MEDIVISION MEDICAL IMAGING LTD.

Condensed Interim Consolidated Financial Statements

As of June 30, 2009

(Unaudited)

MEDIVISION MEDICAL IMAGING LTD.

Condensed Interim Consolidated Financial Statements

As of June 30, 2009

(Unaudited)

Table of Contents

	Page
Report on Review of Independent Auditors	2 – 3
Condensed Interim Consolidated Financial Statements:	
Balance Sheet	4 – 5
Statements of Comprehensive Loss	6
Statements of Changes in Equity	7 – 8
Statements of Cash Flows	9 – 10
Notes to the Interim Consolidated Financial Statements	11 – 18

Fahn Kanne
Grant Thornton

REPORT ON REVIEW OF UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2009

Fahn Kanne & Co.
Head Office
Levinstein Tower
23 Menachem Begin Road
Tel-Aviv 66184, ISRAEL
P.O.B. 36172, 61361

T +972 3 7106666
F +972 3 7106660
www.gtfk.co.il

Introduction

We have reviewed the accompanying condensed interim consolidated balance sheet of MediVision Medical Imaging Ltd and subsidiaries ("the Group") as at June 30, 2009, and the related condensed interim consolidated statements of comprehensive loss, changes in equity and cash flows for the six and three month periods then ended. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

We have been furnished with the report of other accountants in respect of the review of the condensed interim consolidated financial statements of subsidiaries, whose assets constitute approximately 7.8% of total consolidated assets as of June 30, 2009, and whose revenues constitute approximately 92.9% of total consolidated revenues for the six months then ended.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the report of other accountants, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our conclusion we hereby draw attention to the following matters:

As stated in Note 1B to the condensed interim consolidated financial statements, during the reported period the Company started the implementation of downsizing plan that according to managements' intention is planned to include among other layoffs of employees and significant reduction of expenses and overheads. The main share holders is also evaluating alternative sources of capital to meet cash requirements, including issuance of debt, issuance of equity securities and entering into other financing agreements with its shareholders.

In addition as stated in Note 1G to the condensed interim financial statements, the Company entered into an Asset Purchase Agreement under which upon closing of the agreement, the Company will sell substantially all of its assets and liabilities, excluding the Company's investment in OIS.

As discussed in Note 2C to the condensed interim consolidated financial statements, the Company restated its financial statements for the year ended December 31, 2008 and for the six and three month periods ended June 30, 2008, in order to retroactively reflect the effect of changes in the accounting treatment of the following issues:

A. Cancellation of deferred tax assets recognized in the past, in the financial statements of a subsidiary operating in the United States and as a result in the consolidated financial statements of the Company in respect of tax losses not yet utilized by the subsidiary. Such treatment was applied since the subsidiary does not expect to have taxable income in the foreseeable future, against which such deferred taxes could be utilized.

B. The Company expensed the costs involved in the change of its capital structure in the statement. Prior to this correction, the Company presented the aforementioned costs as a direct off-set to the equity attributable to owners of the parent.

Fahn Kanne & Co.

Fahn Kanne & Co.
Certified Public Accountants (Isr.)

Tel-Aviv, Israel
August 24, 2009

MEDIVISION MEDICAL IMAGING LTD.

CONSOLIDATED BALANCE SHEET

	US dollars (thousands)		
	June 30,		December 31,
	2009	2008	2008
	Unaudited		Audited
A S S E T S			
Current assets			
Cash and cash equivalents	20	4,764	2,785
Restricted cash	-	170	158
Accounts receivable:			
Trade, net	703	2,690	2,343
Other accounts receivable	88	872	428
Inventories	123	1,472	1,576
Assets and disposal group classified as held for sale	3,981	-	-
Total current assets	4,915	9,968	7,290
Non-current assets			
Property and equipment, net	32	550	600
Investment in affiliated company	4,221	-	-
Deferred tax assets	-	1,134	-(*)
Goodwill and other intangible assets	-	7,297	8,080
Total assets	9,168	18,949	15,970

(*) Restated – see Note 2C.

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

	US dollars (thousands)		
	June 30,		Decemb
	2009	2008	200
	Unaudited		Audi
LIABILITIES AND EQUITY			
Current liabilities			
Short-term bank credit and other current liabilities	2,504	2,838	3,66
Trade payables	706	919	1,40
Other accounts payable	5,237	4,334	4,30
Liabilities included in disposal group held for sale	268	-	
Total current liabilities	8,715	8,091	9,37
Long-term liabilities			
Long-term loans, net of current maturities	-	2,197	1,03
Long-term employee benefits	66	127	6
Total long-term liabilities	66	2,324	1,09
Total liabilities	8,781	10,415	10,47
Equity			
Equity attributable to owners of the parent:			
Ordinary shares	215	215	21
Additional paid-in capital	9,302	9,281	9,30
Capital reserve	(311)	(311)	(31
Foreign currency translation differences	80	214	6
Accumulated deficit	(9,075)	(4,982)(*)	(6,82
	211	4,417(*)	2,44
Minority interest	176	4,117(*)	3,04
Total equity	387	8,534(*)	5,49
Total liabilities and equity	9,168	18,949	15,97

(*) Restated – see Note 2C.

Boaz Benyamin
Director of Finance

Noam Allon
Director and
Chief Executive Officer

MEDIVISION MEDICAL IMAGING LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	US dollars (thousands except per share data)				
	Six month period ended June 30,		Three month period ended June 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	Unaudited		Unaudited		Audited
Sales	5,988	7,278	3,353	3,677	14,410
Cost of sales	3,163	3,470	1,947	1,695	6,630
Gross profit	2,825	3,808	1,406	1,982	7,780
Operating expenses:					
Research and development expenses	1,344	1,318	406	739	2,859
Selling and marketing expenses	1,994	2,395	981	1,198	4,832
General and administrative expenses	1,435	1,413	832	666	2,319
Other expenses (income), net	(436)	153(*)	(637)	96(*)	520(*)
Total operating expenses	4,337	5,279	1,582	2,699	10,530
Operating loss	(1,512)	(1,471)	(176)	(717)	(2,750)
Financial income	70	160(**)	19	66(**)	261(**)
Financial expenses	(431)	(408)(**)	(282)	(109)(**)	(792)(**)
Loss before taxes on income	(1,873)	(1,719)	(439)	(760)	(3,281)
Income tax expense	(3)	(48)	(2)	(35)	(1,341)(*)
	(1,876)	(1,767)	(441)	(795)	(4,622)(*)
Share in losses of affiliated company	(692)	-	(692)	-	-
	(2,568)	(1,767)	(1,133)	(795)	(4,622)
Other comprehensive loss:					
Loss for the period	(2,568)	(1,767)	(1,133)	(795)	(4,622)
Exchange differences on translating foreign operations	26	97	82	(3)	(103)
Total comprehensive loss for the period	(2,542)	(1,670)	(1,051)	(798)	(4,725) (*)
Attributable to:					
Owners of the parent	(2,236)	(1,408)(*)	(1,251)	(657)(*)	(3,399) (*)
Minority interest	(306)	(262)(*)	200	(141)(*)	(1,326) (*)
	(2,542)	(1,670)(*)	(1,051)	(798)	(4,725) (*)
Basic loss per share (in Dollars)	(0.093)	(0.207)(*)	(0.061)	(0.096)(*)	(0.442) (*)

(*) Restated – see Note 2C.

(**) Reclassified.

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

MEDIVISION MEDICAL IMAGING LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	US dollars (thousands)							
	Attributable to owners of the parent							
	Share Capital	Additional paid-in capital	Capital reserve	Foreign currency translation differences	Accumulated deficit	Total attributable to owners of the parent	Minority interests	Total equity
Balance at January 1, 2008 (audited)	165	8,775	(311)	132	(3,492)(*)	5,269(*)	4,454(*)	9,723
Convertible loan converted into shares	50	576	-	-	-	626	-	626
Total comprehensive loss for the year	-	-	-	(65)	(3,334)(*)	(3,399)(*)	(1,326)(*)	(4,725)(*)
Warrants, equity component of convertible loans issued by subsidiary and exercise of options into common stock of a subsidiary	-	(105)	-	-	-	(105)	(98)	(203)
Cost of share-based payment	-	56	-	-	-	56	17	73
Balance at December 31, 2008 (audited)	215	9,302	(311)	67	(6,826)(*)	2,447(*)	3,047(*)	5,494(*)
Total comprehensive loss for the period	-	-	-	13	(2,249)	(2,236)	(306)	(2,542)
Change in minority interest due to loss of control in subsidiary	-	-	-	-	-	-	(2,565)	(2,565)
Balance at June 30, 2009 (unaudited)	215	9,302	(311)	80	(9,075)	211	176	387
Balance at January 1, 2008 (audited)	165	8,775	(311)	132	(3,492)(*)	5,269(*)	4,454(*)	9,723
Convertible loan converted into shares	50	576	-	-	-	626	-	626
Warrants, equity component of convertible loans issued by subsidiary and exercise of options into common stock of a subsidiary	-	(100)	-	-	-	(100)	(81)	(181)
Total comprehensive loss for the period	-	-	-	82	(1,490)(*)	(1,408)(*)	(262)(*)	(1,670)(*)
Cost of share-based payment	-	30	-	-	-	30	6	36
Balance at June 30, 2008 (unaudited)	215	9,281	(311)	214	(4,982)(*)	4,417(*)	4,117(*)	8,534

(*) Restated – see Note 2C.

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

MEDIVISION MEDICAL IMAGING LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (cont.)

	US dollars (thousands)							
	Attributable to owners of the parent							
	Share Capital	Additional paid-in capital	Capital reserve	Foreign currency translation differences	Accumulated deficit	Total attributable to owners of the parent	Minority interests	Total equity
Balance at April 1, 2009 (unaudited)	215	9,302	(311)	19	(7,763)	1,462	2,541	4,003
Total comprehensive loss for the period	-	-	-	61	(1,312)	(1,251)	200	(1,051)
Change in minority interest due to loss of control in subsidiary	-	-	-	-	-	-	(2,565)	(2,565)
Balance at June 30, 2009 (unaudited)	215	9,302	(311)	80	(9,075)	211	176	387
Balance at April 1, 2008 (unaudited)	165	8,794	(311)	211	(4,322)(*)	4,537(*)	4,336(*)	8,873
Convertible loan converted into shares	50	576	-	-	-	626	-	626
Warrants, equity component of convertible loans issued by subsidiary and exercise of options into common stock of a subsidiary	-	(100)	-	-	-	(100)	(81)	(181)
Total comprehensive loss for the period	-	-	-	3	(660)(*)	(657)(*)	(141)(*)	(798)(*)
Cost of share-based payment	-	11	-	-	-	11	3	14
Balance at June 30, 2008 (unaudited)	215	9,281	(311)	214	(4,982)(*)	4,417(*)	4,117(*)	8,534

(*) Restated – see Note 2C.

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

MEDIVISION MEDICAL IMAGING LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	US dollars (thousands)				
	Six month period ended June 30,		Three month period ended June 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	Unaudited		Unaudited		Audited
Cash Flows From Operating Activities:					
Net loss for the period	(2,568)	(1,767)(*)	(1,133)	(795)(*)	(4,622)(*)
Adjustments for:					
Depreciation and amortization	785	123	322	62	242
Loss of disposal of assets	16	-	16	-	10
Deferred taxes, net	-	208	-	104	1,341(*)
Cost of share-based payment	-	36	-	14	73
Accretion of convertible loan	-	(24)	-	(62)	-
Capital loss from loss of control in a subsidiary	564	-	564	-	-
Share in losses of affiliated company	692	-	692	-	-
Other	164	(46)	157	(99)	14
	(347)	(1,470)	618	(776)	(2,942)
Changes In Operating Assets And Liabilities:					
Decrease (increase) in trade receivables	216	799	(16)	279	1,125
Decrease (increase) in other accounts receivable and prepaid expenses	(28)	(170)	(90)	(81)	274
Decrease (increase) in inventories	492	(259)	309	167	(420)
Increase (decrease) in trade payables	(194)	(813)	47	(522)	(312)
Increase (decrease) in other accounts payable and accrued expenses	(277)	12	(181)	116	(109)
Net cash provided by (used in) operating activities	(138)	(1,901)	687	(817)	(2,384)
Cash Flows From Investing Activities:					
Purchase of property and equipment	(65)	(91)	(18)	(33)	(184)
Proceeds from the disposals of property and equipment	15	-	15	-	8
Additions to intangible assets	(89)	(1,229)	-	(371)	(2,110)
Company no longer consolidated (Appendix A)	(1,333)	-	(1,333)	-	-
Net cash used in investing activities	(1,472)	(1,320)	(1,336)	(404)	(2,286)
Cash Flows From Financing Activities:					
Receipt of convertible loan from shareholder	416	-	-	-	437
Receipt of long-term loans	1,468	37	-	-	8
Repayment of long-term loans	(3,044)	(190)	(1,448)	(95)	(1,385)
Net cash used in financing activities	(1,160)	(153)	(1,448)	(95)	(940)
Decrease in cash and cash equivalents	(2,770)	(3,374)	(2,097)	(1,316)	(5,610)
Net foreign exchange differences	(1)	20	19	6	(65)
Cash and cash equivalents at beginning of the period	2,130	7,805	1,437	5,761	7,805
Cash and cash equivalents at the end of the period	(641)	4,451	(641)	4,451	2,130
Included in disposal group	(315)	-	(315)	-	-
Cash and cash equivalents at the end of the period	(956)	4,451	(956)	4,451	2,130

(*) Restated – see Note 2C.

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

APPENDIX A – COMPANY NO LONGER CONSOLIDATED:

	US dollars (thousands)				
	Six month period ended June 30,		Three month period ended June 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	Unaudited		Unaudited		Audited
Working capital (excluding cash and cash equivalents), net	2,675	-	2,675	-	-
Inventories	825	-	825	-	-
Investment in an affiliated company	(4,913)	-	(4,913)	-	-
Property and equipment, net	328	-	328	-	-
Goodwill and other intangible assets	4,278	-	4,278	-	-
Long-term bank loans	(1,397)	-	(1,397)	-	-
Minority shareholders in subsidiary	(2,565)	-	(2,565)	-	-
Capital loss from loss of control in a subsidiary	(564)	-	(564)	-	-
	(1,333)	-	(1,333)	-	-

APPENDIX B – SUPPLEMENTARY INFORMATION:

	US dollars (thousands)				
	Six month period ended June 30,		Three month period ended June 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	Unaudited		Unaudited		Audited
Cash paid during the year for interest	127	76	45	34	269
Income taxes paid	8	78	1	34	6
Supplemental schedule of non-cash activities:					
Repayment of notes payable and interest through conversion into shares	-	626	-	626	626
Purchase of property and equipment with a financial loan	-	-	-	-	63
Transfer of inventory into property and equipment	-	-	-	-	34

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

NOTE 1 - GENERAL

A. MediVision Medical Imaging Ltd. ("the Company"), an Israeli corporation located in Haifa, was incorporated and commenced business operations in June 1993. The Company (together with its subsidiaries – the "Group") is primarily engaged in the business of designing, developing, manufacturing and marketing digital imaging systems, image enhancements and analysis software and related products and services for use by practitioners in the ocular healthcare field.

The Company's shares are traded on the EURO.NM market in Belgium.

B. At the beginning of 2009, the Company started the implementation of downsizing plan that according to managements' intention is planned to include among other layoffs of employees and significant reduction of expenses and overheads. After the completion of the APA agreement described in Note 1F below, the Company's main activity will be holding OIS shares.

The main share holdres is evaluating alternative sources of capital to meet cash requirements, including issuance of debt, issuance of equity securities and entering into other financing agreements with its shareholders.

See also Notes 1F and 1G, regarding an Asset Purchase Agreement under which the Company is obligated to sell substantially all of its assets and liabilities (excluding the Company's investment in OIS) and regarding an Escrow Agreement with respect to part of the Company's holdings in OIS.

C. On May 3, 2009, Ophthalmic Imaging Systems, a subsidiary (hereinafter: "OIS") entered into a Confidential Settlement and Mutual Release Agreement (the "Settlement Agreement") by and between OIS, Steven Verdooner, OPKO Health, Inc. ("OPKO") and The Frost Group, LLC (collectively "Defendants"), relating to the case entitled Ophthalmic Imaging Systems v. Steven Verdooner, et al., Case No. 07AS02149 in the Superior Court of California for the County of Sacramento. Mr. Verdooner was formerly the OIS president.

Pursuant to the Settlement Agreement, OIS agreed to dismiss, with prejudice, the lawsuit between the OIS and the Defendants, whereby OIS alleged claims of breach of fiduciary duty, breach of implied contract, intentional interference with contractual relations, intentional interference with prospective economic advantage, violation of section 502 of the Penal Code of California, aiding and abetting breach of fiduciary duty, and aiding and abetting interference with contractual relations. OIS also agreed to release the Defendants from any claims that could have been brought in the foregoing lawsuit, whether known or unknown. The Defendants agreed to pay and paid OIS US$1,200,000 on May 13, 2009.

OIS and the Defendants entered into the Settlement Agreement to avoid the expense and uncertainty of litigation and without making any admission of liability or concession of wrongdoing.

D. On June 24, 2009, OIS entered into a Purchase Agreement with AccelMed. Pursuant to the terms of the Purchase Agreement, OIS authorized the issuance and sale of up to an aggregate of 13,214,317 shares of OIS common stock and warrants to purchase up to an aggregate of 4,404,772 shares of OIS common stock in two installments. On the date of the Purchase Agreement, OIS completed the first installment (the "1st Installment"), under which issued to AccelMed 9,633,228 shares and a warrant to purchase up to 3,211,076 shares for an aggregate purchase price of $3,999,972. The 1st Installment Warrant entitles AccelMed to purchase 3,211,076 shares of OIS's common stock at an exercise price of $1.00 per share. The 1st Installment Warrant expires on June 24, 2012. In addition, in connection with the transaction, OIS also issued to the placement agent, an option to purchase 123,500 shares of OIS's common stock at an exercise price of $0.01 per share. This option expires on June 24, 2012. As result of the completion of the first 1st Installment, the Company's percentage held in OIS decreased from 56% to 35.4%. As a result of this, the Company recorded a loss of approximately US$ 564 thousand.

NOTE 1 - GENERAL (cont.)

E. During the second quarter of 2009, the Company recorded a provision for decline in asset value with respect to its remaining investment in OIS in an amount of US$ 692 thousand.

F. On June 24, 2009, the Company entered into an Asset Purchase Agreement ("APA") with OIS under which, upon closing of the agreement the Company will sell substantially all of its assets to OIS (excluding the Company's investment in OIS), including among other things, certain agreements under which the Company agreed to act as distributor and perform certain services (the "Purchased Agreements"), it's entire holding in CCS Pawlowski GmbH ("CCS") (63%), its business as conducted in Belgium (the "Belgium Activities"), rights to intellectual property, accounts receivable, and certain property, plant and equipment. As payment for such assets, OIS agreed to assume certain liabilities, including, among other things, a bank loan outstanding with Mizrahi Tefahot Bank Ltd. (the "United Mizrahi Bank") in an amount not to exceed $1,500,000, to which OIS are currently a guarantor, all intercompany indebtedness owned to OIS with a principal amount not to exceed $4,200,000, liabilities associated with the Purchased Agreements, the Belgium Activities, and the acquired assets on and after the Closing Date, and certain taxes. The transaction, as contemplated in the APA, must be completed on a date as determined by the parties, in any event, no later than October 22, 2009 (the "Termination Date"). The APA may be terminated by (1) the election of the parties, if the asset purchase is not completed by the Termination Date, (2) mutual consent of the parties, (3) order of a government body, and (4) either party upon the other party's material violation of its obligations thereunder. If the transaction is not completed by October 22, 2009 (120 days from the date of the APA), OIS are entitled to the all of the shares held pursuant to the Escrow Agreement, described in 1G below.

As at balance sheet date, the APA has not received final approval.

See Note 7 below, regarding, the assets and liabilities that will be sold as a result of the APA agreement.

G. Pursuant to the terms of the APA and an Escrow Agreement (the "Escrow Agreement") between OIS, the Company and Stephen L. Davis, Esq. dated June 24, 2009, the Company deposited 3,793,452 shares of OIS' common stock into escrow and, subject to the status of certain indebtedness of the Company, agreed to deposit an additional 2,000,000 shares of OIS' common stock on the closing date of the APA. If the Company fails to make certain indemnification payments under the APA or make certain payments in connection with outstanding indebtedness as specified under the APA, the shares of OIS' common stock held in escrow will be distributed to OIS or sold and the proceeds thereof distributed to OIS. The foregoing shares of OIS' common stock will be held in escrow until the earlier of (i) the termination of the APA, upon which the shares will default to OIS, or (ii) the later of (a) the second anniversary of the closing date of the APA or (b) the satisfaction and discharge of the $1,800,000 claim made by the Office of the Chief Scientist of the Israeli Ministry of Industry, Trade & Labor to the Company, upon which the shares that are undisputed and remaining in escrow will be returned to the Company.

The Company previously used the 3,793,452 shares already deposited in escrow as collateral to secure certain notes outstanding in the aggregate amount of $3,602,379 and to induce to guarantee its loan with United Mizrahi Bank. However, upon signing the Escrow Agreement and APA, the Company and United Mizrahi Bank agreed to release these shares from such notes, so that they may be used to secure the transactions contemplated by the APA.

NOTE 1 - GENERAL (cont.)

H. Below are data on the representative exchange rates of the US dollar, and the changes therein during the reported periods:

Exchange rate of US$ 1:

	NIS
June 30, 2009	3.919
June 30, 2008	3.352
December 31, 2008	3.802

Rate of increase (decrease) in the period:

	%
Six months ended June 30, 2009	3.08
Six months ended June 30, 2008	(12.84)
Three months ended June 30, 2009	(6.42)
Three months ended June 30, 2008	(5.66)
For the year ended December 31, 2008	(1.14)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

These condensed interim consolidated financial statements are for the six months ended June 30, 2009. They have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2008.

B. Significant accounting policies

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to December 31, 2008 except for the adoption of:

- IAS 1 Presentation of Financial Statements (Revised 2007)
- IAS 23 Borrowing Costs (Revised 2007)
- IFRIC 13 Customer Loyalty Programmes ii

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognized directly in equity are now recognized in other comprehensive income, for example revaluation of property, plant and equipment. IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'.

IAS 23 Borrowing Costs (Revised 2007) requires the capitalization of borrowing costs to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. The appreciation of the standard did not have a material effect on the financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Significant accounting policies (cont.)

The Group has adopted IFRIC 13 Customer Loyalty Programmes, which clarifies that when goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The adoption of IFRIC 13 does not have a significant effect on the results of the current or prior periods presented.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

The following new interpretations have been issued, but are not effective for the financial year beginning January 1, 2009 and have not been early adopted:

- IFRIC 17, "Distribution of non-cash assets to owners", effective for annual periods beginning on or after July 1, 2009. This is not currently applicable to the group, as it has not made any non-cash distributions.
- IFRIC 18, "Transfers of assets from customers", effective for transfers of assets received on or after July 1, 2009. This is not relevant to the group, as it has not received any assets from customers.

Other pronouncements which have been issued but are not effective for the financial year beginning January 1, 2009 and have not been early adopted are described in the consolidated financial statements of the group for the year ended December 31, 2008.

C. Restatement

The Company restated its financial statements for the year ended December 31, 2008 and for the three month period ended March 31, 2008, in order to retroactively reflect the effect of changes in the accounting treatment of the following issues:

A. Cancellation of deferred tax assets recognized in the past, in the financial statements of a subsidiary operating in the United States and as a result in the consolidated financial statements of the Company in respect of tax losses not yet utilized by the subsidiary. The cancellation proved necessary since the subsidiary does not expect to have taxable income in the foreseeable future, against which such deferred taxes could be utilized.

B. Under the item entitled "other expenses", the Company expensed the costs involved in the change of its capital structure. Prior to this correction, the Company presented the aforementioned costs as a direct off-set to the equity attributable to owners of the parent.

The impact of the restatement on the financial statements is as follows:

1. **Balance sheets**

	US dollars (thousands)		
	December 31, 2008		
	Before restatement	Effect of the restatement	After restatement
Deferred tax assets	1,502	(1,502)	-
Accumulated deficit	(6,454)	(372)	(6,826)
Minority interest	4,177	(1,130)	3,047

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Restatement (cont.)

1. Balance sheets (cont.)

	US dollars (thousands)		
	June 30, 2008		
	Before restatement	Effect of the restatement	After restatement
Accumulated deficit	(5,305)	323	(4,982)
Minority interest	4,440	(323)	4,117

2. Statements of loss

	US dollars (thousands)		
	Year ended December 31, 2008		
	Before restatement	Effect of the restatement	After restatement
Other expenses	-	(520)	(520)
Income tax expense	161	(1,502)	(1,341)
Loss for the period	(2,600)	(2,022)	(4,622)

	US dollars (thousands)		
	Six month period ended June 30, 2008		
	Before restatement	Effect of the restatement	After restatement
Other expenses	49	(202)	(153)
Loss for the period	(1,565)	(202)	(1,767)

	US dollars (thousands)		
	Three month period ended June 30, 2008		
	Before restatement	Effect of the restatement	After restatement
Other expenses	49	(145)	(96)
Loss for the period	(650)	(145)	(795)

D. Non-current assets and liabilities classified as held for sale

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position.

Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with a disposal group.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continues to be measured in accordance with the Group's accounting policy for those assets. No assets classified as 'held for sale' are subject to depreciation or amortization, subsequent to their classification as 'held for sale'.

See Note 1G and Note 7 regarding, non-current assets and liabilities classified as held for sale, at the reporting period.

NOTE 3 - CASH AND CASH EQUIVALENTS (For the purpose of the cash flow statements)

Cash and cash equivalents comprise of the following:

	US dollars (thousands)		
	June 30,		December 31,
	2009	2008	2008
	Unaudited		Audited
Cash and cash equivalents	20	4,764	2,785
Short-term bank credit	(976)	(313)	(655)
	(956)	4,451	2,130

NOTE 4 - SEGMENT REPORTING

As of January 2008, with the commencing operation of Abraxas by Ophthalmic Imaging Systems (hereinafter: "OIS"), the Company began operating through two different core activities, as follows:

1. Electronic record and practice management software;
2. Ophthalmic application.

	US dollars (thousands) Six month period ended June 30, 2009 (Unaudited)		
	Electronic record and practice management software	Ophthalmic application	Total
Revenue from external customers	608	5,380	5,988
Operating loss	(1,114)	(398)	(1,512)
Loss for the period	(1,114)	(1,454)	(2,568)

	US dollars (thousands) Three month period ended June 30, 2009 (Unaudited)		
	Electronic record and practice management software	Ophthalmic application	Total
Revenue from external customers	480	2,873	3,353
Operating loss	(398)	222	(176)
Loss for the period	(398)	(735)	(1,133)

NOTE 4 - SEGMENT REPORTING (cont.)

2. Ophthalmic application (cont.)

	US dollars (thousands)		
	Year ended December 31, 2008		
	Electronic record and practice management software	Ophthalmic application	Total
Revenue from external customers	298	14,112	14,410
Operating loss	(754)	(1,996) (*)	(2,750) (*)
Loss for the year	(754)	(3,868) (*)	(4,622) (*)

(*) Restated – see Note 2C.

NOTE 5 - CONVERTIBLE LOAN AGREEMENT

During August 2008 in respect of the Term Sheet signed between certain majority shareholders (the "Shareholders"), in connection with a convertible loan provided by the Shareholders to the Company, the Shareholders granted the company an additional loan in the amount of $400,000.

During the reported period, a new Convertible Loan Agreement was signed with the Shareholders at an aggregate amount of up to additional $800,000. The loan agreement shall cover also the principal amount of the above mentioned $400,000 provided to the Company during August 2008 and will apply the terms and conditions as detailed in the Convertible Loan Agreement. The loan shall bear interest at an annual rate of 12% and shall be repaid within 12 months from the date of the grant. Loan and any interest due thereon may be converted in a whole or in part into ordinary shares of the Company, at a conversion price equal to the lower between (1) the Company's average share price on the Belgium EuroNext Stock Exchange during the 30 days prior the date of this agreement; and (2) the Company's average share price on the Belgium EuroNext Stock Exchange during the 30 days prior the Conversion, and in each case subject to a discount at the rate of 20% of the Company's average share price on the Belgium EuroNext Stock Exchange at the applicable dates. As security for the Company's obligation including repayments of the loan and any interest due thereon and the Conversion Rights, the Company shall grant to the shareholders a pledge in shares of common stock of OIS held by the Company subject to a discount at a rate of 30% of the price of OIS' shares, to be allocated among each Shareholder pro-rata to the portion of the Loan which he actually provides.

NOTE 6 - TERMINATION OF MERGER AGREEMENT WITH OIS

In March 2009, the Company and OIS have mutually agreed to terminate their merger agreement. The termination of the agreement is due to exorbitant costs the companies and associated shareholders would incur as a result of regulatory requirements. The companies initially announced the merger agreement in March 2008.

NOTE 7 - ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

As stated in Note 1F, the assets and liabilities that will be sold as a result of the APA agreement, have been classified as assets and liabilities held for sale.

The carrying amounts of assets and liabilities in this disposal group are summarized as follows:

	US dollars (thousands)
	Six month period ended June 30, 2009
	Unaudited
Current assets	
Cash and cash equivalents	315
Accounts receivable	136
Inventories	138
Non-current assets	
Property, plant and equipment	155
Goodwill and other intangible assets	3,237
Assets classified as held for sale	3,981
Current liabilities	
Short-term bank credit and other current liabilities	28
Trade and other payables	158
Non-current liabilities	
Long-term loans, net of current maturities	82
Liabilities classified as held for sale	268