

PILAT TECHNOLOGIES INTERNATIONAL LTD

(“PTI”, the “Group” or the “Company”)

Results for First Quarter ended 31 March 2008

London and Tel Aviv 21st May 2008 - Pilat Technologies International Ltd, the AIM-quoted human resources management consultancy, software and services group, announces its results for the quarter ended 31 March 2008 (“Q1”). PTI is also quoted on the Tel Aviv Stock Exchange.

SUMMARY

- Q1 sales up 16% to £2,111,000 (2007: £1,826,000).
- Israel sales up 35% compared with Q1 2007.
- North America sales up 5% compared with Q1 2007.
- Europe sales up 2% compared with Q1 2007.
- Operating loss of £62,000 (Q1 2007: loss £96,000).

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
+ 972 3 67 9200

Hanson Westhouse Limited
Tim Feather / Matthew Johnson
+ 44 (0)113 246 2610

CHAIRMAN'S STATEMENT

The Board of PTI presents the Company's results for the first quarter of 2008. Overall sales increased by 16% over the equivalent period last year with sales growth in all operations of the Company and a particularly strong result in Israel with growth of 35%.

Gross profits grew by 24% all of which was invested into our Research and Development activities where spending increased to £185,000 for the quarter from £75,000 last year.

Sales and Marketing and General and Administrative spending was held flat to give an operating loss down one third from last year at £62,000 (Q1 2007: Loss £96,000).

In Israel profits rose by 31% in sterling terms to £59,000 (2007: £45,000). Our core assessment business continues to perform well and we are happy with the progress made integrating the acquisitions announced previously. Pilat Israel has recently entered into an agreement with Watson-Wyatt Worldwide to act as their agents in the Israeli market for international salary survey data and our non-assessment business continues to grow. We continue to search for acquisition opportunities in the Israeli market to further extend our services whilst remaining focused on the Human Capital Management sector.

In North America, sales increased by over 5% to £506,000 (2007: £481,000) and the effects of cost savings made last year changed a 2007 Q1 loss of £87,000 into a profit of £47,000 for 2008. Clearly, there is a great deal of uncertainty in the US market at present with much talk of more difficult times ahead. We will continue to control costs in the North American business whilst introducing new product lines. In 2008 we have extended our agreement to distribute the products of the Center for Talent Retention to include North America and continue to work to strengthen our distribution network.

In Europe, sales increased moderately (2%) to £646,000 for the quarter (2007: £633,000). Our core Research and Development activity takes place in the UK and the increased spending in this area pushed the quarter into a small operating loss of £18,000 (2007: profit £98,000). We are continuing to expense all Research and Development costs as incurred. Our core consulting activity, often the introduction for new client acquisition, continues to perform excellently.

Our results reflect strong growth in sales together with a much higher level of Research and Development spending. The Company's small Indian software development team is now established and we have now released the first version of our HR-PULSE flagship application with Microsoft .NET and AJAX technology to provide a much richer user experience. Our capability to service the complex Talent Management requirements of major international organisations continues to grow in parallel with their perceived needs for these services. We see this trend continuing, even as world growth levels are declining.

For the year ahead, our priorities will be to continue to invest sensibly in Research and Development to maintain our position as the leading technology in our market niche. To

continue to implement our improved sales and delivery model in order to move more sales into predictable longer term contracts. To expand the range and depth of our consulting activities as our sales entry point and source of our expertise and reputation and to re-establish our sales channels in the Asia Pacific region.

Revenues and profitability

Overall sales in Q1 2008 were £2,111,000, an increase of 16% over the sales in the same quarter in 2007 (£1,826,000). The increase in sales was evident in all our operating subsidiaries. In Israel sales increased by 35%, in Europe by 2% and in North America by 5%.

The gross margin for the quarter stood at 38%, compared to a gross margin of 35% in the first quarter of 2007.

Research and development costs increased 147% to £185,000 in line with management policy.

Sales and marketing expenditure remained stable at £244,000.

General and administrative expenditure also remained stable at £424,000.

Due to the weakness of Sterling and the US dollar in the quarter relative to the Israeli Shekel (the Company's functional currency), and the reduction of the value of assets and balances not denominated in Israeli Shekels, the Group had net financing costs of £69,000.

Balance Sheet

The Group's current assets at 31 March 2008 were £4,524,000, which represents approximately 88% of assets (91% at 31 March 2007 and 92% at 31 December 2007). The reduction in the proportion of current assets in this period is due to acquisitions which were financed by cash and are listed as non-current assets.

Current liabilities decreased over the period from £1,903,000 at the end of 2007 to £1,663,000, mainly due to clearing balances at the year end. Long-term liabilities stood at £21,000 at the period end.

The Group's current ratio is a healthy 2.72.

Shareholders' equity increased to £3,432,000, which arose from net losses of £107,000 and positive foreign currency translation adjustments of £215,000.

Liquidity

The Group had a negative cash flow from operating activities of £519,000 from its

continuing operations during the period. The negative cash flow was mainly due to the loss for the period, an increase in receivables of £125,000 and a decrease in payables of £314,000 due to the clearing of large balances at the end of the last quarter of 2007. Acquisitions during the period cost £154,000 bringing the cash used in investing activities to £179,000.

In total, the cash balances decreased during the period by £562,000 compared with £274,000 during the equivalent period of 2007.

At 31 March 2008 the cash and short term investment balances of the Company were £1,998,000 with total liabilities to finance providers of £13,000.

Michael Zukerman, Chairman

David Sapiro, CEO

Jonathan Berger, CFO