

## **C. Mer Industries Ltd**

(Hereinafter: **the "Company"**)

**June 16<sup>th</sup>, 2011**

To:  
The Israel Securities Authority  
22 Knafei Nesharim St.  
**Through the MAGNA System**

To:  
The Tel-Aviv Stock Exchange  
54 Ahad-Ha'am St.  
**Through the MAGNA System**

Dear Sir / Madam,

### **Re: Safe City Project in a South American Country**

The Company hereby announces that on this day, June 16<sup>th</sup>, 2011, it has signed a contract with the Ministry of Defense of a country in South America, for the creation of a 'Safe City' system (hereinafter: **the "Project"**).

Within the framework of the Project the Company shall supply, install and maintain communication systems, video systems and traffic control systems, establish a municipal command and control center, and perform installations in police cars.

The scope of the Project is approximately USD 41,800K. The Company's management estimates that approximately half of the Project's scope shall be executed by the end of 2011, and the remainder shall be executed in 2012 (excluding the maintenance component, which shall extend until 2014).

**Sincerely,**

**C. Mer Industries Ltd**