



## Gadot Biochemical Industries Ltd.

News Release

For immediate release

October 5, 2006

### **Gadot signs an agreement with Tate & Lyle to build a new sugar refining plant in Israel**

Gadot Biochemical Ind., Israel, has signed an agreement with Tate & Lyle (T&L), UK, to establish a joint enterprise for building and operating a new plant for raw sugar refinement. The plant will be built at Gadot's premises in Haifa Bay, Israel. This joint enterprise will be operated by a private company to be called Tate & Lyle Gadot Manufacturing Ltd. (TALGAM) and its shares will be held 35% by Gadot and 65% by Tate & Lyle. Estimated set-up costs of the plant will be approximately US\$18 million.

The transaction will be completed within 30 days of the contract signing or at a later date agreed upon by the two parties. In any case, it will be no later than October 30, 2006.

Gadot and T&L will sign several additional agreements required for establishment of the plant, its operation and joint purchasing of raw sugar, a major raw material for Gadot.

This project is a significant step for Gadot, in anticipation of the expected changes in the global sugar market in general, and in the European sugar regime in particular. Gadot believes that the agreement will contribute to the company's competitive edge in its markets.

In addition, Gadot intends to acquire companies in the health food ingredients industry and in other relevant markets that will strengthen its position in this rapidly growing industry.

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