

PILAT TECHNOLOGIES INTERNATIONAL LTD.

PILAT TECHNOLOGIES INTERNATIONAL LTD.

CONSOLIDATED BALANCE SHEETS

New Israeli Shekels in thousands

	<u>March 31,</u>		<u>December 31,</u>
	<u>2009</u>	<u>2008</u>	<u>2008</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	15,571	13,062	13,739
Short term investments		1,053	379
Trade receivables	12,101	15,511	12,606
Other accounts receivable	1,326	1,941	796
Income tax receivable	423	393	384
	<u>29,421</u>	<u>31,960</u>	<u>27,904</u>
<b>NON-CURRENT ASSETS</b>			
Long – term loans and receivables	484	49	480
Long- term accounts receivable	132	143	132
Fixed assets, net	1,499	2,210	1,595
Intangible assets	984	1,541	1,114
Employees benefits assets	-	492	-
Deferred taxes	-	98	-
	<u>3,099</u>	<u>4,533</u>	<u>3,321</u>
<b>TOTAL ASSETS</b>	<u>32,520</u>	<u>36,493</u>	<u>31,225</u>

PILAT TECHNOLOGIES INTERNATIONAL LTD.

PILAT TECHNOLOGIES INTERNATIONAL LTD.

CONSOLIDATED BALANCE SHEETS

New Israeli Shekels in thousands

	<u>March 31,</u>		<u>December 31,</u>
	<u>2009</u>	<u>2008</u>	<u>2008</u>
<b>CURRENT LIABILITIES</b>			
Current maturities of long-term bank loans	618	78	634
Trade payables	2,201	2,931	2,067
Other accounts payable	10,151	9,096	9,797
Liabilities related to discontinued operations	-	100	100
	<u>12,970</u>	<u>12,205</u>	<u>12,598</u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities to banks	2,152	13	2,304
Employees benefits liabilities	184	29	213
	<u>2,336</u>	<u>42</u>	<u>2,517</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	378	378	378
Additional paid-in capital	55,633	55,627	55,633
Capital reserve	(751)	(751)	(751)
Cumulative foreign currency translation adjustments	(36,055)	(28,963)	(36,742)
Accumulated deficit	(2,524)	(2,448)	(2,933)
Less-shares held by subsidiaries	533	403	507
	<u>17,214</u>	<u>24,246</u>	<u>16,110</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>32,520</u></u>	<u><u>36,493</u></u>	<u><u>32,255</u></u>

PILAT TECHNOLOGIES INTERNATIONAL LTD.

PILAT TECHNOLOGIES INTERNATIONAL LTD.

**CONSOLIDATED STATEMENTS OF INCOME**

New Israeli Shekels in thousands (except for net earnings (loss) per share amounts)

	Three months ended March 31,		Year ended December 31,
	2009	2008	2008
	Unaudited		Audited
Revenues	12,263	15,135	56,744
Cost of revenues	7,868	9,455	37,753
Gross profit	4,395	5,680	18,991
Research and development costs	977	1,330	4,741
Selling and marketing expenses	1,018	1,747	6,005
General and administrative expenses	2,332	3,050	12,636
Other expenses, net	-	50	208
Operating income (loss)	68	(497)	(4,599)
Other income, net	25	12	41
Financial income	693	91	902
Financial expenses	(125)	(583)	(1,122)
Net income (loss) before taxes on income	661	(977)	(4,778)
Taxes on income	8	167	393
Net income (loss)	669	(810)	(4,385)
<u>Net earnings (loss) per share (in New Israeli Shekel):</u>			
Basic Net earnings (loss) per share	0.026	(0.031)	(0.17)
Diluted Net earnings (loss) per share	0.026	(0.031)	(0.17)

PILAT TECHNOLOGIES INTERNATIONAL LTD.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CASH FLOWS

New Israeli Shekels in thousands

	Three months ended March 31,		Year ended December 31,
	2009	2008	2008
	Unaudited		Audited
<u>Cash flows from operating activities:</u>			
Net income (loss)	669	(810)	(4,385)
Adjustments to reconcile net income to net cash provided by (used in) operating activities (a)	611	(2,950)	2,618
Net cash provided by (used in) operating activities	1,280	(3,760)	(1,767)
<u>Cash flows from investing activities:</u>			
Purchase of fixed assets	(47)	(298)	(505)
Proceeds from sale of fixed assets	-	38	75
Short and long term investments, net	379	84	758
Purchase of intangible assets	-	(1,105)	(1,181)
Net cash used in investing activities	332	(1,281)	(853)
<u>Cash flows from financing activities:</u>			
Shares issue from exercise of options	-	-	6
Long-term loans from banks received	-	-	3,000
Repayment of long-term loans from banks	(171)	(18)	(186)
Dividends paid	-	-	(4,186)
Net cash used in financing activities	(171)	(18)	(1,366)
<u>Effect of exchange rate changes on cash and cash equivalents</u>	391	(470)	(866)
Increase (decrease) in cash and cash equivalents	1,832	(5,529)	(4,852)
Cash and cash equivalents at the beginning of the period	13,739	18,591	18,591
Cash and cash equivalents at the end of the period	15,571	13,062	13,739