

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial advisor duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or from another appropriately authorised independent financial adviser if you are not in the United Kingdom.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document and the accompanying documents at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, persons into whose possession it comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Application will be made to the London Stock Exchange plc (the "Exchange") for the Ordinary Shares to be cancelled from trading on AIM, a market operated by the Exchange ("AIM"). It is anticipated that cancellation of the Ordinary Shares from trading on AIM will take place on Thursday, 27 March 2008.

To the best of the knowledge of the directors of Tescom Software Systems Testing Ltd (the "Company"), who have taken all reasonable care to ensure that such is the case, the information contained in this document in respect of the Company is in accordance with the facts and makes no omission likely to affect the import of such information. The directors of the Company accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules for Companies (the "AIM Rules").

TESCOM SOFTWARE SYSTEMS TESTING LTD

(Incorporated in the State of Israel under Israeli Companies Law with Registration No. 520042771)

Proposed Cancellation of Trading in the Ordinary Shares on AIM

and

Notice of Extraordinary General Meeting

Notice of an Extraordinary General Meeting of the Company to be held at the registered office of the Company, 54 Harei Yehuda Street, Ganei Tikvah 55900, Israel, at 11.30 a.m. (Israel time) on Monday, 17 March 2008 ("EGM") is set out at the end of this document. A form of proxy for use at the EGM is enclosed. To be valid, a form of proxy must be completed in accordance with the instructions printed thereon and returned so as to be received at the registered office of the Company, 54 Harei Yehuda Street, Ganei Tikvah 55900, Israel, by not later than 11.30 a.m. (Israel time) on Sunday, 16 March 2008. Completion and return of a form of proxy will not preclude a shareholder from attending and voting at the EGM should he/she/it so wish.

The whole text of this document should be read.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of forms of proxy	11.30 a.m. (Israel time) on 16 March 2008
EGM	11.30 a.m. (Israel time) on 17 March 2008
Last day of dealing of Ordinary Shares on AIM	26 March 2008
Cancellation of Ordinary Shares from trading on AIM	27 March 2008

If any of the details contained in the timetable above should change, the revised times and dates will be notified to shareholders by means of a Regulatory News Service announcement. All events listed in the above timetable following the EGM are conditional on shareholder approval of the proposed cancellation of trading in the Company's Ordinary Shares on AIM.

LETTER FROM THE CHAIRMAN

TESCOM SOFTWARE SYSTEMS TESTING LTD

(Registered in the State of Israel under Israeli Companies Law with Registered No 520042771)

To Shareholders

Registered Office:
54 Harei Yehuda Street
Ganei Tikvah 55900
Israel

25 February 2008

Dear Shareholder

CANCELLATION OF ADMISSION OF THE COMPANY'S ORDINARY SHARES ON AIM ("Cancellation")

Introduction

On 25 February 2008, the Company announced the proposed cancellation of all its ordinary shares of NIS 0.01 each in the capital of the Company ("Ordinary Shares") from admission to trading on AIM, subject to shareholder approval.

The purpose of this document is to explain the background to the proposed Cancellation, to set out the reasons why your board of directors believes that the Cancellation is in the best interests of the Company and its shareholders generally and to seek your approval for the proposed Cancellation.

The Cancellation is conditional upon the approval of not less than 75% of the votes cast by shareholders of the Company (whether present in person or by proxy) at the EGM. At the end of this document, you will find a notice of EGM which has been convened for 11.30 a.m. (Israel time) on Monday, 17 March 2008. You should complete and return the enclosed form of proxy in accordance with the instructions printed thereon whether or not you intend to attend the EGM.

Background to the Cancellation

The directors of the Company have resolved to notify the Exchange pursuant to Rule 41 of the AIM Rules of their intention to cancel (subject to the passing of the resolution at the EGM) the Ordinary Shares from trading on AIM. In making this decision, the directors have considered the ongoing expense of maintaining a listing on AIM and the current inactive market in the United Kingdom in the Ordinary Shares. The Cancellation should therefore result in the Company achieving some administrative cost-savings. Accordingly, the directors of the Company believe that it is in the best interests of the shareholders generally to seek Cancellation at the earliest opportunity. The Company has, therefore, separately notified the Exchange of its preferred date for the Cancellation, being Thursday, 27 March 2008.

As a result of the proposed Cancellation, Jonathan Gray, our UK-based non-executive director, has indicated that he intends to resign from the board of directors of the Company on completion of the proposed Cancellation, which should enable further cost-savings for the Company.

Following Cancellation, the Ordinary Shares will not be listed on any publicly quoted market in the UK and the Ordinary Shares will cease to be registered with CREST. However, the Ordinary Shares will continue to be traded on the Tel Aviv Stock Exchange.

General Meeting

At the end of this document, you will find a notice convening an EGM of the Company to be held at 11.30 a.m. (Israel time) on Monday, 17 March 2008 at the registered office of the Company, 54 Harei Yehuda Street, Ganei Tikvah 55900, Israel. At this meeting, a resolution will be proposed to approve the making by the Company of the application to the Exchange pursuant to Rule 41 of the AIM Rules for the cancellation of trading on AIM of all of the Ordinary Shares.

To be effective, the resolution requires the approval of not less than 75% of the votes cast by shareholders of the Company (whether present in person or by proxy) at the EGM.

Action to be taken


As mentioned above, you will find enclosed a form of proxy for use at the EGM.

Whether or not you intend to be present at the EGM, it is important that you complete and sign the enclosed form of proxy (in accordance with the instructions printed thereon) and return it to the registered office of the Company, 54 Harei Yehuda Street, Ganei Tikvah 55900, Israel, as soon as possible and, in any event, so as to arrive by no later than 11.30 a.m. (Israel time) on Sunday, 16 March 2008.

Recommendation

The directors consider that the Cancellation is in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend that shareholders vote in favour of the resolution to be proposed at the EGM, as they intend to do (or to procure to be done) in respect of their own beneficial holdings of Ordinary Shares amounting to, in aggregate, 6,958,069 Ordinary Shares, equivalent to approximately 44.17 per cent. of the existing issued share capital of the Company (excluding treasury shares) as at today's date.

Yours sincerely


Jacob Ben Ezra
Chairman

TESCOM SOFTWARE SYSTEMS TESTING LTD

(Incorporated in the State of Israel under Israeli Companies Law with Registration No. 520042771)

(the "Company")

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the Company will be held on Monday, 17 March 2008 at 11.30 a.m. (Israel time) at the registered office of the Company, 54 Harei Yehuda Street, Ganei Tikvah 55900, Israel, to consider and, if thought fit, to pass the following resolution:

RESOLUTION

That (i) the making by the Company, pursuant to Rule 41 of the AIM Rules for Companies, of an application to the London Stock Exchange plc (the "Exchange") for the cancellation of admission to trading on AIM, a market operated by the Exchange, of all of the Ordinary Shares of NIS 0.01 each in the capital of the Company and (ii) the effecting of such cancellation be and are hereby approved.

By Order of the Board

Leeat Peleg, Adv.
Company Secretary

Registered Office:
54 Harei Yehuda Street
Ganei Tikvah 55900
Israel

25 February 2008

TESCOM SOFTWARE SYSTEMS TESTING LTD

(the "Company")

FORM OF PROXY

Extraordinary General Meeting

Before completing this form, please read the explanatory notes below.

I/Weappoint the chairman of the meeting or (see Note 2) as my/our proxy to attend and vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at 11.30 a.m. (Israel time) on Monday, 17 March 2008 at the registered office of the Company, 54 Harei Yehuda Street, Ganei Tikvah 55900, Israel, and at any adjournment of the meeting.

I/We instruct my/our proxy to vote on the resolution to be proposed at the Extraordinary General Meeting as indicated below (unless otherwise instructed, the proxy may vote or abstain from voting as he or she sees fit in relation to any business to be considered at the meeting):

RESOLUTION	FOR	AGAINST	ABSTAIN
To approve the application for cancellation of the Company's ordinary shares to trading on AIM and the effecting of such cancellation			

Signature(s):..... Date:2008

NOTES:

1. To be effective, a completed and signed proxy must be delivered to registered office of the Company, 54 Harei Yehuda Street, Ganei Tikvah 55900, Israel, together with any power of attorney or other authority under which it is signed, by no later than 24 hours before the time fixed for the meeting or any adjourned meeting. Completion and return of this proxy will not preclude a shareholder from attending and voting at the meeting in person.
2. If you wish to appoint a proxy other than the chairman of the meeting, please delete the words "the chairman of the meeting or", insert in block letters in the space provided the name of your proxy and initial the alteration.
3. A member who is entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on his or her behalf, provided that only one proxy may be appointed by a member in respect of a particular share held by him/her.
4. In the case of a corporation, this form of proxy must be given under its seal or signed on its behalf by an attorney or duly authorised officer.
5. In the case of joint holders, the vote of the senior holder shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names appear in the Company's register of members (or the Company's registrars' records) in respect of the joint holding.
6. Any alterations to this proxy must be initialled by you.