

## Major Shareholders and Related Party Transactions

### A. Major Shareholders

TAT Industries is the beneficial holder of 51.52 % of our outstanding shares. Accordingly, TAT Industries controls our company.

The following table sets forth certain information as of June 22, 2005, regarding the beneficial ownership by all shareholders known to us to own beneficially 5% or more of our ordinary shares:

<u>Name</u>	<u>Number of Ordinary Shares Beneficially Owned(1)</u>	<u>Percentage of Ownership(2)</u>
TAT Industries Ltd. (3) .....	3,113,409	51.52%
T.O.P(4)(5) .....	1,357,143	22.46%

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Ordinary shares relating to options and warrants currently exercisable or exercisable within 60 days of the date of this table are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares shown as beneficially owned by them.

(2) The percentages shown are based on 6,042,671 ordinary shares issued and outstanding as of June 22, 2005.

(3) The address of TAT Industries is Re'em Industrial Park Neta, Boulevard Bnei Ayish, Gadera, Israel 70750.

(4) The address of T.O.P is Mencham Begin 37, Tel Aviv, Israel.

(5) Includes 500,000 ordinary shares issuable upon the exercise of currently exercisable warrants, granted under the Share Purchase Agreement with T.O.P., at an exercise price of \$7.32 per share. The warrants expire in January 2010.

### Significant Changes in the Ownership of Major Shareholders

On June 15, 2004, we entered into a share purchase agreement with T.O.P, a wholly-owned subsidiary of Ta-Tek Ltd., an Israeli private company wholly-owned by FIMI Opportunity Fund. Under the agreement T.O.P purchased 14.18% of our outstanding shares and was granted warrants for the purchase of additional 8.27% of our outstanding shares, at an exercise price of \$7.32, subject to certain anti-dilution provisions. Such warrants expire in January 2010.

### Major Shareholders Voting Rights

Our major shareholders do not have different voting rights.