

PILAT TECHNOLOGIES INTERNATIONAL LIMITED

(“PTI”, the “Group” or the “Company”)

Announces Results for the Half Year and Second Quarter ended 30 June 2006

London and Tel Aviv 31st August 2006 - Pilat Technologies International Ltd, the AIM quoted human resources management consultancy, software and services group, announces its results for the half year and second quarter ended 30 June 2006. PTI is also quoted on the Tel Aviv Stock Exchange.

SUMMARY

- **Sales increased by 6.2% for the half year and 2.6% for the quarter compared to the comparative periods in 2005.**
- **Decreasing margins led to a fall in operating profits down 23% for the half year from £181,000 to £140,000**
- **Net income increased by 72% for the half year from £180,000 to £310,000 compared to the comparative period in 2005**

Enquiries:

Pilat Technologies International Ltd
Jonathan Berger, Chief Financial Officer

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Chairman’s Statement

The Board of PTI is pleased to present the Company’s results for the first half of 2006.

As reported in Q1, we continue to see strong sales growth in North America and have implemented more than 70 new client projects this year as a result of our relationship with a major HR consulting firm. We are continuing to recruit new staff to meet the current and future demand in North America. Whilst these staff are in their training phase, a reliance on sub-contractors has decreased gross margins. We expect margins to recover as our new staff become more effective.

We were very happy to sign a new contract with a major US energy company, for a comprehensive talent management system for 30,000 staff. The contract value will be approximately US\$600,000, including license and configuration fees, with a phased delivery through the second half of 2006 and Q1 2007.

Recent new work includes workforce planning for a major US healthcare provider. This will be our first implementation of workforce planning functionality on the HR-PULSE platform and a

continuing demonstration of our capability of adding new functionality to a proven, secure and scalable platform.

In Europe, the sales figures for Q2 were disappointing and brought down the overall sales growth of the Group. We expect to improve our performance in Q3. Phase one of a new performance management system for a major French bank has been delivered and work has started on new implementations for a well-known music and entertainment company and a major Southern African mining company.

In both North America and Europe, we are increasing our sales and marketing spend and see a very positive outlook for both our “on-demand” web based services which are easily scaleable and for the top-end fully configured system implementations to meet the more demanding requirements of major multinational organisations.

We have increased and plan to increase further our Research and Development spending. Version 7.50 of our principal HR PULSE web based application has recently been released – mainly focusing on new features to allow for speedier implementation. We also plan to release a web based version of our GAUGE job evaluation system in the second half of 2006. Our emphasis is on effective and efficient use of resources to evolve our systems to remain at the top of the market. We have released new functionality using the Microsoft .net framework which is the first step to gradually replacing the Microsoft ASP/COM technology underlying the current product.

In Israel, sales recovered from the depressed level in the first quarter but were still down 4.8% in the second quarter compared with 2005. The recent regional hostilities commenced after the reporting period and forced the closure of our office in Haifa for some weeks. The office has now reopened and whilst the future outlook is difficult to predict we are not expecting any significant direct impact in Q3.

Revenues and profitability

Overall sales in the first half were £4,027,000 reflecting a 6.2% increase over the first half of 2005. Sales in North America showed a strong increase (53% in sterling terms over the first half 2005), but in Israel and Europe sales were down 10% and 2.7% compared to the equivalent half year in 2005.

Second quarter sales growth was not so strong but sales were up 2.6% overall to £1,985,000 (Q2 2005 £1,934,000).

In Q2 gross profit margins of 38% remained similar to those in Q1, but down from 48% in the equivalent period of 2005. The reduction in the gross margins is partially due to investments in the delivery capacity of our North American subsidiary as well as the lower reported sales outside North America. Increasing this in-house capacity will enable fulfillment of future sales demand in North America and reduce our reliance on out-sourced professionals. We expect our gross margins to recover as new hires get up to speed and sales increase.

Sales and marketing costs of the Company increased 29% to £218,000 for Q2 of 2006 (from £169,000 in 2005). This reflects the increasing sales efforts in Europe and North America. We have recruited additional sales staff in Europe and North America and expect to see expenditure levels continuing to rise in Q3.

Research & Development spending also grew significantly from £69,000 in the second quarter of 2005 to £83,000 in 2006 to reflect our ongoing investment in our product offering.

General and Administrative expenses were reduced by 24% during Q2 to £419,000 (from £550,000 in 2005) reflecting the cost saving carried out during 2005.

Balance Sheet

The Company's current assets at 30 June 2006 were £3,722,000, which represents approximately 88% of assets. Of these assets, £719,000 is cash and £578,000 short term investment which are bank deposits with maturities of more than three months but less than one year.

Current liabilities remained stable over the period at £1,710,000. Long-term liabilities stood at £26,000 of which £23,000 is a bank loan.

The Group's current ratio is a healthy 2.18.

Shareholders' equity increased to £2,363,000.

Liquidity

Although operating activities provided net cash of £111,000 during the half year, investments resulted in a net decrease in cash of £219,000. At 30 June 2006, the cash balances of the Company were £719,000, short term investments were £578,000 and total bank liabilities (long and short term) were £31,000.

David Sapiro, CEO
 Lenard Israelstam, Chairman
 Jonathan Berger, CFO

CONSOLIDATED BALANCE SHEETS

British pounds in thousands

	June 30,		December 31,
	2006	^(*) 2005	2005
	Unaudited		Audited
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	719	806	938
Short term investments	578	408	404
Trade receivables	2,123	2,216	2,046
Other accounts receivable	302	191	270
	<u>3,722</u>	<u>3,621</u>	<u>3,658</u>

LONG-TERM LOANS AND RECEIVABLES:

Long-term loans and receivables	24	21	23
Severance pay, net	-	-	16
	<u>24</u>	<u>21</u>	<u>39</u>

FIXED ASSETS, NET

Cost	1,394	1,333	1,370
Less - accumulated depreciation	<u>995</u>	<u>918</u>	<u>941</u>
	<u>399</u>	<u>415</u>	<u>429</u>

DEFERRED TAXES

	<u>59</u>	<u>41</u>	<u>63</u>
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ASSETS RELATED TO DISCONTINUED OPERATIONS (*)

	<u>-</u>	<u>2,079</u>	<u>2,948</u>
	<u>4,204</u>	<u>6,177</u>	<u>7,137</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Short-term bank credit	8	40	29
Trade payables	357	303	321
Other accounts payable	<u>1,345</u>	<u>1,386</u>	<u>1,351</u>
	<u>1,710</u>	<u>1,729</u>	<u>1,701</u>

LONG-TERM LIABILITIES:

Liabilities to banks	23	17	17
Accrued severance pay, net	<u>3</u>	<u>54</u>	<u>-</u>
	<u>26</u>	<u>71</u>	<u>17</u>

LIABILITIES RELATED TO DISCONTINUED OPERATIONS (*)

	<u>105</u>	<u>2,453</u>	<u>3,306</u>
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SHAREHOLDERS' EQUITY

	<u>2,363</u>	<u>1,924</u>	<u>2,113</u>
	<u>4,204</u>	<u>6,177</u>	<u>7,137</u>

(*) Reclassified - see note 3.

CONSOLIDATED STATEMENTS OF INCOME

British pounds in thousands (except per share amounts)

	<u>Six months ended</u>	<u>Three months ended</u>	<u>Year</u>
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	June 30,		June 30,		ended
	2006	2005	2006	2005	December
	Unaudited				31,
					2005
					Audited
Revenues	4,027	3,792	1,985	1,934	7,460
Cost of revenues	2,469	2,116	1,224	1,009	4,624
Gross profit	1,558	1,676	761	925	2,836
Research and development costs	149	137	83	69	272
Selling and marketing expenses	452	321	218	169	664
General and administrative expenses	817	1,037	419	550	1,490
	1,418	1,495	720	788	2,426
Operating income	140	181	41	137	410
Financial income (expenses), net	18	15	(13)	16	18
Other expenses, net	-	(2)	-	-	-
Net income before taxes on income	158	194	28	153	428
Taxes on income	(45)	-	(25)	(6)	(20)
Net income from continuing operations	113	194	3	147	408
Profit (loss) from discontinued operations, net (*)	197	(14)	-	(26)	(91)
Net income	310	180	3	121	317
Net earnings (loss) per share (in British pounds) (**)					
from continuing operations	0.0	0.007	-	0.006	0.016
from discontinued operations, net (*)	0.0	-	-	(0.001)	(0.004)
Net earnings per share	0.0	0.007	-	0.005	0.012

(*) Reclassified - see note 3.

(**) Restated - see note 2(b)(2)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

British pounds in thousands

	Share capital	Additional paid-in capital	Cumulative foreign currency translation adjustment	Accumulated deficit
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			s	
Balance at January 1, 2006	48	7,065	(137)	(4,767)
Issued of shares from exercised options	1	6	-	-
Net income	-	-	-	310
Cumulative foreign currency translation adjustments	-	-	(67)	-
Balance at June 30, 2006 (unaudited)	<u>49</u>	<u>7,071</u>	<u>(204)</u>	<u>(4,457)</u>
Balance at January 1, 2005 (audited)	48	7,065	(221)	(5,084)
Net income	-	-	-	180
Cumulative foreign currency translation adjustments	-	-	32	-
Balance at June 30, 2005 (unaudited)	<u>48</u>	<u>7,065</u>	<u>(189)</u>	<u>(4,904)</u>
Balance at April 1, 2006 (unaudited)	48	7,065	(178)	(4,460)
Issued of shares from exercised options	1	6	-	-
Net income	-	-	-	3
Cumulative foreign currency translation adjustments	-	-	(26)	-
Balance at June 30, 2006 (unaudited)	<u>49</u>	<u>7,071</u>	<u>(204)</u>	<u>(4,457)</u>
Balance at April 1, 2005 (unaudited)	48	7,065	(204)	(5,025)
Net income	-	-	-	121
Cumulative foreign currency translation adjustments	-	-	15	-
Balance at June 30, 2005 (unaudited)	<u>48</u>	<u>7,065</u>	<u>(189)</u>	<u>(4,904)</u>
Balance at January 1, 2005 (audited)	48	7,065	(221)	(5,084)
Net income	-	-	-	317
Cumulative foreign currency translation adjustments	-	-	84	-
Balance at December 31, 2005 (audited)	<u>48</u>	<u>7,065</u>	<u>(137)</u>	<u>(4,767)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

British pounds in thousands

	Six months ended		Three months ended		Year ended
	June 30,		June 30,		December
	2006	2005	2006	2005	31,
	Unaudited				2005
					Audited
<u>Cash flows from operating activities:</u>					
Net income	310	180	3	121	317
Adjustments to reconcile net income to net cash provided by (used in) operating activities (a)	(207)	42	(63)	(357)	183
Net cash provided by (used in) continuing operating activities	103	222	(60)	(236)	500
Net cash provided by (used in) discontinued operating activities (*)	-	34	-	40	(258)

Net cash provided by (used in) operating activities	103	256	(60)	(196)	242
Cash flows from investing activities:					
Purchase of fixed assets	(45)	(84)	(17)	(29)	(168)
Proceeds from sale of fixed assets	-	8	-	-	33
Short and long term investments, net	(181)	14	(399)	5	17
Net cash used in continuing investing activities	(226)	(62)	(416)	(24)	(118)
Net cash used in discontinued investing activities (*)	(58)	(75)	(12)	(51)	(3)
Net cash provided by investing activities	(284)	(137)	(428)	(75)	(121)
Cash flows from financing activities:					
Issued of shares from exercised options	7	-	7	-	-
Repayment of long-term loans from banks	(20)	(19)	(11)	(11)	(37)
Short-term bank credit, net	-	(135)	-	(133)	(126)
Net cash used in continuing financing activities	(13)	(154)	(4)	(144)	(163)
Net cash used in discontinued financing activities (*)	-	31	-	69	137
Net cash used in financing activities	(13)	(123)	(4)	(75)	(26)
Effect of exchange rate changes on cash and cash equivalents	(25)	14	(17)	6	47
Increase (decrease) in cash and cash equivalents	(219)	10	(509)	(340)	142
Cash and cash equivalents at the beginning of the period	938	796	1,228	1,146	796
Cash and cash equivalents at the end of the period	719	806	719	806	938

(*) Reclassified. - see note 3.

CONSOLIDATED STATEMENTS OF CASH FLOWS

British pounds in thousands

Six months ended June 30,		Three months ended June 30,		Year ended December 31,
2006	2005	2006	2005	2005
Unaudited				Audited

(a) Adjustments to reconcile net income (loss) to net cash provided by (used

in) operating income:

Income and expenses not involving cash flows:

Loss (profit) from discontinued operations, net (*)	(197)	14	-	26	91
Depreciation and amortization	69	73	34	36	148
Deferred taxes, net	4	6	1	6	(19)
Increase (decrease) in accrued severance pay, net	18	9	(8)	7	(60)
Capital loss (gain) from sale of fixed assets	-	3	-	-	(4)
Erosion of long-term loans	-	-	1	6	1
Changes in operating assets and liability items:					
Decrease (increase) in trade receivables, other accounts receivable and long-term loans and receivables	(176)	229	87	(440)	364
Increase (decrease) in trade payables and other accounts payable	<u>75</u>	<u>(292)</u>	<u>(178)</u>	<u>2</u>	<u>(338)</u>
	<u>(207)</u>	<u>42</u>	<u>(63)</u>	<u>(357)</u>	<u>183</u>
(b) <u>Non cash investing and financing activities</u>					
Property and equipment acquired					
Under capital leases	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>

(*) Reclassified See Note 3.

NOTE 1:- GENERAL

These financial statements have been prepared in a condensed format as of June 30, 2006, and for the six months then ended ("interim financial statements"). These financial statements should be read in conjunction with the Company's audited annual financial statements and accompanying notes as of December 31, 2005 and for the year then ended.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

- a. The interim financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in Accounting Standard No. 14 of the Israel Accounting Standards Board and in accordance with the Chapter D of the Securities Regulations (periodic and Immediate reports), 1970.

The significant accounting policies and methods of computation followed in the preparation of the interim financial statements are identical to those followed in the preparation of the latest annual financial statements.

b. Initial adoption of new Accounting Standards:

1. Initial adoption of Accounting Standard No. 20 (Revised) regarding the accounting for goodwill and intangible assets upon acquisition of investee:

On January 1, 2006, the Company adopted the provisions of Accounting Standard No. 20 (Revised), "Accounting for Goodwill and Intangible Assets upon Acquisition of Investee" ("the Standard"), of the Israel Accounting Standards Board. The Standard prescribes the accounting treatment of goodwill and intangible assets upon the acquisition of a subsidiary and an investee which is not a subsidiary, including a company under joint control.

The initial adoption of the Standard had no effect on the interim financial statements.

2. Initial adoption of Accounting Standard No. 21 regarding earnings per share:

On January 1, 2006 ("the effective date"), the Company adopted the provisions of Accounting Standard No. 21, "Earnings per Share" ("the Standard") of the Israel Accounting Standards Board. The Standard prescribes the principles for the computation and presentation of earnings (loss) per share in the financial statements and supersedes Opinion No. 55 of the Institute of Certified Public Accountants in Israel.

According to the Standard, earnings per share are computed based on the number of ordinary shares (and not per NIS 1 par value of the shares as computed until the effective date). Basic earnings per share include only shares which are outstanding during the period whereas convertible securities (such as convertible debentures and options) are only included in the computation of diluted earnings per share, in contrast to the principles applied until the effective date according to which in cases where a convertible security is likely to be converted, it is included in the computation of basic earnings per share. In addition, convertible securities which are converted during the period, are included in diluted earnings per share up to the date of conversion and are included in basic earnings per share from that date. Pursuant to the Standard, options are included in diluted earnings when their exercise results in the issuance of shares for a consideration which is less than the market price of the shares. The amount of dilution is the market price of the shares minus the amount that would have been received as a result of the conversion of the options into shares. This is in contrast to the method of computation prescribed by Opinion No. 55, which also included adjustments to earnings.

The investor's share of earnings of an investee is included based on the earnings per share of the investee multiplied by the number of shares held by the investor.

As a result of the initial adoption of the provisions of the Standard, the comparative data of earnings per share relating to previous periods have been restated. These comparative data, prior to restatement, were 0.69, 0.47 and 1.22 for basic earnings per share (per NIS 1 par value) for the six months and three months ended June 30, 2005, and for the year ended December 31, 2005, respectively.

3. Initial adoption of Accounting Standard No. 22 regarding financial instruments: disclosure and presentation:

On January 1, 2006 ("the effective date"), the Company adopted the provisions of Accounting Standard No. 22, "Financial Instruments: Disclosure and Presentation" ("the Standard") of the Israel Accounting Standards Board. The Standard prescribes principles for the presentation and disclosure of financial instruments and supersedes Opinions No. 48 and 53 of the Institute of Certified Public Accountants in Israel.

The initial adoption of the Standard had no material effect on the interim financial statements.

4. Initial adoption of Accounting Standard No. 24 regarding share-based payment:

On January 1, 2006, the Company adopted the provisions of Accounting Standard No. 24, "Share-Based Payment" ("the Standard") of the Israel Accounting Standards Board. The Standard prescribes rules for measurement and other requirements for three types of share-based transactions:

- a) Equity-settled share-based payment transactions;
- b) Cash-settled share-based payment transactions;
- c) Share-based payment transactions which allow the entity or counterparty to choose the manner of settlement.

The initial adoption of the Standard had no material effect on the interim financial statements.

5. Initial adoption of Accounting Standard No. 25 regarding revenues:

On January 1, 2006, the Company adopted the provisions of Accounting Standard No. 25, "Revenues" ("the Standard") of the Israel Accounting Standards Board. The Standard deals with the recognition of revenue from three types of transactions: sale of goods, rendering of services and revenue from interest, royalties and dividends and prescribes the required accounting treatment (principles of recognition,

measurement, presentation and disclosure) regarding these three types of transactions.

The initial adoption of the Standard had no material effect on the interim financial statements.

c. Disclosure of the effect of a new Accounting Standard in the period prior to its adoption:

(1) Accounting Standard No. 29 - Adoption of International Financial Reporting Standards (IFRS):

In July 2006, the Israel Accounting Standards Board published Accounting Standard No. 29, "Adoption of International Financial Reporting Standards (IFRS)" ("the Standard").

International Financial Reporting Standards comprise standards and interpretations adopted by the International Accounting Standards Board, and include:

- a) International Financial Reporting Standards (IFRS).
- b) International Accounting Standards (IAS).
- c) Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by its predecessor, the Standing Interpretations Committee (SIC).

Pursuant to the Standard, companies that are subject to the provisions of the Securities Law, 1968, and that are required to report according to the regulations published thereunder, will be required to prepare their financial statements in accordance with IFRS starting from the period commencing on January 1, 2008. These companies, as well as other companies, may adopt IFRS early and prepare their financial statements in accordance with IFRS starting with financial statements that are issued subsequent to July 31, 2006.

For transition purposes, companies that prepare their financial statements in accordance with IFRS will be required to adopt the provisions of IFRS 1, "First-time Adoption of IFRS".

A company that adopts IFRS commencing from January 1, 2008, and that has elected to include comparative data for only one year (2007) will be required to prepare an opening balance sheet as of January 1, 2007 ("Opening IFRS Balance Sheet"). The Opening IFRS Balance Sheet will require the following:

- Recognition of all assets and liabilities whose recognition is required by IFRS.
- De-recognition of assets and liabilities if IFRS do not permit such recognition.

- Classification of assets, liabilities and components of equity according to IFRS.
- Application of IFRS in the measurement of all recognized assets and liabilities.

In order to ease first-time adoption, a number of exemptions from IFRS have been granted in respect of the Opening IFRS Balance Sheet, which exemptions may be elected, in whole or in part. Exceptions have also been established which prohibit retrospective application of certain aspects of IFRS.

According to the Standard, the Company is required to include in a note to the annual financial statements as of December 31, 2007, a balance sheet as of December 31, 2007, and a statement of income for the year then ended, that have been prepared based on the recognition, measurement and presentation criteria of IFRS.

There are differences between IFRS and generally accepted accounting principles in Israel in the recognition and measurement of assets and liabilities and in reporting and disclosure requirements. These differences could have a material impact on the Company's financial position and results of operations. The first-time adoption of IFRS will require the Company to identify such differences, a process that will entail a significant amount of time and resources.

The Company is evaluating the implications of the transition to IFRS but is presently unable to estimate the effect of the adoption of IFRS on its financial statements.

(2) Accounting Standard No. 26 - Inventories:

In August 2006, the Israel Accounting Standards Board published Accounting Standard No. 26, "Inventories" ("the Standard").

The Standard applies to all types of inventories, excluding inventory of work in progress, which is subject to the provisions of Accounting Standard No. 4, "Construction Contracts", inventory of buildings for sale, which is subject to the provisions of Accounting Standard No. 2, "Construction of Buildings for Sale" and financial instruments.

The Standard determines that inventories will be measured at the lower of cost or net realizable value. Net realizable value represents the estimated selling price during the ordinary course of business with the deduction of the estimated completion costs and costs required for the execution of the sale. The cost of inventory will be determined based on the "first in - first out" method (FIFO) or using weighted average cost, provided that the application in respect of each inventory with a similar nature and use is performed on a consistent basis. The evaluation of inventory based on the "last in - first out" method (LIFO) is no longer permissible.

In accordance with the Standard, in cases where inventories are purchased under credit terms whereby the arrangement involves a financing component, inventories will be presented at the cost adjusted to the cash purchase cost and the financing component will be recognized as a financial expense over the credit period.

As for burdening costs of conversion to inventories, it was established that if, in a particular period, manufacture is not carried out according to standard production outputs, then cost of inventories will not include additional fixed overhead costs in excess of those required during standard production. Such unburdened costs will be carried as an expense in the statement of income in the period in which they were incurred. Furthermore, cost of inventories is not to include irregular amounts of cost of materials, labor and other costs resulting from inefficiency.

When an impairment of inventories has been recognized and is followed by an increase in value, the impairment recognized in the past is to be canceled. The amount of the impairment or its cancellation will be carried to cost of sales in the statement of income.

The Standard will be applicable to financial statements for periods beginning January 1, 2007 and thereafter. The provisions of the Standard are to be applied retroactively by the restatement of comparative figures relating to previous periods.

The Company believes that there is not expected to be the effect of the new Standard on its financial position, results of operations and cash flows.

- d. Following are data regarding the exchange rate of the British pound in relation to the NIS:

<u>As of</u>	<u>Exchange rate of one British pound NIS</u>
June 30, 2006	8.1376
June 30, 2005	8.1966
December 31, 2005	7.9406
<u>Change during the period</u>	<u>%</u>
June 2006 (six months)	2.5
June 2005 (six months)	(1.3)
June 2006 (three months)	0.1
June 2005 (three months)	(0.1)
December 2005 (12 months)	(4.4)

NOTE 3:- MATERIAL EVENTS THROUGHOUT THE PERIOD

1. In January 2006, the Company sold its holdings in Renaissance Electronics Ltd., which was, in previous reporting periods, the sector for distributing of software.

After disposing the holdings, the Company ceased its operations in distribution of software products.

As a result of the sale of Renaissance's operations, its assets and liabilities, presented as discontinued operations.

2. The Company recognized capital gains from the sale of Renaissance during the period of report of £197,000, which is presented as gains from discontinued operations, net. Contingent liabilities to Renaissance's buyers as at June 30, 2006 are presented in the framework of liabilities relating to discontinued operations.

Renaissance's operations, assets and liabilities for previous periods are presented in the framework of discontinued operations.

NOTE 4:- SEGMENTS

	Six months ended June 30, 2006				
	Israel	Europe	North		Total
			America	Adjustments	
	Unaudited				
	British pounds in thousands				
Total revenues	<u>1,664</u>	<u>1,280</u>	<u>1,300</u>	<u>(217)</u>	<u>4,027</u>
Segment results	<u>95</u>	<u>125</u>	<u>185</u>	<u>-</u>	<u>405</u>
General joint expenses unallocated					<u>(265)</u>
Operating income					<u>140</u>
	Six months ended June 30, 2005				
	Israel	Europe	North		Total
			America	Adjustments	
	Unaudited				
	British pounds in thousands				
Total revenues	<u>1,850</u>	<u>1,316</u>	<u>851</u>	<u>(225)</u>	<u>3,792</u>
Segment results	<u>208</u>	<u>85</u>	<u>176</u>	<u>-</u>	<u>469</u>
General joint expenses unallocated					<u>(288)</u>
Operating income					<u>181</u>
	Three months ended June 30, 2006				
	Israel	Europe	North		Total
			America	Adjustments	

	Unaudited				
	British pounds in thousands				
Total revenues	854	594	650	(113)	1,985
Segment results	76	13	86	-	175
General joint expenses unallocated					(134)
Operating income					41

	Three months ended June 30, 2005				
	Israel	Europe	North America	Adjustments	Total
	Unaudited				
	British pounds in thousands				
Total revenues	897	707	451	(121)	1,934
Segment results	85	53	105	-	243
General joint expenses unallocated					(106)
Operating income					137

	Year months ended December 31, 2005				
	Israel	Europe	North America	Adjustments	Total
	Unaudited				
	British pounds in thousands				
Total revenues	3,450	2,709	1,670	(369)	7,460
Segment results	331	358	187	-	876
General joint expenses unallocated					(466)
Operating income					410