



Annual Report
& Accounts

2010



P I L A T
TECHNOLOGIES
INTERNATIONAL LTD

Pilat Technologies International Ltd.
Condensed Consolidated Financial Statements
as at December 31, 2009

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Pilat Technologies International Ltd.

Consolidated balance sheets

	<u>Note</u>	<u>As at December 31,</u>	
		<u>2009</u>	<u>2008</u>
		<u>NIS thousands</u>	
<u>Current assets</u>			
Cash and cash equivalents	3	14,463	13,739
Short-term investments	4	377	379
Trade receivables	5	11,645	12,606
Other receivables	6	875	796
Taxes receivable		547	384
		<u>27,907</u>	<u>27,904</u>
<u>Non-current assets</u>			
Long-term receivables	7	66	480
Prepaid expense for operative leasing, net	2L	138	132
Assets for benefits to employees	14	110	-
Fixed assets, net	8	1,181	1,595
Intangible assets, net	9	623	1,114
		<u>2,118</u>	<u>3,321</u>
<u>Total assets</u>		<u>30,025</u>	<u>31,225</u>

The accompanying notes are an integral part of the consolidated financial statements.

Pilat Technologies International Ltd.

Consolidated balance sheets

	Note	As at December 31,	
		2009	2008
		NIS thousands	
<u>Current liabilities</u>			
Current maturities for long-term loans	12	600	634
Trade payables	10	1,538	2,067
Other payables	11	8,441	9,797
Taxes payable		47	-
Liabilities relating to discontinued operations		-	100
		10,626	12,598
<u>Long-term liabilities</u>			
Loans from banks	12	1,702	2,304
Liabilities for benefits to employees, net	14	83	213
Deferred taxes	15	291	-
		2,076	2,517
Total liabilities		12,702	15,115
<u>Shareholders' equity relating to the Company's shareholders</u>			
	17		
Share capital		389	378
Premium on shares		56,407	55,633
Treasury stock		(751)	(751)
Balance of loss		(36,914)	(36,724)
Capital reserve from translating differences		(2,414)	(2,933)
Other capital reserves		606	507
		17,323	16,110
Total liabilities and capital		30,025	31,225

The accompanying notes are an integral part of the consolidated financial statements.

March 25, 2010

**Date of approval of the
financial statements**

**Michael Zuckerman
Chairman of the Board
and CEO**

**Haim Helfgot
Director**

**Jonathan Berger
CFO**

Consolidated statements of income

		For the year ended December 31,		
		2009	2008	2007
		NIS thousands		
		Excluding data on net earnings (loss) per share		
	<u>Note</u>			
Revenues from sales and services		46,791	56,744	64,708
Cost of sales and services	19	<u>29,929</u>	<u>37,753</u>	<u>38,031</u>
Gross profit		16,862	18,991	26,677
Research and development expenses		3,869	4,741	4,101
Selling and marketing expenses	20	3,296	6,005	7,233
General and administrative expenses	21	9,278	12,636	13,327
Other expenses (revenues), net		<u>(12)</u>	<u>167*</u>	<u>(5)</u>
Income (loss) from regular operations		431	(4,558)	2,021
Financing revenues	22	58	349*	602
Financing expenses	22	<u>(460)</u>	<u>(569)</u>	<u>(815)</u>
Income (loss) before taxes on income		29	(4,778)	1,808
Tax revenues (expenses) on income		<u>(219)</u>	<u>393</u>	<u>(223)</u>
Net income (loss) related to the Company's shareholders		<u>(190)</u>	<u>(4,385)</u>	<u>1,585</u>
<u>Net earnings (loss) per share – in NIS</u>	23			
Net earnings (loss) – basic and diluted		<u>(0.01)</u>	<u>(0.17)</u>	<u>0.06</u>

* Reclassified.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statements of changes in shareholders' equity

	Share capital	Premium on shares	Capital reserve from translating financial statements of foreign operations	Capital reserve for share- based payment	Balance of loss	Treasury stock	Total
	NIS thousands						
<u>Balance as at January 1, 2007</u>	377	55,575	(1,238)	267	(29,738)	(751)	24,492
Total income (loss)	-	-	(639)	-	1,585	-	946
Issue of shares from exercising option warrants	1	52	-	-	-	-	53
Cost of share-based payment	-	-	-	99	-	-	99
<u>Balance as at December 31, 2007</u>	378	55,627	(1,877)	366	(28,153)	(751)	25,590
Total loss	-	-	(1,056)	-	(4,385)	-	(5,441)
Issue of shares from exercising option warrants	*	6	-	-	-	-	6
Cost of share-based payment	-	-	-	141	-	-	141
Erosion of dividend declared	-	-	-	-	206	-	206
Dividend paid	-	-	-	-	(4,392)	-	(4,392)
<u>Balance as at December 31, 2008</u>	378	55,633	(2,933)	507	(36,724)	(751)	16,110
Total income (loss)	-	-	519	-	(190)	-	329
Issue of shares from exercising option warrants	11	774	-	-	-	-	785
Cost of share-based payment	-	-	-	99	-	-	99
<u>Balance as at December 31, 2009</u>	389	56,407	(2,414)	606	(36,914)	(751)	17,323

* Less than NIS 1 thousand.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

For the year ended December 31,
2009 2008 2007
NIS thousands

Cash flows from operating activities

Net income (loss)	(190)	(4,385)	1,585
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Reconciliations required to present cash flows from operating activities:

Depreciation and amortization	1,232	1,483	1,194
Financing expenses (revenues), net	402	220	(213)
Cost of share-based payment	99	141	99
Loss (gain) from realizing fixed assets	-	10	(28)
Change in liabilities for benefits to employees, net	(240)	590	(233)
Taxes on income	219	(393)	223
	1,712	2,051	1,042

Changes in items of assets and liabilities:

Decrease (increase) in trade receivables	1,246	1,550	(1,033)
Decrease (increase) in other receivables	(33)	209	(388)
Increase (decrease) in trade payables	(634)	(341)	128
Increase (decrease) in other payables	(1,292)	(963)	1,886
Decrease in liability relating to discontinued operations	(100)	-	-
	(813)	455	593

Cash paid and received during the year for:

Interest paid	(90)	(45)	(30)
Interest received	58	356	674
Taxes paid	(24)	(325)	(375)
Taxes received	416	-	-
	360	(14)	269

Net cash provided by (used for) operating activities	1,069	(1,893)	3,489
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Consolidated statement of cash flows

	For the year ended December 31,		
	2009	2008	2007
	NIS thousands		
<u>Cash flows from investing activities</u>			
Purchase of fixed assets	(260)	(505)	(852)
Proceeds from realizing fixed assets	-	75	165
Short-term investments, net	1	758	55
Acquisition of intangible assets	(386)	(1,181)	(120)
Net cash used for investing activities	(645)	(853)	(752)
<u>Cash flows from financing activities</u>			
Proceeds from exercising option warrants to shares	786	6	53
Receipt of long-term loans from banks	-	3,000	-
Repayment of long-term loans to banks	(634)	(186)	(149)
Dividend paid	-	(4,186)	-
Net cash provided by (used for) financing activities	152	(1,366)	(96)
<u>Rate differences of balances of cash and cash equivalents</u>	148	(740)*	(992)*
<u>Increase (decrease) in cash and cash equivalents</u>	724	(4,852)	1,649
<u>Balance of cash and cash equivalents at beginning of year</u>	13,739	18,591	16,942
<u>Balance of cash and cash equivalents at end of year</u>	14,463	13,739	18,591
<u>(b) Significant activities not in cash:</u>			
Sale of fixed assets	-	-	57
Purchase of intangible assets	-	350	-

* Reclassified

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the financial statements

The following are exchange rate data of the US dollar and the pound sterling

	<u>Exchange rate of 1 US dollar</u>	<u>Exchange rate of 1 pound sterling</u>
<u>As at</u>	<u>NIS</u>	<u>NIS</u>
December 31 2009	3.775	6.111
December 31, 2008	3.802	5.548
December 31, 2007	3.846	7.710
	<u>%</u>	<u>%</u>
<u>Rate of change during the year</u>		
January – December 2009	(0.70)	10.15
January – December 2008	(1.14)	(28.04)
January – December 2007	(8.97)	(6.97)

Note 3 – Cash and cash equivalents

	<u>Weighted interest rate as at December 31, 2009</u>	<u>As at December 31</u>	
	<u>%</u>	<u>2009</u>	<u>2008</u>
		<u>NIS thousands</u>	
Cash and deposits for immediate withdrawal:			
- in NIS		2,722	1,466
- in US dollar		1,215	2,061
- in pound sterling		868	806
Short-term deposits in US dollar	0.3	3,217	6,627
Short-term deposit in pound sterling	0.3	2,317	554
Short-term deposits in euro	0.1	123	95
Short-term deposit in NIS	0.4	4,001	2,130
		<u>14,463</u>	<u>13,739</u>

The deposits bear interest at variable rates.

The deposits are deposited at banks for periods of up to three months.

Note 4 – Short-term investments

Short-term investments include bank deposits in dollars. The deposit bears interest at variable rates - at the rate of 0.75% p.a. correct as of the balance sheet date, the deposit is used to secure a rent agreement.

Notes to the consolidated interim financial statements

Note 5 – Trade receivables

	As at December 31	
	2009	2008
	NIS thousands	
Open accounts (1)	10,569	10,632
Revenues receivable	919	1,282
Checks and notes for collection	157	692
Trade receivables, net	<u>11,645</u>	<u>12,606</u>
(1) After deducting a provision for doubtful debts	<u>113</u>	<u>657</u>

Trade receivables do not bear interest. Average customers' credit days are on average 60-90 days.

An impairment in value of trade receivables is handled through recording a provision for doubtful debts.

Note 6 – Other receivables

	As at December 31	
	2009	2008
	NIS thousands	
Prepaid expenses	788	615
Advances to suppliers	-	12
Employees	29	33
Institutions	-	15
Others	58	121
	<u>875</u>	<u>796</u>

Notes to the consolidated interim financial statements

Note 8 – Fixed assets

	<u>Computers and auxiliary equipment</u>	<u>Vehicles</u>	<u>Office furniture and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	NIS thousands				
<u>Cost</u>					
Balance as at January 1, 2009	4,902	195	2,556	1,619	9,272
Additions during the year	174	-	6	80	260
Withdrawals during the year	(646)	-	(7)	(445)	(1,098)
Adjustments resulting from translation of financial statements of investee companies	86	8	23	43	160
<u>Balance as at December 31, 2009</u>	<u>4,516</u>	<u>203</u>	<u>2,578</u>	<u>1,297</u>	<u>8,594</u>
<u>Accumulated depreciation</u>					
Balance as at January 1, 2009	4,136	133	2,194	1,214	7,677
Additions during the year	450	23	113	119	705
Withdrawals during the year	(646)	-	(7)	(445)	(1,098)
Adjustments resulting from translation of financial statements of investee companies	66	2	19	42	129
<u>Balance as at December 31, 2009</u>	<u>4,006</u>	<u>158</u>	<u>2,319</u>	<u>930</u>	<u>7,413</u>
<u>Depreciated cost as at December 31, 2009</u>	<u>510</u>	<u>45</u>	<u>259</u>	<u>367</u>	<u>1,181</u>

Notes to the consolidated interim financial statements

Note 9 – Intangible assets, net

	<u>Customer files</u>	<u>Computer software</u>	<u>Total</u>
a. <u>Composition:</u>			
<u>Cost</u>			
Balance as at January 1, 2008	120	-	120
Additions during the year	<u>1,510</u>	<u>21</u>	<u>1,531</u>
Balance as at December 31, 2008	1,630	21	1,651
Additions during the year	<u>-</u>	<u>36</u>	<u>36</u>
Balance as at December 31, 2009	<u>1,630</u>	<u>57</u>	<u>1,687</u>
 <u>Accumulated depreciation</u>			
Balance as at January 1, 2008	17	-	17
Amortization recognized during the year	<u>516</u>	<u>4</u>	<u>520</u>
Balance as at December 31, 2008	533	4	537
Amortization recognized during the year	<u>504</u>	<u>23</u>	<u>527</u>
Balance as at December 31, 2009	<u>1,037</u>	<u>27</u>	<u>1,064</u>
 <u>Balance – net</u>			
As at December 2009	<u>593</u>	<u>30</u>	<u>623</u>
As at December 2008	<u>1,097</u>	<u>17</u>	<u>1,114</u>

Notes to the consolidated interim financial statements

Note 10 – Trade payables

	As at December 31	
	2009	2008
	NIS thousands	
Open accounts	995	1,533
Checks and notes payables	543	534
	<u>1,538</u>	<u>2,067</u>

Trade payables do not bear interest. Average credit days are current + 30 up to 90 days.

Note 11 – Other payables

	As at December 31	
	2009	2008
	NIS thousands	
Income in advance	4,469	4,988
Advances from customers	137	169
Liabilities to employees for salaries and wages	1,893	2,506
Institutions	1,017	612
Accrued expenses	925	1,522
	<u>8,441</u>	<u>9,797</u>

Note 12 – Bank loans

a. Composition:

	Linkage terms	Weighted interest rate	As at December 31,	
			2009	2008
		%	NIS thousands	
Bank loans	Prime interest	3.55	2,302	2,904
Liability for financial leasing	Dollar	-	-	34
			<u>2,302</u>	<u>2,938</u>
Less current maturities			600	634
			<u>1,702</u>	<u>2,304</u>

Notes to the consolidated interim financial statements

Note 12 – Bank loans

b. Dates of repayment after the balance sheet date are as follows:

	As at December 31	
	2009	2008
	NIS thousands	
First year – current maturities	600	634
Second year	600	600
Third year	600	600
Fourth year	502	600
Fifth year	-	504
	<u>2,302</u>	<u>2,938</u>

c. See Note 16 regarding collateral.

d. The Company does not have any financial covenants.

Note 16 – Contingent liabilities, liens and commitments

a. Contingent liabilities

In July 2008 Pilat Israel Ltd., a subsidiary, (hereinafter; “Pilat Israel”) received a letter from the Registrar of Data Bases in the Ministry of Justice (hereinafter: “the Registrar”) according to which Pilat Israel does not meet the provisions of the Protection of Privacy Law -1981 – (hereinafter “the Law”) in connection with two data bases that Pilat Israel maintains.

In addition Pilat Israel was informed that due to these violations and in view of the inquiry’s findings, the Registrar intends to order that the recording of the two data bases be deleted, and if no objection is received from Pilat Israel, the date of the deletions will be August 15, 2008.

Pilat Israel does not accept the Registrar’s allegations and its opinion is that it meets all the provisions of the law and to the best of its knowledge it protects and uses the information of those tested and candidates, according to accepted practice in the branch.

The Company presented its opinion to the Registrar and was given a postponement until a meeting which took place in December 2008 with the Registrar at which the matters were clarified. In the opinion of the Company’s legal advisors it is not possible to estimate the Company’s exposure in this matter, although the Company has serious arguments as a result of which it is reasonable to assume that it will change the Registrar’s opinion whose results will be different to the Registrar’s original decision.

Up to the approval of the financial statements, no further approach was made by the Registrar and no new demand on this subject was received.

In the opinion of the Company's management, no significant negative effect is expected on the financial results due to this matter.

Notes to the consolidated interim financial statements

Note 16 – Contingent liabilities, liens and commitments – contd.

b. Performance guarantees

The banks provided performance guarantees to secure the Company's undertakings to third parties for an amount of NIS 1 million to secure the provision of services to customers.

c. Liens

To secure the Group's liabilities, fixed charges were registered on all the vehicles, bank accounts and bank deposits, and on amounts due from customers, and also a current charge on all assets, rights and other assets. A fixed charge on share capital which has not yet been called and/or not yet paid up, goodwill, and all cash, notes, securities and other collateral and the rights resulting from the insurance on the pledged assets.

The balances of the secured liabilities are as follows:

	As at December 31	
	2009	2008
	NIS thousands	
Long-term liabilities (including current maturities)	2,302	2,938
Liabilities for discontinued operations	-	100
	2,302	3,038

d. Commitments

1. In June 2008, the Company and its subsidiary in Israel engaged in agreements with third parties, which are not interested parties in the Company, to lease offices in Tel Aviv for a period of three years, which was extended until June 2012. Total annual rent aggregates an amount of NIS 1,840 thousand.
2. Subsidiaries abroad lease buildings up to December 2012 and November 2014. Total annual rent aggregates NIS 430 thousand.
3. On February 15, 2005 it was agreed between the Company and some of its subsidiaries in Israel and abroad to charge management fees which include, inter alia, management services, professional services, and office services, etc. The Company's revenues for these services in 2009 aggregated NIS 2,419 thousand (2008 – NIS 4,096 thousand; 2007 – NIS 4,925 thousand).

Notes to the consolidated interim financial statements

Note 16 – Contingent liabilities, liens and commitments – contd.

e. Guarantees given by the Group

As at December 31, 2009 there are contingent liabilities for guarantees as follows:

	<u>NIS thousands</u>
Guarantees to subsidiaries (see (c) above)	2,302
Performance guarantees total (see (b) above)	<u>1,016</u>
	<u><u>3,318</u></u>

Note 17 – Shareholders' equity

a. Composition of share capital

	<u>As at December 31, 2009</u>		<u>As at December 31, 2008</u>	
	<u>Number of shares</u>		<u>Number of shares</u>	
	<u>Authorized</u>	<u>Issued and Paid-up</u>	<u>Authorized</u>	<u>Issued and Paid-up</u>
Ordinary shares of NIS 0.01 each par value	<u>40,000,000</u>	<u>27,599,108</u>	<u>40,000,000</u>	<u>26,549,108</u>

b. The shares are listed for trading on the Tel Aviv Stock Exchange.

c. Movement in share capital

The capital was issued and paid-up

	<u>Number of shares</u>	<u>NIS par value</u>
<u>Balance as at January 1, 2007</u>	26,469,108	264,691
Exercise of options to shares	<u>70,000</u>	<u>700</u>
<u>Balance as at December 31, 2007</u>	26,539,108	265,391
Exercise of options to shares	<u>10,000</u>	<u>100</u>
<u>Balance as at December 31, 2008</u>	26,549,108	265,491
Exercise of options to shares	<u>1,050,000</u>	<u>10,500</u>
<u>Balance as at December 31, 2009</u>	<u><u>27,599,108</u></u>	<u><u>275,991</u></u>

After the balance sheet date, 501,500 options were exercised to shares of NIS 0.01 par value.

Notes to the consolidated interim financial statements

Note 17 – Shareholders' equity – contd.

d. Treasury stock – Company's shares held by the subsidiary

The subsidiary's holdings of the Company's shares are as follows:

	As at December 31	
	2009	2008
	NIS thousands	
<u>Shares:</u>		
Issued capital (in %)	1.5	1.5
Cost (in NIS thousands)	751	751

Note 19 – Cost of sales and services

	For the year ended December 31,		
	2009	2008	2007
	NIS thousands		
<u>Cost of services – manpower</u>			
Salaries and related expenses	18,702	23,546	23,708
Outsourcing	3,389	4,541	4,782
Rent and maintenance	3,220	2,314	3,061
Maintenance of vehicle	911	905	786
Depreciation and amortization	1,049	1,310	968
Other	2,658	5,137	4,726
	<u>29,929</u>	<u>37,753</u>	<u>38,031</u>

Note 20 – Selling and marketing expenses

	For the year ended December 31,		
	2009	2008	2007
	NIS thousands		
Wages, salaries and related expenses	1,535	2,982	3,202
Advertising	246	1,000	1,706
Depreciation and amortization	33	68	68
Other	1,482	1,955	2,257
	<u>3,296</u>	<u>6,005</u>	<u>7,233</u>

Pilat Technologies International Ltd.

Notes to the consolidated interim financial statements

Note 21 – General and administrative expenses

	For the year ended		
	December 31,		
	2009	2008	2007
	NIS thousands		
Wages, salaries and related expenses	5,264	7,338	7,931
Professional services	1,287	1,879	1,620
Provisions for doubtful and bad debts	75	578	9
Depreciation and amortization	157	105	158
Maintenance of office	269	854	1,108
Maintenance of vehicles	328	332	319
Other	1,898	1,550	2,182
	<u>9,278</u>	<u>12,636</u>	<u>13,327</u>

Note 22 – Financing expenses, net

	For the year ended		
	December 31,		
	2009	2008	2007
	NIS thousands		
<u>Financing revenues</u>			
Revenues from interest on deposits	56	345	598
From short-term credit	2	-	4
From rate and other differences	-	4	-
	<u>58</u>	<u>349</u>	<u>602</u>
<u>Financing expenses</u>			
Financing expenses from short-term credit from banks	69	64	39
Financing expenses from long-term loans from banks	90	44	37
Realizing capital reserve from translation differences	291	-	-
Rate of exchange and others differences, net	10	461	739
	<u>460</u>	<u>569</u>	<u>815</u>

Notes to the consolidated interim financial statements

Note 23 – Net earnings per share

- a. Details of the quantity of shares and earnings (loss) used in calculating net earnings (loss) per share:

	For the year ended December 31,					
	2009		2008		2007	
	Weighted quantity of shares	Loss	Weighted quantity of shares	Loss	Weighted quantity of shares	Loss
	Thousands	NIS thousands	Thousands	NIS thousands	Thousands	NIS thousands
Quantity of shares (less treasury stock)	26,163		25,738		26,083	
Options exercised to shares during the year	328		6		41	
Total to calculate basic net earnings (loss)	26,491	(190)	25,744	(4,385)	26,124	1,585
Effect of potential ordinary diluting shares	-		-		575	
Total for calculating diluted net earnings (loss)	26,491	(190)	25,744	(4,385)	26,699	1,585

- b. In calculating the diluted loss per share in 2009, convertible securities and potential ordinary shares were not included, as their inclusion would reduce the basic loss per share from continuing operations (an anti diluting effect). The total number of convertible securities as at December 31, 2009 was 1,158,163 options to employees, in the framework of a share-based payment plan.

Notes to the consolidated interim financial statements

Note 24 – Balances and transactions with interested and related parties

a. Benefits to interested and related parties

	For the year ended December 31,		
	2009	2008	2007
	NIS thousands		
Salaries and related expenses to interested parties employed in the Company	49	1,375	1,364
Fees of directors not employed in the Company	25	280	325

Number of people to whom the salary and benefits relates

Interested parties employed in the Company	4	5	4
Directors not employed in the Company	4	3	5
	<u>8</u>	<u>8</u>	<u>9</u>

b. Benefits to key management personnel

	For the year ended December 31,		
	2009	2008	2007
	NIS thousands		
Short-term benefits	2,705	2,307	2,594
Share-based payment	28	38	44
	<u>2,733</u>	<u>2,345</u>	<u>2,638</u>
<u>Number of people to whom the salaries and benefits relate</u>	<u>4</u>	<u>3</u>	<u>3</u>

Notes to the consolidated interim financial statements

Note 25 – Operating segments

a. General

The Company is engaged in the field of human resources.

The group of companies operates in three operating segments:

1. Israel
2. Europe
3. North America

The operating segments were based on the information examined by the Chief Officer Decision Maker (CODM) for the purpose of making decisions regarding allotting resources and evaluating performance. Consequently, for management purposes, the Group is built according to operating segments based on the products and services of the business units and it has the following three operating segments:

Results of the reporting segment to the Chief Officer Decision Maker include details which relate directly to the segment and items which can reasonably be related to them. Non allocated items include mainly assets of the Group's head office, general and administrative expenses, financing (including financing expenses and financial revenues, including for adjusting the fair value of the financial instruments) and taxes on income, are managed on a group basis.

The transfer prices between the operating segments are carried out according to market conditions similar to transactions with third parties.

Pilat Technologies International Ltd.

Notes to the consolidated interim financial statements

Note 25 – Operating segments – contd.

	For the year ended December 31, 2009				
	Israel	Europe	N. America	Adjustments	Total
	NIS thousands				
Sales to external customers	21,059	12,720	13,012	-	46,791
Inter-segmental sales	-	1,502	372	(1,874)	-
Total sales	<u>21,059</u>	<u>14,222</u>	<u>13,384</u>	<u>(1,874)</u>	<u>46,791</u>
Results of the segment	<u>417</u>	<u>232</u>	<u>2,649</u>	<u>-</u>	<u>3,298</u>
Expenses not allocated to segments					(2,867)
Operating income					431
Financing revenues					58
Financing expenses					(460)
Income before tax					29
Taxes on income					(219)
Loss					<u>(190)</u>
Capital investments	<u>81</u>	<u>90</u>	<u>89</u>	<u>-</u>	<u>260</u>
Depreciation and amortization	<u>920</u>	<u>195</u>	<u>117</u>	<u>-</u>	<u>1,232</u>
	For the year ended December 31, 2008				
	Israel	Europe	N. America	Adjustments	Total
	NIS thousands				
Sales to external customers	26,303	17,265	13,176	-	56,744
Inter-segmental sales	-	518	70	(588)	-
Total sales	<u>26,303</u>	<u>17,783</u>	<u>13,246</u>	<u>(588)</u>	<u>56,744</u>
Results of the segment	<u>(436)</u>	<u>166</u>	<u>410</u>	<u>-</u>	<u>140</u>
Expenses not allocated to segments					(4,698)
Operating loss					(4,558)
Financing revenues					349
Financing expenses					(569)
Loss before tax					(4,778)
Taxes on income					393
Loss					<u>(4,385)</u>
Capital investments	<u>1,371</u>	<u>265</u>	<u>51</u>	<u>-</u>	<u>1,687</u>
Depreciation and amortization	<u>999</u>	<u>345</u>	<u>139</u>	<u>-</u>	<u>1,483</u>

Pilat Technologies International Ltd.

Notes to the consolidated interim financial statements

Note 25 – Operating segments – contd.

	For the year ended December 31, 2007				Total
	Israel	Europe	N. America	Adjustments	
	NIS thousands				
Sales to external customers	25,596	21,845	17,267	-	64,708
Inter-segmental sales	-	1,910	-	(1,910)	-
Total sales	25,596	23,755	17,267	(1,910)	64,708
Results of the segment	1,629	3,635	694	-	5,958
Expenses not allocated to segments					(3,937)
Operating income					2,021
Financing income					602
Financing expenses					(815)
Income before tax					1,808
Taxes on income					(223)
Net income					1,585
Capital investments	424	387	161	-	972
Depreciation and amortization	554	450	190	-	1,194



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