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PROSPECTUS

TEFRON LTD.

11,521,259 ORDINARY SHARES

This prospectus covers the sale of up to 11,521,259 of our ordinary shares (the "Shares"). All of the Shares are being offered and sold by the selling shareholders. The prices at which the selling shareholders may sell the Shares will be determined by the prevailing market price for the Shares or in privately negotiated transactions. Information regarding the selling shareholders and the times and manner in which they may offer and sell the Shares under this prospectus is provided under "Selling Shareholders" and "Plan of Distribution" in this prospectus. The selling shareholders will receive all of the proceeds from the sale of the Shares. The registration of the ordinary shares does not necessarily mean that the selling shareholders or their transferees will offer or sell their shares.

We are not offering or selling any of our ordinary shares pursuant to this prospectus. We will not receive any of the proceeds from the sale by the selling shareholders of the ordinary shares offered by this prospectus.

Our ordinary shares are listed on the New York Stock Exchange under the symbol "TFR" and, since September 28, 2005, our shares have been listed on the Tel Aviv Stock Exchange. On September 30, 2005, the last reported sale price on the New York Stock Exchange was $6.94 per share.

THIS INVESTMENT INVOLVES RISK.
SEE "RISK FACTORS" BEGINNING ON PAGE 5.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES
COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS

PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A
CRIMINAL OFFENSE.

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement. We have not authorized anyone else to provide you with different or additional information. This prospectus may only be used where it is legal to sell these securities. You should not assume that the information in this prospectus or any supplement is accurate as of any date other than the date on the front of those documents.

The date of this Prospectus is November 30, 2005

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CORPORATE INFORMATION

The mailing address of our principal executive offices is Industrial Center Teradyon, P.O. Box 1365, Misgav, 20179, Israel and our telephone number is 972-4-990-0881.

THE COMPANY

Tefron Ltd. was incorporated under the laws of the State of Israel on March 10, 1977. We are subject to the provisions of the Israeli Companies Law, 5759-1999.

We manufacture intimate apparel, active-wear and swimwear sold throughout the world by such name-brand marketers as Victoria's Secret, Nike, Target, Warnaco/Calvin Klein, The Gap, Banana Republic, Mervyn's, Puma, Patagonia, Adidas, Reebok and other well known American retailers and designer labels. Through the utilization of manufacturing technologies and techniques developed or refined by us, we are able to mass-produce quality garments featuring unique designs tailored to our customers' individual specifications. Our product line includes knitted briefs, bras, tank tops, boxers, leggings, crop, T-shirts, nightwear, bodysuits, swim wear, beach wear, active-wear and accessories. Our Healthcare Division manufactures and sells a range of textile healthcare products. These products include: slip resistant footwear; anti-embolism stockings and compression therapy systems, an intermittent pneumatic compression device; sterile wound dressings; and XX-Span(R) dressing retainers, an extensible net tubing designed to hold dressings in place without the use of adhesive tape.

We are known for the technological innovation of our Hi-Tex manufacturing process. Our Hi-Tex manufacturing process was implemented as part of our strategy to streamline our manufacturing process and improve the design and quality of our products. The Hi-Tex manufacturing process includes the utilization of a single machine that transforms yarn directly into a nearly complete garment, replacing the knitting, cutting, and significant sewing functions which, in traditional manufacturing, are performed sequentially on separate machines at separate workstations. Following this single-machine operation, all the Hi-Tex manufacturing process requires to complete the garment is dyeing and a reduced amount of sewing and finishing. Our Hi-Tex manufacturing process enables us to produce a substantially wider range of fabrics, styles and product lines, resulting in a consistently high level of comfort, quality and durability. Our fabric engineering, product design and the comfort of our products provide us with an opportunity to expand our sales of active-wear products.

We believe that our collaboration with our customers in the design and development of our products strengthens our relationships with our customers and improves the quality of our products. We began our relationship with Victoria's Secret in 1991, with Banana Republic and The Gap in 1993, with Warnaco/Calvin Klein in 1994 and with Nike in 2000. In 2000, we also began our relationship with Target, which was an existing customer of Alba. These customers accounted for approximately 69.7% and 69.2% of our total sales in 2004 and in the first nine months of 2005, respectively.

Below is a summary of significant events in our development:

1990 First bodysize cotton panty with applicated elastics.

1997 Formation of Hi-Tex Founded by Tefron Ltd. and production of first seamless panty.

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Initial public offering of our shares on the NYSE.

1998 Acquisition of a dyeing and finishing facility to achieve greater vertical integration of our business.

1999 Acquisition of Alba, a manufacturer of seamless apparel and healthcare products. The main purpose of the acquisition of Alba was to acquire additional production capacity, a presence in the United States, direct store distribution capacity, a broader customer base and incremental revenues.

2001 Initial significant shifting of sewing production to Jordan

2001 Launch of a turn around program, including significant cost reduction, downsizing and consolidation of operations.

2002 Reorganization of Alba, including a spin off of the Health Product Division and the formation of the AlbaHealth joint venture with a strategic investor, and the initial consolidation of the seamless production activity in Hi-Tex in Israel, was completed in the second quarter of 2003.

2003 Acquisition of all of the outstanding ordinary shares of Macro Clothing Ltd., an entity that manufactures, markets and sells swimsuits and beachwear.

Implementation of strategic steps to expand our product line, including active-wear products, to diversify our product line and client base.

MARCH-APRIL 2004 Closing of equity investments with two groups of investors in the aggregate amount of $20 million.

OCTOBER Launch of a new business division, Sports Innovation

2004	Division ("SID"), which is devoted to our grow devoted to a growing U.S. customer base in the sport active wear market.
SEPTEMBER 2005	Registration of our shares for trade on the Tel Aviv Stock Exchange (in addition to the listing on NYSE).

We enjoy several strategic advantages by reason of our location in Israel and Jordan. Israel is one of the few countries in the world that has free trade agreements with the United States, Canada, the European Union, or EU, and the European Free Trade Association, or EFTA. These agreements permit us to sell our products in the United States, Canada and the member countries of the EU and the EFTA free of customs duties and import quotas. Due to our locations in Jordan and due to the Qualified Industrial Zone Agreement between the United States, Jordan and Israel we benefit from exemptions from United States customs duties and import quotas on textiles manufactured in Jordan - QIZ. We also currently benefit from substantial investment grants and tax incentives provided by the Government of Israel and from the availability in Israel of skilled engineers.

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RISK FACTORS

An investment in our Ordinary Shares involves a high degree of risk. You should carefully consider the following risk factors, in addition to the other information included and incorporated by reference in this prospectus, including the consolidated financial statements and notes, before you invest.

WE DEPEND ON A SMALL NUMBER OF PRINCIPAL CUSTOMERS WHO HAVE IN THE PAST BOUGHT OUR PRODUCTS IN LARGE VOLUMES. WE CANNOT ASSURE THAT THESE CUSTOMERS OR ANY OTHER CUSTOMER WILL CONTINUE TO BUY OUR PRODUCTS IN THE SAME VOLUMES OR ON THE SAME TERMS.

Our sales to Victoria's Secret accounted for approximately 49.8% of our total sales in 2002, 38.2% of our total sales in 2003, 38.5% of our total sales in 2004 and 33.7% of our total sales in the first nine months of 2005. Our sales to Nike accounted for approximately 2.7% of our total sales in 2002, 3.2% of our total sales in 2003, 6.8% of our total sales in 2004 and 23.0% of our total sales in the first nine months of 2005. Our sales to Target, Banana Republic and The Gap, Calvin Klein and Cardinal Healthcare accounted in the aggregate for approximately 26.3% of our total sales in 2002, 31.4% of our total sales in 2003, 33.7% of our total sales in 2004 and 22.5% of our total sales in the first nine months of 2005. We do not have long-term purchase contracts with our customers, and our sales arrangements with our customers do not have minimum purchase requirements. We cannot assure that Victoria's Secret, Nike, Target, Banana Republic and The Gap, and Cardinal Healthcare or any other customer will continue to buy our products at all or in the same volumes or on the same terms as they have in the past. Their failure to do so may significantly reduce our sales. In addition, we cannot assure that we will be able to attract new customers. A material decrease in the quantity of sales made to our principal customers, a material adverse change in the terms of such sales or a material adverse change in the financial conditions of our principal customers could significantly reduce our sales.

OUR PRINCIPAL CUSTOMERS ARE IN THE CLOTHING RETAIL INDUSTRY, WHICH IS SUBJECT TO SUBSTANTIAL CYCLICAL VARIATIONS. OUR REVENUES WILL DECLINE SIGNIFICANTLY IF OUR PRINCIPAL CUSTOMERS DO NOT CONTINUE TO BUY OUR PRODUCTS IN LARGE VOLUMES DUE TO AN ECONOMIC DOWNTURN.

Our customers are in the clothing retail industry, which is subject to substantial cyclical variations and is affected strongly by any downturn in the general economy. A downturn in the general economy, a change in consumer purchasing habits or any other events or uncertainties that discourage consumers from spending, could have a significant effect on our customers' sales and profitability. Such downturns, changes, events or uncertainties could result in our customers having larger inventories of our products than expected. These events could result in decreased purchase orders from us in the future, which would significantly reduce our sales and profitability. For example, the difficult global economic environment and the continuing soft retail market conditions in the world and specifically in the U.S. both before and especially after the events of September 11, 2001 were reflected in disappointing clothing retail sales in the year 2001 compared to the same period in the year 2000, and consequently decreased our order backlog and production levels. A prolonged economic downturn could harm our financial condition.

OUR EXPANSION INTO NEW PRODUCT LINES WITH MORE COMPLICATED PRODUCTS AND DIFFERENT RAW MATERIALS REDUCED OUR OPERATING EFFICIENCY DURING 2003 AND 2004, AND WE MAY ALSO FACE OPERATING EFFICIENCY DIFFICULTIES IN THE FUTURE.

During 2003, 2004 and the first nine months of 2005, we invested significant efforts to develop and expand new product lines, including active-wear products and swimwear, to diversify our product line and our client base. The manufacturing of new, more complicated products with different raw materials has reduced our operating efficiency in 2003 and 2004. Although our operating efficiency was improved in the first nine months of 2005, our continued significant efforts to develop and expand new product lines may result in additional reductions in operating efficiency. Although we believe that our efficiency is improving as we continue to manufacture our new product lines, we cannot assure that we will be able to avoid any efficiency problems in the future.

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OUR EXPANSION INTO NEW PRODUCT LINES, IN PARTICULAR ACTIVE-WEAR BUSINESS PRODUCTS, INVOLVES THE MANUFACTURE OF NEW PRODUCTS, WHICH HAS AND MAY REQUIRE US TO PURCHASE ADDITIONAL MACHINERY ADAPTED TO MANUFACTURE SUCH PRODUCTS. THE ADDITIONAL CAPITAL EXPENDITURES INCURRED IN CONNECTION WITH THESE PURCHASES MAY REDUCE OUR FUTURE CASH FLOW.

During 2003, 2004 and the first nine months of 2005, we invested significant efforts to develop and expand our new product lines, in particular active-wear products, to diversify our product line and our client base. Active-wear products that we manufacture are made in bigger sizes than intimate apparel, both because our active-wear products are intended for both men and women, and because our active-wear products involve the manufacture of more tops, we have purchased and may need to purchase additional knitting machines and other equipment adapted to manufacture our new products lines. In addition, the manufacture of active-wear products at times requires equipment with new technologies. The additional capital expenditures that may be incurred in connection with these purchases may reduce our future cash flow.

OUR BUSINESS MAY BE IMPACTED BY INFLATION AND NIS EXCHANGE RATE FLUCTUATIONS.

Exchange rate fluctuations between the United States dollar and the NIS and inflation in Israel may negatively affect our earnings. A substantial majority of our revenues and a substantial portion of our expenses are denominated in U.S. dollars. However, a significant portion of the expenses associated with our Israeli operations, including personnel and facilities-related expenses, are incurred in NIS. Consequently, inflation in Israel will have the effect of increasing the dollar cost of our operations in Israel, unless it is offset on a timely basis by a devaluation of the NIS relative to the U.S. dollar. We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation of the NIS against the U.S. dollar. In addition, we are exposed to the risk of appreciation of the NIS vis-a-vis the U.S. dollar. This appreciation would cause an increase in our NIS expenses as recorded in our U.S. dollar denominated financial reports even though the expenses denominated in NIS will remain unchanged. In addition, exchange rate fluctuations in currency exchange rates in countries other than Israel where we operate and do business may also negatively affect our earnings.

WE REQUIRE A SIGNIFICANT AMOUNT OF CASH TO PAY OUR DEBT. IF WE FAIL TO GENERATE SUFFICIENT CASH FLOW FROM OPERATIONS, WE MAY NEED TO RENEGOTIATE OR REFINANCE OUR DEBT, OBTAIN ADDITIONAL FINANCING OR POSTPONE CAPITAL

EXPENDITURES

We depend mainly on our cash generated by operating activities to make payments on our debts. The cash generated by operating activities was approximately $6.9 million and $16.8 million in 2004 and in the first nine months of 2005, respectively. We cannot assure that we will generate sufficient cash flow from operations to make the scheduled payments on our debt. We have repayment obligations on our long-term debt of approximately $1.5 million due in the fourth quarter of 2005, $7.6 million in 2006 and $11.4 million in 2007 and the balance of $29.7 million from 2008 until 2012. These amounts do not include any repayment obligations under our short-term debt in the amount of approximately $19.2 million as of September 30, 2005. Our ability to meet our debt obligations will depend on whether we can successfully implement our strategy, as well as on economic, financial, competitive and technical factors. Some of the factors are beyond our control, such as economic conditions in the markets where we operate or intend to operate, changes in our customers' demand for our products, and pressure from existing and new competitors.

If we cannot generate sufficient cash flow from operations to make scheduled payments on our debt obligations, we may need to renegotiate the terms of our debt, refinance our debt, obtain additional financing, delay planned capital expenditures or sell assets. Our ability to renegotiate the terms of our debt, refinance our debt or obtain additional financing will depend on, among other things:

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- our financial condition at the time;

- restrictions in agreements governing our debt; and

- other factors, including market conditions.

If our lenders decline to renegotiate the terms of our debt, the lenders could declare all amounts borrowed and all amounts due to them under the agreements due and payable. If we are unable to repay the debt, the lenders could foreclose on our assets that are subject to liens and sell our assets to satisfy the debt.

OUR DEBT OBLIGATIONS MAY HINDER OUR GROWTH AND PUT US AT A COMPETITIVE DISADVANTAGE.

We have a considerable amount of bank debt mainly as a result of our acquisition of Alba in December 1999 and the investments made in our Hi-Tex Division. As of September 30, 2005, we had approximately $50.2 million of long term loans outstanding (including current maturities of $6.9 million) and approximately $19.2 million in short term bank credit. Our substantial debt obligations could have important consequences. For example, they could:

- require us to use a substantial portion of our operating cash flow to repay the principal and interest on our loans, which would reduce funds available to grow and expand our business, invest in machinery and equipment and for other purposes;

- place us at a competitive disadvantage compared to our competitors that have less debt;

- make us more vulnerable to economic and industry downturns and reduce our flexibility in responding to changing business and economic conditions;

- limit our ability to pursue business opportunities; and

- limit our ability to borrow money for operations or capital in the future.

Because a significant portion of our loans bear interest at floating rates, an increase in interest rates could reduce our profitability. A ten percent interest rate change on our floating interest rate long-term loans outstanding at September 30, 2005, would have an annual impact of approximately $0.4 million on our interest cost.

DUE TO RESTRICTIONS IN OUR LOAN AGREEMENTS, WE MAY NOT BE ABLE TO OPERATE OUR BUSINESS AS WE DESIRE.

Our loan agreements contain a number of conditions and limitations on the way in which we can operate our business, including limitations on our ability to raise debt, sell or acquire assets and pay dividends. Our loan agreements also contain various covenants which require that we maintain certain financial ratios related to shareholder's equity and operating results that are customary for companies comparable in size. These limitations and covenants may force us to pursue less than optimal business strategies or forgo business arrangements which could have been financially advantageous to us or our shareholders.

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Our failure to comply with the covenants and restrictions contained in our loan agreements could lead to a default under the terms of these agreements. For instance, during 2004, our 48.35% subsidiary, AlbaHealth LLC, failed to comply with certain financial covenants contained in its credit facility with GE Capital, including a minimum EBITDA requirement. However, GE Capital agreed to waive certain financial covenant defaults that occurred during 2004 and to amend certain of the financial covenant provisions of the AlbaHealth credit facility. During the second quarter of 2005, AlbaHealth again failed to comply with a certain financial covenant in the credit facility. On October 1, 2005, AlbaHealth LLC signed with GE Capital an amendment to its credit facility, under which the covenant defaults were waived and the Company was provided with more favorable credit facility terms.

If a default occurs and we are unable to renegotiate the terms of the debt, the lenders could declare all amounts borrowed and all amounts due to them under the agreements due and payable. If we are unable to repay the debt, the lenders could foreclose on our assets that are subject to liens and sell our assets to satisfy the debt.

OUR ANNUAL AND QUARTERLY OPERATING RESULTS MAY VARY WHICH MAY CAUSE THE MARKET PRICE OF OUR ORDINARY SHARES TO DECLINE.

We may experience significant fluctuations in our annual and quarterly operating results which may be caused by, among other factors:

- the timing, size and composition of orders from customers;
- varying levels of market acceptance of our products;
- the timing of new product introductions by us, our customers or their competitors;
- economic conditions in the geographical areas in which we operate or sell products; and
- operating efficiencies.

When we establish a relationship with a new customer, initial sales to such customer are often in larger quantities of goods (to build its initial inventory) than may be required to replenish such inventory from time to time afterwards. As a result, after a customer builds its initial inventory, our sales to such customer may decrease. We cannot assure that our sales to any of our customers will continue at the current rate.

Our operations are affected by our principal customers' businesses, which businesses are subject to substantial cyclical variations. If demand for our products is significantly reduced, our profits will be reduced, and we may experience slower production, lower plant and equipment utilization and lower fixed operating cost absorption.

Additionally, if, in any year, there is a significant number of Christian, Druse, Jewish or Muslim holidays in a particular quarter, we will have fewer days of operation which will result in lower levels of production and sales during such quarter. In certain years, a significant number of such holidays have occurred during the second quarter, but the dates of many of those holidays are based on the lunar calendar and vary from year to year.

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OUR MARKETS ARE HIGHLY COMPETITIVE AND SOME OF OUR COMPETITORS HAVE NUMEROUS ADVANTAGES OVER US; WE MAY NOT BE ABLE TO COMPETE SUCCESSFULLY.

We compete directly with a number of manufacturers of intimate apparel and active-wear, many of which have a lower cost-base than Tefron, longer operating histories, larger customer bases; greater geographical proximity to customers and significantly greater financial and marketing resources than we do. Increased competition, direct or indirect, could reduce our revenues and profitability through pricing pressure, loss of market share and other factors. We cannot assure that we will be able to compete successfully against existing or new competitors, as the market for our products evolves and the level of competition increases. Moreover, our competitors, especially those from the Far East, have established relationships with our customers, which has caused an erosion of prices of some of our Cut & Sew products; current or future relationships between our existing and prospective competitors, especially from the Far East, with existing or potential customers, could materially affect our ability to compete. In addition, we cannot assure that our customers will not seek to manufacture our products through alternative sources and thereby eliminate the need to purchase our products.

Our customers operate in an intensely competitive retail environment. In the event that any of our customers' sales decline for any reason, whether or not related to us or to our products, our sales to such customers could be materially reduced.

In addition, our competitors may be able to purchase seamless knitting machines and other equipment similar to, but less expensive than, the Santoni knitting machines we use to knit garments in our Hi-Tex manufacturing process. By reducing their production cost, our competitors may lower their selling prices. If we are forced to reduce our prices and we cannot reduce our production costs, it will cause a reduction in our profitability. Furthermore, if there is a weak retail market or a downturn in the general economy, competitors may be pressured to sell their inventory at substantially depressed prices. A surplus of intimate apparel at significantly reduced prices in the marketplace would significantly reduce our sales.

WE ARE SUBJECT TO FLUCTUATING COSTS OF RAW MATERIALS.

We use cotton yarn, lycra, spandex, various polymeric yarn and elastic as primary materials for manufacturing our products. Our financial performance depends, to a substantial extent, on the cost and availability of these raw materials. The capacity, supply and demand for such raw materials are subject to cyclical and other market factors and may fluctuate significantly. As a result, our cost in securing raw materials is subject to substantial increases and decreases over which we have no control except by seeking to time our purchases of cotton and polymeric yarns, which are our principal raw material, to take advantage of favorable market conditions. For example, in 2004 and 2005 the cost of synthetic fibers increased due to rising energy costs, and there may be a similar increase in 2006. We cannot assure that we will be able to pass on to customers the increased costs associated with the procurement of raw materials. Moreover, there has in the past been, and there may in the future be, a time lag between the incurrence of such increased costs and the transfer of such increases to customers. To the extent that increases in the cost of raw materials cannot be passed on to customers or there is a delay in passing on the increased costs to customers, we are likely to experience an increase in the cost of raw materials which may materially reduced our margin of profitability.

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IF OUR ORDINARY SHARES ARE DELISTED FROM THE NEW YORK STOCK EXCHANGE, THE LIQUIDITY AND PRICE OF OUR ORDINARY SHARES AND OUR ABILITY TO ISSUE ADDITIONAL SECURITIES MAY BE SIGNIFICANTLY REDUCED.

In order to maintain the listing of our ordinary shares on The New York

Stock Exchange, or NYSE, we are required to meet specified maintenance standards. In addition, the NYSE has amended its continued listing criteria to require, among other things, either a minimum stockholders' equity of $75 million or a minimum market capitalization of $75 million. As of November 15, 2005, our market capitalization was $135 million, and as of September 30, 2005, we had stockholders' equity of $56.2 million.

In the event we fail to meet any current or revised listing criteria of the NYSE, our ordinary shares may be delisted from trading on The New York Stock Exchange. We cannot assure that we will meet all NYSE criteria in the future. Delisting of our ordinary shares would result in limited availability of market price information and limited news coverage. In addition, delisting could diminish investors' interest in our ordinary shares as well as significantly reduce the liquidity and price of our ordinary shares. Delisting may also make it more difficult for us to issue additional securities or secure additional financing.

On September 28, 2005, our shares began trading also on the Tel Aviv Stock Exchange, or TASE. Under the Israeli Securities Law of 1968, in the event that within 12 months after we were initially listed for trading on TASE, we are delisted from trading on NYSE, then within two months of such delisting, we will also be delisted from trading on TASE. If, however, prior to the expiration of such two month period we register our shares for trading on TASE by publishing a prospectus, our shares will not be delisted for trading on TASE.

WE DEPEND ON OUR SUPPLIERS FOR MACHINERY. WE MAY EXPERIENCE DELAYS OR ADDITIONAL COSTS SATISFYING OUR PRODUCTION REQUIREMENTS DUE TO OUR RELIANCE ON THESE SUPPLIERS.

We purchase machinery and equipment, including the machinery used in our Hi-Tex manufacturing process, from sole suppliers. If our suppliers are not able to provide us with additional machinery or equipment as needed, we might not be able to increase our production to meet any growing demand for our products.

WE DEPEND ON SUBCONTRACTORS IN CONNECTION WITH OUR MANUFACTURING PROCESS, IN PARTICULAR THE DYEING AND FINISHING PROCESS; WE MAY EXPERIENCE DELAYS OR ADDITIONAL COSTS SATISFYING OUR PRODUCTION REQUIREMENTS AND WE MAY BE PREVENTED FROM MEETING OUR CUSTOMERS' ORDERS DUE TO OUR RELIANCE ON THESE SUBCONTRACTORS.

We depend on subcontractors who render to us services that are an integral part of our manufacturing process, and in particular sewing services. If such subcontractors do not render the required services, we may experience delays or additional costs to satisfy our production requirements. We depend on a subcontractor who performs a major part of the dyeing and finishing of our Hi-Tex manufacturing process, which is an essential part of our manufacturing process. If that subcontractor breaches its commitments toward us or is not otherwise able to supply the required services, we would have difficulty meeting our customer orders until we find an alternative solution.

WE MAY NOT BE ABLE TO PROTECT OUR INTELLECTUAL PROPERTY.

Our success is substantially dependent upon the adaptations and configurations we make to the machinery and equipment that we purchase and upon the manufacturing technologies, methods and techniques that we have developed for our exclusive use. Only a part of the adaptations, configurations, technologies or techniques used in our manufacturing process is patented. Moreover, we purchase our machinery and equipment from third parties and we cannot assure that a competitor will not adapt, configure or otherwise utilize machinery or equipment in substantially the same manner as we do. In addition, our subcontractors have access to proprietary information, including regarding our manufacturing processes, and from time to time we also lend machinery and equipment to subcontractors, and there is a chance that subcontractors may breach their confidentiality undertakings toward us. Any replication of our manufacturing process by an existing or future competitor would significantly reduce our sales.

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WE FACE POTENTIAL COMPETITION BY OUR FORMER EMPLOYEES.

Our trade secrets are well known to some of our employees. In the event one or more of our current or former employees exploit our trade secrets in violation of their non-competition and confidentiality obligations, we may be adversely affected in the competitive market and in our relationships with are customers and suppliers.

WE FACE POTENTIAL CONFLICTS OF INTEREST CAUSED BY INVESTOR INFLUENCE.

Our principal shareholders have a great deal of influence over the constitution of our Board of Directors and over matters submitted to a vote of the shareholders. As of November 15, 2005, Norfet, Limited Partnership had voting power over approximately 31.5% of the outstanding ordinary shares of Tefron. In addition, as of November 15, 2005, Meir Shamir, one of our directors, owned approximately 40% in Mivtach-Shamir, which at such date was an approximately 35.5% holder in Norfet. As a result, the corporate actions of Tefron may be significantly influenced by Mr. Shamir. Furthermore, as of November 15, 2005, Ishay Davidi, the Chairman of our Board of Directors, served as CEO and a senior partner of FIMI Israel, Opportunity Fund, Limited Partnership, which at such date was an approximately 51.9% holder in Norfet. As a result, the corporate actions of Tefron may be significantly influenced by Mr. Davidi.

As of November 15, 2005, Arie Wolfson, one of our directors, had direct voting power over approximately 5.4% of the outstanding ordinary shares of Tefron, not including options to acquire 150,000 ordinary shares of Tefron that have already vested. Mr. Wolfson is also the Chairman and a significant shareholder of Macpell Industries Ltd., an Israeli company that owned approximately 20.6% of the outstanding ordinary shares of Tefron as of November 15, 2005. Mr. Wolfson and our former president, Mr. Sigi Rabinowicz, another Macpell shareholder, collectively own a controlling interest in Macpell, have entered into a shareholders' agreement regarding corporate actions of Macpell, including the process by which Macpell votes its ordinary shares of Tefron to elect our Directors. As a result, the corporate actions of Tefron may be influenced significantly by Mr. Wolfson.

In connection with the acquisition of Tefron ordinary shares by Norfet, Limited Partnership from the Company and from Arwol Holdings Ltd., an Israeli company wholly owned by Arie Wolfson, and from Macpell, each of Norfet, Arwol and Macpell agreed to vote all of the Tefron ordinary shares owned or controlled by each of them for the election to the Company's nine-member Board of Directors of: (i) two members plus one independent director and one external director nominated by Norfet, Limited Partnership, (ii) two members plus one independent director and one external director nominated by Arwol and Macpell, and (iii) the Company's chief executive officer.

We are party to a consulting and management services agreement with Mr. Wolfson and a company controlled by him, as well as with Norfet pursuant to which the company controlled by Mr. Wolfson and Norfet have agreed to provide consultancy and management services to Tefron. We also lease various properties from affiliates of Macpell.

Israeli companies law imposes procedures, including, for certain material transactions, a requirement of shareholder approval, as a precondition to entering into interested party transactions. These procedures may apply to transactions between Macpell and us and between Norfet and us. However, we cannot assure that we will be able to avoid the possible detrimental effects of any such conflicts of interest by complying with the procedures mandated by Israeli law.

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WE ARE AFFECTED BY CONDITIONS TO, AND POSSIBLE REDUCTION OF, GOVERNMENT PROGRAMS AND TAX BENEFITS

We benefit from certain Israeli Government programs and tax benefits, particularly as a result of the "Approved Enterprise" status of substantially all of our existing production facilities in Israel. As a result of our "Approved Enterprise" status, we have been able to receive significant investment grants with respect to our capital expenditures. In addition, following our exhaustion of our net operating loss carry forwards, we have been able to benefit from a reduced tax rate of 25% on earnings derived from these investments for which the benefit period has not expired. To maintain eligibility for these programs and tax benefits, we must continue to meet certain conditions, including making certain specified investments in fixed assets and conducting our operations in specified "Approved Enterprise" zones. If we fail to meet such conditions in the future, we could be required to refund tax benefits and grants already received, in whole or in part, with interest linked to the Consumer Price Index in Israel from the date of receipt. We have granted a security interest over all of our assets to secure our obligations to fulfill these conditions.

The Government of Israel has reduced the available amount of investment grants from up to 38% of eligible capital expenditures in 1996 to up to 24% of eligible capital expenditures (for projects not exceeding investments of 140 million shekels that are submitted in any year) and up to 20% of eligible capital expenditures (for projects exceeding investments of 140 million shekels that are submitted in any year) since 1997. There can be no assurance that the Israeli Government will not further reduce the availability of investment grants. The termination or reduction of certain programs and tax benefits, particularly benefits available to us as a result of the "Approved Enterprise" status of some of our existing facilities in Israel, would increase the costs of acquiring machinery and equipment for our production facilities and increase our effective tax rate which, in the aggregate, could significantly reduce our profitability. In addition, income attributed to certain programs is tax exempt for a period of two years and is subject to a reduced corporate tax rate of 10% - - 25% for an additional period of five to eight years, based on the percentage of foreign investment in the Company. We cannot assure that we will obtain approval for additional Approved Enterprises, or that the provisions of the Law for the Encouragement of Capital Investments, 1959, as amended, will not change or that the 25% foreign investment percentage will be reached for any subsequent year.

We also benefit from exemptions from customs duties and import quotas due to our locations in Israel and Jordan (Qualified Industrial Zone) and the free trade agreements Israel maintains with the United States, Canada, the European Union and the European Free Trade Association. If there is a change in such benefits or if other countries enter into similar agreements and obtain similar benefits or if any such agreements were terminated, our profitability may be reduced.

WE FACE SEVERAL RISKS, INCLUDING POLITICAL, ECONOMIC, SOCIAL, CLIMATIC RISKS, ASSOCIATED WITH INTERNATIONAL BUSINESS.

Approximately 92% and 91% of our sales in 2004 and in the first nine months of 2005, respectively, were made to customers in the United States, and we intend to continue to expand our sales to customers in the United States and Europe. In addition, a substantial majority of our raw materials are purchased outside of Israel. Our international sales and purchases are affected by costs associated with shipping goods and risks inherent in doing business in international markets, including:

- changes in regulatory requirements;
- export restrictions, tariffs and other trade barriers;
- quotas imposed by international agreements between the United States and certain foreign countries;
- currency fluctuations;

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- longer payment cycles;
- difficulties in collecting accounts receivable;

- political instability and seasonal reductions in business activities; and

- strikes and general economic problems.

Any of these risks could have a material adverse effect on our ability to deliver or receive goods on a competitive and timely basis and on our results of operations. We cannot assure that we will not encounter significant difficulties in connection with the sale or procurement of goods in international markets in the future or that one or more of these factors will not significantly reduce our sales and profitability.

In addition, we may enter into joint ventures with third parties or establish operations outside of Israel that will subject us to additional operating risks. These risks may include diversion of management time and resources and the loss of management control over such operations and may subject us to the laws of such jurisdiction.

In addition to our production facilities in Israel, we currently have production facilities in Jordan, we have relationships with manufacturers in China and Cambodia and we are in the process of shifting additional sewing production out of Israel to take advantage of lower labor costs. Due to commercial disputes that arose between us and the other shareholders of our joint subsidiaries that managed operations in Madagascar, we no longer have production facilities in Madagascar.

Our ability to benefit from the lower labor costs will depend on the political, social and economic stability of these countries and in the Middle East and Africa in general. We cannot assure that the political, economic or social situation in these countries or in the Middle East and Africa in general will not have a material adverse effect on our operations, especially in light of the potential for hostilities in the Middle East. The success of the production facilities also will depend on the quality of the workmanship of laborers and our ability to maintain good relations with such laborers, in these countries. We cannot guarantee that our operations in China or Jordan will be cost-efficient or successful.

WE ARE SUBJECT TO VARIOUS RISKS RELATING TO OPERATIONS IN ISRAEL

We are incorporated under the laws of, and our main offices and manufacturing facilities are located in, the State of Israel. We are directly influenced by the political, economic and security conditions in Israel. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors and a state of hostility, varying in degree and intensity, has led to security and economic problems for Israel. Any major hostilities involving Israel, the interruption or curtailment of trade between Israel and its trading partners or a significant downturn in the economic or financial condition of Israel could have a material adverse effect on our operations. Since October 2000, there has been a deterioration in the relationship between Israel and the Palestinians which has resulted in increased violence. The future effect of this deterioration and violence on the Israeli economy and our operations is unclear. We cannot assure that ongoing or revived hostilities or other factors related to Israel will not have a material adverse effect on us or our business.

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Generally, all male adult citizens and permanent residents of Israel under the age of 54, unless exempt, are obligated to perform up to 36 days of annual military reserve duty. Additionally, all such residents are subject to being called to active duty at any time under emergency circumstances. Some of our officers and employees are currently obligated to perform annual reserve duty. No assessment can be made as to the full impact of such requirements on our workforce or business if conditions in Israel should change, and no prediction can be made as to the effect of any expansion or reduction of such military obligations on us.

During 2004, a general strike at Israel's ports caused a shortage of raw materials and resulted in a loss of sales to the Company of approximately $2.5 million. This shortage also resulted in a decrease in production volume and an increase in operating costs, which affected our ability to achieve greater operating efficiencies. Although Israel's Ministry of Finance, the Histadrut

(General Federation of Labor in Israel), and the Israel Ports Authority signed an agreement in February 2005 which is intended to ensure five (5) years without labor strikes, a further strike or labor disruption at Israel's ports may occur and have an adverse effect on us or our business.

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FORWARD-LOOKING STATEMENTS

Our disclosure in this prospectus (including documents incorporated by reference herein) contains "forward-looking statements." Forward-looking statements are our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historic or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning. These include statements, among others, relating to our planned future actions, our prospective products or product approvals, our beliefs with respect to the sufficiency of our cash and cash equivalents, plans with respect to funding operations, projected expense levels and the outcome of contingencies, such as future financial results.

Any or all of our forward-looking statements in this prospectus may turn out to be wrong. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Consequently, no forward-looking statement can be guaranteed. Actual results may vary materially. The uncertainties that may cause differences include, but are not limited to:

- our customers' continued purchase of our products in the same volumes or on the same terms;

- the cyclical nature of the clothing retail industry;

- the potential adverse effect on our future operating efficiency resulting from our new product lines with more complicated products and different raw materials;

- the purchase of new equipment that may be necessary as a result of our expansion into new product lines;

- fluctuations in inflation and currency rates;

- our failure to generate sufficient cash from our operations to pay our debt;

- the limitations and restrictions imposed by our substantial debt obligations;

- the competitive nature of the markets in which we operate, including the ability of our competitors to enter into and compete in the seamless market in which we operate;

- the fluctuating costs of raw materials; and

- the potential adverse effect on our business resulting from increased custom duties and import quotas (e.g., China, where we manufacture for our swimwear division).

In addition, you should note that our past financial and operation performance is not necessarily indicative of future financial and operational performance. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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REASONS FOR THE OFFER AND USE OF PROCEEDS

We will not receive any proceeds from the sales of the Shares by the selling shareholders to others.

OFFERING PRICE

The selling shareholders have advised us that they may sell the Shares offered by this prospectus at the prevailing market price at the time of such sales, at prices related to such prevailing market price, at negotiated prices, or at fixed prices. The actual number of Shares to be sold and the prices at which they will be sold will depend upon the market price at the time of those sales. Therefore, we have not included in this prospectus information about the price to the public.

OFFER AND LISTING DETAILS

Since the initial public offering of our ordinary shares on September 24, 1997, our ordinary shares have been traded on the New York Stock Exchange, or NYSE, under the symbol "TFR." Prior to the offering, there was no market for our ordinary shares. Since September 28, 2005, our shares have also been traded in the Tel Aviv Stock Exchange , or TASE, under the symbol "TEFRON".

The high and low sales prices for our ordinary shares as reported on the NYSE during the first, second and third quarters of 2005 as well as for May through October 2005 are set forth below. Other information regarding the market price of our ordinary shares is located in our Form 20-F for the year ended December 31, 2004 filed with the SEC on April 21, 2005.

2005	HIGH	LOW
First quarter	$5.35	$3.84
Second quarter	$5.93	$4.93

Third quarter	$7.04	$4.96
May	$5.93	$5.25
June	$5.65	$5.14
July	$5.6	$4.96
August	$6.29	$5.45
September	$7.04	$5.90
October	$6.86	$6.20

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CAPITALIZATION

The following table sets forth our consolidated unaudited capitalization as of September 30, 2005. The financial data in the following table should be read in conjunction with the Company's consolidated financial data and notes thereto incorporated by reference herein.

	AS OF SEPTEMBER 30, 2005 UNAUDITED (USD IN THOUSANDS)
Short term bank debt	19,221
Current maturities of long term debt:	
Bank(1)	6,875
Lease	23
Long term bank debt, net of current maturities(1)	43,292

Shareholder's equity:	
Share Capital(2)	6,804
Additional paid-in capital	82,798
Deferred compensation	(240)
Treasury shares	(7,408)
Other comprehensive loss	(80)
Accumulated deficit	(25,676)
Total shareholders' equity	56,198

1) All bank debt is collateralized by a floating charge (a continuing charge on the Company's present and future assets but permitting the Company to dispose of such assets in the ordinary course of business) on all of the assets of the Company and its subsidiaries.

2) Consisting of Ordinary Shares, par value NIS 1 per share, 50,000,000 authorized, 17,972,381 issued and outstanding (not including 997,400 ordinary shares held in treasury) as of September 30, 2005. As of September 30, 2005, the deferred shares had been cancelled by the Company following the waivers by Mr. Wolfson and Mr. Rabinowicz in favor of the Company of the deferred shares that they held for no compensation.

ADDITIONAL INFORMATION REGARDING LOAN FACILITIES

In October 2005, AlbaHealth LLC, our 48.35% subsidiary, entered into an amendment to its credit facility with GE Capital. Under this amendment, the balance of the term loan facility now amortizes as follows (A) four (4) consecutive quarterly installments on the first day of January, April, July and October, from January 1, 2006 through October 1, 2006, each in the amount of $312,500, and (B) three (3) consecutive quarterly installments on January 1, 2007, April 1, 2007 and July 1, 2007, each in the amount of $375,000. The final installment will be due on September 6, 2007 and be in the amount of $4,375,000 or, if different, the remaining principal balance of the term loan.

In addition, according to the amended terms, the interest on the revolving credit facility and the term loan facility shall be paid, at the election of AlbaHealth, at one of the following rates:

- a floating rate equal to the higher of (i) a base rate quoted by 75% of the largest banks in the U.S. and (ii) the federal funds rate plus 50 basis points, in each case plus a margin per annum of 1.5%; or

- the LIBOR rate plus a margin per annum initially of 2.75%.

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In addition, the Company is party to a loan agreement dated October 12, 2004, with Israel Discount Bank Ltd. providing for a term loan of $450,000 at an interest rate of LIBOR plus 1.5% (interest payable monthly) until maturity in December 2006. The loan agreement provides Israel Discount Bank with the option at any time during the term of the loan to convert all or any portion of the unpaid principal amount of the loan into up to 75,000 Tefron ordinary shares at a price of $6 per share.

These long-term loans are in addition to the long-term facility of our wholly owned subsidiary, Alba (now called Tefron USA Inc.) with Bank Hapoalim B.M. and Israel Discount Bank of New York entered into in connection with the acquisition of Alba, in the outstanding amount of $25.6 million payable in 32 quarterly installments commencing March 15, 2005 through December 15, 2012. The term loan facility bears interest of LIBOR plus 2%, and the related short-term revolving credit facility bears interest at LIBOR plus 1.50%.

These long-term loans are also in addition to the long-term loan facilities between us and Bank Hapoalim B.M. and Israel Discount Bank Ltd. in the aggregate outstanding amount of $21.8 million also payable in 32 quarterly installments commencing March 31, 2005 and terminating on December 31, 2012. These loans bear interest of LIBOR plus 2%.

For more information about our long-term and short-term loan obligations, please see "Item 5. Operating and Financial Review and Prospects - Liquidity and Capital Resources" and "Item 10. Additional Information - 10C. Material Contracts" in our 20-F filed with the Securities and Exchange Commission on April 21, 2005.

SIGNIFICANT ACCOUNTING POLICIES

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the U.S. As such, we are required to make certain estimates, judgments and assumptions that we believe are reasonable based upon the information available at the time they are made. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of expenses during the periods presented.

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Our management believes the significant accounting policies which affect management's more significant estimates, judgments and assumptions used in the preparation of the Company's consolidated financial statements and which are the most critical to aid in fully understanding and evaluating the Company's reported financial results include the following:

- Inventory valuation
- Property, plant and equipment
- Goodwill
- Income taxes and valuation allowance

INVENTORY VALUATION

At each balance sheet date, we evaluate our inventory balance for excess quantities and obsolescence. We estimate the excess inventory of products and raw materials which are not designated for existing or projected orders as well as inventory that is not of saleable quality, estimate their market value and reduce their carrying value accordingly. Misjudgment in planning inventory level or in the assessment of the market value of the excess raw materials and products may require us to record inventory mark downs that would be reflected in cost of sales in the period the revision is made.

PROPERTY, PLANT AND EQUIPMENT

Our property, plant and equipment are reviewed for impairment in accordance with Statement of Financial Accounting Standard No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

GOODWILL

Goodwill represents excess of the costs over the net assets of businesses acquired. Goodwill that arose from acquisitions prior to July 1, 2001 was amortized until December 31, 2001 on a straight-line basis over forty years. Under Statement of Financial Accounting Standard No. 142, goodwill acquired in a business combination for which date is on or after July 1, 2001 shall not be amortized.

SFAS No.142 requires goodwill to be tested for impairment on adoption and at least annually thereafter or between annual tests in certain circumstances, and written down when impaired, rather than being amortized as previous accounting standards required. Goodwill attributable to each of the reporting units is tested for impairment by comparing the fair value of each reporting unit with its carrying value.

The carrying value of goodwill recorded in our financial statement is related to the AlbaHealth reporting unit. In preparation of the financial statements for the year 2004, we completed our most recent review performed by an independent expert of this reporting unit, which determined that its fair value is greater than its carrying value, and therefore no impairment was required in the recorded goodwill for this period. The review process uses the income method and is based on a discounted future cash flow approach that uses estimates for cash flow, growth of sales, taxes, profits and cost of capital, among others, for the AlbaHealth reporting unit. We may incur charges for the impairment of goodwill in the future if AlbaHealth fails to meet our assumed cash flow, growth of sales and profits, or if interest rates significantly increase.

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INCOME TAXES AND VALUATION ALLOWANCE

The Company and its subsidiaries account for income taxes in accordance with Statement of Financial Accounting Standards No.109, "Accounting for Income Taxes" ("SFAS No.109"). This Statement prescribes the use of the liability method whereby deferred tax assets and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company and its subsidiaries provide a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

We must assess the likelihood that we will be able to recover our deferred tax assets. We review the balance of deferred taxes in relation to our anticipated profits and if we estimate that it is not likely that our anticipated profits will materialize, we record a valuation allowance against the deferred tax assets accordingly. A future decrease in our profits or anticipated profits may result in an additional adjustment to the carrying amount of our deferred taxes.

In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations, particularly under the Law for Encouragement of Capital Investments, 1959, or the Investments Law. We estimate our tax liabilities under the various investment programs under the Investments Law based on a complex mix of factors, including our estimates of our future growth of revenues, the particular investment program under which revenue will be generated and the location where such revenues will be generated. We may need to record a charge for tax if our estimates are inaccurate or if we experience changes due to off-shoring of certain of our production processes.

BOARD OF DIRECTORS

The directors of the Company are listed below. The following information supplied with respect to each director is based upon the records of the Company and information furnished to it by the directors.

NAME	AGE	CURRENT POSITION WITH COMPANY
Ishay Davidi	43	Chairman of the Board
Yosef Shiran	43	Chief Executive Officer and Director
Arie Wolfson	43	Director
Meir Shamir	53	Director
Micha Korman	50	Director
Shirith Kasher	38	Director
Avi Zigelman	49	Director
Arie Arieli	53	External Director
Yacov Elinav	60	External Director

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ISHAY DAVIDI has served as Chairman of the Board of Directors since November 2005 and served as a director of the Company since June 2005. Mr. Davidi serves as a CEO of each of First Israel Mezzanine Investors Ltd. and FIMI 2001 Ltd., the managing general partners of the partnerships constituting the FIMI Private Equity Funds. Mr. Davidi also serves as a chairman of Tadir (Precision Products) 1993 Ltd, and as a director at Lipman Electronic Engineering Ltd, Caesarea Creation Industries Ltd, Medtechnica Ltd, Tedea Development & Automation Ltd, TAT Technologies Ltd and Formula Systems, Ltd. Mr. Davidi was also the former CEO of the Tikvah VC Fund. Mr. Davidi holds a B.Sc in Industrial and Management Engineering from Tel Aviv University and an MBA from Bar Ilan University.

YOSEF SHIRAN has served as Chief Executive Officer and a Director of Tefron since January 2001. Prior to joining Tefron, Mr. Shiran was the general manager of Technoplast Industries, an injection molding and extrusion company, from 1995 to 2000. Mr. Shiran has over 14 years of management experience. Mr. Shiran holds a B.Sc. degree in Industrial Engineering from Ben-Gurion University and a masters degree in Business Administration from Bar Ilan University.

ARIE WOLFSON joined Tefron in 1987 and served as Chairman of the Board of Directors from August 2002 until November 2005. He also served as Chairman of the Board of Directors from 1997 to 2000, and as President from 1993 to 2000. Mr. Wolfson served as Chief Financial Officer from 1988 to 1990 and Assistant to the Chief Executive Officer from 1990 to 1993. Mr. Wolfson has also served as Chairman of Macpell Industries Ltd., a principal shareholder in Tefron, since 1998 and served as Chief Executive Officer of Macpell from 1998 until March 2003. Mr. Wolfson is a graduate of High Talmudical Colleges in the United States and in Israel.

MEIR SHAMIR was elected as a director of the Company on March 31, 2004 and has been the Chairman of Mivtach Shamir Holdings Ltd., an investment company traded on the Tel-Aviv Stock Exchange, since 1992. Mr. Shamir also serves as a director of each of the following companies, as well as of other private companies: Lipman Electronic Engineering Ltd, a manufacturer of electronic clearance systems; Wizcom Technologies Ltd. which is engaged in the field of electronics and is traded on the Deutsche Borse A.G.; Digal Investments and Holdings Ltd, a real estate holding company traded on the Tel-Aviv Stock Exchange.

MICHA KORMAN has served as a director of the Company since October 2002. Mr. Korman leads the recovery and rehabilitation process for companies. Mr. Korman held various senior management positions in the Company from 1991 until 2003. From October 2000, he served as the Executive Vice President of the Company. Prior to that, Mr. Korman was Chief Financial Officer of the Company from 1991 to September 2000. Prior to joining the Company, Mr. Korman held various senior financial and management positions with companies in the hi-tech, beverage and food and communication industries. Mr. Korman holds a Bachelor's degree in Economics and Business Administration from Bar-Ilan University.

SHIRITH KASHER was elected as a director of the Company on March 31, 2004 and is the CEO of Shefa Yamim Finance Ltd. From 2001 to March 31, 2005, Ms. Kasher was the General Counsel and Secretary of The Israel Phoenix Assurance Company Ltd. and the General Counsel of Atara Investment Company Ltd. and Atara Technology Ventures Limited (both from the Phoenix Group) . From 1997 to 2000, Ms. Kasher worked at S. Horowitz & Co., first as an Articled Clerk and then as an Advocate. Ms. Kasher holds a B.Sc., from Tel Aviv University, and an LLB, all from Tel Aviv University and is admitted to practice law in Israel.

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AVI ZIGELMAN was elected as a director of the Company on June 28, 2005 Mr. Zigelman is a financial advisor and serves as a director in the following companies: Plastro Irrigation 1971 Ltd., Phoenix Gemel Ltd., Fox Vizel Ltd., DCL Technologies Ltd., Bram Industries Ltd and Abe Trans Ltd. Between 1996 and 2003 Mr. Zigelman served as a Partner, Head of Professional Practice Department of Kpmg Somekh Chaikin Accounting firm, and Mr. Zigelman holds an M.A. in Business Economics, specialization in Finance, with honors, B.A in Accounting and

Economics, Economics with honors, and Post degree Accounting Studies, with honors, - all from Tel Aviv University. Mr. Zigelman is a Certified Public Accountant.

ARIE ARIELI has served as an External Director of Tefron since July 2000. Since 1988, Mr. Arieli has been the legal counsel for the Israel Phoenix Insurance Company. Mr. Arieli has served as Director of the Public for Offer Commercial Centers Ltd. between 1993 and 1998 and is currently serving as an External Director for Amit Profitable Company for the Management of Pensions and Compensation Ltd. and for Master-Bit, the Israeli Students Insurance Agency Ltd.

YACOV ELINAV has served as an External Director of Tefron since 2004. Between 1991 and July 2003, Mr. Elinav was a member of the Board of Management of Bank Hapoalim B.M. Mr. Elinav also serves as Chairman of the Board of Diur B.P. Ltd. and as a Chairman of the Board of DS Securities & Investment Ltd. and is a director of Mivnei Ta'asia Ltd., Middle East Tube Ltd. and other entities and is an external director of Office Textile Ltd. Mr. Elinav formerly served as a director of other prominent Israeli companies.

SELLING SHAREHOLDERS

This prospectus and the registration statement of which it is a part register the resale of the Shares which are currently held by the selling shareholders. Under the terms of a Registration Rights Agreement among the Company and the selling shareholders, we agreed to prepare and file a registration statement on Form F-3 with the SEC covering the Shares as set forth in the table below at the request of the selling shareholders. We also agreed to maintain the effectiveness of this registration statement to allow the selling shareholders to sell the Shares covered by this prospectus until the earlier to occur of (1) the date that is two years after effectiveness of the registration statement related to this prospectus or (2) the date the selling shareholders sell or may sell all ordinary shares covered by the registration statement under the provisions of Rule 144 without limitation as to volume.

The following table provides information about the ownership of our ordinary shares by the selling shareholders and, with respect to each selling shareholder, the number of our shares registered for sale in this prospectus.

No selling shareholder nor any of their respective affiliates has held any position or office with, been employed by or otherwise has had any material relationship with us or our affiliates during the three years prior to the date of this prospectus besides the followings:

Mr. Ishay Davidi , the Chairman of our Board of Directors, serves as the CEO of FIMI 2001 Ltd., the managing general partner of the partnerships constituting the FIMI Opportunity Fund, which is a holder of approximately 51.9% of the partnership interests in Norfet, Limited Parnership;

Mr. Arie Wolfson, one of our directors, is the owner of Arwol Holdings Ltd. and is the Chairman and a significant shareholder of Macpell Industries Ltd.;

Mr. Sigi Rabinowitcz, our former president and director, is also a significant shareholder of Macpell Industries Ltd.; and

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Mr. Meir Shamir, one of our directors, owns approximately 40% in Mivtah-Shamir, which is a holder of approximately 35.5% holder in Norfet, Limited Partnership.

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NUMBER OF NUMBER OF ORDINARY
PERCENTAGE OF
ORDINARY SHARES ORDINARY SHARES SHARES
BENEFICIALLY ORDINARY SHARES
NAME AND ADDRESS OF SELLING BENEFICIALLY OWNED REGISTERED
OWNED AFTER BENEFICIALLY OWNED
SHAREHOLDER PRIOR TO OFFERING HEREUNDER OFFERING
AFTER THE OFFERING
- ----------- ------------------- ----------------- ------------------- ------------------

<S>	<C>	<C>	<C>	<C>
Norfet, Limited Partnership C/o Fimi 2001 Ltd. Rubinstein House 37 Begin Rd. Tel Aviv, Israel	5,663,085	5,663,085	0	0
Macpell Industries Ltd. 28 Chida Street Bnei Brak, Israel 51371	3,700,810	3,610,010	90,800	0.005% (1)
Leber Partners, L.P Zvi Limon c/o Walkers SPV Ltd. Walker House, Mary Street. P.O.B 908GT Georgetown, Grand Cayman Cayman Islands	1,276,882	1,276,882	0	0
Arwol Holdings Ltd 28 Chida Street Bnei Brak, Israel 51371	971,282	971,282	0	0

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(1) Based on 17,972,381 ordinary shares outstanding as of September 30, 2005. The percentage set forth is not determinative of the selling shareholder's beneficial ownership of our ordinary shares pursuant to Rule 13d-3 or any other provision under the Securities Exchange Act of 1934, as amended. The percentage may change based on the selling shareholder's decision to sell or hold the Shares.

ADDITIONAL INFORMATION

Our authorized capital is NIS 50,000,000 consisting of 49,995,500 ordinary shares, par value NIS 1 per share, and 4,500 deferred shares, par value NIS 1 per share. As of September 30, 2005, the number of ordinary shares outstanding was 17,972,381 (not including 997,400 shares held by a subsidiary of Tefron).

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As of September 20, 2005 4,500 of our deferred shares were cancelled and are deemed to be unissued. In addition, at September 15, 2005, we had outstanding 2,457,949 options to purchase ordinary shares under our 1997 Share Option Plan as follows:

NUMBER OF OPTIONS	EXERCISE PRICE PER SHARE	EXPIRATION DATE
1,038,782	$3.500	Oct. 2011 - July 2013
300,000	$3.563	January 2011
15,000	$3.590	August 2012
10,000	$3.680	January 2014
650,000	$4.250	April 2014
11,667	$4.310	January 2014
115,000	$5.820	May 2015
35,000	$5.850	August 2015
123,500	$8.125	April 2009
100,000	$9.500	May 2009
59,000	$15.00	June 2010

OFFERED STATISTICS, EXPECTED TIMETABLE AND PLAN OF DISTRIBUTION

We are registering the Shares covered by this prospectus for the selling shareholders to facilitate their resale of the Shares from time to time. We will receive no proceeds from the sale of Shares in this offering. The selling shareholders may sell any or all of the Shares for value at any time or from time to time under this prospectus in one or more transactions on the New York Stock Exchange or on Tel Aviv Stock Exchange or any stock exchange, market or trading facility on which the ordinary shares are traded, or in privately negotiated transactions or in a combination of such methods of sale, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices otherwise negotiated. The selling shareholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. The selling shareholders may use any one or more of the following methods when selling Shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

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- block trades in which the broker-dealer will attempt to sell the Shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

- an exchange distribution in accordance with the rules of the applicable exchange;

- privately negotiated transactions;

- underwritten offerings;

- short sales;

- agreements by the broker-dealer and the selling shareholders to sell a specified number of such Shares at a stipulated price per Share;

- a combination of any such methods of sale; or

- any other method permitted by applicable law.

The selling shareholders may also sell Shares under Rule 144 under the Securities Act, if available, under Section 4(1) of the Securities Act or directly to us in certain circumstances rather than under this prospectus.

Unless otherwise prohibited, the selling shareholders may enter into hedging transactions with broker-dealers or other financial institutions in connection with distributions of the Shares or otherwise. In such transactions, broker-dealers or financial institutions may engage in short sales of the Shares in the course of hedging the position they assume with the selling shareholders. The selling shareholders may also engage in short sales, puts and calls, forward-exchange contracts, collars and other transactions in our securities or derivatives of our securities and may sell or deliver Shares in connection with these trades. If the selling shareholders sell shares short, they may redeliver the Shares to close out such short positions. The selling shareholders may also enter into option or other transactions with broker-dealers or financial institutions which require the delivery to the broker-dealer or the financial institution of the Shares. The broker-dealer or financial institution may then resell or otherwise transfer such Shares pursuant to this prospectus. In addition, the selling shareholders may loan their Shares to broker-dealers or financial institutions who are counterparties to hedging transactions and the broker-dealers, financial institutions or counterparties may sell the borrowed Shares into the public market. The selling shareholders may also pledge their Shares to their brokers or financial institutions and under the margin loan the broker or financial institution may, from time to time, offer and sell the pledged Shares. The selling shareholders have advised us that they have not entered into any agreements, understandings or arrangements with any underwriters, broker-dealers or financial institutions regarding the sale of their Shares other than ordinary course brokerage arrangements, nor is there an underwriter or coordinating broker acting in connection with the proposed sale of Shares by the selling shareholders.

Broker-dealers or agents may receive compensation in the form of commissions, discounts or concessions from the selling shareholders in amounts to be negotiated in connection with the sale. Such broker-dealers and any other participating broker-dealers are deemed to be "underwriters" within the meaning of the Securities Act, in connection with such Sales and any such commission, discount or concession may be deemed to be underwriting discounts or commissions under the Securities Act.

All costs, expenses and fees in connection with the registration of the Shares will be borne in the following manner: the first $50,000 of such costs, expenses and fees will be borne by us, and all such costs, expenses and fees in excess of $50,000 will be borne 50% by us and 50% by the selling shareholders. Underwriting discounts and commissions, if any, attributable to the sales of the Shares will be borne by the selling shareholders. We will indemnify the selling shareholders against various liabilities, including some liabilities under the Securities Act, in accordance with the Registration Rights Agreement, or the selling shareholders will be entitled to contribution in certain circumstances. The selling shareholders may agree to indemnify any broker-dealer or agent that participates in transactions involving sales of the Shares against certain liabilities, including liabilities arising under the Securities Act of 1933.

We have advised the selling shareholders that the anti-manipulation rules under the Securities Exchange Act of 1934 may apply to sales of our ordinary shares in the market and to the activities of the selling shareholders and its affiliates. In addition, we will make copies of this prospectus available to the selling shareholders and have informed it of the need for delivery of copies of this prospectus to purchasers at or prior to the time of any sale of the Shares offered hereby.

There is no assurance that the selling shareholders will sell all or any portion of the Shares offered under this prospectus. Because it is possible that a significant number of Shares could be sold simultaneously by means of this prospectus, such sales, or the possibility thereof, may have an adverse effect on the market price of our ordinary shares.

EXPENSES OF THE OFFERING

The following table sets forth the estimated expenses in connection with this registration:

SEC Registration Fees	$ 9,418

Legal Fees and Expenses	$	4,500
Miscellaneous	$	3,500

Total	$	17,418

LEGAL MATTERS

The validity of the securities offered under this registration statement will be passed upon for us by Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co.

EXPERTS

Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, independent auditors, have audited our consolidated financial statements included in our Annual Report on Form 20-F for the year ended December 31, 2004, as set forth in their report which is incorporated by reference in this prospectus and elsewhere in the registration statement. Our financial statements are incorporated by reference in reliance on such firm's report given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form F-3 with the Securities and Exchange Commission under the Securities Act of 1933, as amended. This Prospectus, which is part of our registration statement, omits some information, exhibits and undertakings included in the registration statement. For further information with respect to us and this offering, please refer to the registration statement.

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We are subject to the reporting requirements of the Exchange Act of 1934, as amended, that are applicable to a foreign private issuer. In accordance with the Exchange Act, we file with the Commission reports, including annual reports on Form 20-F by June 30 of each year, and other information. In addition, we file interim financial information on Form 6-K on a quarterly basis. We also furnish to the Commission under cover of Form 6-K certain other material information. The registration statement on Form F-3, including the exhibits thereto, and reports and other information filed by us with the Commission can be inspected and copied at the Public Reference Room maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. Copies of that material can also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. In addition, the Commission maintains a web site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission at http://www.sec.gov. Our Internet address is http://www.tefron.com.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is considered to be part of this prospectus. We incorporate by reference the documents listed below and all amendments or supplements we may file to such documents, as well as any future filings we may make with the SEC on Form 20-F under the Exchange Act before the time that all of the securities offered by this prospectus have been sold or de-registered:

(1) Our Annual Report on Form 20-F, as filed with the Commission on April 21, 2005;

(2) Our Current Reports on Form 6-K as filed with the Commission on May 25, June 22, August 17, September 1, September 29, October 6, October 7 and November 25, 2005, and

(3) The description of our ordinary shares contained in the registration statement under the Exchange Act on Form 8-A dated September 4, 1997.

In addition, we may incorporate by reference into this prospectus our Current Reports on Form 6-K filed after the date of this prospectus (and before the time that all of the securities offered by this prospectus have been sold or de-registered) if we identify in the report that it is being incorporated by reference into this prospectus.

All information appearing in this prospectus is qualified in its entirety by the information and financial statements, including the notes thereto, contained in the documents incorporated by reference herein. Our Exchange Act file number is 0-28878.

Copies of all documents which are incorporated by reference will be provided without charge to anyone to whom this Prospectus is delivered upon a written or oral request to Tefron Ltd. at Industrial Center Teradyon, P.O. Box 1365, Misgav 20179, Israel, Attention: Asaf Alperovitz. Our telephone number is 972-4-990-881.

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ENFORCEABILITY OF CIVIL LIABILITIES

Service of process upon us and upon our directors and officers and the Israeli experts named in this prospectus, most of who reside outside the United States, may be difficult to obtain within the United States. Furthermore, because all of our assets and most of our directors and officers are located outside the United States, any judgment obtained in the United States against us or any of our directors and officers may not be collectible within the United States.

We have been informed by our legal counsel in Israel, Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co., that there is doubt concerning the enforceability of civil liabilities under the Securities Act and the Exchange Act in original actions instituted in Israel. However, subject to specified time limitations, Israeli courts may enforce a United States final executory judgment in a civil matter, including a monetary or compensatory judgment in a non-civil matter, obtained after due process before a court of competent jurisdiction according to the laws of the state in which the judgment is given and if the rules of enforcing foreign judgments prevailing in Israel enable its enforcement. The rules of enforcing foreign judgments currently prevailing in Israel do not prohibit the enforcement of a U.S. judgment by Israeli courts provided that:

- the judgment is enforceable in the state in which it was given;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to present his arguments and evidence;
- enforcement of the judgment is not contrary to the security or sovereignty of the State of Israel;
- the content of the judgment is not contrary to public policy;
- the judgment was not obtained by fraud;
- the judgment does not conflict with any other valid judgment in the same matter between the same parties;
- an action between the same parties in the same matter is not pending in any Israeli court at the time the lawsuit is instituted in the foreign court; and
- the judgment was not issued by an incompetent court under the rules of private international law prevailing in Israel.

We have irrevocably appointed CSC Corporation System as our agent to receive service of process in any action against us in any federal court or court of the State of New York arising out of this offering or any purchase or sale of securities in connection with this offering.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. The usual practice in an action before an Israeli court to recover an amount in a non-Israeli currency is for the Israeli court to issue a judgment for the equivalent amount in Israeli currency at the rate of exchange in force on the date of the judgment, but the judgment debtor may make payment in foreign currency. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus interest at an annual statutory rate set by Israeli regulations prevailing at the time. Judgment creditors must bear the risk of unfavorable exchange rates.

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