G WILLI FOOD INTERNATIONAL LTD
Form F-1/A
March 03, 2010

As filed with the Securities and Exchange Commission on March 3, 2010

Registration Statement No. 333-163223

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

AMENDMENT NO. 4 TO

FORM F-1

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

G. WILLI-FOOD INTERNATIONAL LTD.

(Translation of Registrant s Name into English)

Israel (State or Other Jurisdiction of Incorporation or Organization)	5141 (Primary Standard Industrial Classification Code Number)	N/A (I.R.S. Employer Identification Number)

4 Nahal Harif St.
Northern Industrial Zone
Yavne 81224 Israel
+ 972 (8) 932-1000

(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant s Principal Executive Office)

Puglisi & Associates
850 Library Avenue, Suite 204
Newark, Delaware 19711

(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)

Copies to:

Erick Richardson, Esq.
Richardson & Patel LLP
10900 Wilshire Boulevard, Suite 500
Los Angeles, California 90211

Gregory Sichenzia, Esq.
Thomas A. Rose, Esq.
Sichenzia Ross Friedman Ference LLP
61 Broadway, 32nd Floor
New York, NY 10006

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Ordinary Shares, NIS 0.10 par value	$ 23,000,000	$ 1,640

(1) Includes all ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of the distribution or within 40 days after the later of the effective date of this registration statement and the date the securities are first bona fide offered to the public.

(2) Includes shares to be sold upon exercise of the underwriter s over-allotment option. See Underwriting.

(3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF CONTENTS

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS **SUBJECT TO COMPLETION, DATED MARCH 3, 2010**

G. WILLI-FOOD INTERNATIONAL LTD.

$20,000,000 of Ordinary Shares

We are offering $20,000,000 of ordinary shares. The number of shares that we will offer will be determined based on the public offering price per ordinary share. Our ordinary shares are listed on the Nasdaq Capital Market under the symbol WILC . On March 2, 2010, the last reported market price of our ordinary shares was US $7.00 per ordinary share.

This investment involves a high degree of risk. You should purchase shares only if you can afford a complete loss of your investment. See Risk Factors beginning on page 4.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the ordinary shares, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Ordinary Share	Total
Public offering price	US$	US$
Underwriting discount	US$	US$
Proceeds, before expenses, to us	US$	US$

The underwriters have an option exercisable within 45 days from the date of this prospectus to purchase up to $ of additional ordinary shares from us at the public offering price less the underwriting discount solely to cover over-allotments. The ordinary shares issuable upon exercise of the underwriter over-allotment option have been registered under the registration statement of which this prospectus forms a part.

The underwriters expect to deliver the ordinary shares against payment in U.S. dollars in New York, New York on or about , 2010.

Rodman & Renshaw, LLC	**Chardan Capital Markets, LLC**

Prospectus dated , 2010

TABLE OF CONTENTS

G. WILLI-FOOD INTERNATIONAL LTD.

TABLE OF CONTENTS

Through and including , 2010 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

TABLE OF CONTENTS

PRESENTATION OF INFORMATION

In this Prospectus, references to the Company , we and us refer to G. Willi-Food International Ltd. and its consolidated subsidiaries.

We present our consolidated financial statements in New Israeli Shekels, the currency of the State of Israel. Unless otherwise specified or the context otherwise requires, references to $, US$, Dollars , USD and U.S. Dollars are United States Dollars and references to NIS are to New Israeli Shekels.

Solely for the convenience of the reader, this Prospectus contains translations of certain NIS amounts into U.S. Dollars at specified rates. These translations should not be construed as representations that the translated amounts actually represent such dollar or NIS amounts, as the case may be, or could be converted into U.S. Dollars or NIS as the case may be, at the rates indicated or at any other rate. Therefore, unless otherwise stated, the translations of NIS into U.S. Dollars have been made at the rate that corresponds to the financial statements.

PRESENTATION OF FINANCIAL AND SHARE INFORMATION

Unless otherwise indicated, the share information in this prospectus is based on 10,267,893 ordinary shares outstanding as of December 23, 2009.

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). The financial statements for the year ended December 31, 2008 are our first annual consolidated financial statements that were prepared in accordance with IFRS as issued by the IASB and following the provisions of IFRS 1 First Time Adoption of International Financial Reporting Standards . Until and including our financial statements for the year ended December 31, 2007, we prepared our consolidated financial statements in accordance with Israeli GAAP. The influence of the transition to IFRS (from financial statements prepared in accordance with Israeli GAAP) on our financial statements for the year ended December 31, 2007 and our results of operations for that year, is detailed in note 31 to our consolidated annual financial statements included elsewhere in the financial statements of our registration statement. Following our adoption of IFRS, as issued by the IASB, we are no longer required to reconcile our financial statements prepared in accordance with IFRS to U.S. GAAP.

TABLE OF CONTENTS

PROSPECTUS SUMMARY

This prospectus summary highlights selected information contained elsewhere in this prospectus. You should read the following summary together with the more detailed information regarding our company and the shares being sold in this offering, which information appears elsewhere in this prospectus and in other documents filed with the Securities and Exchange Commission that we have incorporated by reference into this prospectus.

The Company

We are an Israeli-based company engaged, directly and through our subsidiaries, in the development, import, export, manufacturing, marketing and distribution of a wide variety of over 1,000 food products world-wide. Most of our sales are made in Israel with widespread demand in the Israeli marketplace, as well as products which cater to more select groups.

We purchase food products from over 250 suppliers located in Israel and throughout the world, including from the Far East (China, India, the Philippines and Thailand), Eastern Europe (Hungary, Poland, Latvia and Bulgaria), South America (Argentina, Ecuador and Costa Rica), the United States, Western and Northern Europe (The Netherlands, Belgium, Germany, Sweden, Denmark and France) and Southern Europe (Spain, Portugal, Italy, Turkey, Greece and Cyprus). However, our subsidiary Shamir Salads (2006) Ltd. (Shamir Salads), is manufacturing its Chilled Salads in its logistics center.

In addition, we actively maintain contact with approximately 150 suppliers worldwide through which we assess, on an on-going basis, world market trends, fluctuations in prices, international trends, and other issues relevant to its business. Our management and personnel visit food trade fairs worldwide on a regular basis and endeavor to create new business relationships with potential suppliers. In addition, we distribute some of our products on an exclusive basis.

We are not dependent on any given supplier for the supply of a majority of our products. We purchase most of our products from several suppliers. We are dependent on one source of supply Arla from Denmark with respect to a large part of our dairy and dairy substitute products a part of the import segment.

Our products are marketed and sold to over 1,500 customers in Israel and around the world, including supermarket chains, wholesalers and institutional consumers. We market most of the products under the brand name Willi-Food, our chilled salads under the name Shamir Salads and some of our chilled and frozen products under the brand name Gold Frost. Certain products are marketed under brand names of the manufacturers or under other brand names.

We have acquired controlling interests in several businesses and have formed joint ventures with other businesses during the last three years. In certain cases, we were not successful in our acquisitions, and subsequently sold them at prices similar to our original acquisition prices. We continue to re-evaluate our strategic position and consider other business opportunities. As part of this re-evaluation, we are also considering forming strategic alliances with or entering into different lines of business. We have no current plans, arrangements or agreements with respect to any mergers, acquisitions, or additional financing.

As of December 23, 2009, our principal shareholder, Willi-Food Investments Ltd (Willi-Food), holds approximately 69.85% of our outstanding share capital. Willi Food s securities are traded on the Tel Aviv Stock Exchange.

Our business strategy is to promote the Willi-Food and Shamir Salads brand names and to increase market penetration of products that are currently sold by us through, among other things, marketing efforts and advertising campaigns. In addition, we aim to expand our current food product lines and diversify into additional product lines, as well as to respond to market demand. We also intend to expand our activity in the international food markets, mainly in the U.S. and Europe.

The mailing address and telephone number of our principal executive offices is 4 Nahal Harif St., Northern Industrial Zone, Yavne 81106 Israel, +972-8-932-1000.

1

TABLE OF CONTENTS

THE OFFERING

The following assumes that the underwriters do not exercise their option to purchase up to _________ additional ordinary shares in the offering, unless otherwise indicated.

Ordinary Shares in the Offering:

Ordinary Shares outstanding after the Offering:

Nasdaq symbol:

WILC

Option to purchase additional ordinary shares

We have granted to the underwriter an option, exercisable within 45 days from the date of this prospectus, to purchase up to an additional _______ ordinary shares solely to cover over-allotments.

Timing and settlement for ordinary shares

The ordinary shares are expected to be delivered against payment on ______, 2010.

Use of proceeds

We estimate that we will receive net proceeds from this offering of approximately US$18.5 million, after deducting underwriting discounts and the estimated offering expenses payable by us and based upon an assumed initial offering price of US $ per ordinary share (the mid-point of the estimated public offering price range shown on the front cover of this prospectus). We currently intend to use the net proceeds to fund working capital and for other general corporate purposes.

2

TABLE OF CONTENTS

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary consolidated financial data, have been derived from our audited consolidated financial statements as of December 31, 2008 and 2007 and for the years then ended included elsewhere in this prospectus, and from our unaudited condensed consolidated financial statements as of September 30, 2009 and for the nine and three months ended September 30, 2009 and 2008 included elsewhere in the prospectus. The consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Our results of operations in any period may not necessarily be indicative of the results that may be expected for any future period. See Risk Factors beginning on page 4 of this prospectus. The summary consolidated financial information for those periods and as of those dates should be read in conjunction with those consolidated financial statements and accompanying notes and Management s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 21 of this prospectus.

	For the Nine Months Ended September 30,			For the Year Ended December 31,	
	2009	2009	2008	2008	2007
	USD	NIS	NIS	NIS	NIS
	(In Thousands Except per Share)				
Summary statement of operation data:					
Sales	59,527	223,704	218,122	289,068	201,617
Gross profit	15,883	59,689	55,064	60,229	45,555
Operating income	7,186	27,005	15,469	9,720	13,127
Net income	6,265	23,545	8,855	267	4,639
Net income (loss) attributable to shareholders	6,020	22,624	6,697	(786)	2,342
Net income (loss) attributable per ordinary share, basic	0.59	2.20	0.65	(0.08)	0.23
Net income (loss) attributable per ordinary share, diluted	0.59	2.20	0.65	(0.08)	0.23

	For the Nine Months Ended September 30,			For the Year Ended December 31,	
	2009	2009	2008	2008	2007
	USD	NIS	NIS	NIS	NIS
	(In Thousands)				
Summary statement of cash flow data:					
Net cash provided by continuing operating activities	6,400	24,055	11,771	15,534	11,238
Net cash provided by (used in) continuing investing activities	1,085	4,079	(22,022)	(3,048)	(43,918)
Net cash provided by (used in) continuing financing activities	(407)	(1,531)	2,756	3,637	

	As of September 30,		As of December 31,	
	2009	2009	2008	2007
	USD	NIS	NIS	NIS
	(In Thousands)			
Summary balance sheet data:				
Cash and securities	29,394	110,461	88,116	92,916
Total assets	72,587	272,780	273,342	239,452
Retained earnings	35,676	134,071	111,447	112,233
Shareholders equity	52,826	198,518	185,582	190,607
Equity to total assets attributable to shareholders	72 %	72 %	63 %	72 %
Working capital	37,296	140,157	122,523	142,645
Current ratio	2.9	2.9	2.4	4.0
Quick ratio	2.5	2.5	2.0	3.3

3

TABLE OF CONTENTS

RISK FACTORS

You should carefully consider the risks and uncertainties described below before making an investment decision. If any of the following risks actually occur, our business, financial condition or operating results could be materially harmed. This could cause the trading price of our ordinary shares to decline, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

Our results of operations may be impacted by monetary risk. Our portfolio of marketable securities is subject to various market risks.

We are exposed to fluctuations in the rate of the United States Dollar and Euro versus the NIS. Most of our income is in NIS, whereas most of our purchases are in United States Dollars and in Euros. In addition, a significant portion of our short term bank borrowings, when needed, are in United States Dollars and/or in Euros. A significant depreciation in the NIS vis-à-vis the United States Dollar and/or Euro could have a material adverse effect on our results of operations and financial condition.

We strive to minimize market risks arising from exchange rate fluctuations and the cost of imported goods, especially by opening wide documentary credits for suppliers abroad, holding foreign currency reserves and initiating forward transactions and foreign currency options.

As a method of investing cash reserves, we hold from time to time a portfolio of marketable securities traded on the Tel Aviv Stock Exchange as well as other stock exchanges and certain bonds traded abroad. This portfolio of marketable securities is subject to various market risks resulting from fluctuations in interest rates and foreign currency, exchange rates, price fluctuations and other market risks in Israel and abroad. We do not utilize derivative securities for trading purposes, enter into swap arrangements or otherwise hedge our currency in a manner that we believe could expose us to significant market risk.

Our financial instruments consist mainly of cash and cash equivalents, current accounts receivable, short-term borrowings, current accounts payable and accruals. In view of their nature, the fair value of the financial instruments, included in working capital, is usually identical or close to their book value.

Our business may be materially affected if any of our major clients defaults on its payment to us.

Financial instruments that potentially subject us to concentrations of credit risk consist principally of trade receivables. Despite our large number of clients (over 1,500 in Israel and abroad), a major and significant part of our sales is made to a limited number of customers (mainly the organized market). Our two largest customers, Shufersal Ltd., and Blue Square Israel Ltd., accounted for 20% of our sales in 2008. We generally do not require and do not receive collateral from those customers, although we do require and receive collateral from most of the remainder of our clients in Israel to ensure security of collecting payments. We maintain an allowance for doubtful debts based upon factors surrounding the credit risk of specific customers, historical trends and other information which our management believes adequately covers all anticipated losses in respect of trade receivables. There can be no assurance that this allowance will be adequate. In the event that a major client defaults on its payment obligations to us, we will not possess sufficient security to collect the entire debt.

We depend on a small number of principal clients who have in the past bought our products in large volumes. We cannot assure that these clients or any other client will continue to buy our products in the same volumes, on the same terms or at all.

Despite our wide dispersion of clients, we have two major clients, including Shufersal Ltd. and Blue Square Israel Ltd., supermarket chains, who accounted for approximately 20% of our revenue during 2008. We do not have long term purchase contracts with our clients, and our sales arrangements with our clients do not have minimum purchase requirements. We cannot assure that our major clients will continue to buy our products at all or in the same volumes or on the same terms as they have in the past. Their failure to do so may significantly reduce our sales. Losing one or more of them may adversely affect our business results. In addition, we cannot assure that we will be able to attract new customers.

We are dependent on our key personnel. The loss of any of our key personnel could have a material effect on our business.

We depend on a small number of technical staff, managers and directors, including management services provided to us by Zwi Williger and Joseph Williger, through management companies that they control, each of whom holds senior management positions with us. We do not have any key-man life insurance policy on either man. The loss of one or more of them could have a material adverse effect on our business and operations.

We are dependent on Arla Foods amba, or Arla , and we also work with a limited number of other key suppliers. If these suppliers raise prices or terminate their engagement with us, our operating results could be adversely affected.

We are dependent on Arla, which supplies a high percentage (9.7% in 2008) of our dairy and dairy substitute products, although we are not dependent on any single supplier in respect of a majority of our products. Terminating the engagement with any supplier, in particular Arla, or a material change in the engagement terms for purchasing products from those suppliers may have an adverse affect on our results of operations. We have a distribution agreement with Arla pursuant to which we serve as Arla s sole agent and distributor in Israel of certain products for a five-year period beginning in March 2005. In July 2007, the agreement was amended and the exclusivity period was extended to ten years from March 2005. If this supplier raises its prices, our operating results may be adversely affected. We believe that there are alternative suppliers for purchasing our products; however, we cannot be assured that the products of the alternative suppliers will become immediately available and that the terms of purchase will be similar to the current ones.

We may not be able to successfully compete with larger competitors who have greater operations, or greater financial, marketing, labor and other resources than we have.

The food distribution business in Israel is highly competitive. We face competition from existing competitors in respect of imported as well as locally manufactured food products. Local producers are not subject to the financial risks of importing food products or to governmental policies regarding taxation of imported food products to which we are subject. We may also face competition from potential newcomers to the food business as well as from existing importers and/or manufacturers not currently involved in the same lines of products as us. In addition, in the event we further expand our activity in the international food markets, we will face also competition from manufacturers and/or distributors from the locations in which we expand our activity. Certain of our current and potential competitors are substantially more established, benefit from substantially greater market recognition and have greater financial, marketing, labor and other resources than we have. If any of our competitors materially reduces prices, we may be required to reduce our prices in order to remain competitive. Such reductions, if effected, could have a material adverse effect on our financial condition and results of operations.

Increases or decreases in global product prices have in the past, and in the future may continue to, have a material adverse effect on our profitability.

In 2007, a number of our suppliers increased their product prices to us due to increases in milk, wheat, corn and rice prices. This reduced our profitability during 2007. The cost of food commodities and other food products is subject to cyclical and other market factors and may fluctuate significantly. As a result, our cost in securing these products is subject to substantial increases and decreases over which we have no control. In addition, fuel costs, which represent the most significant factor affecting utility costs at our production facilities and our transportation costs are subject to wide fluctuations. We cannot assure that we will be able to pass on to customers the increased costs associated with the procurement of these products. Moreover, there has in the past been, and there may in the future be, a time lag between the incurrence of such increased costs and the transfer of such increases to customers. To the extent that increases in the prices of our products cannot be passed on to customers or there is a delay in passing on the increased costs to customers, we are likely to experience an increase in our costs which may materially reduce our margin of profitability.

Increases or decreases in global product prices have in the past, and in thefuture may continue to, have a material

TABLE OF CONTENTS

In 2008, the global purchase prices of a number of our key products decreased sharply due to the global recession. This reduced our profitability during 2008 because of the sharp decrease in the selling prices of our products that we had previously purchased or committed to purchase at higher prices. Because we purchase many of our products from outside Israel, there is a lag of time from when we purchase inventory from our suppliers (or commit to purchase inventory from our suppliers) until the time we sell this inventory to our customers in Israel. To the extent that the sales price of products that we purchase decreases from the time that we purchase our inventory (or commit to purchase our inventory) until the time we sell the inventory to our customers, our margin of profitability may be materially reduced if we are not able to sell our products at prices exceeding the market price.

Our results of operations may be adversely affected if we do not accurately predict the rate of consumption of our products.

We hold inventory of basic foodstuffs (such as preserved food, oils and rice) and other food products, and we accumulate inventories of these products based on our prediction of the consumption of these products. If actual consumption does not meet the prediction, and the shelf life of such products expire or we cannot otherwise sell such products, this may materially and adversely affect our financial condition and results of operations. On the other hand, to the extent we do not have adequate inventory of these critical products (due, for example, to an emergency situation), we will not be able to meet the needs of our customers and our potential revenues may be adversely affected.

We may not successfully integrate our recent acquisitions.

In light of our recent acquisition of Shamir Salads (2006) Ltd., our success will depend in part on our ability to manage the combined operations of this company, to integrate the operations and personnel of this company together with our other subsidiaries into a single organizational structure, and to replace those subsidiary managers who have departed or may in the future leave our employ. There can be no assurance that we will be able to effectively integrate the operations of our subsidiaries and our acquired businesses into a single organizational structure. Integration of this operation could also place additional pressures on our management as well as on our key personnel. The failure to successfully manage this integration could have an adverse material effect on our results of operations.

We may be unable to anticipate changes in consumer preferences, which may result in decreased demand for our products.

Our success depends in part on our ability to anticipate the tastes and eating habits of consumers and to offer products that appeal to their preferences. Consumer preferences change from time to time and our failure to anticipate, identify or react to these changes could result in reduced demand for our products, which would adversely affect our operating results and profitability.

We may be subject to product liability claims for misbranded, adulterated, contaminated or spoiled food products.

We sell food products for human consumption, which involve risks such as product contamination or spoilage, misbranding, product tampering, and other adulteration of food products. Consumption of a misbranded, adulterated, contaminated or spoiled product may result in personal illness or injury. We could be subject to claims or lawsuits relating to an actual or alleged illness or injury, and we could incur liabilities that are not insured or that exceed our insurance coverage. Even if product liability claims against us are not successful or fully pursued, these claims could be costly and time consuming and may require management to spend time defending the claims rather than operating our business. A product that has been actually or allegedly misbranded or becomes adulterated could result in: product withdrawals, product recalls, destruction of product inventory, negative publicity, temporary plant closings, and substantial costs of compliance or remediation. Any of these events, including a significant product liability judgment against us, could result in a loss of confidence in our food products, which could have an adverse effect on our financial condition, results of operations or cash flows.

TABLE OF CONTENTS

We may be adversely affected by any interruption to our storage facilities.

We store most of our products in two main locations a logistics center warehouse situated in Yavne, Israel and a factory and logistics center situated in Barkan, Israel, used for products being distributed to customers. Any interruption to these storage facilities, whether by power failure, flooding or other event, would have a material impact on our ability to trade in the ordinary course.

Our insurance coverage may not be sufficient to cover our losses in the event our products are subject to product liability claims or our products are subject to recall. In such event, it would have a material adverse effect on us.

Our products may become the subject of product liability claims, and there can be no assurance that our property insurance coverage limits will be adequate or that all such claims will be covered by insurance. A product recall or a product liability claim, even one without merit or for which we have substantial coverage, could result in significant expenses, including legal defense costs, thereby increasing our expenses, lowering our earnings and, depending on revenues, potentially resulting in additional losses. A successful product liability claim or other judgment against us in excess of our insurance coverage could have a material adverse effect on us and our reputation.

Our operating results may be subject to variations from quarter to quarter.

Our operating results may be subject to variations from quarter to quarter depending on, among other things, the timing of sales campaigns and special events initiated by both us and our customers, the major Jewish holidays (such as the Jewish New Year and Passover), our ability to manage future inventory levels in line with business opportunities and anticipated customers demand, competitive developments in the market, changes in the rates of inflation in Israel and fluctuations in NIS/Dollar exchange rates. There can be no assurance that our sales or net income (if any) in any particular quarter will not be lower than the preceding and/or comparable quarter or that its sales or net income (if any) in a particular quarter will be indicative of our results of operations for the entire year. The trading prices of our ordinary shares may fluctuate significantly in response to variations in our operating results.

Our branded products may not be able to compete successfully with nationally branded products.

For sales of our branded products to retailers, the principal competitive factors are price, product quality and quality of service. For sales of branded products to consumers, the principal competitive factors are price and product quality. In many cases, competitors with nationally branded products may have a competitive advantage over our products primarily due to name recognition.

Competition to obtain shelf space for our branded products with retailers is primarily based on the expected or historical performance of our product sales relative to our competitors. The principal competitive factors for sales of our branded products to consumers are brand recognition and loyalty, product quality and price. Most of our branded competitors have significantly greater resources and brand recognition than we do.

Competitive pressures or other factors could cause us to lose market share, which may require us to lower prices, increase marketing expenditures, or increase the use of discounting or promotional programs, each of which would adversely affect our margins and could result in a decrease in our operating results and profitability.

If we are unable to protect our intellectual property rights, our competitive position could be compromised.

We market certain products under the trademarks Willi-Food , Shamir Salads , Pizza Top , Gold Food , Donna Ro Manchow , Bloose , Krisponim , Bubles and Gold Frost . Although we have registered trademarks for these brand cannot assure that the degree of protection these and other trademarks offer will be sufficient to protect our rights in these marks.

If our ordinary shares are delisted from NASDAQ, the liquidity and price of our ordinary shares and our ability to issue additional securities may be significantly reduced.

We may in the future fail to comply with the Nasdaq Capital Market regulations and listing requirements as to minimum net income, minimum number of shareholders and public float and other requirements, and as a result Nasdaq may initiate procedures to delist our ordinary shares from the Nasdaq Capital Market.

Since the beginning of 2009, our stock price has been trading in a range from $0.86 to $7.38 per share. Under Nasdaq s Marketplace Rule 5450(a)(2), (Rule) any company whose share has a closing bid price less than $1.00 for 30 consecutive business days may be subject to a delisting proceeding instigated by the Nasdaq. Due to the current extraordinary market conditions, on October 16, 2008, NASDAQ filed an immediately effective rule change with the SEC providing that companies will be deemed to be in compliance with the continuing listing standards related to bid price or market value of publicly held shares. We have now satisfied this requirement as our stock price is well above $1.00 per share. If we fail to meet the continued listing criteria defined under the Rule following the expiration of the relief, our ordinary shares may be delisted from trading on the Nasdaq Global Market.

Delisting from the Nasdaq Global Market could have an adverse effect on our business and on the trading of our ordinary shares. If a delisting of our ordinary shares were to occur, our shares would trade on the OTC Bulletin Board or on the pink sheets . The OTC Bulletin Board and pink sheets are generally considered to be less efficient markets, and this could diminish investors interest in our ordinary shares as well as significantly impact our share price and the liquidity of our ordinary shares. Any such delisting may also severely complicate trading of our shares by our shareholders, or prevent them from re-selling their shares at/or above the price they paid. Furthermore, our relatively low trading volumes may make it difficult for shareholders to trade shares or initiate any other transactions. Delisting may also make it more difficult for us to issue additional securities or secure additional financing.

In July 2003 and in November 2004, we received letters from the Nasdaq Stock Market informing us that we had failed to meet a continued listing requirement, that we have 500,000 publicly held shares, and that our ordinary shares were therefore subject to delisting from the Nasdaq Capital Market, unless a proper plan for complying with the requirement was presented. Following the receipt of the November 2004 letter, Willi Food Investments Ltd. and Mr. Joseph Williger sold 75,000 of our shares to the public and at the same time we distributed a one to one stock dividend to our shareholders. As a result of these actions, we then complied with the abovementioned listing requirements and the threat of delisting was removed.

One shareholder owns a large percentage of our shares.

As of the date of this Registration Statement, Willi-Food owned approximately 69.85% of our ordinary shares. Mr. Joseph Williger, who serves as Chief Executive Officer and director of our company, and serves as Chairman of the Board of Willi-Food, holds approximately 20.99% of the outstanding shares of Willi-Food (approximately 20.85% on a fully-diluted basis). Mr. Zwi Williger, who serves as Chief Operating Officer and Chairman of the Board of our company, and serves as a director and Chief Executive Officer of Willi-Food, holds approximately 33.26% of the outstanding shares of Willi-Food (approximately 32.24% on a fully-diluted basis).

Our Articles of Association do not provide for cumulative voting rights with respect to the election of directors and every resolution of the company in the general meeting of shareholders is deemed duly passed if passed by a simple majority of the shareholders present and voting unless another majority is required by the Israeli Companies Law or by our Articles of Association.

Our management could lose a major amount of its indirect ownership of our common stock through litigation.

In 2008, Mr. Arcadi Gaydamak (Gaydamak) borrowed approximately NIS 76 million (US $20 million) from companies owned by Messrs. Zwi Williger and Joseph Williger (the Williger Brothers). These loans were secured by Gaydamak s equity securities of Willi-Food, the parent company to G. Willi Food (Parent). The loans included a provision whereby the Williger Brothers had a call option to acquire the Parent equity if Gaydamak defaulted under the loans. On September 2008 Gaydamak defaulted under these loans and

8

accordingly the Williger Brothers increased their ownership of Parent by exercising their call option to acquire such interests; Zwi Williger by 21.65% and Joseph Williger by 21.65%.

Gaydamak has now filed a lawsuit in September 2009 in Israel against the Williger Brothers and others, claiming, among other things, that the Williger Brothers did not rightfully exercise the call option. The Company is not a party to the lawsuit. The Williger Brothers have informed us that their legal counsel has advised them that the lawsuit is without merit, and that they intend to vigorously contest the dispute. The Williger Brothers indicated that their attorneys advised that, according to all the information and documents presented to them, that the Williger Brothers exercised the call options in a rightful and bona fide manner. We have been further advised that the loan agreements were breached by Gaydamak and, at the time of the breach, Gaydamak also declared that he had no intention of paying his debts to the Williger Brothers. At the same time, other creditors submitted significant claims against the assets of Gaydamak and placed attachments on his assets, and therefore a real risk arose that the Willi-Food securities would also be attached. Under these circumstances, in addition to the breach of the loan agreement, by not presenting all the required securities and other breaches, there was also a definite anticipatory breach of the loan payment and a real risk to the securities. Under these circumstances, management believes that the Williger Brothers clearly had the full right to exercise the call option and the lawsuit is without merit.

There are also currently criminal proceedings pending against Gaydamak in Israel for money laundering. Gaydamak left Israel a year ago and management believes he resides in Russia. According to the judge in these proceedings, it is probable that he will not return to Israel. He was also convicted of a crime in France and was sentence to 6 years in prison. Israel has an extradition treaty with France while Russia does not. Therefore, if he were to return to Israel he could face criminal penalties in Israel and France. The Williger Brothers have indicated to us that their lawyers advised them that if Gaydamak does not return to Israel to testify in the lawsuit, there s a very good chance that the lawsuit will be rejected by the court since Gaydamak failed to testify. Again, according to the Williger Brothers legal counsel, such lawsuit is presumably baseless and has a very low chance of success.

However, in the event the lawsuit is ruled against the Williger Brothers, their ownership interest in Willi-Food would be reduced (Zwi Williger from approximately 33.26% to approximately 15.46% and Joseph Williger from approximately 20.99% to approximately 3.19%) and Gaydamak would own a significant indirect interest in our company.

We are controlled by and have business relations with Willi-Food and its management.

Willi-Food, our controlling shareholder, is a holding company whose main asset is the ordinary shares it owns in our company. Willi-Food currently does not directly conduct any material business.

Willi-Food, Mr. Zwi Williger, a 33.26% shareholder of Willi-Food, the Chairman of our Board of Directors and our Chief Operating Officer and a director and Chief Executive Officer in Willi-Food, and Mr. Joseph Williger, a 20.99% shareholder of Willi-Food, a director and our Chief Executive Officer and the chairman of the Board of Directors of Willi-Food, have been and continue in certain cases to be party to certain agreements and arrangements relating to our operations. Such transactions include service and employment arrangements between each of Messrs. Joseph and Zwi Williger together with us, and a service agreement we have with Willi-Food. All such transactions include consideration.

In addition, certain of our key personnel also serve in management positions in Willi-Food. By serving in dual capacities, these persons may experience conflicts of interest involving the two companies. Israeli law imposes procedures, including, for certain material transactions, a requirement of shareholder approval, as a precondition to entering into interested party transactions. These procedures may apply to transactions between Willi-Food and us. However, we cannot assure that we will be able to avoid the possible detrimental effects of any such conflicts of interest by complying with the procedures mandated by Israeli law.

TABLE OF CONTENTS

Risks Related to this Offering.

As the public offering price is substantially higher than the pro forma net tangible book value per share, you will incur immediate and substantial dilution.

If you purchase ordinary shares in this offering, you will pay more for your ordinary shares than the amount paid by existing shareholders for their ordinary shares on a per ordinary share basis. As a result, you will experience immediate and substantial dilution of approximately NIS (US$) per ordinary share, representing the difference between our pro forma net tangible book value per ordinary share as of , 2010, after giving effect to this offering and the public offering price of US$ per ordinary share. See Dilution for a more complete description of how the value of your investment in our ordinary shares will be diluted upon the completion of this offering.

We may use these proceeds from this offering in ways with which you may not agree.

We have not determined a specific use of the net proceeds of this offering, other than to fund working capital and for other general corporate purposes. Our management will have considerable discretion in the application of these proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that do not improve our profitability or increase our ordinary share price. The net proceeds from this offering may also be placed in investments that do not produce income or lose value.

The sale or availability for sale of substantial amounts of our ordinary shares could adversely affect their market price.

Sales of substantial amounts of our ordinary shares in the public market after the completion of this offering, or the perception that these sales could occur, could adversely affect the market price of our ordinary shares and could materially impair our future ability to raise capital through offerings of our ordinary shares.

Volatility in the price of our ordinary shares may result in shareholder litigation that could in turn result in substantial costs and a diversion of our management s attention and resources.

The market price of our ordinary shares has fluctuated significantly and may be affected by our operating results, changes in our business, changes in the products we market and distribute, and general market and economic conditions which are beyond our control. In addition, the stock markets in general have, from time to time, experienced significant price and volume fluctuations that are unrelated or disproportionate to the operating performance of individual companies. These fluctuations have affected stock prices of many companies without regard to their specific operating performance. The price of our ordinary shares may fluctuate significantly in the future.

Also, the financial markets in the Unites States and other countries have experienced significant price and volume fluctuations, and market prices of public companies have been and continue to be extremely volatile. Volatility in the price of our ordinary shares may be caused by factors outside of our control and may be unrelated or disproportionate to our results of operations. In the past, following periods of volatility in the market price of a public company s securities, shareholders have frequently instituted securities class action litigation against that company. Litigation of this kind could result in substantial costs and a diversion of our management s attention and resources.

If we fail to maintain an effective system of internal controls, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our ordinary shares may be adversely affected.

Our reporting obligations as a public company will place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We are a relatively young company with limited accounting personnel and other resources with which to address our internal controls and procedures. In addition, we must implement financial and disclosure control procedures and corporate governance practices that enable us to comply, on a stand alone basis, with the Sarbanes-Oxley Act of 2002

10

TABLE OF CONTENTS

and related Securities and Exchange Commission, or the SEC, rules. For example, we will need to further develop accounting and financial capabilities, including the establishment of an internal audit function and development of documentation related to internal control policies and procedures. Failure to quickly establish the necessary controls and procedures would make it difficult to comply with SEC rules and regulations with respect to internal control and financial reporting. We will need to take further actions to continue to improve our internal controls. If we are unable to implement solutions to any weaknesses in our existing internal controls and procedures, or if we fail to maintain an effective system of internal controls in the future, we may be unable to accurately report our financial results or prevent fraud and investor confidence and the market price of our ordinary shares may be adversely impacted.

Our auditors will be required to attest to our evaluation of internal controls over financial reporting. Unless we successfully design and implement changes to our internal controls and management systems, or if we fail to maintain the adequacy of these controls as such standards are modified or amended from time to time, we may not be able to comply with Section 404 of the Sarbanes-Oxley Act of 2002. As a result, our auditors may be unable to attest to the effectiveness of our internal controls over financial reporting. This could subject us to regulatory scrutiny and result in a loss of public confidence in our management, which could, among other things, adversely affect the price of our ordinary shares and our ability to raise additional capital.

All of our assets are pledged to creditors

We have pledged substantially all of our assets to Bank Leumi Le Israel, Bank Mizrahi-Tefahot Ltd. and Bank Hapoalim Ltd. in order to secure credit lines from each of these banks. If we were to utilize these credit lines, we expect that the proceeds from the sale of any of these assets may be used to prepay the principal amount owed on the credit lines secured by these pledges. As a result of these arrangements, our ability to dispose of pledged assets may require the consent of these banks, and our ability to incur further debt (whether secured or unsecured) is limited.

Risks Related to Our Location in Israel

We are subject to regulations and other policies of the Israeli government and of other countries into which we import and export. If we are unable to obtain and maintain regulatory qualifications or approvals for our products, our business may be adversely affected.

Regulatory, Licensing and Quotas: The import, export, storage, marketing, manufacturing, distribution and labeling of food products are subject to extensive regulation and licensing by various Israeli government and municipal agencies, principally the Ministry of Health, the Ministry of Trade and Industry, the Ministry of Agriculture and the Ministry of Finance. To the extent that we have imported and exported, or will import and export, food products outside of Israel, we may be subject to quotas and other import and export laws and regulations which may limit our ability to sell certain of our food products into these countries. We are required to maintain our distribution processes in conformity with all applicable laws and regulations. In the event that such laws and regulations change, or we fail to comply with such laws and regulations, we may be prevented from trading within Israel or another part of the world.

Tariffs: The Ministry of Finance and the Ministry of Trade and Industry of the State of Israel may increase the levels of tariffs on importing goods. This would have a direct impact on us and our financial performance by increasing our costs which we may not be able to pass on to our customers.

Kosher Licenses: Under kosher regulations, we are required to ascertain that the foodstuffs which we offer for sale bear kosher certification approved by certain authorities such as the Chief Rabbinate of Israel. There is a risk that the relevant authorities in Israel or other areas of the world responsible for issuing kosher licenses may change the criteria for obtaining such licenses. In such circumstances, we may be prohibited from obtaining kosher licenses for various products that we sell into the various kosher markets. Failure to comply with such applicable laws and regulations in relation to kosher licenses could subject us to civil sanctions, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, any of which could have a material adverse effect on us and our financial performance.

11

TABLE OF CONTENTS

Economic conditions in Israel affect our financial performance.

A major part of our sales are made in Israel, and consequently our financial performance is dependent to a significant extent on the economy of Israel. In recent quarters, the global economic instability and economic uncertainty have negatively impacted economic conditions in Israel. A recession has started in Israel, and the unemployment rates have increased. This has resulted in our customer base, both in the retail and in the wholesale markets, reducing their purchases from us, both in quantities and by purchasing lower cost food products. A deterioration of the economic situation in Israel may erode the real wages and lower the buying power of our potential customers. This in turn may adversely affect our activities and business results.

We may be affected by political, economic and military conditions in Israel and the Middle East.

Political, economic and military conditions in Israel have a direct influence on us because our operations are located there. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could materially and adversely affect our operations. Several Arab countries still restrict business with Israeli companies and these restrictions may have an adverse impact on our operating results, financial condition or the expansion of our business. We could be adversely affected by restrictive laws or policies directed towards Israel and Israeli businesses. The establishment in 2006 of a government in the Palestinian Authority by representatives of the Hamas militant group has created additional unrest and uncertainty in the area. In December 2008, Israel was engaged in an armed conflict with Hamas in the Gaza Strip, in the southern region of Israel. During the summer of 2006, Israel was engaged in an armed conflict with Hezbollah, a Lebanese Islamic Shiite militia group, which disrupted most daily civilian activity in northern Israel. These events have at times caused considerable damage to the Israeli economy. As a result of the political and military situation, Israel s economy has at times suffered considerably. Ongoing or revived hostilities related to Israel may have a material adverse effect on our business and on our share price.

Many of our executive officers and employees in Israel are obligated to perform annual military reserve duty in the Israeli Defense Forces and may be called to active duty under emergency circumstances at any time. If a military conflict or war arises, these individuals could be required to serve in the military for extended periods of time. Our operations could be disrupted by the absence for a significant period of one or more of our executive officers or key employees or a significant number of our other employees due to reserve duty. Any disruption in our operations may harm our business.

Additionally, boycotts of products, prompted by political, religious or other factors, may affect our financial condition and results of operations. For example, the recent war on Gaza and the United Nations fact-finding mission on the Gaza conflict at the start of 2009, commonly known as the Goldstone Report, have found evidence that both Israeli forces and Palestinian militants committed serious war crimes and breaches of humanitarian law, which may amount to crimes against humanity. The Goldstone Report and the Gaza conflict has resulted in grass root boycott movements all over the world on Israeli products or boycotts on products that are distributed by Jews. If such boycott movements were to become widespread, it could have a significant impact on our revenues.

It will be extremely difficult to acquire jurisdiction and enforce liabilities against our officers and directors who are based in Israel.

The majority of our officers and present directors reside outside of the United States and most of our operations at the time of the filing of this registration statement are located outside the United States. As a result, it may not be possible for United States investors to enforce their legal rights, to effect service of process upon our directors or officers or to enforce judgments of United States courts predicated upon civil liabilities and criminal penalties of our directors and officers under Federal securities laws. Moreover, we have been advised that Israel does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States. Further, it is unclear if extradition treaties now in effect between the United States and Israel would permit effective enforcement of criminal penalties of the Federal securities laws.

TABLE OF CONTENTS

Initiation and Enforcement of Legal Action in Israel.

We are organized under the laws of the State of Israel. Most of our executive officers and Directors and some of the experts named in this Prospectus are non-residents of the United States, and a substantial portion of our assets and the assets of these persons are located outside the United States. Therefore, it may be difficult to enforce a judgment obtained in the United States against us or any of those persons. It may also be difficult to enforce civil liabilities under United States federal securities laws in actions initiated in Israel.

Our international operations may be adversely affected by risks associated with international business.

We purchase food products from over 250 suppliers located around the world. Therefore, we are subject to certain risks that are inherent in an international business. These include, but are not limited to:

varying regulatory restrictions on sales of our products to certain markets and unexpected changes in regulatory requirements;
tariffs, customs, duties, quotas and other trade barriers;
difficulties in managing foreign operations and foreign distribution partners;
longer payment cycles and problems in collecting accounts receivable;
fluctuations in currency exchange rates;
political risks;
foreign exchange controls which may restrict or prohibit repatriation of funds;
export and import restrictions or prohibitions, and delays from customs brokers or government agencies;
seasonal reductions in business activity in certain parts of the world; and
potentially adverse tax consequences.

Depending on the countries involved, any or all of the foregoing factors could materially harm our business, financial condition and results of operations.

13

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this prospectus that are not historical facts are statements of future expectations or statements that are based on management s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation:

changes affecting currency exchange rates, including the NIS/U.S. Dollar exchange rate;
the loss of one of more of our key personnel;
changes in laws and regulations, including those relating to the food distribution industry, and inability to meet and maintain regulatory qualifications and approvals for our products;
termination of arrangements with our suppliers, in particular Arla Foods amba;
payment default by, or loss of, one or more of our principal clients;
increasing levels of competition in Israel and other markets in which we do business;
our inability to accurately predict consumption of our products;
product liability claims and other litigation matters;
our inability to meet the Nasdaq listing requirements;
changes in political, economic and military conditions in Israel, including, in particular; economic conditions in our core markets;
increase or decrease in global purchase prices of food products;
inability to successfully integrate our prior acquisitions;
interruption to our storage facilities;
our insurance coverage may not be sufficient;
variations from quarter to quarter;
inability to maintain an effective system of internal controls;
our inability to protect our intellectual property rights;
initiation and enforcement of legal action in Israel;
significant concentration of our shares are held by one shareholder;
we are controlled by and have business relations with Willi-Food and its management;
all of our assets are pledged to creditors;
our international operations may be adversely affected by risks associated with international business; and
our ordinary share price may be volatile.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information or for any other reason.

TABLE OF CONTENTS

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US$18.5 million, after deducting underwriting discounts and the estimated offering expenses payable by us and based upon an assumed initial offering price of US $ per ordinary share (the mid-point of the estimated public offering price range shown on the front cover of this prospectus). A US$1.00 increase (decrease) in the assumed public offering price of US $ per ordinary share would increase (decrease) the net proceeds of this offering by US $ million, assuming the sale of ordinary shares at US $ per ordinary share, the midpoint of the range shown on the front cover page of this prospectus and after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.

The principal purposes of this offering are to create a public market for our ordinary shares for the benefit of all shareholders, retain talented employees by providing them equity incentives, fund working capital and raise capital for general corporate purposes. Other than as set forth in the preceding sentence, as of the date of this prospectus, we have not allocated any specific portion of the net proceeds of this offering for any particular purpose.

PRICE RANGE OF ORDINARY SHARES

Our ordinary shares have been listed on the Nasdaq Stock Market under the trading symbol WILCF since May 19, 1997. On March 15, 2006, the ticker symbol of our ordinary shares was changed to WILC . Information regarding the market price of our ordinary shares is located in our Form 20-F for the year ended December 31, 2008 filed with the Securities and Exchange Commission, or the Commission, on June 26, 2009. Additional information regarding the market price of our ordinary shares is listed below.

	Ordinary Shares	
Calendar Period 2009.	High	Low
Fourth Quarter	6.30	4.32
Third Quarter	4.50	2.22
Second Quarter	2.29	1.26
January 2010 (through January 27, 2010)	7.10	6.06
December 2009	6.30	4.95
November 2009	6.20	5.12
October 2009	5.54	4.32
September 2009	4.50	3.90
August 2009	4.18	3.14
July 2009	3.27	2.22
June 2009	2.29	2.00
May 2009	2.13	1.50
April 2009	1.54	1.26

The last reported sale price of our ordinary shares on the Nasdaq Capital Market on January 27, 2010 was $6.58 per share. As of January 27, 2010, we had 20 holders of record of our ordinary shares.

TABLE OF CONTENTS

CAPITALIZATION

The following table sets forth our consolidated capitalization as of September 30, 2009:

- on an actual basis; and
- on an as adjusted basis to reflect the public offering of _____ ordinary shares at a price of $_____ per share.

You should read this table in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus. The information presented below is unaudited.

	As of September 30, 2009	
	Actual Unaudited	As Adjusted Unaudited
	US$	US$
	(In Thousands)	
Shareholders equity:		
Ordinary shares, par value NIS 0.10 per share: 49,893,520 shares authorized, actual and as adjusted; 10,267,893 shares issued and outstanding, actual; 106,480 shares issued and outstanding, as adjusted	$296	$
Preferred shares, par value NIS 0.10 per share: 106,780 shares authorized and no shares issued and outstanding, actual and as adjusted	0	0
Additional paid-in capital	15,715	
Capital Fund	66	66
Foreign currency translation reserve	176	176
Retained earnings	35,676	35,676
Noncontrolling interest	897	897
Total shareholders equity	52,826	
Total capitalization	$	$

16

TABLE OF CONTENTS

DILUTION

If you invest in our ordinary shares, your interest will be diluted to the extent of the difference between the public offering price per ordinary share and our net tangible book value per ordinary share after this offering. Dilution results from the fact that the public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of September 30, 2009 was approximately NIS 178.6 million (US$47.5 million), or NIS 17.4 (US$4.9) per ordinary share outstanding at that date. Net tangible book value is determined by subtracting the value of our intangible assets and total liabilities from our total assets. Dilution is determined by subtracting net tangible book value per ordinary share from the assumed public offering price per ordinary share, which is the mid-point of the estimated public offering price range shown on the front cover of this prospectus.

Without taking into account any other changes in such net tangible book value after _______, other than to give effect to our sale of the ordinary shares offered in this offering at the assumed public offering price of US$____ per ordinary share, with estimated net proceeds of US$___ million after deducting underwriting discounts and commissions and estimated offering expenses, our pro forma net tangible book value at NIS ____ million (US$____ million) would have been NIS ___ million (US$___ million), NIS ___ (US$____) per outstanding ordinary share. This represents an immediate increase in pro forma net tangible book value of NIS ___ (US$____) per ordinary share to existing shareholders and an immediate dilution in pro forma net tangible book value of NIS ____ (US$___) per ordinary share to new investors in this offering.

The following table illustrates this per share dilution:

	NIS	US$
Assumed public offering price per ordinary share		
Net tangible book value per ordinary share at NIS (US $)		
Increase in net tangible book value per ordinary share attributable to this offering		
Net tangible book value per ordinary share as of June 30, 2009 after giving effect to the offering		
Dilution in net tangible book value per ordinary share to new investors in the offering		

The following table summarizes on a pro forma basis the differences as of September 30, 2009 between the shareholders at our most recent fiscal year end and the new investors with respect to the number of ordinary shares purchased from us, the total consideration paid and the average price per ordinary share paid. The total ordinary shares do not include ordinary shares issuable if the underwriter exercises its option to purchase additional ordinary shares.

	Shares Held		Total Investment			
	Number	Percentage of the Company	Percentage of Voting Rights	Amount	Percentage of Investment	Average Cost per Share
	(In Millions, Except Percentages and per Share Amounts)					
Existing Shareholders						

New Investors
Total

A US$1.00 increase (decrease) in the assumed public offering price of US $ per ordinary share would increase (decrease) our adjusted net tangible book value after giving effect to the offering by NIS million (US $ million), the adjusted net tangible book value per ordinary share after giving effect to this offering by NIS (US $) per ordinary share and the dilution in adjusted net tangible book value per ordinary share, assuming no change to the number of ordinary shares offered by us as set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

TABLE OF CONTENTS

EXCHANGE RATE INFORMATION

We conduct our business in Israel and substantially all of our revenues are denominated in New Israeli Shekels (NIS). However, periodic reports made to shareholders will be expressed in U.S. dollars using the then current exchange rates. This prospectus contains translations of NIS amounts into U.S. dollars at specified rates solely for the convenience of the reader.

These translations should not be construed as representations that the translated amounts actually represent such dollar or NIS amounts, as the case may be, or could be converted into U.S. Dollars or NIS as the case may be, at the rates indicated or at any other rate. Therefore, unless otherwise stated, the translations of NIS into U.S. Dollars have been made at the rate that corresponds to the financial statements.

The following table sets forth information concerning exchange rates between the NIS and the U.S. dollar for the periods indicated.

	NIS per U.S. Dollar Representative Exchange Rate			
	Average(1)	High	Low	Period-End
2010				
January (through January 26, 2010)	3.711	3.765	3.667	3.729
2009				
December	3.790	3.815	3.772	3.775
November	3.779	3.826	3.741	3.792
October	3.726	3.780	3.690	3.746
September	3.766	3.807	3.729	3.758
August	3.832	3.931	3.743	3.811
July	3.892	3.987	3.781	3.790
June	3.943	4.005	3.887	3.919
May	4.092	4.169	3.958	3.958
April	4.196	4.256	4.125	4.163
March	4.159	4.245	4.024	4.188
February	4.103	4.191	4.012	4.162
January	3.913	4.065	3.783	4.065
Year ended December 31, 2008	3.568	4.022	3.230	3.802
Year ended December 31, 2007	4.085	4.342	3.830	3.846

Source: Bank of Israel

(1) Annual averages are calculated from month-end rates. Monthly and interim period averages are calculated using the average of the daily rates during the relevant period.

18

TABLE OF CONTENTS

ENFORCEMENT OF CIVIL LIABILITIES

We are registered under the laws of Israel as our headquarters and our operations are located there. However, Israel has a lesser developed body of securities laws as compared to the United States and provides protections for investors to a significantly lesser extent. In addition to the below, please refer to the section Risk Factors for additional information regarding risks associates with our operations in Israel.

Substantially all of our assets are located outside the United States. In addition, a majority of our directors and officers are nationals or residents of jurisdictions other than the United States and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States. It may also be difficult to enforce in U.S. courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us, our officers and directors.

We have appointed Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware 19711, as our agent to receive service of process with respect to any action brought against us in the United States District Court for the Southern District of New York under the federal securities laws of the United States or of any state in the United States or any action brought against us in the Supreme Court of the State of New York in the County of New York under the securities laws of the State of New York.

We believe there is uncertainty as to whether the courts of Israel would, respectively, (1) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (2) entertain original actions brought in Israel against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

We also believe that the uncertainty with regard to Israeli law relates to whether a judgment obtained from the U.S. courts under civil liability provisions of the securities law will be determined by the courts of Israel. The courts of Israel may not recognize or enforce such judgments against an Israeli company, and because such a determination has not yet been made by a court of Israel, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in Israel. We have concluded that the courts of Israel would recognize a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that: