

These statements were made in accordance to IFRS accounting standards

These is a summary and NOT the complete financial statements of the company which can be found on TASE web site.

M.T.I Computers & Software Service (1982) LTD.

Audited Consolidated Balance Sheets

	<u>31.12.2009</u>	<u>31.12.2008</u>
	<u>US \$</u>	<u>US \$</u>
	<u>In Thousands</u>	
Current assets		
Cash and cash equivalents	3,254	4,655
Short Term Investments	10,346	9,625
Trade receivable	4,203	5,950
Unbilled receivables	1,272	1,420
Other receivable	315	369
Tax receivable	175	158
Inventories	<u>2,803</u>	<u>3,159</u>
Total current Assets	22,368	25,336
Non Current assets		
Long –term prepaid expenses	103	102
Fixed Assets, net	5,144	5,411
Goodwill	399	399
Deferred-tax assets	<u>272</u>	<u>398</u>
Total Non current Assets	5,918	6,310
Total Assets	<u>28,286</u>	<u>31,646</u>

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	<u>31.12.2009</u>	<u>31.12.2008</u>
	<u>US \$</u>	<u>US \$</u>
	<u>In Thousands</u>	
Current Liabilities		
Short-term credits from banks	2,810	2,452
Financial liability in fair value through profit and loss	-	64
Trade payable	2,806	3,720
Other accounts payable	1,152	1,332
Provisions	-	200
Tax payable	<u>173</u>	<u>374</u>
Total Current Liabilities	6,941	8,142
Long Term Debt		
Credits from banks	612	853
Liability for employee rights upon retirements, net	319	271
Other Long term liabilities	<u>181</u>	<u>141</u>
Total Long Term Debt	<u>1,112</u>	<u>1,265</u>
Minority holdings in subsidiaries	9,233	9,716
Shareholders' equity	<u>11,000</u>	<u>12,523</u>
	<u>20,233</u>	<u>22,239</u>
	<u>28,286</u>	<u>31,646</u>

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Year ended 31.12.2009 US \$	Year ended 31.12.2008 US \$	Year ended 31.12.2007 US \$
	In Thousands		
Revenues from services	17,429	24,903	25,370
Cost of services	12,490	17,718	16,219
Gross Profit	4,939	7,185	9,151
Research and development expenses	1,847	2,704	3,064
Selling expenses	2,517	2,929	2,403
General and administrative expenses	1,884	2,599	2,280
Other Income	-	(3)	-
Operating profit (loss)	(1,309)	(1,044)	1,404
Financial expenses	424	369	712
Financial income	(110)	(661)	(1,814)
Profit (loss) before tax	(1,623)	(752)	2,506
Tax	164	301	477
Net Profit (Loss)	<u>(1,787)</u>	<u>(1,053)</u>	<u>2,029</u>
Profit (loss) attribute to shareholders in the company	(1,791)	(1,551)	(302)
Profit attribute to minority	4	498	2,331
Earning Per Share (in US cents)	<u>(1.54)</u>	<u>(1.34)</u>	<u>(1.8)</u>

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31.12.2009 US \$	Year ended 31.12.2008 US \$	Year ended 31.12.2007 US \$
	In Thousands		
Cash Flow from Operation			
Net profit (loss) for the year per statements of profit and loss	(1,787)	(1,053)	2,029
Adjustments required due to:			
Depreciation	616	581	557
Tax on income per the statements of profit and loss	164	301	477
Profit from sell of fixed assets	-	(3)	(1)
Increase in fair value of financial assets	(135)	37	(207)
Increase in value of long term loans	28	31	121
Financial income due from valuation of warrants in subsidiaries	-	(239)	(757)
Financial income (exchange rate differences of cash balance)	30	(19)	(42)
Salary expenses due to warrants to employees	59	29	27
Profit (loss) before change in working capital	(1,025)	(335)	2,204
Decrease (Increase) in trade receivable	1,747	78	(356)
Increase in unbilled revenue	148	(48)	(358)
Decrease (Increase) in other receivables	54	(30)	150
Increase in inventory	356	(428)	(727)
Decrease (Increase) in long term prepaid expenses	(1)	4	(32)
Increase in liabilities to vendors and service providers	(891)	235	311
Increase (decrease) in other payables	(171)	(31)	(89)
Increase in provisions	(160)	86	-
Increase (decrease) in liabilities to related parties	(9)	3	(29)
Increase (decrease) in liabilities to employee rights upon retirements, net	48	(74)	(4)
Changes in working capital	1,121	(205)	(1,134)
Cash Flow from operation	96	(540)	1,070
Tax paid on income	(256)	(351)	(234)
Net cash Flow from operation	(160)	(891)	836

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	Year ended 31.12.2009 US \$	Year ended 31.12.2008 US \$	Year ended 31.12.2007 US \$
	In Thousands		
Cash Flows From Investing Activities			
Purchase of fixed assets	(372)	(596)	(681)
Sale of fixed assets	-	11	1
Interest received from financial assets	-	84	138
Sale (purchase) of short term investment, net	(650)	1,926	1,484
Net cash provided by (used in) Investing Activities	(1,022)	1,425	942
Cash Flows From Finance Activities			
Exercise of options to share capital	2	24	85
Dividend to minority in subsidiary	(285)	(504)	(470)
Issuance of shares to minority in subsidiary	5	-	-
Purchase of minority rights in subsidiary	-	(1,335)	-
Short Term credit from banks	383	2,189	-
Procurement of long Term loans from banks	-	1,283	-
Interest paid on loans	(25)	(197)	(194)
Payment of long terms loans from the bank	(269)	(1,304)	(174)
Net Cash from Finance Activity	(189)	156	(753)
Increase (decrease) in cash and cash equivalents	(1,371)	690	1,025
Exchange rate differences of cash balance	(30)	19	42
Cash and cash equivalents at the beginning of the year	4,655	3,946	2,879
Cash and cash equivalents at the end of the year	3,254	4,655	3,946