

Sarin Technologies Ltd. and its Subsidiaries

(Incorporated in Israel)

1(a) An income statement (for the group) together with a comparative statement for the corresponding Period of the immediately preceding financial year.

Consolidated Profit and Loss Accounts (US\$'000):

	<u>Group</u>			<u>Group</u>				
	<u>Six months ended June 30,</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>Quarter ended June 30,</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
			<u>%</u>					<u>%</u>
Revenue	4,741	21,868	(78.3)	3,678	11,253	(67.3)		
Cost of sales	(2,959)	(7,518)	(60.6)	(1,974)	(3,965)	(50.2)		
Gross profit	1,782	14,350	(87.6)	1,704	7,288	(76.6)		
Research and development expenses	(1,685)	(3,003)	(43.9)	(838)	(1,554)	(46.1)		
Sales and marketing expenses	(2,044)	(3,961)	(48.4)	(970)	(2,137)	(54.6)		
General and administrative expenses	(1,085)	(1,983)	(45.3)	(583)	(971)	(40.0)		
Profit/(loss) from operations	(3,032)	5,403	NM	(687)	2,626	NM		
Net finance income/(expense)	(52)	162	NM	(43)	217	NM		
Profit/(loss) from ordinary activities before income tax	(3,084)	5,565	NM	(730)	2,843	NM		
Income tax (expense)/benefits	(172)	(335)	(48.7)	(83)	375	NM		
Profit/(loss) after tax	(3,256)	5,230	NM	(813)	3,218	NM		
Share of loss of equity accounted investee	(167)	(92)	81.5	(92)	(92)	--		
Profit/(loss) for the period	(3,423)	5,138	NM	(905)	3,126	NM		
Foreign currency translation differences for foreign operations	42	-	NM	68	-	NM		
Total recognized income and expense for the period	(3,381)	5,138	NM	(837)	3,126	NM		

Notes to income statement (US\$'000):

Profit/(loss) from ordinary activities before income tax is stated after crediting/(charging) the following:

	<u>Group</u>			<u>Group</u>				
	<u>Six months ended June 30,</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>Quarter ended June 30,</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
			<u>%</u>					<u>%</u>
Allowance for doubtful trade receivables	229	(32)	NM	118	(2)	NM		
Depreciation and amortization	(1,121)	(888)	26.2	(811)	(513)	58.1		
Interest income/(expense), net	7	316	(97.8)	(10)	105	NM		
Foreign currency translation gain/(loss)	(59)	(154)	(61.7)	(33)	112	NM		
Warranty provision	173	(72)	NM	157	(9)	NM		

NM- Not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheet (US\$'000) as at:

	Group		Company	
	<u>30.06.09</u>	<u>31.12.08</u>	<u>30.06.09</u>	<u>31.12.08</u>
Non-current assets				
Investment in equity accounted investee and subsidiaries	1,115	1,279	21,023	20,011
Property, plant and equipment	2,068	2,128	1,248	1,356
Intangible assets	13,449	13,874	660	873
Deferred tax assets	65	59	-	-
Fund for employee severance benefits	9	9	-	-
	<u>16,706</u>	<u>17,349</u>	<u>22,931</u>	<u>22,240</u>
Current Assets				
Inventories	4,060	4,685	3,515	4,048
Trade receivables	695	573	371	486
Other receivables	780	1,077	471	751
Current tax receivables	1,878	1,828	1,865	1,828
Short-term investments	4,751	2,100	3,347	2,100
Cash and cash equivalents	4,647	9,910	4,751	8,699
	<u>16,811</u>	<u>20,173</u>	<u>14,320</u>	<u>17,912</u>
Current liabilities				
Trade payables	756	1,114	461	858
Other payables	2,885	3,647	3,291	3,606
Current tax payable	336	289	132	124
Warranty provision	90	263	73	246
	<u>4,067</u>	<u>5,313</u>	<u>3,957</u>	<u>4,834</u>
Net current assets	<u>12,744</u>	<u>14,860</u>	<u>10,363</u>	<u>13,078</u>
Non-current liabilities				
Long term liabilities	1,999	1,518	758	758
Employee benefits	241	240	176	180
	<u>2,240</u>	<u>1,758</u>	<u>934</u>	<u>938</u>
Net assets	<u>27,210</u>	<u>30,451</u>	<u>32,360</u>	<u>34,380</u>
Equity				
Share capital*	-	-	-	-
Share premium, reserves and retained earnings	27,210	30,451	32,360	34,380
Equity attributable to shareholders	<u>27,210</u>	<u>30,451</u>	<u>32,360</u>	<u>34,380</u>

*Less than one thousand US\$

1(b)(ii) **Aggregate amount of group's borrowings and debt securities.**
Zero borrowings from banks.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement (US\$'000) for the:

	<u>Group</u>		<u>Group</u>	
	<u>Six months ended June 30,</u>	<u>2008</u>	<u>Quarter ended June 30,</u>	<u>2008</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Profit/(loss) for the period	(3,423)	5,138	(905)	3,126
Adjustments for:				
Share-based payment expenses	123	156	70	81
Income tax expense/(benefit)	172	335	83	(375)
Amortization and depreciation	1,121	888	811	513
Share of loss of equity accounted investee	167	92	92	92
Foreign currency translation loss/(gain)	59	154	32	(112)
Interest expense	31	80	19	54
Interest income	(38)	(396)	(9)	(159)
Operating profit/(loss)before working capital changes	<u>(1,788)</u>	<u>6,447</u>	<u>193</u>	<u>3,220</u>
Changes in working capital:				
Inventories	625	45	1,133	(92)
Trade receivables	(122)	(553)	(254)	563
Other receivables	297	(1,250)	136	(889)
Trade payables	(358)	90	(147)	(337)
Other payables	(720)	770	616	626
Warranty provision	(173)	21	(157)	5
Employee benefits	1	27	(5)	9
Cash (used in)/generated from operations	<u>(2,238)</u>	<u>5,597</u>	<u>1,515</u>	<u>3,105</u>
Income taxes paid	<u>(181)</u>	<u>(462)</u>	<u>(105)</u>	<u>357</u>
Cash flows (used in)/generated from operating activities	<u>(2,419)</u>	<u>5,135</u>	<u>1,410</u>	<u>3,462</u>
Investing activities:				
Acquisition of property, plant and equipment	(335)	(1,039)	(269)	(457)
Capitalization of R&D expenses	(304)	-	-	-
Acquisition of equity accounted investee	-	(1,129)	-	(1,129)
Acquisition of subsidiary, net of cash acquired (appendix A)	-	(8,706)	-	(8,706)
Interest received	38	396	9	159
Short-term investments, net	<u>(2,651)</u>	<u>10,082</u>	<u>(2,199)</u>	<u>4,566</u>
Cash flows used in investing activities	<u>(3,252)</u>	<u>(396)</u>	<u>(2,459)</u>	<u>(5,567)</u>
Financing activities:				
Proceeds from exercise of share options	17	23	17	18
Receipt of long term grants	481	-	-	-
Interest paid	(31)	(80)	(19)	(54)
Foreign currency translation gain/(loss)	<u>(59)</u>	<u>(154)</u>	<u>(32)</u>	<u>112</u>
Cash flows generated/(used in)from financing activities	<u>408</u>	<u>(211)</u>	<u>(34)</u>	<u>76</u>
Net (decrease)/increase in cash and cash equivalents	<u>(5,263)</u>	<u>4,528</u>	<u>(1,083)</u>	<u>(2,029)</u>
Cash and cash equivalents at beginning of the period	<u>9,910</u>	<u>15,188</u>	<u>5,730</u>	<u>21,745</u>
Cash and cash equivalents at end of the period	<u>4,647</u>	<u>19,716</u>	<u>4,647</u>	<u>19,716</u>

Appendix A - Acquisition of subsidiary, net of cash acquired (US\$'000):

	<u>Group</u>		<u>Group</u>	
	<u>Six months ended June 30,</u>		<u>Quarter ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Working capital (excluding cash)	-	255	-	255
Property, plant and equipment	-	(94)	-	(94)
Intangible assets	-	(9,831)	-	(9,831)
Long term liabilities	-	964	-	964
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Net cash outflow	-	(8,706)	-	(8,706)

Appendix B - Non cash activities:

Acquisition of Intangible assets	-	2,349	-	2,349
Long term investments and loans	-	(476)	-	(476)
Investments in subsidiaries	-	476	-	476
Long terms liabilities	-	(758)	-	(758)
Issuance of shares	-	(1,591)	-	(1,591)
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