



UNITRONICS (1989) (R" G) LTD.

PRESS RELEASE
Airport City, Israel
March 15, 2015

*****Regulated Information***
For Immediate Release**

**Re: Reorganization – The Signing of an Agreement for the Transfer of
Activities in the Systems Sector to a Subsidiary**

Airport City, Israel – March 15, 2015 - Unitronics (1989) (R" G) Ltd. (the "Company") published the attached Immediate Report pursuant to the requirements of the Israeli law, concerning Reorganization – The Signing of an Agreement for the Transfer of Activities in the Systems Sector to a Subsidiary.

About Unitronics

Unitronics (1989) (R" G) Ltd. is an Israeli company that engages, through its Products Department, in the design, development, production, marketing and sale of industrial automation products, mainly Programmable Logic Controllers ("PLCs"). PLCs are computer-based electronic products (hardware and software), used in the command and control of machines performing automatic tasks, such as production systems and automatic systems for industrial storage, retrieval and logistics. The Company also engages, through its Systems Department and/or its subsidiaries, in the design, construction and maintenance services in the framework of projects for automation, computerization and integration of computerized production and/or logistics systems, mainly automated warehouses, automated distribution centers and automated parking facilities. The Company's PLCs are distributed by over one hundred and sixty distributors (and a wholly owned US subsidiary) in approximately sixty countries throughout Europe, Asia, America and Africa. The services of the Systems Department are provided to customers in Israel and also outside Israel.

This press release contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events, the outcome of which is subject to certain risks and other factors which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.

Unitronics (1989) (R"G) Ltd.
(the "Company")

**Re: Reorganization – The Signing of an Agreement for the Transfer of
Activities in the Systems Sector to a Subsidiary**

Pursuant to regulation 36(a) to the Israeli Securities Regulation

Further to that stated in section 1.11.21 of the Company's periodic report for 2014 (Reference No. 2015-01- 050227), the Company hereby announces that on March 15, 2015, the Board of Directors of the Company approved the engagement in a restructuring agreement (hereinafter: the "**Restructuring Agreement**") with Unitronics Automated Solutions Ltd. (hereinafter: "**Solutions**"), a wholly-owned subsidiary of the Company, which deals in the sector of parking solutions, primarily the development, design, marketing, production, construction and maintenance of automated parking systems.

Pursuant to the Restructuring Agreement, the Company will transfer to Solutions its activities in the sector of design, construction and maintenance of computerized storage and/or logistics systems, primarily automated warehouses and computerized distribution centers (hereinafter: the "**Systems Sector**" or the "**Transferred Activities**"). To this end, the following will be transferred to Solutions, *inter alia*: equipment, inventory, the backlog of orders, agreements, employees, licenses and the intellectual property of the Company, all of which have been used by the Company in its activities in the Systems Sector. Mainly the activities in the product sector will remain at the Company.

Details of the assets, the rights and the debts which shall be transferred to Solutions in the course of the Transferred Activities have not yet been finally agreed between the parties. Nevertheless, pursuant to the Restructuring Agreement, the Company and Solutions have agreed to complete the missing details pertaining to the composition of the assets, the rights and the debts from time to time, insofar as necessary and by mutual consent, subject to all of the approvals as required pursuant to any law.

The restructuring is expected to be performed as a transfer which is exempt from income tax in accordance with the provisions of Part E-2 of the Income Tax Ordinance, and subject to the terms and conditions set forth therein. The validity of the Restructuring Agreement is contingent upon the obtaining of a pre-ruling from the Israel Tax Authority in this regard. Subject to the aforesaid pre-ruling, the restructuring is expected to take effect from April 1, 2015 (hereinafter: the "**Effective Date**"). There is no certainty that the pre-ruling will be allowed, and that the restructuring will be completed. Pursuant to the pre-ruling, the following restrictions are expected to be imposed on Solutions and on the Company – by virtue of the provisions of Part E2 of the Income Tax Ordinance which are mainly restrictions on the rate of the share capital of Solutions that may be allocated or sold to new investors, a requirement for a minimum rate of holdings of the Company in Solutions, and others. The Company shall publish the restrictions which shall be actually imposed, if any, on the Company and/or on Solutions pursuant to the pre-ruling, after the aforesaid pre-ruling is allowed. It should be noted that no restriction is expected on the shareholders of the company.

The purpose of the restructuring is, *inter alia*, to improve and streamline the Company's business activities, whilst enhancing the synergy between similar areas of activities; by bringing them

together under a single company (Solutions); taking advantage of the built-in advantage of the similarity between the Systems Sector and the parking solutions sector, to obtain savings in costs and improve profitability; enhancing the activities of the automated installations sector separately from the product sector, the development and improvement thereof; managerial focus; enhanced exposure of each of the Company and Solutions to a larger and more diverse public of investors, and enhancing the intrinsic value of Solutions for the best interests of the Company and its shareholders. To this end, the Company intends to act to raise private capital and/or public capital in Israel and overseas for Solutions.

The Company's income from the Transferred Activities during 2014, in accordance with the Company's consolidated financial statements for 2014, equated to approximately NIS 37,835 thousand and constituted approximately 22% of the Company's total income for 2014.

The Transferred Activities, and *inter alia*, all of the Company's rights and debts related thereto, will be transferred to Solutions in their as-is condition, on the Effective Date. As a rule, the Company shall be entitled and liable in connection with all of the income and expenses in respect of the Transferred Activities during the period up until the Effective Date, and from this date and thereafter, Solutions shall be entitled and liable in connection with all of the said income and expenses. With regard to agreements the transfer of which requires the consent of third parties (hereinafter, jointly: the "**Excluded Agreements**"), the Company shall continue to be liable and/or entitled pursuant thereto, up until the date of the receipt of this consent or up until the expiration thereof. After the Effective Date, Solutions shall provide to the Company, pursuant to the Service Agreement, as defined below, all of the services and the resources as required for the purpose of the Company's compliance with the Excluded Agreements, and it shall also indemnify and/or compensate the Company in respect of any expense in connection with the Company's compliance with its debts pursuant to the Excluded Agreements.

A service agreement exists between the Company and Solutions (hereinafter: the "**Service Agreement**") pursuant to which the Company provides to Solutions certain services (*inter alia*, management and administrative services, legal services, personnel services, quality tests and storage), for monthly consideration which is not significant for the Company. The Company intends to expand the application of the Service Agreement also in connection with the Transferred Activities, and, *inter alia*, in connection with compliance with the aforesaid Excluded Agreements.

The restructuring is not expected to create any change in the Company's consolidated financial statements, and it is not expected to create any profit for the Company.

The Company is of the assessment that the expenses entailed in the restructuring are expected to be in the total amount of approximately NIS 100,000 and they will be recorded as expenses mainly in the first and second quarters in the Company's consolidated financial statements for 2015.

Respectfully,

Unitronics (1989) (R"G) Ltd.