

Company's Application to the Tel-Aviv District Court in Israel for (i) the Convening of a Shareholders' Meeting to Approve a Plan of Arrangement pursuant to which the Company will become a Private Company and its Shares Delisted from the Nasdaq Capital market; and (ii) approval of a Reduction in the Company's Share Capital in Order to Repurchase the Company's Shares from the Public, as Part of the Plan of Arrangement

On December 15, 2005, the Company filed an application with the District Court in Tel-Aviv (the "Court") relating to the approval of a plan of arrangement (the "Plan"), pursuant to which the Company will purchase 7,748,056 of its ordinary shares (the "Shares"), listed for trade on the NASDAQ Capital Market representing 58.4% of its issued and outstanding share capital. The application requested the Court to order the convening of a special meeting of the Company's shareholders which will vote on whether to approve the Plan, under section 350 of the Companies Law- 1999.

As of September 30, 2005, the Company recorded share capital of NIS 772,000. In order to pay for the repurchase of the Shares, the Company has also requested the Court to order a reduction in the Company's share capital by approximately NIS 53,810,000 to approximately NIS -53,038,000.

If you are a creditor of the Company and you wish to oppose the application for the reduction in share capital you may file your objection to the reduction in share capital with the Court by no later than January 15, 2005 (the "Final Date") or any other date decided upon by the Court. Any person wishing to object to the application to convene shareholders' meeting for the approval of the Plan, may submit his objection with the Court by no later than January 5, 2005.

A complete copy of the applications will be provided to any shareholder, creditor or guarantor of the Company's debts, upon receipt of its written request. The applications may also be viewed and photocopied at the registered address of the Company and/or at the Company's representatives in charge of this matter Messrs. Gil Oren, Adv and Adrian Daniels, Adv of Yigal Arnon & Co. – Advocates and Notary, 1 Azrieli Center, Tel-Aviv 67021 ("Company Representatives") on any Sunday through Thursday between the hours of 9:00-17:00; Tel +972-3-608-7851, Fax: +972-3-608-7713.

The Company Representatives may also be contacted for information relating to the procedures and decisions made by the Court, including for information relating to the final date for submission of any objection to the reduction in share capital in the event that the Court sets a date later than the Final Date.