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 2018

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 ☒ 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, 333-193783, 333-219792 and 333-224648

CONTENTS

Exhibits

99.1	Attunity Ltd. unaudited interim consolidated financial statements for the six months ended June 30, 2018 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, 2018.
101	The following financial information from the Registrant’s financial statements for the six months ended June 30, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statement of Comprehensive Income (Loss); (iv) Consolidated Statements of Cash Flows; and (v) Notes to Interim 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 21, 2018

Exhibit 99.1

ATTUNITY LTD. AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2018

UNAUDITED

U.S. DOLLARS IN THOUSANDS

INDEX

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2018	December 31, 2017
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 14,999	$ 29,087
Short term deposits	18,111	-
Trade receivables, net of allowance for doubtful accounts of $65 and $15 as of June 30, 2018 and December 31, 2017, respectively	13,119	10,609
Deferred commissions costs	1,066	-
Prepaid expenses and other account receivables	1,577	1,074
Total current assets	48,872	40,770
LONG-TERM ASSETS:		
Deferred commissions costs	4,675	-
Deferred taxes, net	5	1,209
Severance pay fund	4,438	4,378
Property and equipment, net	1,409	1,287
Intangible assets, net	960	1,431
Goodwill	30,929	30,929
Other assets	250	152
Total long-term assets	42,666	39,386
Total assets	$ 91,538	$ 80,156

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

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share data

	June 30, 2018	December 31, 2017
	Unaudited	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 1,024	$ 666
Deferred revenues	13,984	11,066
Employees and payroll accruals	5,080	5,730
Accrued expenses and other current liabilities	1,851	3,066
Total current liabilities	21,939	20,528
LONG-TERM LIABILITIES:		
Deferred revenues	2,647	2,163
Accrued severance pay	5,996	5,941
Other liabilities	418	321
Total long-term liabilities	9,061	8,425
SHAREHOLDERS' EQUITY:		
Share capital – Ordinary shares of NIS 0.4 par value – Authorized: 32,500,000 shares at June 30, 2018 and December 31, 2017; Issued and outstanding: 21,090,695 shares at June 30, 2018 and 20,718,468 shares at December 31, 2017	2,403	2,361
Additional paid-in capital	177,398	174,693
Receivables on account of shares	(311)	-
Accumulated other comprehensive loss	(1,411)	(1,222)
Accumulated deficit	(117,541)	(124,629)
Total shareholders' equity	60,538	51,203
Total liabilities and shareholders' equity	$ 91,538	$ 80,156

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

CONSOLIDATED STATEMENTS OF INCOME

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

	Six months ended June 30, 2018	Six months ended June 30, 2017
	Unaudited	
Revenues:		
Software licenses	$ 21,623	$ 13,164
Maintenance and services	16,424	14,180
Total revenues	38,047	27,344
Operating expenses:		
Cost of software license	445	613
Cost of maintenance and services	4,961	3,912
Research and development	7,931	6,799
Selling and marketing	20,075	16,655
General and administrative	2,964	2,501
Total operating expenses	36,376	30,480
Operating income (loss)	1,671	(3,136)
Financial income (expenses), net	88	(58)
Income (loss) before income taxes	1,759	(3,194)
Taxes on income	(1,298)	(1,472)
Net income (loss)	$ 461	$ (4,666)
Basic and diluted net income (loss) per share	$ 0.02	$ (0.28)
Weighted average number of shares used in computing basic net income (loss) per share	20,859	16,951
Weighted average number of shares used in computing diluted net income (loss) per share	21,104	16,951

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

U.S. dollars in thousands

	Six months ended June 30, 2018	Six months ended June 30, 2017
	Unaudited	
Net income (loss)	$ 461	$ (4,666)
Other comprehensive income (loss):		
Cash flow hedges:		
Changes in unrealized gains (losses)	(223)	311
Reclassification adjustments for losses (gains) included in net income (loss)	40	(205)
Net change	(183)	106
Foreign currency translation adjustment	(6)	(170)
Net change in accumulated comprehensive loss	(189)	(64)
Comprehensive income (loss)	$ 272	$ (4,730)

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, 2018	Six months ended June 30, 2017
	Unaudited	
Operating activities:		
Net income (loss)	$ 461	$ (4,666)
Adjustments required to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	266	239
Stock based compensation	1,990	1,650
Amortization of intangible assets	471	673
Accrued interest on short term deposits	(111)	-
Change in:		
Accrued severance pay, net	(5)	318
Trade receivables	(274)	1,207
Other accounts receivable and prepaid expenses	(542)	(527)
Other long term assets	(25)	(1)
Trade payables	350	434
Deferred revenues	4,107	2,166
Employees and payroll accruals	(658)	(315)
Accrued expenses and other current liabilities	(1,273)	(181)
Deferred commissions costs	(1,253)	-
Liabilities presented at fair value	-	(219)
Change in deferred taxes, net	439	406
Net cash provided by operating activities	3,943	1,184
Investing activities:		
Investment in bank deposits	(18,000)	-
Purchase of property and equipment	(390)	(320)
Net cash used in investing activities	(18,390)	(320)
Financing activities:		
Proceeds from exercise of stock options	446	213
Payment of contingent consideration	-	(271)
Net cash provided by (used in) financing activities	446	(58)
Foreign currency translation adjustments on cash and cash equivalents	(87)	22
Increase (decrease) in cash and cash equivalents	(14,088)	828
Cash and cash equivalents at the beginning of the year	29,087	9,166
Cash and cash equivalents at the end of the period	$ 14,999	$ 9,994
Supplemental disclosure of cash flow activities:		
Cash paid during the year for taxes	$ 2,074	$ 1,204
Supplemental disclosure of non- cash financing activities:		
Receivables on account of shares	$ 311	$ -

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 1:- GENERAL

Attunity Ltd. (the "Company" or "Attunity") develops, markets, sells and supports data integration and Big Data management software solutions that enable availability, delivery and management of data across heterogeneous enterprise platforms, organizations, and the cloud. In addition, the Company provides maintenance, consulting, and training 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, marketing, customer service and consulting.

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, 2017 has been derived from the audited consolidated financial statements of the Company at that date but does not include all the information and footnotes required by GAAP 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, 2017, included in the Company’s Annual Report on Form 20-F, filed with the U.S. Securities and Exchange Commission ("SEC") on March 8, 2018 (the "Annual Report"). The significant accounting policies applied in the Company’s audited 2017 consolidated financial statements and notes thereto included in the Annual Report are applied consistently in these unaudited interim consolidated financial statements, except for changes associated with the new revenue recognition standard for the six months ended June 30, 2018, as described in Note 2(f). Results for the six months ended June 30, 2018 are not necessarily indicative of results that may be expected for the year ending December 31, 2018.

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

b. Estimates and assumptions:

Preparation of financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Examples of estimates include: determining the nature and timing of satisfaction of performance obligations; determining the standalone selling price of performance obligations; the fair value of and/or potential impairment of goodwill and intangible assets; the benefit period for deferred commissions costs; and performance stock-based compensation target achievement probability. Actual results and outcomes may differ from management’s estimates and assumptions.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.):

c. Principles of consolidation:

The unaudited interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

d. Certain amounts in notes of prior year financial statements have been updated to conform to the current year's presentation. The change had no effect on previously reported statements of income, balance sheets or cash flows.

e. Fair value measurements:

The Financial Accounting Standards Board (“FASB") issued Accounting Standards Codification ("ASC") No. 820, "Fair Value Measurements and Disclosures" ("ASC 820"), which defines fair value and establishes a framework for measuring fair value. According to ASC 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: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market or can be derived from observable market data. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves, foreign exchange rates and credit ratings.

Level 3: Unobservable inputs that are supported by little or no market activities.

The Company measures foreign currency derivative contracts 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.

There have been no transfers between fair value measurements levels during the six months ended June 30, 2018.

The carrying amounts of cash and cash equivalents, short-term deposits, trade receivables, trade payables, employees and payroll accruals, accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these instruments.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.):

f. Revenue recognition

The Company generates revenues primarily from license fees for the right to use its software products and from maintenance and support, consulting and training services. The Company licenses its products primarily through its direct sales force, indirectly through original equipment manufacturers ("OEMs"), distributors, resellers and value-added resellers ("VARs"). Software license revenue includes fees from the grant of perpetual and term-based licenses.

The Company accounts for revenue in accordance with Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers" ("ASC 606"), and determines revenue recognition through the following steps:

- identification of the contract with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company recognizes revenue related to contracts with customers that meet the following criteria:

- the contract contains reasonable evidence of approval and both parties' commitment to perform their respective obligations;
- the contract includes identifiable rights to goods and services to be transferred and payment terms related to the transfer of those goods and services;
- the contract has commercial substance; and
- collection of substantially all of the consideration to which the Company is entitled under the contract is probable.

The Company's contracts with customers generally contain multiple performance obligations, which may include software licenses, related maintenance and support services, and consulting and training services, all of which are generally capable of being distinct and accounted for as separate performance obligations. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. Standalone selling prices of software licenses are typically estimated using the residual approach, since the software products are not sold on a standalone basis.

The Company generally recognizes revenue from software licenses when the software is delivered to the customer.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Maintenance and support agreements typically provide customers with rights to unspecified software product updates, if and when available. The Company considers this post contract support as a distinct performance obligation that is satisfied over time, and as such, recognizes revenue on a straight-line basis over the maintenance and support period.

Revenue from consulting and training services is generally distinct and, as such, is recognized as these services are performed.

Contract acquisition costs

The Company capitalizes incremental costs incurred in obtaining contracts with customers if the amortization period is greater than one year. These costs consist primarily of sales commissions expenses. For costs that the Company would have capitalized and amortized over one year or less, the Company has elected to apply the practical expedient and expense these contract costs as incurred. The capitalized costs are amortized proportionately with related revenues over the benefit period. Amortization expense is primarily included in sales and marketing expense in the consolidated statements of income.

Trade accounts receivable and contract balances

The Company collects payments from customers based upon contractual payment schedules. The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset. Receivables are recorded when the right to consideration becomes unconditional, and an invoice is issued to the customer. Contract assets are recorded when amounts related to the Company’s contractual right to consideration for completed performance objectives have not been invoiced. The Company presents the contract assets and receivables in trade receivable, net in its consolidated balance sheets. As of June 30, 2018, receivables and contract asset balances were $9,123 and $4,061, respectively.

Amounts collected in advance of services being provided are accounted for as contract liabilities, which are presented as deferred revenue in the consolidated balance sheets and are realized with the associated revenue recognized under the applicable contract. The Company's contract liabilities balance is primarily related to maintenance and support.

During the six months ended June 30, 2018, the Company recognized $8,517 that was included in the deferred revenues balance at January 1, 2018.

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Remaining performance obligations

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of June 30, 2018 is $9,012. This amount consists of maintenance and support for contracts that have original expected durations of more than 12 months. The Company expects to recognize such amount as follows:

	Second half of 2018	2019	2020	2021	2022	2023	Total
Maintenance and services	$ 1,668	$ 3,342	$ 2,148	$ 934	$ 505	$ 415	$ 9,012

g. Impact of recently issued accounting standards not yet adopted:

1. In February 2016, the FASB issued ASU No. 2016-02 (Topic 842), "Leases", whereby lessees will be required to recognize, for all leases at the commencement date, a lease liability, which is a lessee‘s obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. In addition, disclosures will be required to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The accounting standard update will be effective for the Company beginning in the first calendar quarter of 2019 on a modified retrospective basis. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements.

2. In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04”), which eliminates step two from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. This standard will be effective for the Company in the first calendar quarter of 2020 on a prospective basis, and early adoption is permitted. The Company does not expect the standard to have a material impact on its consolidated financial statements.

3. In June 2018, the FASB issued ASU No. 2018-07, "Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting" ("ASU 2018-07"), which was issued to simplify several aspects of the accounting for non-employee share-based payment transactions resulting from expanding the scope of the standard to include share-based payment transactions for acquiring goods and services from non-employees. The standard update specifies that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor’s own operations by issuing share-based payment awards. The Company expects to adopt ASU 2018-07 in the third calendar quarter of 2018. The Company does not expect the standard to have a material impact on its consolidated financial statements.

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

NOTE 3:- REVENUE

The Company adopted ASC 606 effective January 1, 2018 using the modified retrospective method, applied to those contracts which were not substantially completed as of January 1, 2018. Such method provides that the cumulative effect from prior periods upon applying the new guidance be recognized in the consolidated balance sheets as of January 1, 2018, including an adjustment to accumulated deficit. A summary of such cumulative effect adjustment is as follows:

	Increase (decrease)
Trade receivables	$ 2,329
Deferred commission costs	4,526
Deferred taxes, net	(765)
Deferred revenue	(539)
Accumulated deficit	(6,629)

Changes in accounting policies as a result of adopting ASC 606

The impact of the Company's adoption of ASC 606 primarily relates to the timing of revenue recognition from its term-based license agreements. Prior to the adoption of ASC 606, the Company recognized revenue from these agreements ratably over the license term. Under ASC 606, revenue allocable to the license portion of the arrangement is recognized upon delivery of the license. In addition, under ASC 606 the Company capitalizes certain incremental costs of obtaining a contract, while prior to the adoption of ASC 606, the Company expensed all contract costs as incurred.

Financial statements impact of adopting ASC 606

The following table discloses the impact of the adoption of ASC 606 on the Company’s consolidated statements of income and balance sheets:

	Six months ended June 30, 2018		
	Unaudited		
	As reported	Under previous standard	Effect of change higher (lower)
Revenues:			
Software licenses	$ 21,623	$ 15,405	$ 6,218
Maintenance and services	16,424	15,828	596
Total revenues	38,047	31,233	6,814
Operating expenses:			
Cost of sales	5,406	5,467	(61)
Research and development	7,931	7,931	-
Selling and marketing	20,075	21,268	(1,193)
General and administrative	2,964	2,964	-
Total operating expenses	36,376	37,630	(1,254)
Operating income (loss)`	1,671	(6,397)	8,068
Financial income (expenses), net	88	88	-
Income (loss) before income taxes	1,759	(6,309)	8,068
Taxes on income	1,298	1,098	200
Net income (loss)	$ 461	$ (7,407)	$ 7,868
Basic and diluted net income (loss) per share	$ 0.02	$ (0.35)	$ (0.37)

	June 30, 2018		
	Unaudited		
	As reported	Under previous standard	Effect of change higher (lower)
Assets:			
Trade receivables, net	$ 13,119	$ 9,422	$ 3,697

Deferred commission cost	5,741	-	5,741
Other assets	250	175	75
Deferred taxes, net	5	969	(964)
Liabilities:			
Deferred revenue	16,631	22,548	(5,917)
Shareholders' Equity:			
Accumulated deficit	117,541	132, 007	(14,466)

NOTE 4:- DERIVATIVES AND HEDGING ACTIVITIES

The Company accounts for derivatives and hedging based on ASC No. 815, "Derivatives and Hedging" ("ASC 815"). ASC 815 requires the Company to present all derivatives on the balance sheet at fair value. The accounting for changes in the 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 relationship and further, on the type of hedging relationship.

According to ASC 815, for derivative instruments that are designated and qualify as hedging instruments, the 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. If the derivatives meet the definition of a hedge and are so designated, depending on the nature of the hedge, changes in the fair value of such derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The change in fair value of derivatives not designated as effective hedging instruments is recognized in earnings.

The Company entered into forward and option contracts primarily in order to hedge against the risk of overall changes in future cash flow from payments of payroll and related expenses, lease, and other operating expenses denominated in New Israeli Shekels ("NIS"). Generally, the Company’s hedging contracts are designated as effective cash flow hedges, as defined by ASC 815. As of June 30, 2018, the fair value of the Company's outstanding hedging contracts that were designated as hedging instruments was recorded as a liability of $177, included in the consolidated balance sheet within "Accrued expenses and other current liabilities". As of December 31, 2017, the fair value of the Company's outstanding hedging contracts that were designated as hedging instruments was recorded as an asset of $27, included in the consolidated balance sheet within "Other accounts receivable and prepaid expenses". The Company measured the fair value of these hedging contracts in accordance with ASC 820, and they were classified as Level 2. Net loss from hedging transactions recognized in financial expenses, net during the first six months of 2018 and 2017 was $18 and $2, respectively.

As of June 30, 2018 and December 31, 2017, the notional principal amount of the hedging contracts held by the Company was $8,077 and $3,327, respectively.

As of June 30, 2018, the fair value of the Company's outstanding derivative designated as effective cash flow hedging instruments was recorded as a liability of $164 and was included in the consolidated balance sheet within "Accrued expenses and other current liabilities".

As of December 31, 2017, the fair value of the Company's outstanding derivative designated as effective cash flow hedging instruments was recorded as an asset of $23 and was included in the consolidated balance sheet within "Other accounts receivable and prepaid expenses".

As of June 30, 2018, the fair value of the Company's outstanding hedging contracts that were not designated as effective hedging instruments was recorded as a liability of $13 and was included in the consolidated balance sheet within "Accrued expenses and other current liabilities".

NOTE 4:- DERIVATIVES AND HEDGING ACTIVITIES (Cont.):

As of December 31, 2017, the fair value of the Company's outstanding hedging contracts that were not designated as effective hedging instruments was recorded as an asset of $4 and was included in the consolidated balance sheet within "Other accounts receivable and prepaid expenses".

Exhibit 99.2

ATTUNITY LTD.

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

For the Six Months Ended June 30, 2018

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 sustain profitability;*
- *our business and operating results dependency on the successful and timely implementation of our third party partner solutions;*
- *the lengthy sales cycle of our products;*
- *competition;*
- *acquisitions, including costs and difficulties related to integration of acquired businesses and impairment charges;*
- *global economic conditions;*
- *timely availability and customer acceptance of Attunity's new and existing products;*
- *proprietary rights and risks of infringement;*
- *the potential loss of one or more of our significant customers or a decline in demand from one or more of these customers;*
- *our ability to retain and attract qualified personnel; 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, 2017 (to which we refer herein as our "Annual Report"), 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:

- "*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;
- "*data lake"* means a storage framework that holds a vast amount of raw data in its native format until it is needed;
- "*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; and
- "*SEC*" means the United States Securities and Exchange Commission.

You should read the following discussion and analysis in conjunction with our unaudited interim consolidated financial statements for the six months ended June 30, 2018 and notes thereto, and together with our audited consolidated financial statements for the year ended December 31, 2017 filed with the SEC as part of our Annual Report.

Overview

We are a leading provider of data integration and Big Data management software solutions that enable availability, delivery and management of data across heterogeneous enterprise platforms, organizations, and the cloud.

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

Through direct sales as well as distribution, original equipment manufacturer ("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.

Financial Highlights

- Total revenue in the first six months of 2018 increased by 39% to $38.0 million from $27.3 million in the first six months of 2017. Total revenue includes (1) license revenues, which increased by 64% to $21.6 million in the first six months of 2018 from $13.2 million in the same period last year, and (2) maintenance, support and services revenues, which increased by 16% to $16.4 million in the first six months of 2018 from $14.2 million in the same period last year.

- Operating income in the first six months of 2018 was $1.7 million, compared with an operating loss of $3.1 million for the same period in 2017. Operating income in the first six months of 2018 included equity-based compensation expenses of approximately $2.0 million (compared with $1.6 million in the same period last year), as well as $0.5 million in amortization of intangible assets (compared with $0.7 million in the same period last year).

- Net income in the first six months of 2018 was $0.5 million, or $0.02 per diluted share, compared with a net loss of $4.7 million, or ($0.28) per diluted share, in the same period last year.

- Cash and cash equivalents and short-term deposits were approximately $33.1 million as of June 30, 2018, compared with $29.1 million as of December 31, 2017.

- Shareholders' equity increased to $60.5 million as of June 30, 2018, compared with $51.2 million as of December 31, 2017.

Recent Major Developments

Below is a summary of the most significant developments in our Company and business since January 1, 2018:

- On June 28, 2018, we reported that we amended our shareholder bonus rights plan, such that the expiration date thereof was extended to June 30, 2019, unless earlier redeemed or exchanged.

- On April 24, 2018, we announced that we have entered into a new multi-million-dollar technology license agreement with one of our existing OEM partners for $3.5 million in total licensing fees and additional recurring annual support fees of $0.3 million.

Critical Accounting Policies

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 Item 5 “Operating and Financial Review and Prospects” in our Annual Report.

In May 2014, the Financial Accounting Standards Board issued accounting standards update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", or ASC 606, a new accounting standard related to revenue recognition and, thereafter, issued related subsequent updates. ASC 606 replaces the prior revenue recognition standard ASC No. 985-605, "Software Revenue Recognition", or ASC 605. We adopted ASC 606 effective January 1, 2018 on a modified retrospective basis. See the discussion below as well as Notes 2(f) and 3 to our unaudited interim consolidated financial statements accompanying this report for additional information related to our adoption of ASC 606 and its impact on our financial results. There were no other material changes to our critical accounting policies compared to the critical accounting policies described in Item 5 “Operating and Financial Review and Prospects” in our Annual Report.

Results of Operations

The following discussion of our unaudited results of operations for the six month periods ended June 30, 2018 and 2017, including in the following table, which presents selected financial information data (U.S. dollars in thousands) and as a percentage of total revenue, is based upon our unaudited statements of operations contained in our interim consolidated financial statements for those periods, and the related notes, accompanying this report. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

We adopted the new revenue recognition accounting standard ASC 606 effective January 1, 2018 on a modified retrospective basis and our results of operations presented in the following table, as well as in the subsequent tables under the heading "Six Months Ended June 30, 2018 Compared with Six Months Ended June 30, 2017," include financial results for reporting periods during 2018, which are disclosed in compliance with ASC 606. Historical financial results for reporting periods prior to 2018 have not been retroactively restated and are presented in conformity with amounts previously disclosed under ASC 605, the prior revenue recognition standard. We have included additional information regarding the impacts from the adoption of ASC 606 for the six months ended June 30, 2018 and included financial results for that period under ASC 605 for comparison to the same period in 2017.

	Six Month Periods Ended June 30,						
	2018					2017	
	As Reported (ASC 606)		Impacts from Adoption of ASC 606	Without Adoption of ASC 606 (ASC 605)		As Reported (ASC 605)	
Revenue:							
Software licenses	$ 21,623	57%	$ (6,218)	$ 15,405	49%	$ 13,164	48%
Maintenance and services	16,424	43%	(596)	15,828	51%	14,180	52%
Total revenues	38,047	100%	(6,814)	31,233	100%	27,344	100%
Cost of software licenses	445	1%	-	445	1%	613	2%
Cost of maintenance and services	4,961	13%	61	5,022	16%	3,912	14%
Research and development	7,931	21%	-	7,931	25%	6,799	25%
Selling and marketing	20,075	53%	1,193	21,268	68%	16,655	61%
General and administrative	2,964	8%	-	2,964	9%	2,501	9%
Total operating expenses	36,376	96%	1,254	37,630	120%	30,480	111%
Operating income (loss)	1,671	4%	(8,068)	(6,397)	(20)%	(3,136)	(11)%
Financial income (expenses), net	88	--	-	88	--	(58)	--
Income (loss) before taxes on income	1,759	4%	8,068	(6,309)	(20)%	(3,194)	(12)%
Taxes on income	(1,298)	(3)%	(200)	(1,098)	(4)%	(1,472)	(5)%
Net income (loss)	$ 461	1%	$ 7,868	$ (7,407)	(24)%	$ (4,666)	(17)%

Six Months Ended June 30, 2018 Compared with Six Months Ended June 30, 2017

Revenue. Our revenues are derived primarily from software licenses and maintenance and services. The following table provides a breakdown of our revenues by type of revenues (U.S. dollars in thousands) as well as the percentage change between such periods, including the impacts thereon from the adoption of ASC 606:

	Six Month Periods Ended June 30,				Percent (%) Change	
	2018			2017		
	As Reported (ASC 606)	Impacts from Adoption of ASC 606	Without Adoption of ASC 606 (ASC 605)	As Reported (ASC 605)	As Reported	Without Adoption
Software licenses	$ 21,623	$ (6,218)	$ 15,405	$ 13,164	64%	17%
Maintenance and services	16,424	(596)	15,828	14,180	16%	12%
Total	$ 38,047	$ (6,814)	31,233	$ 27,344	39%	14%

Total revenues (reported under ASC 606) in the first six months of 2018 increased to $38.0 million, a 39% increase compared with total revenues (reported under ASC 605) of $27.3 million in the same period in 2017. Total revenues were composed of:

- Software license revenues (reported under ASC 606), which increased by 64% to $21.6 million in the first six months of 2018, compared with software license revenues (reported under ASC 605) in the same period in 2017. This increase is primarily due to the growing demand for our term-base license solutions, including several large-scale term-base license deals we entered into during the first six months of 2018; and

- Maintenance and services revenues (reported under ASC 606), which increased by 16% to $16.4 million in the first six months of 2018, compared with maintenance and services revenues (reported under ASC 605) in the same period in 2017. This increase is primarily due to (1) the growth in customer agreements we entered into during 2017, (2) consistent renewals of maintenance agreements by existing customers, and (3) an increase in services revenues that was driven by several large-scale transactions.

The difference of $6.8 million in total revenues that is identified in the table above as an impact from the adoption of ASC 606 includes an increase of $6.2 million in license revenues that primarily relates to the increase in term-base license agreements executed in 2018. Prior to the adoption of ASC 606, we recognized revenue from time-base agreements ratably over the license term in accordance with ASC 605. Under ASC 606, we recognize the license portion of such arrangements upon delivery of the license.

Cost of Revenues. Cost of software license revenues consists of amortization of acquired core technology. Cost of maintenance and services revenues consists primarily of salaries of employees performing the maintenance and consulting services and related overhead. The following table sets forth a breakdown of our cost of revenues (U.S. dollars in thousands) as well as the percentage change between the periods indicated, including the impacts thereon from the adoption of ASC 606:

	Six Month Periods Ended June 30,				Percent (%) Change	
	2018			2017		
	As Reported (ASC 606)	Impacts from Adoption of ASC 606	Without Adoption of ASC 606 (ASC 605)	As Reported (ASC 605)	As Reported	Without Adoption
Cost of software licenses	$ 445	-	$ 445	$ 613	(27)%	(27)%
Cost of maintenance and services	4,961	61	5,022	3,912	27%	28%
Total	$ 5,406	$ 61	$ 5,467	$ 4,525	19%	21%

Our cost of revenues (reported under ASC 606) increased by 19% to $5.4 million in the first six months of 2018 from cost of revenues (reported under ASC 605) of $4.5 million in the same period last year. This increase is primarily due to (1) approximately $0.7 million of additional compensation and related costs, primarily associated with additional professional services personnel to support our growing activity, and (2) an approximately $0.2 million increase in subcontractors' costs, partially offset by an approximately $0.2 million decrease in amortization of acquired intangible assets. The total headcount of customer support and professional services personnel increased (1) from 44 on June 30, 2017 to 48 on June 30, 2018 and (2) on an average basis, from an average of 42 during the first six months of 2017 to an average of 48 during the first six months of 2018.

Operating Expenses. The following table sets forth a breakdown of our operating expenses, excluding cost of revenues (U.S. dollars in thousands) as well as the percentage change between the periods indicated, including the impacts thereon from the adoption of ASC 606:

	Six Month Periods Ended June 30,				Percent (%) Change	
	2018			2017		
	As Reported (ASC 606)	Impacts from Adoption of ASC 606	Without Adoption of ASC 606 (ASC 605)	As Reported (ASC 606)	As Reported	Without Adoption
Research and development	$ 7,931	-	$ 7,931	$ 6,799	17%	17%
Selling and marketing	20,075	1,193	21,268	16,655	21%	28%
General and administrative	2,964	-	2,964	2,501	19%	19%
Total	$ 30,970	$ 1,193	$ 32,163	$ 25,955	19%	24%

Research and Development. Research and development ("R&D") expenses consist primarily of salaries of employees engaged in on-going research and development activities or in consulting services, as well as allocated overhead expenses, which include facilities-related costs. Our total R&D costs in the first six months of 2018 increased by 17% to $7.9 million from $6.8 million in the same period last year. This is primarily due to (1) $0.7 million of additional compensation and related costs, primarily due to an increase in headcount of our R&D personnel, and (2) a $0.2 million increase in subcontractors' costs. The total R&D headcount increased (1) from 85 on June 30, 2017 to 89 on June 30, 2018 and (2) on an average basis, from an average of 84 during the first six months of 2017 to an average of 90 during the first six months of 2018.

Selling and Marketing. Selling and marketing expenses consist primarily of compensation costs and related overhead to sales, marketing and business development personnel, travel and related expenses, sales offices and other administrative costs. Selling and marketing expenses (reported under ASC 606) increased by 21% to $20.1 million in the first six months of 2018, compared with selling and marketing expenses (reported under ASC 605) of $16.7 million in the same period in 2017. This increase is primarily due to (1) $2.9 million of additional compensation and related costs, primarily due to an increase in headcount of our selling and marketing personnel, (2) an additional investment in marketing activities of approximately $0.8 million, (3) increased sales commission expenses (due to higher revenues) of approximately $0.7 million, (4) an increase of $0.3 million in equity-based compensation, and (5) an increase of $0.2 million in travel and related expenses. The increase was partially offset by the net effect of capitalization of sales commissions of approximately $1.2 million. Our sales and marketing teams' headcount increased (1) from 105 employees as of June 30, 2017 to 124 employees as of June 30, 2018 and (2) on an average basis, from an average of 103 during the first six months of 2017 to an average of 120 during the first six months of 2018.

The difference of approximately $1.2 million in selling and marketing expenses that is identified in the table above as an impact from the adoption of ASC 606 relates to the net effect of capitalization of sales commissions. Prior to the adoption of ASC 606, all of our sales compensation costs were expensed as incurred in accordance with ASC 605. Under ASC 606, we capitalize incremental costs incurred in obtaining contracts with customers if the amortization period is greater than one year.

General and Administrative. General and administrative expenses consist primarily of compensation costs for finance, general management and administration personnel, legal, audit, and other administrative costs. General and administrative expenses were $3.0 million in the first six months of 2018, a 19% increase compared with the same period in 2017. This increase is primarily due to $0.2 million of additional expenses associated with compensation and related costs, primarily due to an increase in headcount. Our general and administrative headcount increased (1) from 13 on June 30, 2017 to 15 on June 30, 2018 and (2) on an average basis, from an average of 13 during the first six months of 2017 to an average of 15 during the first six months of 2018.

Operating Income/Loss. Based on the foregoing (including the impacts from the adoption of ASC 606), we recorded operating income of approximately $1.7 million in the first six months of 2018 compared with an operating loss of $3.1 million in the first six months of 2017.

Financial Income/Expenses, Net. Financial income, net amounted to $88,000 in the first six months of 2018, compared with financial expenses, net of $58,000 in the first six months of 2017. This increase is primarily because of (1) an increase in foreign exchange income of $0.2 million, and (2) an increase in interest income from short-term deposits of approximately $0.1 million, partially offset by a decrease in financial income of approximately $0.2 million associated with a revaluation of a liability presented at fair value that was settled during 2017.

Taxes on Income. Taxes on income in the first six months of 2018 were $1.3 million, compared with $1.5 million in the first six months of 2017. This decrease is primarily due to the reduction in the U.S. corporate statutory tax rate from 35% to 21% under the recently enacted U.S. Tax Cuts and Jobs Act, partially offset by an increase in unrecognized tax benefits related to uncertain tax positions.

Net Income/Loss. Net income in the first six months of 2018 was $0.5 million, or $0.02 per diluted share, compared with a net loss of $4.7 million, or ($0.28) 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 public offerings of our ordinary shares.

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 and short-term deposits are held primarily in U.S. dollars.

Principal Financing Activities

In the past two years, our financing activities included:

Public Offering. In December 2017, we closed an underwritten public offering of 3,407,450 ordinary shares (including 444,450 ordinary shares issued to the underwriters upon the full exercise of the underwriters' over-allotment option), at a price to the public of $6.75 per share (less commissions and discounts). The total net proceeds to us from the offering were approximately $20.8 million.

Credit Line. In July 2015, we secured a short-term line of credit of approximately $5.0 million from an Israeli bank, which, following several extensions, expired in July 2018. Draws, if any, under the credit line bore interest of the monthly LIBOR plus 3.25%. As of December 31, 2017, approximately $0.6 million of the line of credit was used by the bank as collateral to secure the Company's obligations under our Israeli office lease agreement and for hedging transactions.

Working Capital and Cash Flows

As of June 30, 2018, we had cash and cash equivalents and short-term deposits of approximately $33.1 million, compared with approximately $29.1 million as of December 31, 2017. The increase is primarily attributable to net cash provided by operating activities of $3.9 million in the first six months of 2018, compared with $1.2 million in the same period last year.

As of June 30, 2018, our working capital amounted to $26.9 million, compared with $20.2 million as of December 31, 2017. The increase in working capital is primarily due to (1) an increase of $4.0 million in cash and cash equivalents, including short-term deposits, (2) an increase of $2.5 million in trade receivables, (3) a decrease in accrued expenses and other current liabilities of $1.2 million, and (4) an increase in deferred commissions costs of $1.1 million. This increase was partially offset by an increase in deferred revenues of $2.9 million.

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 Periods Ended June 30,	
	2018	2017
Net cash provided by operating activities	$ 3,943	$ 1,184
Net cash used in investing activities	$ (18,390)	$ (320)
Net cash provided by (used in) financing activities	$ 446	$ (58)

Net cash provided by operating activities was $3.9 million in the first six months of 2018, compared with $1.2 million in the first six months of 2017. Net cash provided by operating activities consisted of (1) net income of $0.5 million (compared with net loss of $4.7 million in the same period last year), (2) adjustments for non-cash items of $3.0 million (compared with $2.7 million in the same period last year), and (3) changes in operating assets and liabilities of $0.4 million (compared with $3.1 million in the same period last year). Adjustments for non-cash items primarily consisted of $2.0 million of equity-based compensation expenses, $0.5 million of amortization of intangible assets, and $0.4 million of change in deferred taxes, net (compared with $1.6 million of equity-based compensation expenses, $0.7 million of amortization of intangible assets, and $0.4 million of change in deferred taxes, net in the same period last year).

Net cash used in investing activities was $18.4 million in the first six months of 2018, compared with $0.3 million in the first six months of 2017. The change is primarily due to investments in short-term deposits of $18.0 million made during the first six months of 2018.

Net cash provided by financing activities was $0.4 million in the first six months of 2018, compared with net cash used in financing activities of $58,000 in the first six months of 2017. The change is primarily due to (1) a $0.3 million final earn-out payment in connection with the acquisition of the BIReady technology paid during the first six months of 2017 and (2) an increase in proceeds from exercise of stock options of approximately $0.2 million.

Principal Capital Expenditure and Divestitures

Our capital expenditures totaled approximately $0.4 million in the six months ended June 30, 2018, compared with approximately $0.3 million in the same period in 2017, which was primarily 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 affect any principal divestitures in the past three years.

Outlook

Currently, our principal commitments consist primarily of our lease payments. In light of our cash balances, working capital and other factors, including our ability to generate cash from operations, we believe that our existing capital resources will be adequate to satisfy our working capital and capital expenditure requirements for a period of no less than the next 12 months.