

PILAT TECHNOLOGIES INTERNATIONAL LTD

('PTI', the 'Group' or the 'Company')

Results for the Nine Months and Third Quarter ended 30 September 2007

Pilat Technologies International Ltd (AIM: PIA), the human resources management consultancy, software and services group, announces its results for the nine months and quarter ended 30 September 2007. PTI is also quoted on the Tel Aviv Stock Exchange.

SUMMARY

- Like-for-like sales down 1% for the nine months and third quarter
- Europe sales up 7% for the nine months
- Israel like-for-like sales up 13% for the nine months
- North American sales down 21% in Sterling terms for the nine months
- Third quarter operating profit of £10,000 (2006: £312,000)
- Net profit of £6,000 for the nine months (2006: £257,000 excluding one-off gains)

Through three main subsidiaries, Pilat Europe, Pilat North America and Pilat Israel, the Group provides consultancy, advanced web based software applications and data processing and analysis services in the fast growing field of Human Capital Management.

PTI has a wide and varied client base including many major global corporations and international public sector bodies. The Company works across all sectors with organisations employing from a few hundred to hundreds of thousands of staff. PTI has extensive industry experience in Financial Services, Energy and Telecommunications and sector specific offerings in Healthcare, Public Housing, Local Government and Education.

ENQUIRIES

Pilat Technologies International Ltd
Jonathan Berger, Chief Financial Officer

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Hanson Westhouse Limited
Tim Feather
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CHAIRMAN'S STATEMENT

The Board of PTI presents the Company's results for the nine months and third quarter ending 30 September 2007.

The Group made a small operating profit of £10,000 in the third quarter and broke even, after taxes, over the nine months (post tax profits of £6,000).

Compared with the Q3 results in 2006, with operating profits of £312,000, the quarter has been disappointing, but the overall results mask a different picture in each of the operating subsidiaries.

In Israel, sales in the quarter were 15% higher than a year ago on a like for like basis, excluding both the sales from the Project Management activity (disposed of at the end of Q3 2006) and the acquisitions that have been made since then. Through both organic growth and small acquisitions, we are well on the way

to replacing all the sales lost through the disposal of the Project Management activity with income from our core HR activities where we see the potential for considerable growth. We also continue to seek appropriate small scale acquisitions commensurate with our vision to be the leading HR solution provider in Israel.

In Europe, external sales fell by 8% compared with Q3 2006 but were up 7% over the nine months. The drop in sales is due to the different timing of regular large projects compared with last year and we expect to see sales growth in Europe over the full year. A recent notable contract win is for the supply of 360 degree assessment services for the National Health Service in Scotland over a five year period.

In North America, the results reflect both the weakening dollar and our poor sales performance at the beginning of the year. However the US business recovered to a break even position in Q3 due, in part, to swift action to control costs. During the quarter we won a competitive tender to provide a manpower deployment system for the US Marine Corps which will be delivered in the fourth quarter.

As previously signalled, R&D expenses rose sharply over the period reflecting our increasing investment in the new version of HR Pulse, our flagship web-based application. This investment will result in a stream of new product releases and applications from the fourth quarter onwards.

At our first board meeting post the AGM in July, Miki Zuckerman was elected Chairman to replace Len Israelstam who retired from the board at the AGM. Amir Shomroni was elected to the Audit and Remuneration Committees to replace the outgoing "External" director, Alicia Rothbard.

On 26 November 2007 we reported that the previously announced conditional sale of 23% of the share capital of the Company to a consortium controlled by Sky Fund had completed, following the receipt of approval from the Israeli anti-trust authorities. Approval for this purchase was sought by Sky Fund as it is the controlling shareholder in Adam Milo, a principal competitor of PTI in the Israeli assessment and recruitment market.

Sky Fund is a private equity fund that raises money from institutional investors and invests in mature Israeli companies. The Company understands from Sky Fund, that it is interested in consolidation of its interests in the HR sector. Under Israeli Company Law, the Sky consortium cannot buy more than 25% of the share capital of the Company without making a general offer to all shareholders. The approval granted by the Israeli anti-trust authorities is only concerned with the current purchase of 23% of the shares in PTI by the Sky Fund consortium. Any future transactions may be subject to further regulatory approvals.

REVENUES AND PROFITABILITY

Overall sales in the first nine months were £5,656,000, a decrease of 11% compared to the same period of 2006 (£6,323,000). Total sales in the third quarter 2007 were £1,898,000 reflecting a 17% decrease from the equivalent quarter of 2006 (£2,296,000).

However, comparing like-for-like sales, reflecting the sale of part of our Israeli operations in 2006, the equivalent sales in the first nine months of 2006 were £5,697,000 and in quarter three 2006 £2,040,000. Comparing these like-for-like sales shows a small reduction in total sales for the first nine months and a small reduction of 1% in sterling terms in Q3 2007 compared to Q3 2006.

The lack of growth in our sales mainly reflects the poor performance of our North American subsidiary during 2007.

Sales at Pilat Europe to non-Group customers during the first nine months of 2007 were £1,945,000 reflecting a 7% increase over the equivalent period of 2006 (£1,821,000). During the third quarter, external sales were £696,000 reflecting an 8% reduction compared to 2006 (£758,000).

In Israel, sales during the first nine months of 2007 stood at £2,185,000 - an organic increase of 13% over the equivalent period of 2006 (£1,938,000 ignoring acquisitions and disposals) and a 15% reduction in reported sales (£2,564,000). In the third quarter sales were £746,000 - an increase of 15% over like-for-like sales for the equivalent period of 2006 (£646,000) and a 17% reduction in reported sales (£900,000).

Pilat North America sales during the first nine months of 2007 were down by 21% to £1,526,000 (2006 £1,938,000). During the third quarter, sales were £456,000 reflecting a 29% reduction compared to 2006 (£638,000).

The gross margin for the nine months stood at 41% (2006- 40%) and 42% (2006 - 43%) for the third quarter. The main reason for the slight differences between the margins is the changes in sales mix between our Israeli and non-Israeli operations where the margins are higher.

Research and development costs in the first nine months of 2007 increased by 71% to £370,000 (2006- £216,000) and in the third quarter increased by 89% to £127,000 (2006- £67,000), reflecting our investments in the new generation of products.

Sales and marketing expenditure remained relatively stable during the reported periods. During the first nine months of 2007 expenditure increased by 3% to £676,000 (2006- £655,000) and in the third quarter increased by 1% to £217,000 compared to £203,000 in the equivalent quarter in 2006.

General and administrative expenses increased by 8% in the first nine months of 2007 to £1,322,000 (2006- £1,221,000) and in the third quarter by 10% to £446,000 (from £404,000 in 2006).

Operating profit for the quarter stood at £10,000 (Q3 2006 £312,000). Due to exchange differences of the US dollar compared with the equivalent quarter of 2006, the Group had a net financing expense of £25,000 which caused a loss of £12,000 before taxes (2006- £578,000) and a net loss for the quarter of £13,000 (2006- £416,000).

For the first nine months of 2007, the Group had an operating loss of £42,000 compared to an operating profit of £452,000 in the equivalent period of 2006. Tax credits of £39,000 for the period brought the net profit for the period to £6,000 compared with net income of £723,000 for the equivalent period of 2006. However during the equivalent period of 2006, the Group recognised two one-off gains of £269,000 and £197,000 due to sales of various activities in Israel.

BALANCE SHEET

The Group's current assets at 30 September 2007 were £4,046,000, which represents approximately 92% of assets (similar to 30 June 2006 and 31 December 2006).

Current liabilities decreased over the period from £1,577,000 at the end of the second quarter of 2007 to £1,381,000 due to decreases in trade payables and other accounts payable. Long-term liabilities stood at £37,000 at the period end.

The Group's current ratio is a healthy 2.93 (2.22 at 30 September 2006 and 2.61 at 31 December 2006).

Shareholders' equity increased slightly during the quarter to £2,960,000 (30 June 2007 £2,893,000), which mainly arose from foreign currency translation adjustments.

LIQUIDITY

Operating activities used £52,000 in the first nine months of 2007 and £54,000 in the third quarter. This was due to our operating losses and reductions in current liabilities in the reported periods coupled with a smaller decrease in trade receivables.

CURRENT LIABILITIES:

Short-term bank credit	11	22	18
Trade payables	263	340	334
Other accounts payable	<u>1,107</u>	<u>1,679</u>	<u>1,266</u>
	<u>1,381</u>	<u>2,041</u>	<u>1,618</u>

LONG-TERM LIABILITIES:

Liabilities to banks	6	16	15
Accrued severance pay, net	<u>31</u>	<u>13</u>	<u>12</u>
	<u>37</u>	<u>29</u>	<u>27</u>

LIABILITIES RELATED TO DISCONTINUED OPERATIONS

	<u>12</u>	<u>99</u>	<u>12</u>
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SHAREHOLDERS' EQUITY

	<u>2,960</u>	<u>2,782</u>	<u>2,933</u>
	<u><u>4,390</u></u>	<u><u>4,951</u></u>	<u><u>4,590</u></u>

CONSOLIDATED STATEMENT OF INCOME

British pounds in thousands (except for net earnings per share amounts)

	Nine months ended 30 September		Three months ended 30 September		Year ended 31 December
	2007	2006	2007	2006	2006
	Unaudited				Audited
Revenues	5,656	6,323	1,898	2,296	8,162
Cost of revenues	<u>3,330</u>	<u>3,779</u>	<u>1,098</u>	<u>1,310</u>	<u>4,911</u>
Gross profit	2,326	2,544	800	986	3,251
Research and development costs	370	216	127	67	283
Selling and marketing expenses	676	655	217	203	868
General and administrative expenses	<u>1,322</u>	<u>1,221</u>	<u>446</u>	<u>404</u>	<u>1,553</u>
Operating income (loss)	(42)	452	10	312	547
Financial income (expenses), net	6	15	(25)	(3)	13
Other incomes, net	<u>3</u>	<u>269</u>	<u>3</u>	<u>269</u>	<u>271</u>
Net income (expenses) before taxes on income	(33)	736	(12)	578	831
Taxes on income	<u>39</u>	<u>(210)</u>	<u>(1)</u>	<u>(165)</u>	<u>(180)</u>
Net income from continuing operations	6	526	(13)	413	651
Income from discontinued operations, net	-	197	-	-	269
Net income (loss)	<u>6</u>	<u>723</u>	<u>(13)</u>	<u>413</u>	<u>920</u>
<u>Net earnings (loss) per share (in British Pence):</u>					
<u>Basic earnings:</u>					
Net earnings (loss) from continuing	<u>0.02</u>	<u>2.03</u>	<u>(0.05)</u>	<u>1.60</u>	<u>2.50</u>

operations					
Earnings from discontinued operations, net	<u>-</u>	<u>0.72</u>	<u>-</u>	<u>-</u>	<u>1.04</u>
Net earnings (loss) per share	<u>0.02</u>	<u>2.75</u>	<u>(0.05)</u>	<u>1.60</u>	<u>3.54</u>
<u>Diluted earnings:</u>					
Net earnings (loss) from continuing operations	<u>0.02</u>	<u>2.00</u>	<u>(0.05)</u>	<u>1.57</u>	<u>2.47</u>
Earnings from discontinued operations, net	<u>-</u>	<u>0.71</u>	<u>-</u>	<u>-</u>	<u>1.02</u>
Net earnings (loss) per share	<u>0.02</u>	<u>2.71</u>	<u>(0.05)</u>	<u>1.57</u>	<u>3.49</u>

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
British pounds in thousands

	Share capital	Addition al paid-in capital	Share options reserve	Cumulative foreign currency translation adjustments	Accumulated deficit	Less - shares held by subsidiaries	Total
Balance at 1 January 2007	49	7,078	-	(251)	(3,847)	(96)	2,933
Issued of shares from exercised options	1	5	-	-	-	-	6
Net income	-	-	-	-	6	-	6
Amounts assigned to employees and director stock-based compensation	-	-	5	-	-	-	5
Cumulative foreign currency translation adjustments	-	-	-	10	-	-	10
Balance at 30 September 2007 (unaudited)	<u>50</u>	<u>7,083</u>	<u>5</u>	<u>(241)</u>	<u>(3,841)</u>	<u>(96)</u>	<u>2,960</u>
Balance at 1 January 2006 (audited)	48	7,065	-	(137)	(4,767)	(96)	2,113
Issued of shares from exercised options	1	6	-	-	-	-	7
Net income	-	-	-	-	723	-	723
Cumulative foreign currency translation adjustments	-	-	-	(61)	-	-	(61)
Balance at 30 September 2006 (unaudited)	<u>49</u>	<u>7,071</u>	<u>-</u>	<u>(198)</u>	<u>(4,044)</u>	<u>(96)</u>	<u>2,782</u>
Balance at 1 July 2007 (unaudited)	50	7,083	4	(320)	(3,828)	(96)	2,893
Net loss	-	-	-	-	(13)	-	(13)
Amounts assigned to employees and director stock-based compensation	-	-	1	-	-	-	1
Cumulative foreign currency translation adjustments	-	-	-	79	-	-	79

Balance at 30 September 2007 (unaudited)	<u>50</u>	<u>7,083</u>	<u>5</u>	<u>(241)</u>	<u>(3,841)</u>	<u>(96)</u>	<u>2,960</u>
Balance at 1 July 2006 (unaudited)	49	7,071	-	(204)	(4,457)	(96)	2,363
Net income	-	-	-	-	413	-	413
Cumulative foreign currency translation adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
Balance at 30 September 2006 (unaudited)	<u>49</u>	<u>7,071</u>	<u>-</u>	<u>(198)</u>	<u>(4,044)</u>	<u>(96)</u>	<u>2,782</u>
Balance at 1 January 2006 (audited)	48	7,065	-	(137)	(4,767)	(96)	2,113
Net income	-	-	-	-	920	-	920
Issued of shares from exercised options	1	13	-	-	-	-	14
Cumulative foreign currency translation adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114)</u>	<u>-</u>	<u>-</u>	<u>(114)</u>
Balance at 31 December 2006 (audited)	<u>49</u>	<u>7,078</u>	<u>-</u>	<u>(251)</u>	<u>(3,847)</u>	<u>(96)</u>	<u>2,933</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
British pounds in thousands

	Nine months ended 30 September		Three months ended 30 September		Year ended 31 December
	2007	2006	2007	2006	2006
	Unaudited				Audited
<u>Cash flows from operating activities:</u>					
Net income (loss)	6	723	(13)	413	920
Adjustments to reconcile net income to net cash provided by (used in) operating activities (a)	<u>(58)</u>	<u>(405)</u>	<u>(54)</u>	<u>(198)</u>	<u>155</u>
Net cash provided by (used in) operating activities	<u>(52)</u>	<u>318</u>	<u>(67)</u>	<u>215</u>	<u>1,075</u>
<u>Cash flows from investing activities:</u>					
Purchase of intangible assets	(15)	-	(15)	-	-
Purchase of fixed assets, net	(81)	(58)	(27)	(13)	(84)
Proceeds from sale of fixed assets	27	7	27	7	26
Short and long term investments, net	<u>3</u>	<u>(144)</u>	<u>7</u>	<u>37</u>	<u>242</u>
Net cash provided by (used in) continuing investing activities	<u>(66)</u>	<u>(195)</u>	<u>(8)</u>	<u>31</u>	<u>184</u>
Net cash used in discontinued investing activities	<u>-</u>	<u>(58)</u>	<u>-</u>	<u>-</u>	<u>(64)</u>
Net cash provided by (used in) investing activities	<u>(66)</u>	<u>(253)</u>	<u>(8)</u>	<u>31</u>	<u>120</u>
<u>Cash flows from financing activities:</u>					
Issued of shares from exercised options	6	7	-	-	14

Repayment of long-term loans from banks	(15)	(24)	(4)	(4)	(29)
Net cash used in financing activities	(9)	(17)	(4)	(4)	(15)
Effect of exchange rate changes on cash and cash equivalents	23	(30)	63	(5)	(74)
Increase (decrease) in cash and cash equivalents	(104)	18	(16)	237	1,106
Cash and cash equivalents at the beginning of the period	2,044	938	1,956	719	938
Cash and cash equivalents at the end of the period	1,940	956	1,940	956	2,044
	Nine months ended 30 September	Three months ended 30 September	Year ended 31 December		
	2007	2006	2007	2006	2006
	Unaudited				Audited

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

(a) income:

Income and expenses not involving cash flows:

Share-based payment cost	5	-	1	-	-
Profit from discontinued operations, net	-	(197)	-	-	(269)
Depreciation and amortization	108	107	36	38	146
Deferred taxes, net	(42)	43	(2)	39	53
Increase in accrued severance pay net	18	28	9	10	28
Capital gain from sale of fixed assets	(3)	(268)	(3)	(268)	(4)

Changes in operating assets and liability items:

Decrease (increase) in trade receivables, other accounts receivable and long-term loans and receivables	102	(482)	153	(306)	158
Increase (decrease) in trade payables and other accounts payable	(246)	364	(248)	289	43
	(58)	(405)	(54)	(198)	155

(b) Non cash investing and financing activities

Property and equipment acquired Under capital leases	-	18	-	12	21
Sale of fixed assets	-	3	-	3	-
Sale of other assets	-	267	-	267	-

NOTES

NOTE 1:- GENERAL

These financial statements have been prepared in a condensed format as of 30 September 2007, and for the nine months and three 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 31 December 2006 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) Accounting Standard No. 26 - Inventories:

In August 2006 the Israeli Accounting Standards Board published Accounting Standard No. 26 - "Inventory" ("the Standard"), which outlines the accounting treatment for inventory.

The Standard applies to all types of inventory, other than building earmarked for sale and addressed by accounting standard No.2 ("construction of Buildings for Sale"), inventory of work in progress stemming from performance contracts, addressed by Accounting Standard No.4 ("Work Based on Performance Contract"), financial instruments and biological assets relating to agricultural activity and agricultural production during harvest.

The Standard establishes, among other things, that inventory should be stated at the lower between cost and net realizable value. Cost is determined by the first in, first out (FIFO) method or by average weighted cost used consistently for all types of inventory of similar nature and uses. In certain circumstances the Standard requires cost determination by a specific identification of cost, which includes all purchase and production costs, as well as any other costs incurred in reaching the inventory's present stage.

When inventory is acquired on credit incorporating a financing component, the inventory should then be presented at cost equaling purchase cost in cash. The financing component is recognized as a financing expense over the term of the credit period.

Any reduction of inventory to net realizable value following impairment as well as any other inventory loss should be expensed during the current period. Subsequent elimination of an impairment write-down that stems from an increase in net realizable value will be allocated to operations during the period in which the elimination took place.

This Standard will apply to financial statements covering periods beginning January 1, 2007 and onwards and should be implemented retroactively.

This new standard does not have effect on the Company's financial statements.

(2) Accounting Standard No. 27 - Fixed Assets:

In September 2006 the Israeli Accounting Standards Board published Accounting Standard No. 27 ("Fixed Assets"), which establishes the accounting treatment for fixed assets, including recognition of assets, determination of their book value, related depreciation, losses from impairment as well as the disclosure required in the financial statements.

The Standard states that a fixed-asset item will be measured at the initial recognition date at cost which includes, in addition to the purchase price, all the related costs incurred for bringing the item to the position enabling it to operate in the manner contemplated by management. The cost also includes the initial estimate of costs required to dismantle and remove the item, along with the expenses incurred in reconstructing the site in which the item had been placed and in respect of which the entity incurred that obligation when the item had been acquired or following its use over a given period of time not in the production of inventory during that period.

The Standard also states that when acquiring assets in exchange for a non-monetary asset or a combination of monetary as well as non-monetary assets, the cost will be determined at fair value unless (a) the barter transaction has no commercial essence or (b) it is impossible to reliably measure the fair value of the asset received and the asset provided. Should the provided asset not be measured at fair value, its cost would equal book value.

Following the initial recognition, the Standard permits the entity to implement in its accounting policy the measurement of the fixed assets by the cost method or by revaluation method, as defined in the Standard, so long as this policy is implemented in regard to all items in that group.

(3) Accounting Standard No. 27 - Fixed Assets (cont.):

This new Standard apply to financial statements covering periods beginning 1 January 2007 and onwards and implemented retroactively, except for in cases where an entity.

An entity chooses, on 1 January 2007 the revaluation method and will treat the difference between the asset's estimated book value and its cost as a revaluation reserve at that time, or incase when an entity did not include in the cost of an item, upon initial recognition, the initial estimate of dismantling and removing costs along with site reconstruction costs.

This new standard does not have effect on the Company's financial statements.

(4) Accounting Standard No. 23 - Accounting for Transactions between an Entity and a controlling party

In December 2006 the Israeli Accounting Standards Board published Accounting Standard No.23. "Accounting for Transactions between an Entity and a controlling Party (hereinafter-the standard). The standard applies entities subject to the Israeli Securities Law -1968.

The standard establishes the requirements for accounting for transactions between an entity and its controlling party which involve the transposition of an asset, the taking on of a liability, reimbursement or debt concession, and the receiving of loans. The standard does not apply to business combinations under common control.

The standard stipulates that transactions between an entity and a controlling party will be measured based on fair value transactions which in nature are owner investment should be report directly in equity and not be recognized in the controlled entity's profit and loss, the differences between the consideration set in transactions between an entity and a controlling party and their fair value will be allocated directly to the equity and current and deferred taxes pertaining to the items allocated to equity due to transactions with controlling parties will be allocated directly to equity as well.

The standard is effective for transactions between an entity and a controlling party taking place subsequent to January 2007 and for loans granted from or given to a controlling party prior to the Standard's coming into effect, starting on the standard's effective date.

This new standard does not have effect on the Company's financial statements.

- c. Disclosure of the impact of new accounting standard in the period prior its application:

Accounting standard No. 29 - Adoption of International Financial Standards:

In July 2006, the Israeli Accounting Standard Board published Accounting Standard No. 29 "Adoption of International Financial Standards (IFRS)" ("the Standard"). The Standard provides that entities that are subject to the Securities Law, 1968 and that are required to report in accordance with this Law's provisions, shall prepare their financial statements pursuant to IFRS standards for periods commencing January 1, 2008.

Initial adoption of IFRS Standard is to be effected by means of application of the provisions of IFRS 1, "First-Time Application of IFRS Standards", for purposes of the transition.

In accordance with the Standard, the Company is required to include in a note to the annual financial statements as at 31 December 2007 the balance-sheet data as at December 31, 2007 and the income-statement for the year then ended, after they have undergone application of the recognition, measurement and presentation rules of IFRS Standards.

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

As of	Exchange rate of one British pound NIS
September 30, 2007	8.1380
September 30, 2006	8.5067
December 31, 2006	8.2884

<u>Change during the period</u>	<u>%</u>
September 2007 (nine months)	(1.8)
September 2006 (nine months)	1.3
September 2007 (three months)	(4.3)
September 2006 (three months)	(1.2)
December 2006 (12 months)	(1.8)

NOTE 3:- SEGMENTS

	<u>Nine months ended 30 September 2007</u>				
	<u>Israel</u>	<u>Europe</u>	<u>North America</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unaudited</u>				
	<u>British pounds in thousands</u>				
External revenues	2,185	1,945	1,526		
Inter-segment revenues	-	142	-	(142)	
Total revenues	<u>2,185</u>	<u>2,087</u>	<u>1,526</u>	<u>(142)</u>	<u>5,656</u>
Segment results	<u>94</u>	<u>272</u>	<u>(29)</u>	<u>-</u>	<u>337</u>
General joint expenses unallocated					<u>(379)</u>
Operating loss					<u>(42)</u>

	<u>Nine months ended 30 September 2006</u>				
	<u>Israel</u>	<u>Europe</u>	<u>North America</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unaudited</u>				
	<u>British pounds in thousands</u>				
External revenues	2,564	1,821	1,938		
Inter-segment revenues	-	315	-	(315)	
Total revenues	<u>2,564</u>	<u>2,136</u>	<u>1,938</u>	<u>(315)</u>	<u>6,323</u>
Segment results	<u>155</u>	<u>435</u>	<u>255</u>	<u>-</u>	<u>845</u>
General joint expenses unallocated					<u>393</u>
Operating income					<u>452</u>

	<u>Three months ended 30 September 2007</u>				
	<u>Israel</u>	<u>Europe</u>	<u>North America</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unaudited</u>				
	<u>British pounds in thousands</u>				
External revenues	746	696	456		
Inter-segment revenues	-	42	-	(42)	
Total revenues	<u>746</u>	<u>738</u>	<u>456</u>	<u>(42)</u>	<u>1,898</u>
Segment results	<u>12</u>	<u>112</u>	<u>(2)</u>	<u>-</u>	<u>122</u>

General joint expenses unallocated					(112)
Operating income					<u>10</u>

Three months ended 30 September 2006

	Israel	Europe	North America	Adjustments	Total
	Unaudited				
	British pounds in thousands				
External revenues	900	758	638		
Inter-segment revenues	-	98	-	(98)	
Total revenues	<u>900</u>	<u>856</u>	<u>638</u>	<u>(98)</u>	<u>2,296</u>
Segment results	<u>60</u>	<u>310</u>	<u>70</u>	<u>-</u>	440
General joint expenses unallocated					128
Operating income					<u>312</u>

Year ended 31 December 2006

	Israel	Europe	North America	Adjustments	Total
	Unaudited				
	British pounds in thousands				
External revenues	3,240	2,309	2,613		
Inter-segment revenues	-	437	-	(437)	
Total revenues	<u>3,240</u>	<u>2,746</u>	<u>2,613</u>	<u>(437)</u>	<u>8,162</u>
Segment results	<u>199</u>	<u>532</u>	<u>322</u>	<u>-</u>	1,053
General joint expenses unallocated					(506)
Operating income					<u>547</u>

NOTE 4:- Additional information

In April 2007, a lawsuit for 1.2 million NIS was filed against the Company by a former employee. In June 2007, the Company filed a response to the lawsuit claim within the labour court, and a counterclaim of 2 million NIS. According to the labour court advice, the parties agree to address this pending claim and counterclaim to be settled in a mediation procedure. The Company's management, based upon the advice of its legal counsel, considers that it has valid defence that would result the judgment in its favour. Therefore in its financial statements, the Company has provided only for the legal fees related to such lawsuit.