

On January 18, 2007 the parent company (Payton Industries) reported that its controlling shareholders Mr. David Yativ and Mr. Michael Peretz notified it that they are negotiating with Fortissimo Capital Fund the possible sale of 24% of Payton Industries Issued Share Capital, at a price of NIS 20 (About US\$ 4.74), and the grant of an option for additional 13% at a price of NIS 33 (About US\$ 7.82).

The negotiations are currently going on; if and when an agreement will be signed additional notice will be given.