Unitronics

Financial Results

for the year 2003

Unitronics (1989)(RG) Ltd
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EURONEXT Symbol: UNIT

Management Summary

Airport City, Israel, February 25, 2004.

Year 2003 Highlights: Record Sales - Almost Doubled

First Operating Profit and positive EBITDA since year 2000

Unitronics (EuroNext symbol UNIT) an Israeli company that designs, develops, manufactures, and globally markets Programmable Logic Controllers (**PLC**s) and automation solutions, announced today revenues of approximately NIS 40,306 thousand (approximately EUR 7,284 thousand and USD 9,204 thousand) for the year 2003, an increase of about 94% compared to the revenues of 2002 and about 220% compared to the revenues of 2001. The Company's new generation products and its worldwide intensive marketing efforts in recent years, are believed to be the main reasons for the significant growth in its sales.

Unitronics also reported a positive EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*) of approximately NIS 1,576 thousand (about EUR 285 thousand and USD 360 thousand) for the year 2003, compared to a negative EBITDA of approximately NIS -5,570 thousand (about EUR -1,007 thousand and USD -1,272 thousand) in the year 2002. This encouraging turning point is mainly attributable to the increase in sales, while refraining from increasing the rate of operational expenses.

Financing expenses of about NIS 3,911 thousand for the year 2003 (approximately EUR 706 thousand and USD 893 thousand), resulted mainly from the changes in exchange rates of the NIS (New Israeli Shekel) against the EURO, affecting accounts receivable and financial assets denominated in EUROs such as the convertible bonds issued by the Company in 2001. In December 2003 a material portion of these bonds were converted into Company shares, which the Company believes can reasonably be expected to decrease such exposure.

The Company's international distribution network consists of about 110 distributors in 48 countries throughout Europe, Asia, the Pacific Rim, South and Central America, and Africa, including in excess of 60 sales representatives and distributors throughout the United States whose efforts are coordinated and supported through Unitronics Inc., the Company's wholly owned US subsidiary.

Unitronics' main objective continues to be to become a significant player within its market niche by developing technologically advanced products that are timed to meet market demand, and by developing and maintaining a global marketing network geared to identify and satisfy such demand by delivering Company products and services. In early 2003 the Company filed a provisional patent application in connection with a new technology intended to enable modular design of distributed automation and control systems using wireless and/or wired networks.

Unitronics completed its Initial Public Offering on the Euro.NM Belgium (currently EuroNext) in October 1999, at a price of EUR 3.72 per share. In January and February 2001, the Company consummated private placements of shares and convertible bonds at a per-share price of EUR 4.57 and EUR 4.73, respectively and in January 2003 the Company consummated an additional private placement of shares at a per-share price of EUR 1.022.

1. Company Overview

Unitronics (1989) (R"G) Ltd. is an Israeli company engaged in the design, development, manufacture, and marketing of industrial automation products known as PLCs (Programmable Logic Controllers), which are specialized, computer-based electronic devices used for controlling automated production, storage, dispatch and logistic systems. The Company's PLC's include Internet and Intranet as well as wireless and cellular communication capabilities. Unitronics also provides certain services within the scope of comprehensive factory automation and system integration projects.

The Company was founded in 1989 by Mr. Haim Shani, the Company's major shareholder, who also serves as its Chief Executive Officer and Chairman of the Board of Directors. Since its inception, the Company has continuously expanded and enhanced its technology offerings through significant investments in research and development, while concurrently developing and expanding an international marketing infrastructure.

Since mid 2001, the Company's revenues have consistently increased from quarter to quarter, and in 2003 as reported herein, the Company achieved consolidated revenues in excess of NIS 40 million (EUR 7 million and $9 million), almost doubling 2002 revenues.

Unitronics' Products

Unitronics developed the ***OPLC™*** controller series: controllers that enable bi-directional man-machine communication through a simple user interface. These state-of-the art PLCs are installed in plants in a variety of industrial sectors - petrochemical, paper and corrugated, plastics and foods, energy and environment, air conditioning and building control, machine and process control applications, power generation, water and wastewater management — where automation and process control are needed

The Company's principal products include a range of easily programmable nano, micro and small size PLCs, integrated with advanced communication technologies. The PLCs are designed to enable trouble-free operation of a single machine as well as the efficient operation of an entire factory or warehouse. Recent development efforts center on embedding PLCs with Internet and Intranet capabilities intended for remote diagnostics and communications and providing GSM and other wireless communications capabilities including wireless radio modem connectivity. Among the Company's products are the **M90™** nano/micro series of palm-sized devices and the **Vision™** series of micro and small size PLCs, with integrated graphic operator interface, optional snap-in I/O modules and powerful networking features, bundled with the Company's proprietary ***VisiLogic™*** software, which are offered at competitive prices as compared to other graphically controlled solutions available in the market

Unitronics believes that in today's global economy, data has become an incredibly valuable commodity. In industry, production and warehousing, data must be freely distributed through all levels of an enterprise. The Company believes that proper data distribution and communication leads to greater efficiency - a key element for success in an increasingly competitive marketplace.

The Company's products and software solutions are marketed to a broad client base comprising thousands of customers worldwide. End users of the Company's products include, among others: machine manufacturers, system integrators, OEMs, factories and industrial units.

Unitronics' Systems

Unitronics, through its Systems Division, provides services within the scope of large-scale factory automation and system integration projects. These services are provided mainly on a turn-key basis. The activities of the Systems Division involve design, installation, upgrading and maintenance services for facilities such as automated warehouses and automated dispatch, distribution and logistic centers. Unitronics believes it is considered a leading provider of automation services in Israel and as such enjoys certain competitive advantages.

These project oriented services are rendered to customers mainly in Israel, within the scope of agreements entered into directly with the customer or indirectly as a subcontractor. These services involve the integration of the Unitronics' PLCs into existing or developing installations, providing the Company with an opportunity both to market such products and to demonstrate their advanced applications.

The knowledge and hands-on experience gained in implementing such systems also serve the important task of keeping the Company informed of market needs.

Unitronics' marketing and strategy

The Company markets its products through its internal marketing staff and a worldwide network of distributors managed by the Company. Initially, the Company's marketing efforts and resources were largely focused on the Western European markets, due mainly to the large number of machine manufacturers in this geographical area who the Company believes could greatly benefit from using Company products and services.

Since 1999, the Company expanded such focus and increased its distribution network to include in excess of 110 distributors in 48 countries throughout Europe (Austria, Belgium, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Holland, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Norway, Poland, Portugal, Russia, Slovenia, Spain, Sweden, Switzerland, Turkey and Yugoslavia), Asia and the Pacific Rim (Australia, China, Hong-Kong, India, Korea, Malaysia, New Zealand, Taiwan, Thailand, Singapore, South Korea), South Africa, South and Central America (Argentina, Brazil, Chile, Columbia, Mexico, Peru and Venezuela), North America (USA and Canada) and locally in Israel.

In 2000, Unitronics commenced penetration of the North American markets, which it believes to represent a third of the aggregate world PLC market. In June 2001, **Unitronics Inc**., a Delaware (USA) corporation was established as a wholly owned subsidiary of the Company, whose principal facilities are located near Boston, Massachusetts. Unitronics Inc. operates and coordinates a network of more than 60 sales representatives and re-sellers spanning most of the states in the USA, while Unitronics provides technical and sales training sessions.

Concurrently with the establishment and enhancement of the Company's distribution network, since the year 2002, the Company also focused on expanding and enhancing its factory automation and system integration activities, further promoting the sales and distribution of the Company's products, while concurrently affording additional revenues from systems' integration activities.

Unitronics' facilities and personnel

The Company's staff consists of about 60 employees and officers including hardware and software development engineers, technical support engineers, production technicians, marketing teams and administration personnel. Most of the Company's manufacturing and production activities are outsourced to various sub-contractors.

The Company operates from a 1,600 square meters Company-owned facility at Airport City, a recently established business park located in close proximity to Tel-Aviv's Ben-Gurion International Airport.

2. Management's Discussion and Analysis

of the Financial Condition and Results of Operations of the Company (Consolidated) for the year ended December 31, 2003

Amounts below are presented in NIS (New Israeli Shekels) thousands, EURO thousands and USD thousands. Currency convenience translations were calculated according to a conversion rates for December 31, 2003 of 1 EUR = NIS 5.533 and 1 USD = NIS 4.379 (for the convenience of the reader all comparative figures were also translated at such rates).

Balance Sheet

These developments, among others, are reflected in the Company's balance sheet as of December 31, 2003 as further explained below:

Cash and cash equivalents, marketable securities and Bank Deposits - These amounted to approximately NIS 7,075 thousand (about EUR 1,279 thousand and USD 1,616 thousand) as of December 31, 2003 compared to approximately NIS 12,469 thousand as of December 31, 2002. The decrease is mainly attributable to the Company's loss for the year (see *Profit and Loss* section below), increased inventory levels (see *Inventory* below), and investments made (see *Property and equipment* below).

Accounts receivable - trade – amounted to approximately NIS 4,914 thousand (about EUR 888 thousand and USD 1,122 thousand) as of December 31, 2003 compared to approximately NIS 5,098 thousand as of December 31, 2002. In spite of the growth in sales of about 94% in the reported period (see below), no material changes has been registered in this item due mainly to improved payment terms in certain sales and related activities performed in 2003, which improvements the Company believes to be non-recurring.

Inventory – Inventory amounted to approximately NIS 6,379 thousand (about EUR 1,153 thousand and USD 1,457 thousand) as of December 31, 2003 compared to NIS 4,405 thousand as of December 31, 2002, an increase of about 45% resulting mainly from growth in sales of about 94% (see below) and consequently in production activity. The Company typically maintains 60 to 75 days of component parts inventory necessary to cover the estimated demand for the ensuing two months. Unitronics generally also holds a supply of replacement parts which it deems necessary to service customer requests. A 30 to 45 day supply of finished goods inventory is generally on hand to service new customer orders as well as to provide replacement products.

Inventory Work in Progress – amounted to approximately NIS 1,348 thousand (about EUR 243 thousand and USD 308 thousand) as of December 31, 2003. This item was not reported prior to 2003 therefore, no comparison figures are available. This item represents costs related to work in progress in connection with long-term contracts.

Property and equipment – These amounted to approximately NIS 20,898 thousand (about EUR 3,777 thousand and USD 4,772 thousand) as of December 31, 2003 compared to approximately NIS 18,473 thousand as of December 31, 2002. The increase in this item results mainly from additional investments made with respect to the acquisition of the Company's business facility at **AIRPORT CITY**, and related infrastrucure expenses.

Other Assets – These amounted to approximately NIS 538 thousand (about EUR 97 thousand and USD 123 thousand) as of December 31, 2003 compared to approximately NIS 997 thousand as of December 31, 2002. The decrease in this item is attributable mainly to the reduction of deferred offering expenses, resulting from the conversion of a material portion of the Company's convertible bonds into Company shares.

Credit from banks and others – These amounted to approximately NIS 812 thousand (about EUR 147 thousand and USD 185 thousand) as of December 31, 2003 compared to approximately NIS 4,952 thousand as of December 31, 2002. The significant decrease in such item results mainly from the redefinition of a large portion of the amount stated as credit from banks in the previous report, within a long-term credit facility provided to finance the acquisition and construction of the Company's **AIRPORT CITY** facility.

Accounts payable – trade – These amounted to approximately NIS 6,256 thousand (about EUR 1,130 thousand and USD 1,429 thousand) as of December 31, 2003 compared to approximately NIS 4,185 thousand as of December 31, 2002. The increase in this item is mainly due to accrued expenses resulting from the growth in sales (see below).

Long-term debts – As explained above, the Company acquired its **AIRPORT CITY** facility in the year 2000. Long-term debts amounted as of December 31 2003 to approximately NIS 11,745 thousand (about EUR 2,123 thousand and USD 2,682 thousand) as compared to approximately NIS 9,182 thousand as of December 31, 2002. This increase is mainly due to the above mentioned redefinition of a large portion of the amount stated as credit from banks in the previous report, within a long-term credit facility provided to finance the acquisition and construction of the **AIRPORT CITY** facility.

Convertible Bonds – amounted to approximately NIS 4,413 thousand (about EUR 797 thousand and USD 1,008 thousand) as of December 31, 2003 compared to approximately NIS 15,469 thousand as of December 31, 2002. In December 2003 Unitronics announced the modification of the terms of convertible bonds issued pursuant to Convertible Bonds Subscription Agreements dated January 31, 2001.

75% in principal amount of the Bonds have been converted into 1,902,748 Unitronics Shares (representing approximately 17.5% of the Company's issued sharecaptial following such conversion) as a result of a modification of the conversion price from 4.73 EUR per Share into 1.1825 EUR per Share. The Shares so converted, as well as the 158,562 shares that may ensue upon conversion of the remaining 25% in principal amount of the Bonds, have been admitted to listing on the EURONEXT Brussels Stock Exchange as of December 22, 2003. The un-paid portion of the principal amount (approximately EUR 0.75 million and about USD 948 thousand), after amending the terms of interest accrued thereon, are intended to continue providing an annual gross yield of 6.63%, and be repaid in 10 consecutive quarterly installments (of principal and interest) commencing May 2006.

Share Premium – amounted to approximately NIS 43,721 thousand (about EUR 7,902 thousand and USD 9,984 thousand) as of December 31, 2003 compared to approximately NIS 30,233 thousand as of December 31, 2002. This increase results from the conversion of a material portion of the Company's convertible bonds into Company shares, reducing the Company's long-term liabilities as detailed above.

Shareholders' equity – Shareholders' equity amounted to approximately NIS 12,323 thousand (about EUR 2,227 thousand and USD 2,813 thousand) as of December 31, 2003 compared to approximately NIS 2,304 thousand as of December 31, 2002. This significant increase is attributable mainly to the increase is Share Premium explained above, resulting mainly from conversion of a material portion of the Company's convertible bonds into Company shares.

In the other items of the balance sheet, changes are attributable mainly to customary business activities.

Profit and Loss

The Company believes that the shift to operating profit and positive EBITDA is attributable mainly to the 94% growth in sales in the year 2003 without a corresponding increase of the rate of operating expenses.

Below is a more detailed analysis of the above developments, and others, affecting the Company's profit and loss statement:

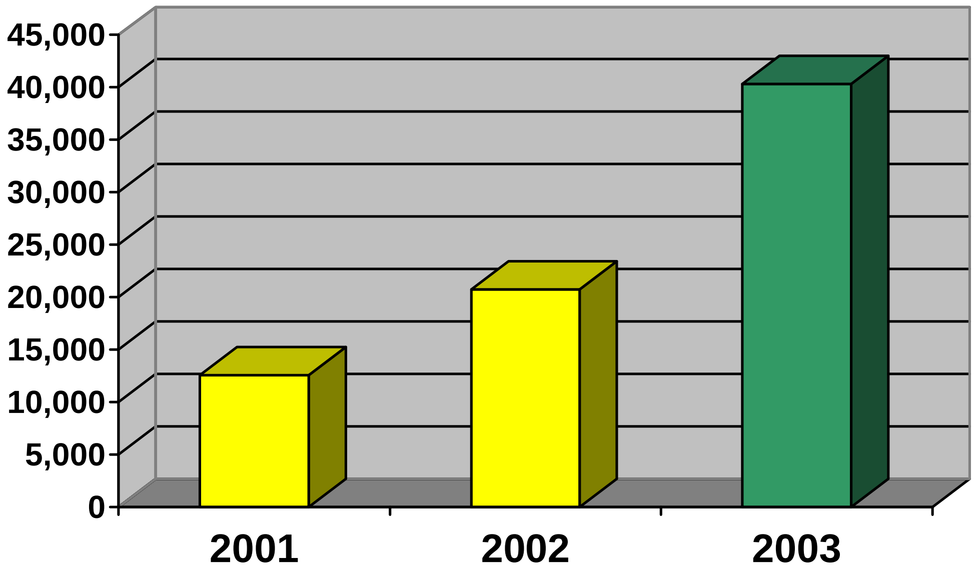
<u>Revenues</u>

Revenues - Revenues for the year ended December 31, 2003 aggregated approximately NIS 40,306 thousand (about EUR 7,284 thousand and USD 9,204 thousand), compared to approximately NIS 20,734 thousand for the year ended December 31, 2002 – an increase of approximately 94%. The Company believes that the increase in revenues is attributable mainly to:

- The growing market acceptance of its new generation products. The majority of these products were developed in the recent four years, with new models being released annually.
- An increase in the Company's involvement in factory automation and system integration activities. Such activities included a material contract for the installation of an automated warehouse facility aggregating approximately EUR 3,072 thousand in revenues during Q4/2002-Q4/2003, involving relatively lower profit margins due to increased sub-contracting expenses.
- Marketing efforts especially in the US, focused on market penetration and market acceptance.

As indicated in the diagram below, the Company has been experiencing increased growth in the recent two years:

Revenues in NIS thousands



Cost of Revenues

Cost of Revenues – The Cost of Revenues for the year ended December 31, 2003 amounted to approximately NIS 26,483 thousand (about EUR 4,786 thousand and USD 6,048 thousand) (about 66% of revenues during such period) compared to approximately NIS 13,707 thousand for the year ended December 31, 2002 representing a similar rate of revenues (about 66% of revenues) during such periods.

The Company believes that in the long term, and subject to increased sales volumes, cost of revenues derived from products' sales can be expected to decrease, while cost of revenues derived from factory automation and system integration activities can be expected to be maintained at higher levels.

Gross Profit

Gross Profit – The gross profit (margin) amounted to approximately NIS 13,823 thousand (about EUR 2,498 thousand and USD 3,156 thousand) (approximately 34% of sales) for the year ended December 31, 2003, compared to approximately NIS 7,027 thousand representing a similar rate of sales (approximately 34% of sales) for the year ended December 31, 2002.

The Company intends to continue implementing its current policy of production via 'Virtual Manufacturing', by continuing to outsource the majority of its production activities. The Company's aim continues to be to transfer increased production activities, following increased business activities, to sub-contractors.

Research and Development Expenses

Research and development (net) – In 2003 the Company's net research and development expenses aggregated approximately NIS 3,055 thousand (about EUR 552 thousand and USD 698 thousand) (approximately 8% of sales), compared to approximately NIS 3,455 thousand in 2002 (approximately 17% of the sales). R&D expenses for the period reported hereunder mainly reflect the completion of the first stage of development of new technologies and products that required a high level of activity.

The Company believe that highly innovative products and concepts in its market segments will likely provide significant growth potential for the future. On a long term the Company believes that it will maintain R&D expenses at an average of not more than 8-12% of sales.

As part of this long term strategy, the Company is planning the development of a new series of products, based on new proprietary technologies for which the Company filed a provisional patent application with the United States Patent and Trademark Office, which application is pending. The Company's principal research and development activities are currently focused on a suite of products termed **WilCo™** which are distributed control PLCs using wireless and wired networks. These products are intended to enable configuration of modular and distributed automation and control systems using components designed for wireless and/or wired connectivity.

The Company is currently in early stages of development of its WilCo™ technology. Subject to the successful development of such technology, of which there can be no assurance, the Company currently intends to commercially release this new series through 2005. The development of this series is planned to be partially funded with OCS participation (see details above). The net research and development expenses reported hereunder represent the actual R&D expenses from which the relevant OCS participation has been deducted.

Concurrently with its efforts to develop a new series of products, the Company intends to develop and release additional feature enhancements and expansion units for its graphically controlled ***Vision™ Series*** of products during the year 2004. market

Vision280™

Vision120™

Selling and Marketing Expenses

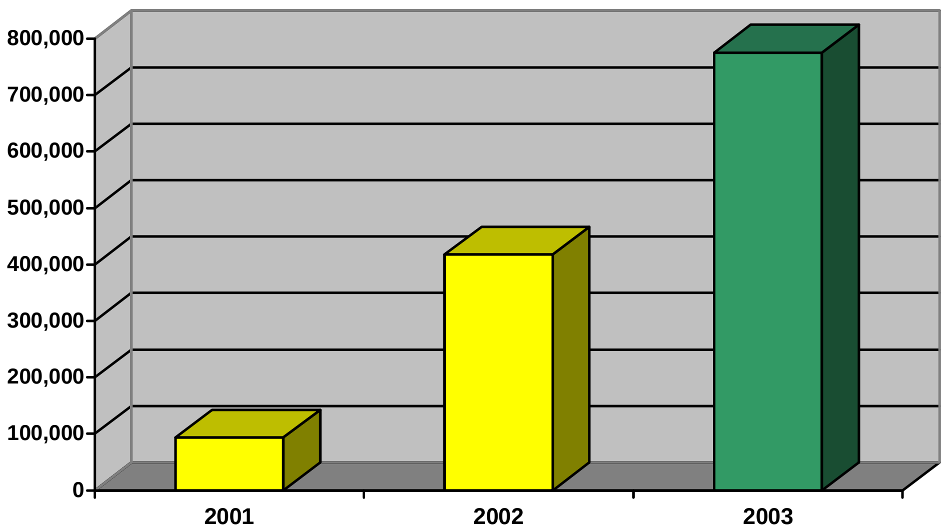
Selling and marketing – These expenses amounted to approximately NIS 6,667 thousand (about EUR 1,205 thousand and USD 1,522 thousand) for the year ended December 31, 2003 compared to approximately NIS 6,340 thousand for the year ended December 31, 2002. This relatively fixed amount reflects the Company's current policy following the completion of the first stage of establishing its worldwide distribution network, which commenced in 1999.

The Company continues to pursue and enhance the penetration of its products in the US market, and to enhance and expand the Company's distribution network world-wide including by way of in-depth technical training of existing distributors, and continuous search for new distributors.

The US Market

In the year 2001, during the first months of operation in the US market, Unitronics realized insignificant revenues from this market; however these revenues increased following continued market penetration and gaining market acceptance as indicated in the diagram below, demonstrating increased growth in revenues from the US market, through the three consecutive calendar years ending December 31, 2003.

USA Sales - In USD



Exhibitions and Tradeshows

In March 2003, the Company participated in what is believed to be the major trade show in North America for the Company's field of activities: **National Manufacturing Week**, in Chicago, USA. The Company believes its participation in this show has been instrumental in attracting new distributors and clients in North America. Distributors in Europe and Latin America and Asia (China) also presented the Company's products at several local tradeshows.

General and Administrative Expenses

General and administrative expenses - These expenses comprise mainly of management salaries, expenses for rent and maintenance of the Company's facilities, professional services and others. General and administrative expenses amounted to approximately NIS 3,580 thousand (about EUR 647 thousand and USD 818 thousand) for the year ended December 31, 2003 compared to approximately NIS 3,772 thousand for the year ended December 31, 2002, representing a slight decrease of about 5%.

The Company believes that such relatively fixed rate of expenses generally represents the rate currently required for the highly motivated and effort oriented staff of the Company.

Financing Expenses

Financing expenses – These expenses (net) amounted to approximately NIS 3,911 thousand (about EUR 706 thousand and USD 893 thousand) for the year ended December 31, 2003, compared to approximately NIS 2,192 thousand for the year ended December 31, 2002.

As previously reported, the increase in the Company's financing expenses throughout the year 2003 resulted mainly from the devaluation of the NIS (New Israeli Shekel) against the EURO, affecting financial instruments denominated in EUROs such as the Company's convertible bonds. Since the Company's financial statements are presented in NIS, the Company is exposed to exchange rate fluctuations of the NIS against the EURO.

In December 2003 a material portion of its convertible bonds were converted into Company shares, which the Company believes can reasonably be expected to reduce its exposure to exchange rate fluctuations of the NIS against the EURO.

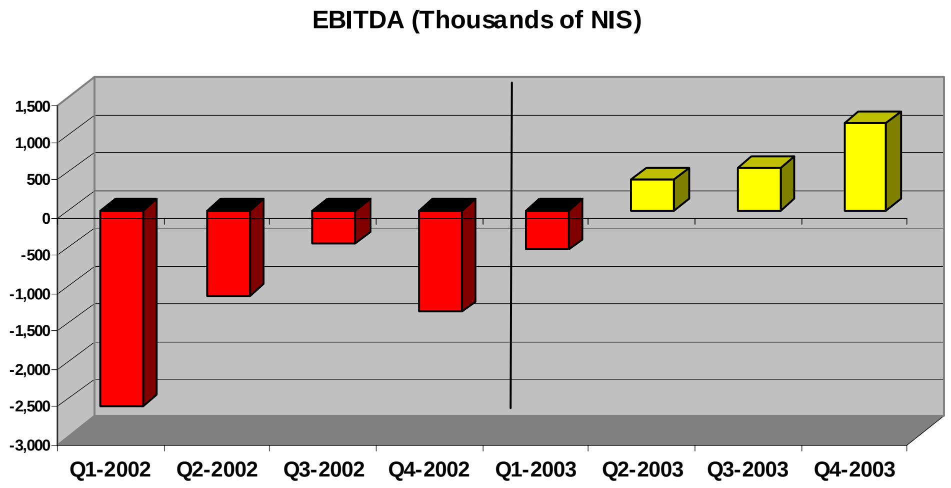
Results

Operating profit – The total operating profit before financing costs for the year 2003 was approximately NIS 521 thousand (approximately EUR 94 thousand and USD 118 thousand), compared to an operating loss of approximately NIS 6,540 thousand in 2002.

This material improvement is considered by the Company as turning point, and is mainly attributable to the notable increase in revenues of about 94% as compared to the year 2002, without a corresponding increase of the rate of operating expenses, all as further detailed above.

EBITDA – Positive EBITDA *(Earnings Before Interest, Taxes, Depreciation and Amortization)* of approximately NIS 1,576 thousand (approximately EUR 285 thousand and USD 360 thousand) was noted in the year 2003, compared to a negative EBITDA of approximately NIS -5,570 thousand in 2002. This encouraging turning point is mainly attributable to the increase in sales, without a corresponding increase of the rate of operational expenses.

The diagram below depicts the EBITDA development on a quarterly basis during the years 2002 and 2003:



Loss for the year – The total result for the year ended December 31, 2003 was a loss of approximately NIS 3,510 thousand (about EUR 634 thousand and USD 802 thousand), compared to a loss of approximately NIS 8,770 thousand for the year ended December 31, 2002.

The net loss in the year 2003, notwithstanding the operating profit and positive EBITDA, is mainly by attributable to the impact of financial expenses further detailed above.

3. Financial Statements for the year ended December 31, 2003 (extracts)

NOTE: The information presented below is an extract from the complete audited consolidated financial statements of Unitronics (1989) (R"G) Ltd., at and for the year ended December 31st 2003, and notes thereto, and is qualified in its entirety by and should be read in conjunction with the more detailed information contained therein. The complete financial statements of the Company as, at and for the year ended December 31st 2003 are available upon request at Unitronics headquarters and at the offices of the Company's Sponsor - Market Maker, Leleux Associated Brokers S.A.

Consolidated Balance Sheets of Unitronics (1989) (R"G) Ltd.

Unitronics (1989) (R"G) Ltd. Balance Sheets	Convenience translation into EURO, (unaudited)	Convenience translation into USD, (unaudited)	Inflation adjusted NIS*, (audited)	
	For the year ended December 31, 2003	*For the year ended December 31, 2003*	*For the year ended December 31, 2003*	*For the year ended December 31, 2002*
	(in thousands)			
Cash and cash equivalents	1,052	1,329	5,821	7,643
Marketable securities	227	286	1,254	1,097
Bank Deposit	-	-	-	3,729
Accounts receivable -				
Trade	888	1,122	4,914	5,098
Other	91	115	503	961
Inventory	1,153	1,457	6,379	4,405
Inventory *Work in Progress*	*243*	*308*	*1,348*	-
Current assets	*3,654*	*4,617*	*20,219*	*22,933*
Long-term deposits	21	26	116	131
Property and equipment	*3,777*	*4,772*	*20,898*	*18,473*
Other assets	*97*	123	*538*	*997*
Total assets	***7,549***	***9,538***	***41,771***	***42,534***
Credit from banks and others	147	185	812	4,952
Accounts payable -				
Trade	1,130	1,429	6,256	4,185
Other	911	1,151	5,039	5,351
Current liabilities	*2,188*	*2,765*	*12,107*	*14,488*
Long-term debt	2,123	2,682	11,745	9,182
Convertible Bonds	797	1,008	4,413	15,469
Accrued severance pay, net	193	244	1,068	1,083
Deferred taxes	21	26	115	8
Long-term liabilities	*3,134*	*3,960*	*17,341*	*25,742*
Share capital	61	77	336	295
Share premium	7,902	9,984	43,721	30,233
Accumulated deficit	(5,736)	(7,248)	(31,734)	(28,224)
Shareholders' equity	*2,227*	*2,813*	12,323	*2,304*
Total liabilities and shareholders' equity	***7,549***	***9,538***	***41,771***	***42,534***

* The inflation adjusted NIS figures are stated in terms of NIS of December 2003.

Consolidated Statements of Operations of Unitronics (1989) (R"G) Ltd.

Unitronics (1989) (R"G) Ltd. Statements of Operations	**Convenience translation into EURO, (unaudited)** *For the year ended December 31,*	**Convenience translation into USD, (unaudited)** *For the year ended December 31,*	**Inflation adjusted NIS*, (audited)**** *For the year ended December 31,*	
	2003	***2003***	***2003***	***2002***
Revenues	7,284	9,204	40,306	20,734
Cost of revenues	4,786	6,048	26,483	13,707
Gross profit	*2,498*	*3,156*	*13,823*	*7,027*
Research & development expenses, net	552	698	3,055	3,455
Selling & marketing expenses	1,205	1,522	6,667	6,340
General & administrative expenses	647	818	3,580	3,772
Operating Profit (loss)	*94*	*118*	*521*	*(6,540)*
Financing expenses, net	706	893	3,911	2,192
Operating loss after financing expenses	*612*	*775*	*3,390*	*8,732*
Other income (expenses)	(2)	(2)	(9)	7
Loss before tax benefits (taxes on income)	*614*	*777*	*3,399*	*8,725*
Tax on income	20	25	111	45
Loss for the year	*634*	*802*	*3,510*	*8,770*
Loss per NIS 1 ordinary Share (Israeli GAAP)				
Basic	3.54	4.48	19.61	49.55
Fully diluted	3.54	4.48	19.61	49.55
Loss per share under International Accounting Standards	0.07	0.09	0.39	0.99

* The inflation adjusted NIS figures are stated in terms of NIS of December 2003.
** The statement of operations of the Company and subsidiary are consolidated from June 2001.

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