenditures in progress. We did not effect any principal divestitures in the past three years.

Outlook

Currently, our principal commitments consist of liability for the contingent payments due to (1) Hayes former shareholders in the amount of $0.8 million (presented in our consolidated financial statements at the same amount), which were paid in July 2016, and (2) BIReady in the amount of up to EUR 0.3 million (approximately $0.3 million, presented in our consolidated financial statements at approximately the same amount), which, if earned, is generally payable in April 2017.