

Contact:
Blue Square-Israel Ltd.
Elli Levinson-Sela
General Counsel & Corporate Secretary
Telephone: 972-3-9282670
Fax: 972-3-9282498

Email: elliils@bsi.co.il

Announcement of Bronfman-Alon: Alon's purchase of Bronfman-Fisher Group's shares in Bronfman-Alon, the controlling shareholder of Blue Square, has been completed. Directors resignation follows the closing.

ROSH HAAYIN, Israel, January 25, 2007 – Further to Blue Square Israel Ltd. (“**Blue Square**”) (NYSE: BSI) announcement dated January 4, 2007, regarding the selling to Alon Israel Oil Company Ltd. (“**Alon**”) of all of Bronfman-Fisher Group’s (“**Bronfman-Fisher**”) remaining holdings in Bronfman-Alon Ltd. (“**Bronfman-Alon**”), the holder of approximately 74.45% of Blue Square’s outstanding shares, Blue Square announced today that it has been informed by Alon that the closing of the purchase agreement has been completed on January 25th, 2007; Bronfman Fisher’s holdings in Bronfman Alon were transferred to a wholly owned subsidiary of Alon, following which Alon holds 100% of the outstanding shares of Bronfman Alon.

Following the above, the directors Mr. Yaakov Shalom Fisher, Mr. Ron Hadassi, and Mr. Elisha Eitani have resigned from their position as directors of Blue Square.

Blue Square expresses its appreciation and thanks to the resigning directors for their contribution to Blue Square.

* * *

Blue Square-Israel Ltd is a leading retailer in Israel. A pioneer of modern food retailing, in the region. Blue Square currently operates 175 supermarkets under different formats, each offering varying levels of services and prices. For more information, please refer to the Blue Square-Israel Ltd. website at www.bsi.co.il.

Forward Looking Statements

The statements contained in this release, except for historical facts, which are forward-looking with respect to plans, projections, or future performance of the Company, involve certain risks and uncertainties. Potential risks and uncertainties include, but are not limited to, risk of market acceptance, the effect of economic conditions, the impact of competitive pricing, supply constraints, the effect of the Company's accounting policies, as well as certain other risks and uncertainties which are detailed in the Company's filings with the Securities and Exchange Commission, particularly the Annual Report on Form 20-F for the year ended December 31, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed by the undersigned, thereunto duly authorized.

BLUE SQUARE – ISRAEL LTD.

By: /s/ Elli Levinson Sela

Elli Levinson Sela, Adv.
General Counsel &
Corporate Secretary

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of January 2007

BLUE SQUARE - ISRAEL LTD.
(translation of registrant's name into English)

2 Amal St., Afek Industrial Park, Rosh Ha'ayin 48092, Israel
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F:

Form 20-F X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this
Form, the registrant is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of
1934:

Yes No X