



Gadot Biochemical Industries Ltd.

News Release

For immediate release

15 May, 2007

Gadot Acquires Pharmline Holding

Israel-based food ingredient producer Gadot Biochemical Industries Ltd. (Gadot) had acquired 85 percent of Pharmline Holding Inc., Florida, N.Y., USA (Pharmline) shares.

Pharmline is a private company which is engaged in processing and marketing of ingredients and premixes to the nutraceuticals market in North America. Its headquarters and production site are located in Florida, NY. Pharmline's revenue in 2006 was approximately US\$37 million. The deal is expected to be completed by the end of June, 2007.

"The acquisition of Pharmline is in line with Gadot's growth strategy — focusing on the nutraceutical and functional food markets," says Jacob Zack, CEO of Gadot. "Pharmline is an important link in the supply chain to these markets and this acquisition will enable Gadot to diversify its products line and to broaden its customer base in North America."

This acquisition will also enable Gadot to broaden its Enrichment Minerals product line, as well as other health ingredients offered to the nutraceuticals industry.

Pharmline is a strategic arm for Gadot, allowing the company to broaden its portfolio and services to the food industry, and more specifically to the functional food industry, providing processed, custom-made ingredients as well as tailor-made premixes.

"Pharmline technology base, combined with Gadot's presence in the food market, is definitely opening new opportunities and venues for deepening our position in the functional-food ingredients market," says Ronny Hacham, V.P Business Development & Marketing at Gadot. "Adding Gadot's capabilities and vast experience in ingredients and applications development to Pharmline's excellent technology will create a strong platform for offering tailored premixes as well as ingredients tailored to customer-specific requirements," explains Hacham. "The functional food industry poses a great growth opportunity for ingredient suppliers and we definitely want to take part in this fast growing market."

Note to editor:

Gadot, Israel, is a leading supplier of crystalline fructose, citrate salts and enrichment minerals and specializes in developing products that have high bioavailability. Gadot intends to further expand its product portfolio through internal development as well as acquisitions.

For more information, visit: www.gadotbio.com and www.tri-calcium-citrate.com

Pharmline, USA, is a leading supplier of high-quality nutritional supplements, standardized phytonutrients and fine chemicals. The company specializes in custom formulations, blending, granulation, milling and other work-up technologies.

For more information, visit: www.pharmlineinc.com