



UNITRONICS (1989) (R" G) LTD.

PRESS RELEASE
Airport City, Israel,
July 16, 2015

*****Regulated Information*****

*****For Immediate Release*****

An immediate report concerning a change in the Articles of Association of the Company

Airport City, Israel – July 16, 2015 - Unitronics (1989) (R" G) Ltd. (the "**Company**") published the attached Immediate Report pursuant to the requirements of the Israeli law with respect to the change in the Articles of Association of the Company.

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: **An immediate report concerning a change in the Articles of Association of the Company.**

Pursuant to regulation 31(c) to the Israeli Securities Regulations (Periodic and Immediate Reports),
5730 - 1970.

1. On *July 16, 2015* it was decided at a general meeting on amendment of the Articles of Association of the Company.
2. Substance of the change:
Increasing the maximum number of members of the Board of Directors in accordance with Article 65a of the articles of association, as set out in the attached file
3. The change:
See attached file
4. Date of change coming into force: *July 16, 2015*
5. Attached the articles of association after the change.

Respectfully,

Unitronics (1989) (R"G) Ltd.

ARTICLES OF ASSOCIATION
of
UNITRONICS (1989) (R" G) LTD.

(Hebrew Name)

.....**יוניטרוניקס (1989) (ר"ג) בע"מ**.....

AS AMENDED ON DECEMBER 27, 2000, AUGUST 9, 2001, OCTOBER 2,
2002, APRIL 13, 2004, MAY 9, 2006, SEPTEMBER 22, 2011 AND JULY 16,
2015

THE COMPANIES LAW
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
of
UNITRONICS (1989) (R" G) LTD.

(Hebrew Name)

יוניטרוניקס (1989) (ר"ג) בע"מ

INTERPRETATION

1. In these Articles the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite them respectively in the second column thereof, if not inconsistent with the subject or context:

<u>Words</u>	<u>Meanings</u>
The Company	The above-named company
Companies Law	The Israeli Companies Law, 1999 as amended from time to time including any law or statute replacing it
Companies Ordinance	The Israeli Companies Ordinance (New Version) 1983(the "Companies Ordinance") as amended from time to time including any law or statute replacing it
The Statutes	The Companies Law, The Companies Ordinance, The Israeli Securities Law 1968, and every other Israeli Ordinance or Law for the time being in force concerning companies and affecting the Company
These Articles	These Articles of Association as shall be altered from time to time by Special Resolution
The Office	The registered office for the time being of the Company
The Seal	The rubber stamp of the Company
Month	Gregorian month
Record Date	The record date as determined pursuant to the provisions of Article 55(a) of these Articles
Writing	Printing, lithography, photography, and any other mode or modes of representing or reproducing words in a visible form
Shares	Shares of the Company as defined in Article 4 of these

Articles

Office Holder	As such term is defined under the Companies Law
Ordinary Resolution	As defined in Article 51(a) hereinbelow
Special Resolution	As defined in Article 51(b) hereinbelow

Words importing the singular only shall include the plural, and vice versa.

Words importing the masculine gender shall include the feminine gender; and words importing person shall include corporations.

The captions in the Articles are for convenience only and shall not be deemed a part hereof or affect the construction of any provision hereof.

Subject as aforesaid, any words or expressions defined in the Statutes shall, except where the subject or context forbids, bear the same meanings in the Articles.

- (Cancelled).

PUBLIC COMPANY

- The Company is a public company.
- The registered share capital of the Company is two million (2,000,000) New Israeli Shekels, divided into one hundred million (NIS 100,000,000) Ordinary Shares of a nominal value of NIS 0.02 each, all ranking pari-passu (hereinafter, the "Shares").
Each Share entitles its holder, subject to the provisions of these Articles, to receive notices of and to attend, participate and vote at all the General Meetings of the Company, the right to be paid its proportional part in any dividends that may be declared by the Company, and to take part in the division of the surplus assets in the case of the winding-up of the Company.

SHARES

- Subject to these Articles or to the terms of any resolution creating new shares, the unissued Shares from time to time shall be under the control of the Board of Directors, who shall have the exclusive authority to issue the Shares in whole or in part, or otherwise dispose of them to such persons, on such terms and conditions, and either at par or at a premium, or, subject to the provisions of the Statutes, at a discount, and at such times, as the Board of Directors may think fit, and the power to give to any person the option to acquire from the Company any Shares, either at par or at a premium, or, subject as aforesaid, at a discount, during such time and for such consideration as the Board of Directors may think fit.
- If two or more persons are registered as joint holders of any Shares, any one of such persons may give effectual receipts for any dividends or other moneys in respect of such Shares.
- No person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by or required to recognise any equitable, contingent, future, or partial interest in any Share or any right whatsoever in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

8. Every Shareholder shall be entitled without payment to receive within six months after allotment or registration of transfer (unless the conditions of issue provide for a longer interval) one certificate under the Seal for all the Shares registered in his name, specifying the number and denoting numbers of the Shares in respect of which it is issued and the amount paid up thereon. Provided that in the case of joint holders the Company shall not be bound to issue more than one certificate to all the joint holders, and delivery of such certificate to one of them shall be sufficient delivery to all.

Every certificate shall be signed by one Director and countersigned by another Director or the Secretary or some other person nominated by the Directors for the purpose.

9. If any Share certificate shall be defaced, worn out, destroyed or lost, it may be renewed on such evidence being produced, and such indemnity (if any) being given as the Directors shall require and (in case of defacement or wearing out) on delivery of the old certificate, and in any case on payment of such sum not exceeding NIS25 (twenty five New Israeli Shekels) as the Directors may from time to time require.
10. (Cancelled)
11. (Cancelled)
12. The Company may pay commissions and/or underwriting fees in consideration of subscription and/or underwriting and/or procuring of any Shares in the Company or other securities of the Company and/or agreeing to any such Ordinances (whether absolutely or conditionally); such payments may be made in cash, in paid-up Shares of the Company or any other form as the Board of Directors may deem fit. Nothing in the above shall prevent the Company from paying other fees, subject to the Statutes, including brokerage fees.

CALLS ON SHARES

13. No Shareholder shall be entitled to receive any dividend or to exercise any privileges as a Shareholder until he shall have paid all calls for the time being due and payable on every Share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).
14. (a) If under the conditions of the issuance of Shares there is no fixed date for the payment due therefor, the Directors may from time to time make such calls upon the Shareholders in respect of all moneys then unpaid on Shares possessed by them and every Shareholder will pay the sum demanded of him at the place and time appointed by the Directors, provided that fourteen days notice as to the place and date of payment was served on him. Unless otherwise stipulated in the resolution of the Board of Directors, each payment in response to a call shall be deemed to constitute a pro rata payment on account of all the Shares in respect of which such call was made. A call may contain a call for payment in instalments. The Directors may revoke such call, in whole or in part, postpone the designated date(s) of payment or change the designated place of payment.
- (b) A call shall be deemed to have been made at the time when the Resolution of the Directors authorising such call was passed.
- (c) The joint holders of a Share shall be jointly and severally liable for the payment of all calls and instalments in respect thereof. A call duly made upon one of the joint holders shall be deemed to have been duly made upon all of the joint holders.

- (d) If before or on the day appointed for payment thereof, a call or instalment payable in respect of a Share is not paid, the holder or allottee of the Share shall pay interest on the amount of the call or instalment at such rate not exceeding the debitory rate prevailing at the largest Israeli commercial bank on the day appointed for the payment referred to, as the Directors shall fix, from the day appointed for payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part.

The provision of this Article shall in no way deprive the Company of, or derogate from, any other right and remedies it may have against such Shareholder pursuant to the Articles and any pertinent law.

15. (a) Any sum which by the terms of allotment of a Share is made payable upon allotment or at any fixed date, whether on account of the amount of the Share or by way of premium, shall for all purposes of these Articles be deemed to be a call duly made, and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all other relevant provisions of these Articles shall apply as if such sum were a call duly made and notified as hereby provided;
- (b) The Directors may at the time of allotment of Shares make arrangements on the issue of Shares for a difference between the holders of such Shares in the amount of calls to be paid and in the time of payment of such call.
16. The Directors may, if they think fit, receive from any Shareholder willing to advance the same, all or any part of the moneys due upon his Shares beyond the sums actually called up thereon; and upon the moneys so paid in advance, or so much thereof as exceeds the amount for the time being called up on the Shares in respect of which such advance has been made, the Directors may pay or allow such interest as may be agreed by them and the Company.

TRANSFER OF SHARES

17. (a) No transfer of Shares shall be registered unless a proper writing or instrument of transfer (in any customary form or any other form satisfactory to the Board of Directors) has been submitted to the Company (or its transfer agent), together with the Share certificate(s) and such other evidence of title as the Board of Directors may reasonably require. Until the transferee has been registered in the Register of Shareholders in respect of the Shares so transferred, the Company may continue to regard the transferor as the owner thereof.
- (b) Any legal person or individual (Shareholder or not) that acquires or disposes of Shares, should notify the Company and the Belgian authorities and/or stock exchange as required under Belgian requirements on the number of Shares he possesses if the voting rights attached exceed 5%, 10%, 15%, 20% and so forth with an increase of each time 5%, of the total number of voting rights outstanding.
18. The Directors may refuse, without giving any reasons therefor, to register any transfer of Shares which have not been fully paid up or where the Company has a lien on the Share, constituting the subject matter of the transfer, but fully paid-up Shares may be transferred freely and such transfers do not require the approval of the Directors.

All instruments of transfer shall remain in the custody of the Company but any such instrument which the Directors refused to register shall be returned to the person from whom it was received, if such request be made by him. A transfer of title of Shares of the Company shall be recorded in the Register of Shareholders.

19. The Transfer Records and the Register of Shareholders and Debenture Holders (if any) and Debenture Stock Holders (if any) and other securities (if any) of the Company may be closed during such time as the Directors may deem fit, not exceeding in the aggregate, thirty days in each year. To avoid any doubt, the determination of a Record Date shall not constitute nor be deemed as a closing of any of the above records or registers.

TRANSMISSION OF SHARES

20. In the case of the death of a Shareholder, or a holder of a debenture, the survivor or survivors, where the deceased was a joint holder, and the executors and/or administrators and/or the legal heirs of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his Shares or his debentures, but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any Share or any debenture jointly held by him.

Upon the death of a co-owner of a Share and before the registration of any transfer in accordance with Article 21 below, the Company shall recognise the other co-owner(s) alive as the only owner(s) of the Shares.

21. Any person who becomes entitled to a Share or a debenture in consequence of the death or bankruptcy of any Shareholder, may, upon producing such evidence of title as the Directors shall require, with the consent of the Directors, be registered himself as holder of the Share or the debenture or, subject to the provisions as to transfers herein contained, transfer the same to some other person.
22. A person entitled to a Share or a debenture by transmission shall be entitled to receive, and may give a discharge for, any dividends or interest or other moneys payable in respect of the Share or debenture, but he shall not be entitled in respect of it to receive notices of, or to attend or vote at meetings of the Company, or, save as aforesaid, to exercise any of the rights or privileges of a Shareholder or a holder of a debenture unless and until he shall become a Shareholder in respect of the Share or a holder of the debenture.

FORFEITURE OF SHARES

23. If any Shareholder fails to pay the whole or any part of any call or instalment of a call or interest thereon as provided for herein on or before the day appointed for the payment thereof, the Directors may at any time thereafter, during such time as the call or instalment or any part thereof or interest thereon remains unpaid, serve a notice on him, or on the person entitled to the Share by transmission requiring him to pay such call or instalment, or such part thereof as remains unpaid, together with any expenses incurred by the Company by reason of such non-payment.
24. The notice shall name a further day (not earlier than the expiration of thirty (30) days from the date of the notice) on or before which such call or instalment, or such part as aforesaid, and all interest and expenses that have accrued by reason of such non-payment, is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the Shares in respect of which such call was made

will be liable to be forfeited. Prior to the expiration of such period, the Board of Directors may extend the period specified in such notice or nullify such notice, but no such nullification shall estop the Board of Directors from adopting a further resolution of forfeiture in respect of the non-payment of said amount.

25. If the requisitions of any such notice as aforesaid are not complied with, any Share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. A forfeiture of Shares shall include all dividends in respect of the Shares not actually paid before the forfeiture, notwithstanding that they shall have been declared.
26. Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited Share has been reissued or otherwise disposed of to a third party, nullify the forfeiture upon the terms of payment of all call and interest due upon and expenses incurred in respect of the Shares and upon such further terms (if any) as they shall see fit but no such nullification shall estop the Board of Directors from re-exercising its powers of forfeiture pursuant to this Article.

The Company, by resolution of the Board of Directors, may accept the voluntary surrender by any Shareholder of all of any part of his Shares

27. Every Share which shall be forfeited shall thereupon become the property of the Company and may be either cancelled or sold or re-allotted or otherwise disposed of either to the person who was before forfeiture the holder thereof, or entitled thereto, or to any other person, upon such terms and in such manner as the Board of Directors shall think fit and any proceeds received on account of such Shares shall belong to the Company.
28. A Shareholder whose Shares have been forfeited or surrendered shall cease to be a Shareholder in respect of the forfeited or surrendered Shares but shall, notwithstanding, be liable to pay to the Company all calls made and not paid on such Shares at the time of forfeiture or surrender, and interest thereon to the date of payment, and expenses owing upon or in respect of such Shares in the same manner in all respects as if the Shares had not been forfeited and to satisfy all (if any) of the claims and demands which the Company might have enforced in respect of the Shares at the time of forfeiture, without any deduction or allowance for the value of the Shares at the time of forfeiture, and the Board of Directors, at its discretion, may enforce the payment of such moneys, or any part thereof.
29. The forfeiture of a Share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the Share, and all other rights and liabilities incidental to the Share as between the Shareholder whose Share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Statutes given or imposed in the case of past Shareholders.
30. A sworn declaration in writing that the declarant is a Director of the Company, and that a Share has been duly forfeited in pursuance of these Articles and stating the date upon which it was forfeited, shall, as against all persons claiming to be entitled to the Share adversely to the forfeiture thereof, to conclusive evidence of the facts therein stated, and such declaration, together with the receipt of the Company for the consideration (if any) given for the Share on the sale or disposition thereof, and a certificate of proprietorship of the Share under the Seal delivered to the person to whom the same is sold or disposed of, shall constitute a good title to the Share, and such person shall be registered as the holder of the Share and shall be discharged from all

calls made prior to such sale or disposition, and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the Share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the Share.

LIEN

31. The Company shall have a first and paramount lien upon all Shares (which are not fully paid up) registered in the name of any Shareholder, either alone or jointly with any other person, for his debts, liabilities and engagements, whether solely or jointly with any other person, to or with the Company, whether the period for the payment, fulfilment or discharge thereof shall have actually arrived or not, and such lien shall extend to all dividends from time to time declared in respect of such Shares; but the Directors may at any time declare any Share to be exempt wholly or partially from the provisions of this Article.

SALE OF SHARES AFTER FORFEITURE OR SURRENDER OR IN ENFORCEMENT OF LIEN

32. The Directors may sell the forfeited or surrendered Shares or those Shares subject to a lien as stated in these Articles at such time or times and in such manner as they shall think fit, but no sale shall be made until such time as the moneys in respect of which such lien exists, or some part thereof, are or is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, and until a demand and notice in writing stating the amount due or specifying the liability or engagement and demanding payment or fulfilment or discharge thereof and giving notice of intention to sell in default shall have been served on such Shareholder, or the persons (if any) entitled by transmission to the Shares, and default in payment, fulfilment or discharge shall have been made by him or them for fourteen days after such notice.
33. The net proceeds of such sale shall be applied in or towards satisfaction of the amount due to the Company, or of the liability or engagement, as the case may be, and the balance (if any) shall be paid to the Shareholder or the person (if any) entitled by transmission to the Shares so sold.
34. Upon any such sale (i.e., following forfeiture or foreclosing on a lien for and the *bona fide* use of the powers granted with respect thereto) the Directors may enter the purchaser's name in the Register as holder of the Shares and the purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
35. (cancelled)

STOCK

36. (a) The Board of Directors may, with the sanction of the Shareholders previously given by Special Resolution, convert any paid-up Shares into stock, and may, with like sanction, reconvert any stock into paid-up Shares of any denomination.
- (b) The holders of stock may transfer the same, or any part thereof, in the same manner and subject to the same regulations, as the Shares, from which the stock arose, might have been transferred prior to conversion, or as near thereto as circumstances admit, provided however, that the Board of Directors may from time to time fix the minimum amount of stock so transferable, and

restrict or forbid the transfer of fractions of such minimum, but the minimum shall not exceed the nominal value of each of the Shares from which such stock arose.

- (c) The holders of stock shall, in accordance with the amount of stock held by them, have the same rights and privileges as regards dividends, voting at Meetings of the Company and other matters as if they held the Shares from which such stock arose, but no such right or privilege, except participation in the dividends and profits of the Company, shall be conferred by any such aliquot part of such stock as would not, if existing in Shares, have conferred that right or privilege.
- (d) Such of the Articles of the Company as are applicable to paid-up Shares shall apply to stock, and the words "Share" and "Shareholder" therein shall include "stock" and "stockholder".

ALTERATION OF CAPITAL

37. The Company may from time to time by Special Resolution:
- (a) Consolidate and divide all or any of its Share capital into Shares of larger amount than its existing Shares; or
 - (b) Cancel any Shares which had not been taken or agreed to be taken by any person and diminish the amount of its Share capital by the aggregate nominal value of the Shares so cancelled; or
 - (c) Divide its Share capital or any part thereof into Shares of smaller amount than is fixed by its Articles of Association by sub-division of its existing Shares or any of them, subject, nevertheless, to the provisions of the Statutes, and so that as between the resulting Shares, one or more of such Shares may by the Resolution by which such sub-division is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other Shares; or
 - (d) Reduce its Share capital and any capital redemption reserve fund in any way that may be considered expedient.
38. The Company may, subject to applicable law, issue redeemable Shares and redeem the same, pursuant to such procedures, terms and conditions as the Board of Directors shall determine.

INCREASE OF CAPITAL

39. The Company may from time to time by Special Resolution, whether all the Shares for the time being authorised shall have been issued or all the Shares for the time being issued shall have been fully called up or not, increase its registered Share capital by an amount it thinks expedient by the creation of new Shares or otherwise create new classes of Shares; such new capital to be of such amount and to be divided into Shares of such respective amounts and classes (subject to any special rights for the time being attached to any existing class of Shares) and to carry such preferential, deferred or other special rights (if any) or to be subject to such conditions or restrictions (if any) in regard to dividend, return of capital, voting, liquidation or otherwise as the General Meeting deciding upon such increase directs.

40. Except so far as otherwise provided by or pursuant to these Articles or by the conditions of issue, any new Share capital shall be considered as part of the original ordinary Share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original Share capital.

MODIFICATION OF CLASS RIGHTS

41. If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may be varied with the consent in writing of the holders of all the issued Shares of that class, or by the adoption of a Special Resolution passed at a separate General Meeting of the holders of the Shares of the class. The provisions of these Articles relating to General Meetings shall apply *mutatis mutandis* to every such separate General Meeting.
42. Unless otherwise provided by the conditions of issue, the enlargement of an existing class of Shares, or the issuance of additional Shares thereof, shall not be deemed to modify or abrogate the rights attached to the previously issued Shares of such class or of any other class.

BORROWING POWERS

43. The Board of Directors may from time to time, in its discretion, cause the Company to borrow or secure the payment of any sum or sums of money for the purposes of the Company, and may secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions in all respects as it thinks fit, and, in particular, by the issuance of bonds, perpetual or redeemable debentures, debenture stock, or any mortgages, charges, or other securities on the undertaking, or, the whole or any part of the property of the Company, both present and future, including units uncalled or called but unpaid capital for the time being.

GENERAL MEETINGS

44. General Meetings shall be held at least once in every calendar year at such time, not being more than fifteen months after the holding of the last preceding General Meeting and at such place as may be determined by the Directors. Such Annual General Meetings shall be called "Ordinary Meetings" and all other General Meetings of the Company shall be called "Extraordinary Meetings".

The Annual General Meeting shall receive and consider the Directors' Report, the Profit and Loss Account and Balance Sheet, shall elect Directors, appoint Auditors and transact any other business which under these Articles or by the Statutes are to be transacted at a General Meeting of the Company.

45. The Directors may, whenever they think fit, and they shall upon such requisition in writing as is provided by Sections 63(b) and 64 of the Companies Law, convene an Extraordinary Meeting. Any such requisition must state the objects for which the meeting is to be called, be signed by the requisitionists, and must be deposited at the office. Such requisition may consist of several documents in like form, each signed by one or more requisitionists. If the Directors do not, within thirty-five days from the date of publication of notice of the Meeting, proceed to convene a Meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene the Meeting, but any Meeting so convened shall not be held after three months from the date of such deposit.

46. (a) At least 21 days' notice, specifying the place, the day and the hour of the meeting and the items on the agenda shall be given in the manner hereinafter mentioned, to such Shareholders as are, under the provisions of these Articles, and particularly under the provisions of Article 55(a), entitled to receive notices from the Company.

Notices shall be given in such manner as shall be prescribed by the Statutes and by any legally applicable Belgian requirement. Provided that the accidental omission to give such notice to or the non-receipt of such notice by any such Shareholder shall not invalidate any resolution passed or proceeding had at any such meeting, and, with the consent of all the Shareholders for the time being entitled to receive notices of meetings, a meeting may be convened upon a shorter notice or without notice and generally in such manner as such Shareholders may approve. Such consent may be given at the meeting or retrospectively after the meeting.

- (b) Notice with respect to any General Meetings shall be regarded proper and sufficient if it specifies the nature of the matter to be transacted at the General Meeting, or, without making the procedure hereinafter set forth mandatory, if it specifies that the draft of the resolution to be proposed to the General Meeting is available for inspection at a designated place during a designated time period.
- (c) A Shareholder entitled to receive notices of General meetings may waive such right, generally or in respect of a specific General meeting, and shall be deemed to have waived such right with respect to any General Meeting at which he was present, in person or by proxy.

PROCEEDINGS AT GENERAL MEETINGS

47. No business shall be transacted at any General Meetings unless a quorum is present when the meeting proceeds to business. The quorum at any Meeting shall be two Shareholders present in person or by proxy, holding or representing at least thirty percent (30%) of the total voting rights in the Company on the Record Date.
48. If within half an hour from the time appointed for the holding of a General Meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or any time and hour as the Directors shall designate and state in a notice to the Shareholders, and if, at such adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting, two Shareholders present in person or by proxy shall be a quorum regardless of the number of votes represented.

The only business to be considered at an adjourned General Meeting shall be those matters which might have been lawfully considered and/ or transacted at the General Meeting originally called if a requisite quorum had been present and adopt only such types of resolutions which may have been adopted at the General Meeting originally called.

49. The Chairman (if any), chosen as such among the Directors, shall preside at every General Meeting, but if there shall be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Shareholders present shall choose a Director, or, if no Director be present, or if all the Directors present decline to take the Chair, they shall choose a Shareholder present to be Chairman of the meeting.

50. The Chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned pursuant to the provisions of this Article for seven days or more, notice of the adjourned meeting shall be given to the Shareholders entitled to receive notices from the Company under the provisions of these Articles, and particularly under the provisions of Article 55(a), in the same manner as in the case of an original meeting.

Save as aforesaid, no Shareholder shall be entitled to any notice of an adjournment or of the business to be transacted at an adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

VOTES OF SHAREHOLDERS

51. (a) An Ordinary Resolution shall be deemed adopted if approved by the holders of a majority of the voting rights in the Company on the Record Date represented at the meeting in person or by proxy, entitled to vote thereon and voting thereon.
- (b) A Special or Extraordinary Resolution shall be deemed adopted if approved by the holders of not less than seventy-five percent (75%) of the voting power represented at the meeting in person or by proxy, entitled to vote thereon and voting thereon.
- (c) In the case of an equality of votes, the Chairman of the meeting shall be entitled to a further or casting vote.
52. At all General Meetings a resolution put to a vote at the meeting shall be decided on a show of hands. A declaration by the Chairman of the meeting that a resolution has been carried, or has been carried unanimously or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.
53. (Cancelled)
54. (Cancelled)
55. (a) Notwithstanding any provision stated herein, the Board of Directors may fix a record date to determine the Shareholders entitled to notice of and/ or to attend and/or vote at any meeting of Shareholders or any adjournment thereof (the "Meeting"), which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than the maximum period before the date of the Meeting allowed under the Statutes nor less than the minimum period allowed under the Statutes before the date of the Meeting.

If no record date is fixed by the Board of Directors, the record date for determining Shareholders entitled to notice of and to attend and vote at the Meeting shall be the maximum period before the date of the Meeting allowed under the Statutes. A determination of Shareholders of record entitled to notice of and/ or to attend and/or vote at a meeting of Shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

- (b) Subject to any rights or restrictions for the time being attached to any class or classes of Shares, and subject to the provisions of Article 55(a), every Shareholder shall have one vote for each Share of which he is the holder.
56. If any Shareholder be a lunatic, idiot, or *non compos mentis*, he may vote by his committee, receiver, *curator bonis* or other legal curator and such last mentioned persons may give their votes either personally or by proxy.
57. If two or more persons are jointly entitled to a Share, then in voting upon any question the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the Share, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders.
58. Votes may be given either personally or by proxy. A proxy need not be a Shareholder of the Company.
59. The instrument appointing a proxy shall be in writing in the usual common form, or such form as may be approved by the Directors, and shall be signed by the appointor or by his attorney duly authorised in writing, or, if the appointee is a corporation, the corporation shall vote by its representative, appointed by an instrument duly signed by the corporation.
60. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or transfer of the Share in respect of which the vote is given unless an intimation in writing of the death, revocation or transfer shall have been received at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.
61. The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of attorney, shall be deposited at the Office or at such other place or places, whether in Israel or elsewhere, as the Directors may from time to time either generally or in a particular case or class of cases prescribe, at least forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to attend and vote; otherwise the person so named shall not be entitled to vote in respect thereof; but no instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
62. Subject to the provisions of the Statutes, a resolution in writing signed by all the Shareholders, in person or by proxy, for the time being entitled to vote at General Meetings of the Company shall be as valid and as effectual as a resolution adopted by a General Meeting duly convened, held and constituted for the purpose of passing such resolution.
63. A Shareholder will be entitled to vote at the Meetings of the Company by several proxies appointed by him, provided that each proxy shall be appointed with respect to different Shares held by the appointing Shareholder. Every proxy so appointed on behalf of the same Shareholder shall be entitled to vote as he sees fit.
64. No Shareholder shall be entitled to vote at any General Meeting (or be counted as a part of the quorum thereof) unless all calls then payable by him in respect of his Shares in the Company shall have been paid.

DIRECTORS

65. (a) The Board of Directors of the Company shall consist of not less than three and no more than eight Directors (including External Directors, as defined in the Companies Law), classified with respect to the time for which they severally hold office, into up-to three classes (not including the External Directors), each class to include up to two Directors (but in aggregate no more than four directors, not including External Directors), one class to hold office initially for a term expiring at the Annual General Meeting of the Company's shareholders to convene in the year 2004 ("Class A"), another class to hold office initially for a term expiring at the Annual General Meeting of the Company's shareholders to convene in the year 2006 ("Class B"), another class to hold office initially for a term expiring at the Annual General Meeting of the Company's shareholders to convene in the year 2008 ("Class C"), with the members of each class to hold office until their successors have been duly elected and qualified. The Directors of the Classes above referenced, or part thereof, including the resolution as to the election of a Director to a certain Class, shall initially be determined by the Annual General Meeting of the Company's shareholders convened in the year 2001 or pursuant to Article 66(a) hereof, and thereafter, as provided by these Articles.
- (b) At each Annual General Meeting of the Company's shareholders commencing with the Annual General Meeting to convene in the year 2004, the successors to the class of Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the Annual General Meeting of the Company's shareholders held in the third year following the year of their election and until their successors have been duly elected and qualified.
- (c) Directors whose term of office has expired may be re-elected.
66. (a) In the event of any election of Directors in accordance herewith increasing the number of Directors then holding office up-to the maximum number provided under Article 65(a) above, the additional Directors, and in the event of any vacancy on the Board of Directors due to death, resignation, removal, disqualification or any other cause, the successors to fill the vacancies shall be elected only by a majority of the Directors then in office.
- (b) Directors appointed to newly created directorships in the manner provided in Article 66(a) resulting from any increase in the authorized number of Directors or any vacancies on the Board of Directors resulting from death, resignation, removal, disqualification or any other cause shall hold office for a term expiring at the next Annual General Meeting of the Company's shareholders at which term of the class to which they have been elected expires.
- (c) No decrease in the number of Directors constituting the Company's Board of Directors shall shorten the term of any incumbent Director.
67. Except for Directors whose term of office expired at the time the meeting was convened and for persons nominated for the office of a Director by the Directors, no person shall be nominated for the office of a Director at a General Meeting unless, not less than forty eight hours and not more than forty two days prior to the date set for such meeting, another notice signed by the Shareholder entitled to participate and also be present at the meeting with respect to which notice was given, indicating his intention of nominating the candidate to the office of a Director and accompanied with the written consent thereto of the nominee, was delivered to the Office.

68. The Directors in their capacity as such, shall be entitled to receive remuneration and reimbursement of expenses incurred by them in the course of carrying out their duties as Directors as approved by the Company in accordance with and subject to the prevailing law at the time being.
69. The office of a Director shall be vacated, *ipso facto*:
- (1) upon his death;
 - (2) on the date at which he is declared bankrupt or, if the director is a corporation is put in liquidation;
 - (3) on the date he is declared legally incapacitated;
 - (4) on the date fixed in the resolution electing him to his office;
 - (5) on the date fixed in the resolution or notice of his removal, pursuant to Article 74;
 - (6) on the date fixed in a written notice of resignation given by him to Company or on the date of receipt of such notice by the Company, whichever is later;
 - (7) if he was indicted and found guilty of any of the offences detailed in Article 232 of the Companies Law;
 - (8) if an administrative enforcement means prohibiting him from serving as a director is imposed pursuant to Section 232A of the Companies Law.
 - (9) if a director ceases to comply with the requirements applicable to directors pursuant to the Israeli Companies Law, including but not limited to pursuant to Section 227A thereof.
70. (a) Subject to compliance with the provisions of the Companies Law, no Director shall be disqualified by virtue of his office from holding any office, or deriving any profit from any other office in the Company or from any company in which the Company shall be a Shareholder or otherwise interested, or from contacting with the Company as a vendor, purchaser or otherwise.
- (b) No person shall be disqualified to serve as a director by reason of his not holding Shares in the Company or by reason of his having served as a director in the past (subject to limitations under the Companies Law applicable to External Directors).
71. The Company may from time to time at a General Meeting, increase or decrease the number of Directors, subject always to Article 65.
72. In the event of one or more vacancies in the Board of Directors, the continuing Directors may continue to act as long as the Board of Directors consists of at least a majority of the total number of Directors had there been no vacancies. However, in the event that the remaining Directors are not a majority of the total number of Directors, had there been no vacancies, the remaining Director or Directors may call for the convening of a General Meeting for the purpose of the election of Directors.
73. The Directors may at any time and from time to time, subject always to Article 65, appoint any other person as a Director, whether to fill a casual vacancy or to add to

- their number. Any Director so appointed shall hold office until the first General Meeting convened after such appointment and may be re-elected.
74. Any Director or Directors may be removed from office at any time, but only for "cause" and only upon the affirmative vote of (i) the holders of 75% of the Ordinary Shares present in person or by proxy and voting thereon, or (ii) a majority of the Board of Directors of at least 75% of the Directors holding office at such time. For purposes of this Article 74, "cause" shall mean the willful and continuous failure of a Director substantially to perform such Director's duties to the Company (other than any such failure resulting from incapacity due to physical or mental illness) or the willful engaging by a Director in gross misconduct materially and demonstrably injurious to the Company.
- 74A Unless otherwise required by the Statutes, not more than two External Directors shall serve on the Company's board of directors. The nomination, authorities and powers, period and termination of service and any other matter relating to External Directors shall be governed by the provisions of the Companies Law and, in the event of any conflict between the Companies Law and these Articles, in any matter related to the External Directors, the provisions of the Companies Law shall prevail.

PRESIDENTS AND EXECUTIVE OFFICERS

75. The Board of Directors may from time to time appoint one or more persons as President or Presidents, as Chief Executive Officer or Officers (CEO), as Chief Operating Officer or Officers (COO) or as any other Executive Officer or Officers of the Company whether for a fixed term or without any limitation of time and the Board of Directors may from time to time remove or discharge him or them from office (subject to the provisions of any agreement between any such person and the Company) and appoint another or others in his or their place or places.
76. The Directors may from time to time appoint one or more Vice Presidents for certain functions, to carry out duties delegated to him (them) by the President, CEO or COO.
77. The Directors may from time to time confer upon and delegate to a President, CEO, COO or other Executive Officer then holding office such authorities and duties of the Board of Directors as they may deem fit, and they may delegate such authorities for such period and for such purposes and subject to such conditions and restrictions which they consider advantageous, and they may delegate such authorities with or without waiving the authorities of the Directors with respect thereto and their being in lieu of their authorities, in whole, or in part, and they may from time to time revoke, cancel and alter such authorities in whole or in part.
78. The remuneration of a President, CEO, COO or other Executive Officer shall be fixed by the Directors, taking into consideration any agreement between him and the Company, and it may be in whole or in part, in the form of wages or commissions or profit sharing or a combination thereof.
79. Notwithstanding anything to the contrary contained in Articles 77 and 78 hereof, approval of the remuneration of directors and Office Holders of the Company shall be subject to the provisions of the Companies Law.

DIRECTOR'S ACTS AND AUTHORITIES

80. The management of the business of the Company shall be vested in the Board of Directors, which may exercise all such powers and do all such acts and things as the Company is authorised to exercise and do, and are not hereby or by law required to be

exercised or done by the Company in General Meeting (as specified in section 57 of the Companies Law). The authority conferred on the Board of Directors by this Article 80 shall be subject to the provisions of the Companies Law, of these Articles and any regulation or resolution consistent with these Articles adopted from time to time by the Company in General Meeting, provided, however, that no such regulation or resolution shall invalidate any prior act done by or pursuant to a decision of the Board of Directors which would have been valid if such regulation or resolution had not been adopted.

The powers conferred upon the Board of Directors shall be vested in the Board as a collective body, and not in each one or more of the directors individually, and all such powers may be exercised by the Board of Directors by passing resolutions in accordance with the provisions of these Articles.

81. (a) The Directors shall meet
- (i) at least once every three months, and
 - (ii) whenever they are so requested subject to the provisions of section 98 of the Companies Law.

The Directors may meet together for the dispatch of the business of the Company and they may postpone their meetings and otherwise regulate them as they shall deem fit. A Director may call a meeting of the Board of Directors at any time and the Secretary, if so requested by a Director, shall accordingly convene such a meeting. The quorum for the dispatch of business by the Board of Directors in respect of any issue shall be the majority of the Directors then holding office who are entitled to participate and vote in respect of approval of the business despatched.

- (b) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place.

If the requisite quorum is not present within half an hour from the time appointed at an adjourned Board of Directors meeting then any two Directors shall constitute a quorum. The only business to be considered at an adjourned Board of Directors meeting shall be those matters which might have been lawfully considered and/or transacted at the meeting originally called if a requisite quorum had been present.

- (c) Any notice convening a Board of Directors meeting may be given verbally, in person, by telephone conversation, or in writing provided that 24 hours notice before the scheduled meeting was provided, unless all those Directors then in Israel agreed on a shorter notice, provided they constitute a majority of the then acting Directors.

82. A resolution proposed at any meeting of the Board of Directors shall be deemed to have been passed by the Board if voted for by a majority of the directors attending such meeting and voting thereon.

A resolution in writing signed or otherwise approved by all the Directors then in office shall be as valid and as effectual as a resolution adopted by the Board of Directors at a meeting of the Board of Directors duly convened and held for the purpose of passing such resolution.

83. Every Director shall be entitled to be represented and to vote at any meeting of the Board of Directors by another person (other than a serving Director or an alternate of a

serving Director) appointed by him who shall act as his alternate for one meeting or for another specified period or until notice be given of the cancellation of the appointment. The appointment of an alternate shall be made in writing. A Director may appoint two alternates. However, if the two alternates of the same Director shall be present at the Board of Directors' meeting, only one of them shall have the right to vote thereat.

84. A Director being at any time absent from Israel shall be entitled during such time to notice of any Meetings of the Board of Directors, provided he notified the Company of an address to which such notice should be sent.
85. (a) The Board of Directors shall from time to time elect a Chairman for their meeting whose term of office shall be until such time as a new chairman is elected, following the resignation of the serving chairman, or the termination of his office as a director in accordance herewith. In the event that a Chairman was not elected and if the Chairman should fail to be present at a meeting 15 minutes after the time set for its convening, the remaining Directors shall elect one of those present to be Chairman of the meeting.
- (b) All questions that arise at meetings of the Board of Directors shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a further or casting vote.
86. Any meeting of the Board of Directors, at which a quorum is present, shall have the authority to exercise all or part of the authorities, powers of attorney and discretion invested at such time in the Directors or regularly exercised by them.
87. The Directors may delegate subject to the provisions of the Companies Law, several of their authorities in whole or in part to committees each comprising one or more members of the Board of Directors as they shall deem fit and they may from time to time revoke such delegation or alter the powers so delegated. Any committee so created shall, in exercising the authorities granted to it, adhere to all the instructions of the Board of Directors given from time to time.
- The meetings and proceedings of any such committee shall be governed by the provisions of these Articles regulating the meetings of the Board of Directors in so far as appropriate thereto unless the Board of Directors shall otherwise regulate the meetings of such a committee (hereinafter "Committee of the Board of Directors").
88. All acts done *bona fide* at any meeting of the Board of Directors, or of a Committee of the Board of Directors or by any person(s) acting as Director(s) shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of the participants in such meeting or any of them or any person(s) acting as aforesaid, or that they or any of them or any person(s) acting as aforesaid, or that they or any of them were disqualified, be as valid as if there were not such defect or disqualification.
89. The Directors shall cause proper Minutes to be kept of the following:
- (a) The names of all the Directors present at any meeting of the Board of Directors and at any meeting of a Committee of the Board of Directors;
- (b) All resolutions and proceedings of General Meetings of the Company, Board of Directors' meetings and Committee of the Board of Directors' meetings.

Any Minutes as aforesaid, if purporting to be signed by the Chairman of the meeting or by the Chairman of the next succeeding meeting, shall constitute *prima facie* evidence of the matters recorded therein.

90. All *bona fide* acts carried out at any meeting of the Board of Directors shall be valid notwithstanding the fact that a Director who was absent from Israel at the time of the meeting did not receive a notice with respect to its convening.

BRANCH REGISTERS

91. Subject to and in accordance with the provisions of the Companies Law and to all orders and regulations issued thereunder, the Company may cause branch registers to be kept in any place outside Israel as the Board of Directors may think fit, and, subject to all applicable legal requirements, the Board of Directors may from time to time adopt such rules and procedures as it may think fit in connection with the keeping of such branch registers.

SECRETARY

92. The Board of Directors may from time to time appoint a Secretary to the Company as it deems fit and may appoint a temporary Assistant-Secretary who shall act as Secretary for the term of his appointment.

RIGHTS OF SIGNATURE - STAMP AND SEAL

93. (a) Authorisation to sign on behalf of the Company and thereby bind it shall be made and granted from time to time by the Board of Directors. The Company shall have at least one rubber stamp. The Company shall be bound by the signature of the aforesaid appointees if appearing together after its stamp or imprinted name (e.g. cheques).
- (b) The Board of Directors may provide for a seal. If the Board of Directors so provide, it shall also provide for the safe custody thereof. Such seal shall not be used except by the authority of the Board of Directors and in the presence of the person(s) authorised to sign on behalf of the Company, who shall sign every instrument to which such seal is affixed.

DIVIDENDS

94. Subject to any preferential, deferred, qualified or other rights, privileges or conditions attached to any special class of Shares, with regard to dividends, the profits of the Company available for dividend distribution pursuant to the Companies Law and resolved to be distributed, shall be applied in payment of dividends upon the Shares of the Company in proportion to the amount paid up or credited as paid up per the nominal value thereon respectively, otherwise than in advance of calls. Unless otherwise specified in the conditions of issuing of the Shares, all dividends with respect to Shares which were not fully paid up within a certain period, for which dividends were paid, shall be paid proportionally to the amounts paid or credited as paid on the nominal value of the Shares during any portion of the abovementioned period.
95. The Company in a General Meeting may declare a dividend to be paid to the Shareholders according to their rights and interests in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors, but the Company in a General Meeting may declare a smaller dividend.
96. The Directors may from time to time pay to the Shareholders on account of the next forthcoming dividend such interim dividends as in their judgement the position of the Company justifies.

97. A transfer of Shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.
98. Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of registered Shares in the manner hereinafter provided.
99. Unless otherwise directed, any dividend may be paid by cheque or warrant, sent through the post to the registered address of the Shareholder or person entitled, or in the case of joint registered holders to that one of them first named in the register in respect of the joint holding. Every such cheque shall be made payable to the order of the person to whom it is sent. The receipt of the person whose name, at the date of the declaration of the dividend, appears on the Register of Shareholders as the owner of any Share, or in the case of joint holders, of any one of such joint holders, shall be a good discharge to the Company of all payments made in respect of such Share. All dividends unclaimed for one year after having been declared may be invested or otherwise used by the Directors for the benefit of the Company until claimed. No unpaid dividend or interest shall bear interest as against the Company.

PAYMENT IN SPECIE AND CAPITALISATION OF PROFITS

100. Upon the recommendation of the Board of Directors approved by Ordinary Resolution of the Company, and subject to the provisions of the Companies Law, a dividend may be paid, wholly or partly, by the distribution of specific assets of the Company or by distribution of paid up Shares, debentures or debenture stock or any other securities of the Company or of any other companies or by set-off against monies owed to the Company by the Shareholder entitled to receive the dividend or in any one or more of such ways.
101. Upon the recommendation of the Board of Directors, approved by Ordinary Resolution of the Company, the Company:
- (i) may cause any moneys, investments, or other assets forming part of the undivided profits of the Company, standing to the credit of a reserve fund, or to the credit of a reserve fund for the redemption of capital, or in the hands of the Company and available for dividends, or representing premiums received on the issuance of Shares and standing to the credit of the Share premium account, to be capitalised and distributed among such of the Shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion, or to be distributed only to a certain part of the Shareholders, while not distributed to other Shareholders as will be decided by the General Meeting on the footing that they become entitled thereto as capital, or may cause any part of such capitalised fund to be applied on behalf of such Shareholders in paying up in full, either at par or at such premium as the resolution may provide, any unissued Shares or debentures or debenture stock or any other securities of the Company which shall be distributed accordingly, or in payment, in full or in part, of the uncalled liability on any issued Shares or debentures or debenture stock; and
 - (ii) may cause such distribution or payment to be accepted by such Shareholders in full satisfaction of their interest in the said capitalised sum. When distributing Shares for capitalised profits all Shareholders shall receive Shares of one class - whether such class existed prior thereto or was created therefor; - or, every Shareholder shall receive Shares of the same class which conferred upon him the right to receive Shares from the capitalisation of profits, or of any other class or a combination of several classes of Shares - in accordance with the approval of the General Meeting.

102. (cancelled).
103. For the purpose of giving full effect to any resolution under Articles 100 and 101, the Directors may settle any difficulty which may arise in regards to the distribution as it thinks expedient and, in particular, may issue fractional certificates, and may fix the value for distribution to any Shareholders upon the footing of the value so fixed or determine that fractions of less nominal value than one New Israeli Sheqel may be disregarded in order to adjust the rights of all parties, and may vest any such cash, Shares, debentures, debenture stock or specific assets with trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board of Directors. Where requisite, a proper contract shall be filed in accordance with the requirements of the Companies Law and the Board of Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund.

ACCOUNTS

104. The Board of Directors shall cause accurate books of account to be kept in accordance with the provisions of Companies Law and of any other applicable law. Such books of account shall be kept at the Office, or at such other place or places as the Board of Directors may think fit, and they shall always be open to inspection by all Directors. No Shareholder, not being a Director, shall have any right to inspect any account or book or other similar document of the Company, except as conferred by law or authorised by the Board of Directors or by Ordinary Resolution of the Company.
105. At least once in every fiscal year the accounts of the Company shall be audited and the correctness of the profit and loss account and balance sheet certified by one or more duly qualified auditors.
106. The appointment, authorities, rights and duties of the auditor(s) of the Company shall be regulated by the applicable law.

NOTICES

107. (a) Any notice or other document may be served by the Company upon any Shareholder either personally or by sending it by prepaid registered mail (air mail if sent to a place outside Israel) addressed to such Shareholder at his address as described in the Register of Shareholders or as prescribed by the Statutes and any legally applicable Belgian requirement, which notwithstanding any other provision of these Articles shall be considered as service of notice to the Shareholders on the date of publication pursuant to such requirements.

Any written notice or other document shall be deemed to have been served twelve (12) hours after it has been sent by facsimile, forty eight (48) hours after it has been posted (seven (7) days if sent to a place, or posted at a place outside Israel), or when actually received by the addressee if sooner than twelve (12), forty eight (48) hours or seven days, as the case may be, after it has been posted, or when actually tendered in person, to such Shareholder (or to the Secretary or the President), provided, however, that such notice or other document as mentioned above may be sent by cablegram and confirmed by registered mail as aforesaid, and such notice shall be deemed to have been given twenty-four (24) hours after such cablegram or telex has been sent or when actually received by such Shareholder (or by the Company), whichever is earlier. If a notice is, in fact, received by the addressee, it shall be deemed to have duly served when received, notwithstanding that it was defectively

addressed or failed, in some respect, to comply with the provisions of this Article.

- (b) The Company is under no obligation to give notice of General Meetings to a person entitled to Shares unless he is duly registered as a Shareholder.
- (c) All notices to be given to the Shareholders shall, with respect to any Share to which persons are jointly entitled, be given to whichever of such persons is named first in the Shareholder Register of Shareholders, and any notice so given shall be sufficient notice to the holders of such Share.
- (d) Any Shareholder whose address is not described in the Register of Shareholders, and who shall not have designated in writing an address for the receipt of notices, shall not be entitled to receive any notice from the Company by personal delivery, mail, facsimile, cablegram or telex.
- (e) Any notice or other document served upon or, sent to any Shareholder by publication in accordance with these Articles shall, notwithstanding that he be then deceased or bankrupt, and whether the Company has notice of his death or bankruptcy or not, be deemed to be duly served or sent in respect of any Shares held by him (either alone or jointly with others) until some other person is registered in his stead as the holder or joint holder of such Shares, and such service as the holder or joint holder of such Shares, and such service or sending shall be a sufficient service on or sending to his heirs, executors, administrators or assigns and all other persons (if any) interested in such Share.
- (f) Where a given number of days notice or notice extending over any period is required to be given, the day of service shall be counted in such number of days or other period.
- (g) Any accidental omission of notice of a General Meeting to a Shareholder or non-receipt thereof shall not derogate from the validity of any resolution of such General Meeting.
- (h) A person shall be deemed to have received any notice, document or other communication if and when same comes to his attention or is received by him or at the address furnished by him to the Company pursuant to this Article.
- (i) To avoid any doubt, the entitlement of a Shareholder to receive any notices relating to convening meetings of Shareholders under these Articles shall be as determined in Article 55(a).

RECONSTRUCTION

108. On any sale of the undertaking of the Company, the Directors, or the liquidators on a winding-up may, if authorised by Special Resolution, accept fully paid or partly paid up Shares, debentures or securities of any other company, whether Israeli or foreign, either then existing or to be formed, for the purchase in whole or in part of the property of the Company, and the Directors (if the profits of the Company permit), or the liquidators (on a winding-up), may distribute such Shares, or securities, or any other property of the Company, amongst the Shareholders, without realisation, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of the cash, Shares, or other securities, benefits, or property, otherwise than in accordance with the strict legal rights of the Shareholders as contributories of the Company, and for valuation of any such securities or property at such price and in such manner as the meeting may approve, and all holders of Shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in the event that the Company is proposed to be or

is in the course of being wound up, such statutory rights (if any) under the provisions of the Statutes as are incapable of being varied or excluded by these presents.

INDEMNITY AND INSURANCE OF OFFICE HOLDERS

109. Subject to the provisions of the Companies Law, the Company may:

109.1 INSURANCE

enter into a contract for the insurance of the liability, in whole or in part, of any of its Office Holders with respect to any of the following:

- (i) a breach of duty of care to the Company or to any other person in respect of an act performed by him by virtue of his being an Office Holder of the Company as long as such duty of care was not breached deliberately or recklessly, except if performed with negligence only.
- (ii) a breach of fiduciary duty to the Company provided that the Office Holder has acted in good faith and that he had reasonable grounds to assume that the act would not harm the good of the Company in respect of an act performed by him by virtue of his being an Office Holder of the Company;
- (iii) a financial liability which shall be imposed on such Office Holder in favour of any other person, in respect of an act performed by him by virtue of his being an Office Holder of the Company;
- (iv) a financial liability which shall be imposed on an Office Holder, as detailed in Section 52(54)(a)(1)(a) of the Securities Law.
- (v) expenses incurred by an Office Holder in connection with an Administrative Procedure in which he was involved, including reasonable litigation costs as well as lawyer's fees.

109.2 EXEMPTION

- (1) The Company may exempt in advance, an Office Holder, from his liability in all or in part on account of damages due to a breach of duty of care towards the Company, provided that such duty of care was not breached deliberately or recklessly, except if performed with negligence only.
- (2) Notwithstanding subsection (1) above, the Company may not exempt in advance, director from his liability towards the Company due to breach of duty of care in distribution events.

109.3 INDEMNITY

- (1) The Company may indemnify an Office Holder of the Company, and or any Office Holder on its behalf in a subsidiary of the Company and or in any affiliate of the Company (as defined in the Securities Law 5728-1968) (the "**Other Company**") post facto on account of liability or expense as detailed in subsection (4) below, imposed on him due to an act performed by him as an Office Holder of the Company.

- (2) The Company may indemnify an Office Holder of the Company and or in Other Company in advance in respect to types of events which, according to the Company's Board of Directors' opinion, are to be expected when the obligation to indemnify was granted, and which are limited to a sum or a criterion that the Board of Directors decided as reasonable in the circumstances of the matter, on account of liability or expense due to such types of events as detailed in subsection (4) below, which was imposed on the Office Holder due to an act performed by him as an Office Holder of the Company.
- (3) The indemnity obligation will detail the events, which, according to the Board of Directors' opinion, are to be expected in view of the Company's activity at the time when the obligation to indemnify was granted as well as the sum or criterion, which the Board of Directors decided as reasonable in the circumstances of the matter.
- (4) The terms "liability or expense" for the purpose of Subsections (1) and (2) shall mean:
- (a) a financial liability imposed on him in favour of any other person by any judgement, including a judgement given as a result of a settlement or an arbitrator's award which has been confirmed by a court, in respect of any act performed by him by virtue of his being an Office Holder of the Company;
 - (b) reasonable litigation costs, including lawyer's fees, spent by an Office Holder due to an investigation or proceedings that was conducted against him by a competent authority authorized to conduct an investigation or proceedings, and which terminated without criminal charges against the Office Holder and without a financial liability imposed on him as an alternative to criminal proceedings, or which terminated without criminal charges against him but with financial liability imposed on him as an alternative to criminal proceedings in an offence which does not require the substantiation of mens rea or in connection with financial sanctions.
- In this Section, termination of proceedings without criminal charges in a matter in which criminal investigation commenced – means case closure according to Section 62 of the Criminal Procedure Law (combine version) 5742-1982 (in this Section the Criminal Procedure Law), or proceedings' delay by the attorney general according to Section 231 of the Criminal Procedure Law.
- "a financial liability as an alternative to criminal proceedings" - shall mean a financial liability imposed according to the law as an alternative to criminal proceedings, including administrative financial penalty according to the Administrative Crimes Law 5748-1985, a financial penalty for an offence which was declared as a financial penalty offence according to the Criminal Procedure Law, financial sanction or ransom.
- (c) reasonable litigation costs, including lawyer's fees, expended by an Office Holder or which were imposed against him by the court in a proceeding commenced by the Company or in its name or by any other person or in a criminal charge in which he

was acquitted, or in a criminal charge in which he was convicted for an offence which does not require the substantiation of mens rea in respect of an act performed by him by virtue of his being an Officer of the Company or an Other Company;

- (d) a financial liability which shall be imposed on an Office Holder, as detailed in Section 52(54)(a)(1)(a) of the Securities Law.
- (e) expenses incurred by an Office Holder in connection with an Administrative Procedure in which he was involved, including reasonable litigation costs as well as lawyer's fees, including by way of indemnification in advance.

For the purpose hereof, "Administrative Procedure" shall mean procedures pursuant to chapters H3 (Imposing of financial sanctions by the Israeli Securities Authority), H4 (Imposing administrative enforcement means by the administrative enforcement committee) and I1 (Settlement for the refrainment from measures or ceasing from measures, which are subject to terms) of the Securities Law, as amended from time to time.

- (f) liability or other expenditure allowed to be indemnified under law.
- (5) The sum of indemnity as mentioned in subsections (1) and (2) above, for any act or event will not exceed 25% (twenty five percent) of the Company's capital as registered in its' financial statements, as of the indemnification day, regarding all Office Holders in the Company.

WINDING-UP

110. If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may with the sanction of an Extraordinary Resolution divide among the Shareholders in specie any part of the assets of the Company, and may, with like sanction, vest any part of the assets of the Company in trustees upon such trusts, for the benefit of the Shareholders, as the liquidators with like sanction shall think fit. The resolution sanctioning any such division may also sanction a division otherwise than in accordance with the legal rights of the Shareholders and may confer special rights on any class of Shareholder, but in case any resolution shall be passed sanctioning any division otherwise than in accordance with the legal rights of the Shareholders, any Shareholder who would be prejudiced thereby shall have a right to dissent, and, ancillary rights, as if such resolution were a Special Resolution passed pursuant to Section 334 of the Companies Ordinance