

ENGEL EAST EUROPE NV

INTERNATIONAL DEVELOPMENT GROUP

Rapenburgerstraat 204, 1011 MN, Amsterdam, Netherlands, T+31-20-7784141, F+31-20-3305444
85 Medinat Hayehudim, Herzeliya Pituach, Israel. Tel +972-9-9707024, Fax +972-9-9580202

MINUTES

of the annual meeting of shareholders of Engel East Europe N.V., a public company (*naamloze vennootschap*), having its registered seat (*statutaire zetel*) in Amsterdam, Rapenburgerstraat 204, 1011 MN Amsterdam, NV-number 1.132.679 and registered with the Commercial Register under number 34.138.775,

hereafter to be referred as "Company",

held this 13th day of June, 2006

Mr. Nir Netzer is appointed Chairman by the general meeting of shareholders.

The Chairman appoints Ms. Adi Ron as secretary of this meeting.

The Chairman states:

- The shareholders present at this meeting represent 62,121,100 shares - which is 70.77% of the entire issued capital of the Company – each share carrying one vote;
- The Chairman confirms that the meetings had been duly notified and therefore binding decisions can be taken in this meeting

Agenda:

Item 1: Opening

Item 2: Proposal

The Chairman noted that the purpose of the Meeting was:

1. Adoption of the Company's annual accounts for the period ending on December 31, 2005.
2. Grant of discharge for the period ending December 31, 2005 to the members of the Board of Directors of the Company.
3. Following board approval on 25.4.2006, approval of a gross annual dividend of € 0.0068 per share for the year ended 31 December, 2005 which will be paid on 22nd June, 2006 to the shareholders on the register on May 26th, 2006. Dividends to UK shareholders will be subjects to 15% withholding tax.

N.N. 1/2

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Item 3: Adoption of Resolutions

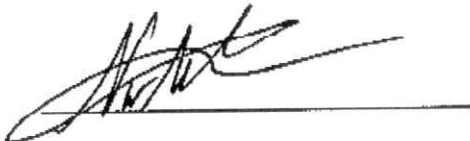
The following RESOLUTIONS were unanimously adopted, namely that:

1. Adoption of the Company's annual accounts for the period ending on December 31, 2005.
2. Grant of discharge for the period ending December 31, 2005 to the members of the Board of Directors of the Company.
3. Approval of a gross annual dividend of € 0.0068 per share for the year ended 31 December, 2005 which will be paid on 22nd, June, 2006 to the shareholders on the register on May 26th, 2006. Dividends to UK shareholders will be subjects to 15% withholding tax

Item 4: Closing

As there are no further discussing points, the Chairman closes the meeting.

Mr Netzer,



Chairman



Secretary