25 juin, 2009

ATTESTATION SUR LES COMPTES ANNUELS DE L'EXERCICE CLOS LE 31/12/2008 :

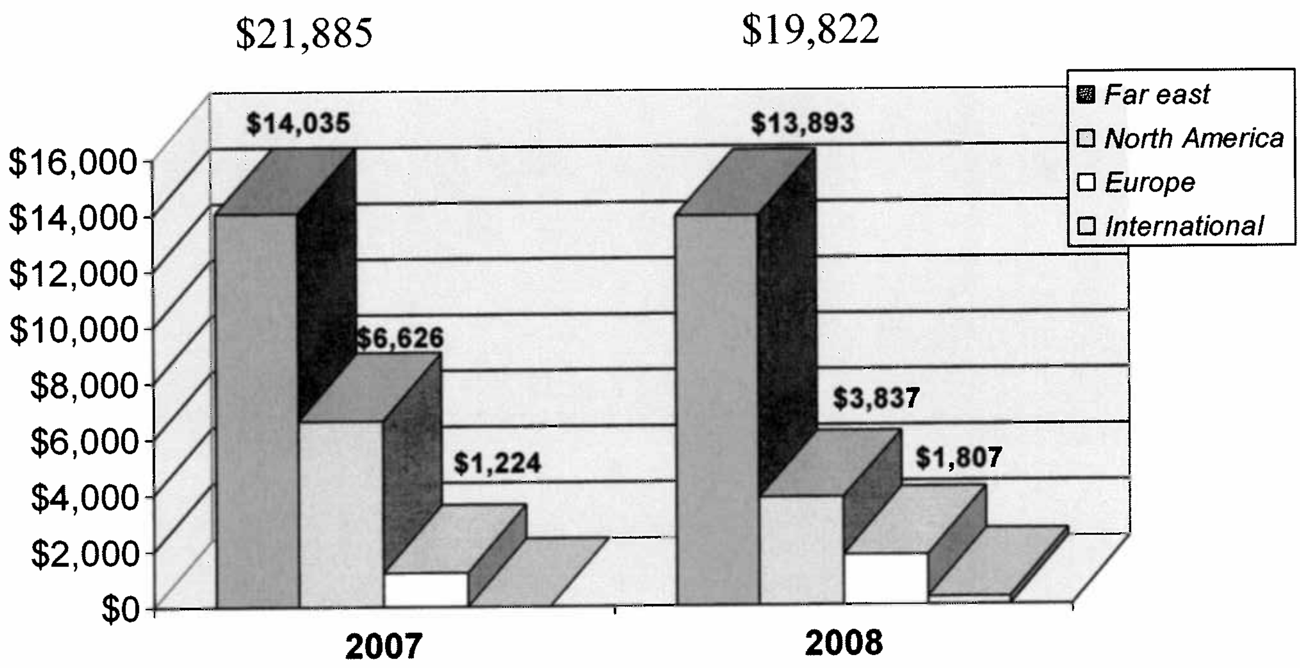
J'atteste, à ma connaissance, que les comptes sont établis conformément aux normes comptables applicables et donnent une image fidèle du patrimoine, de la situation financière et du résultat de la société et de l'ensemble des entreprises comprises dans la consolidation et que le rapport de gestion ci-joint présente un tableau fidèle de l'évolution des affaires, des résultats et de la situation financière de la société et de l'ensemble des entreprises comprises dans la consolidation ainsi qu'une description des principaux risques et incertitudes auxquels elles sont confrontées.

M Jacques BELIN

Président du Conseil d'Administration

Management Report
On 2008 and Q1 2009 main developments

In-line with management expectations, and as previously disclosed in the last communications of the Company, 2008 shows a decrease in sales of products and a net loss, accentuated by a negative currency environment. In accordance with the IFRS requirements, the revenues of the Company in the financial report were split to revenues from sales of products and revenues from R&D work. The decrease in revenues from sales of products (from 21.8 million USD to 19.8 millions USD) was slightly off-set by an increase in revenues from R&D work (from 0.5 million USD to 1.3 million USD). Total revenues in 2008 amounted to 21.1 million USD compared to 22.3 million USD in 2007, a 5.6% decrease. The geographical breakdown of revenues shows a significant decrease in sales in North America. An improvement was noted after the agreement with Viztek became operational.



Geographical breakdown
~~*Revenues from sales of products*~~

Gross margin from sales of products was 35% compared to 48% in 2007. The decrease in gross margin was expected and is due to the sales mix. Gross margin from R&D work was 57% compared to 66% in 2007. Gross profit was 7.7 million USD compared to 10.9 million USD in 2007.

Operating expenses were reduced to 11.07 million USD in 2008, a 6% decrease compared to 2007. This decrease occurred despite increased investment in R&D, which reached 5.9 million USD in 2008 (compared to 5.6 million USD in 2007). Selling & marketing expenses decreased from 2.6 million USD in 2007 to 2.2 million USD in 2008. This decrease resulted from downsizing operations at our U.S subsidiary. General and administrative expenses decreased as well from 3.6 millions USD in 2007 to 3.0 million USD in 2008.

The loss for the year 2008 was 3.6 million USD compared to 1.6 million USD in 2007.

Revenues for the first quarter of 2009 reached 6.4 million USD, compared to 5.1 million USD for the same period in 2008. Management believes the revenues for the first quarter are not indicative of the full year revenues, as historically revenues tend to be highest in the first quarter of the year.

Main events

On March 17, 2008, the Company signed a development agreement with a major client. According to the agreement, the Company will develop and provide a digital radiography and fluoroscopy system based on the Company's exclusive technology to be integrated into an X-ray diagnosis system. The total consideration to the Company from this project is 1.0 million USD, which will be paid in two equal installments, upon delivery of the first and final prototypes. As of the date of this report, the full consideration was received.

On June 6, 2008, the Company signed a technology development agreement with a third party. According to the agreement, both parties will conduct a twelve month feasibility study based on the Company's exclusive technology in the field of X-ray systems. The total consideration to the Company from this project was 0.3 million USD, which was paid upon reaching certain progress milestones.

The Company has recently engaged in initial discussions with Toshiba regarding potential business cooperation. Although, the initial discussions were successful and progress has been made, at this stage it is still too early to determine if the discussions will lead successful results and benefits for the Company and its shareholders.

Thales tender offer

On December 16, 2008, Thales and CMT entered into a letter agreement whereby Thales agreed to file a cash tender offer for all the Shares of the Company at a price per Share equal to €5.65 (the "Offer").

On December 16, 2008, following the request of Thales, Nofit Center ("Nofit"), an Israeli company wholly-owned by Mrs. Chaya Greenberg, entered into a share tender agreement with Thales, pursuant to which Nofit agreed, in connection with the Offer, to tender all of its shares in CMT, representing at that time approximately 24.5% of CMT's share capital, on a fully diluted basis.

On December 17, 2008, Thales filed the Offer pursuant to Section III of Book II and specifically Articles 232-1 et seq. of the AMF General Regulations. Thales offered to the shareholders of the Company, to acquire all their Shares in consideration for a sum in cash of €5.65 per share (the "Tender Offer").

The Tender Offer settled on March 30, 2009 with Thales acquiring 3,599,732 shares of the Company, representing approximately 94.63% of the issued and outstanding share capital of the Company, and 3,423,513 voting rights, representing 89.9% of the voting rights of the Company (in both cases, excluding 208,782 shares held by the Company which are deemed Dormant Shares under the Israeli Companies Law No 5759-1999).

On March 3, 2009, Thales gained the control of the Company after holders of 94.6% of the Company's outstanding shares tendered their shares pursuant to the Offer.

Following the completion of the tender offer, the Company has commenced initial discussions with Thales regarding possible cooperation for the benefit of the Company and its shareholders. Although, the initial discussions were successful and progress has been made, at this stage it is still too early to determine if the discussions will lead successful results and benefits for the Company and its shareholders.

New Board of Directors

On March 20, 2009, the following directors of the Company Chaya Greenberg, Yasha Sitton, Assaf Eisenstein and Rafi Carasso resigned from the Board of Directors effective as of that date. On the same date, the Board of Directors, in accordance with the Company's Articles of Association, appointed Jacques Belin, Paul Maisonnier, Dominique Barbe and Jean Louis Villoutreix to fill their vacancy temporarily. The Company's external directors, Andy Benartzy and Eitan Harduf ~~also resigned from their office effective as of the date of the shareholders meeting to~~ be held to vote upon their replacement.

During March 2009, Thales, being a "controlling shareholder" of the Company (as such term is defined in the Israeli Companies Law, 5759-1999, (the "Companies

Law")), requested the Company to convene a general meeting of shareholders of the Company to (i) elect the following persons to the Board of Directors: Jacques Belin, Paul Maisonnier, Dominique Barbe and Jean Louis Villoutreix and Michèle Bogatirsky. (ii) Following the resignation of Andy Benartzy and Eitan Harduf as external directors, the Board of Directors also called the general meeting of shareholders to vote upon the election of Gal Avraham and Dr. Nathan Peled, as external directors.

Following the general meeting of shareholders held on April 28, 2009, the Board of Directors of the Company consists of:

Jacques ***Belin, Chairman of the Board*** - Mr. Belin currently serves as Chairman and CEO of Thales Electron Devices S.A. From October 1997 until January 2000, Mr. Belin served as Director High Frequency Subsystems of Thales Electron Devices S.A. Mr. Belin currently also serves on the boards of: Thales Electron Devices S.A. and Shanghai Thales Electron Tubes. Mr. Belin is a graduate of Ecole Centrale de Paris, France.

Paul ***Maisonnier, Director*** - Mr. Maisonnier currently serves as Vice President Marketing, Sales & Strategy of Thales Electron Devices S.A. From 1995 until January 2003, Mr. Maisonnier served as the Head of Marketing Department Radiology of Thales Electron Devices S.A. Mr. Maisonnier currently also serves on the boards of: Thales Components Corporation and dpiX Holding Company LLC. Mr. Maisonnier holds an MBA from INSEAD, Fontainebleau, France.

Dominique Barbe, Director - Mr. Barbe currently serves as the General Manager of the Business Unit X Ray Imaging Solutions of Thales. From May 2000 until May 2005, Mr. Barbe served as Thales Electron Devices Chief Finance Officer. Before joining Thales Electron Devices, between September 1991 and May 2000, Mr. Barbe served in Thales Aeronautical Division as Business Controlling Director. Mr. Barbe currently also serves as the Chairman of the Board of Directors of Shanghai Thales Electron Tubes, a joint venture company of China. Mr. Barbe is a graduate of High Business School.

Jean Louis Villoutreix, Director - Mr Villoutreix currently serves as Thales Security Solutions and Services Division VP Finance. From July 2004 until December 2006, Mr Villoutreix served as Thales Security Division VP Finance. Before joining Thales Security Division, between 2001 and 2004, Mr Villoutreix served as VP Finances of Thales Secure Operations Business Group. Mr Villoutreix currently also serves on the boards of: Thales Transportation Systems SA (France), Thales Services SAS (France), CIFISI (France) and Navigation Solutions L.L.C. Mr Villoutreix is a graduate of Ecole Supérieure de Commerce de Paris, France.

Michèle Bogatirsky, Director - Ms. Bogatirsky currently serves as Thales Components and Subsystems Communications Director. From 2003 until 2006, Ms. Bogatirsky serves as Thales Security Systems Communications Director. Prior to joining Thales, from 1994 until 2003, Ms. Bogatirsky served as Communications Director of Dassault Automatismes and Telecommunications. Ms. Bogatirsky studied sociology and literature at Haifa University, Israel

Gal Avraham, External Director - Mr. Avraham currently serves as a senior consultant of IBM (freelance), while venturing private entrepreneurship projects. From 2003 until 2006, Mr. Avraham served as the VP of Professional Services at Celebros Ltd. Before joining Celebros, between 2001 and 2003 Mr. Avraham served as a Senior Manager of Customer Services at HP Software Division, EMEA (formerly Mercury Interactive). Mr. Avraham holds an MBA from the Hebrew University of Jerusalem and a BA in Computers Science from the Academic College of Tel-Aviv.

Dr. Nathan Peled, External Director - Dr. Peled ccurrently serves as the Head Department of Radiology at Carmel Medical Center since 1994. From 1992 until 1994, Dr. Peled served as a senior Radiologist at Hadassah Medical Center. Between 1990 and 1992, Dr. Peled served as Fellow of Radiology in the Hospital for Sick Children at the University of Toronto. Dr. Peled currently serves on the medical advisory boards of Rcadia Medical Imaging, Mediguide and Arineta and the National Israeli Imaging Committee. Dr. Peled holds a MD degree from the Tel Aviv University.

The term of office of each of the directors is until the Company's next annual general meeting or until a successor director is duly elected and qualified. Mr. Gal Avraham and Dr. Nathan Peled, the External Directors, serve for a three-year term.

Nomination of President and CEO

Following the resignation of Mr. Amit Meridor as the CEO of the Company, on May 19, 2009, the Board of Directors approved the appointment of Mr. Yossi Katzav as the President and Chief Executive Officer of the Company. Mr. Katzav is familiar with the Company as he served in the very same position until August 2008.

Mr. Katzav joined CMT in 1997 after serving for 12 years as Production Director in Elscint, a company dedicated to nuclear medicine, ultrasound and mammography. On March 2003, after serving as VP Operations and Customer Support for 6 years, he was nominated President and CEO. Mr. Katzav holds a degree in international business administration. The Board of Directors wishes good luck to Mr. Katzav in his new role.

Main risk sources

Main Customers Risk:

The Company currently sells its products to two main customers. The Company expects these customers to continue to account for a substantial percentage of the Company's revenues in the coming years. Should these customers cease doing business with the Company, its results of operations could be adversely affected. For the years ended December 31, 2007 and 2008, these customers accounted for 72% and 80% of the Company's consolidated revenues, respectively.

The Company obtains certain key components from two sources, which are located in Europe. The Company has strategic agreements with these suppliers, which treat CMT as a preferred customer. This preference minimizes the risk involved.

Concentration of credit risks:

Financial instruments that potentially subject the Company to concentration of credit risks consist principally of cash, cash equivalents, short-term and long-term deposits and trade receivables.

Cash and cash equivalents and short-term and long-term deposits are invested in major banks in Israel and the United States. Such deposits in the United States may be in excess of insured limits and are not insured in other jurisdictions. Management believes that the financial institutions that hold the Company investments are financially sound and accordingly, minimal credit risk exists with respect to these investments.

The Company's maximum exposure to credit risks arising from default of the counter party is equal to the carrying amount of these instruments.

Currency exchange rates risk:

During 2008, the appreciation of the New Israeli Shekel against the US Dollar caused the Company's operational costs to increase in dollar terms by an average of over 10%. As currency exchange rate uncertainties continue, the Company, with the advice of currency experts, will continue to do its best to reduce the effects of currency exchange rate volatility. Since the bulk of the Company's expenses are denominated in NIS and most of the Company's revenues are denominated in US $, the Company's options to minimize currency exchange rate risks are limited.

Any devaluation of the NIS against various non Israeli currencies in which the Company or its suppliers pay for imported goods has the effect of increasing the selling price of those products which the Company sells in Israel in NIS and affecting the Company's operating results. This devaluation would also cause an increase in the Company's expenses as recorded in the Company's NIS denominated financial results even though the expenses denominated in non-Israeli currencies will remain unchanged. In addition, the majority of the Company's revenues is denominated in U.S dollars. However, the majority of the Company's costs, including personnel and some marketing and facilities expenses, are incurred in New Israeli Shekels. Inflation in Israel a weakening of the U.S. dollar against other currencies have the effect of increasing the U.S. dollar cost of the Company's operations in that jurisdiction, which may have a material adverse impact on the Company's results of operations. During 2008, the New Israeli Shekel (average annual rate) appreciated against the U.S. dollar by approximately 14% compared to 2007, which contributed to an approximately 10% increase of the Company's operating expenses. Since the beginning of 2009, through February 15, 2009 the New Israeli Shekel depreciated against the U.S. dollar by approximately 6.5%, and the Euro depreciated against the U.S. dollar by approximately 12%. If the U.S. dollar continues to strengthen in value in relation to the shekel, it will become less expensive for the Company to fund its operations in Israel. If the Euro continues to depreciate against the U.S. dollar it will decrease the Company's revenues from operations.
Although the Company uses hedging techniques to reduce the risk associated with fluctuations in currency exchange rates, the Company may not be able to eliminate the effects of currency fluctuations. Thus exchange rate fluctuations could have a material adverse impact on the Company's results of operations.

World Economy Risk:

Today, at the middle of 2009, the world is in the midst of a financial crisis, and some countries already face a recession. A direct result of the recession is a significant drop in consumer spending, volatility in exchange rates and reduced visibility into the future.

In addition, the Company's results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere around the world. The stress experienced by global capital markets substantially increased in recent quarters. The global economic instability and uncertainty, accompanied with the credit crisis and reduced demand for X-ray imaging system products, affect the willingness and ability of the manufacturers to make capital investments, and are causing a severe slow-down in the X-ray imaging system industry as a whole. These events have an adverse effect on the Company's revenues.

During cyclical downturns, as those the Company has experienced in the past, is currently experiencing and is likely to experience in the future, material reductions in the demand for the type of capital equipment and process technology that the Company offers, and the Company's sales and revenues might decline. In addition, the Company's ability to reduce expenses in response to any downturn or slowdown in the rate of capital investment by manufacturers in these industries may be limited.

The Company expects the world economic slowdown to adversely affect the Company's financial performance, among other things, as a result of changes in the consumption patterns of the Company's customers, a reduction in consumer spending, consumer preference for products which have a lower profit margin and increased competition in the Company's industry.

The future success of the Company's business will depend on the Company's ability to increase product sales, successfully introduce new products, expand its sales force and distribution network, and control costs, which the Company may be unable to do. As a result, the Company may not be able to continue its revenue growth and profitability.

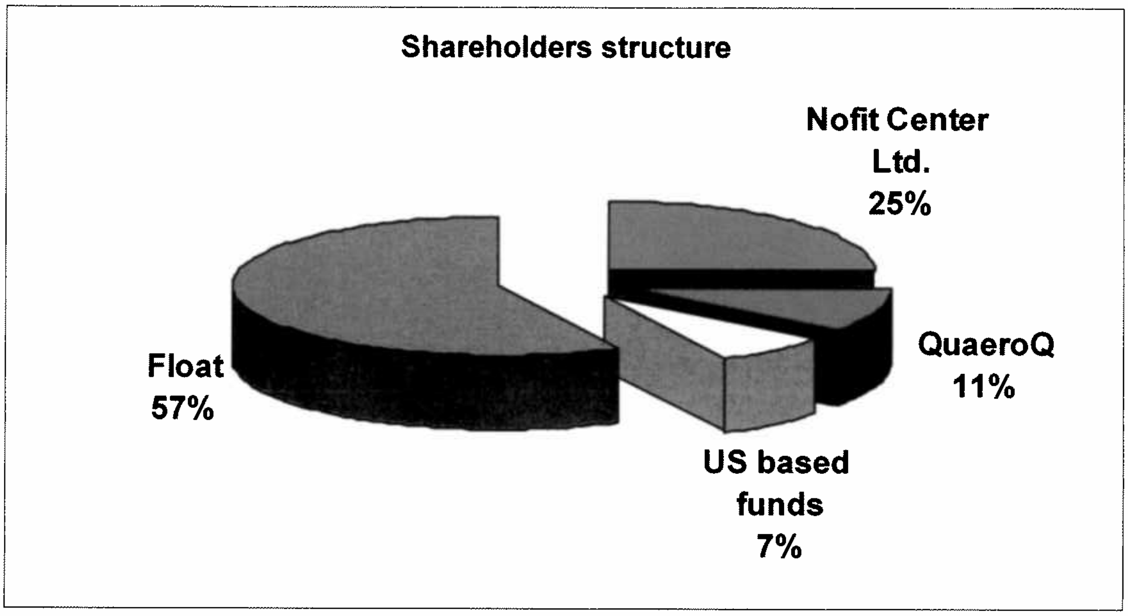
Buy back

During the 12 month period ended December 31, 2008, the Company bought its shares back in the framework of its buy back program for an amount of 0.49 million USD. As of December 31, 2008, the balance of the shares purchased by the Company represented about 4.7% of the Company's share capital.

As of December 2008, the Company ceased buying back its shares.

Shareholders

To our knowledge, the capital structure as of December 31, 2008 was as follows:
The total number of shares outstanding as of the same date was 3,742,808, par value 1 NIS per share.



To the best of our knowledge, the capital structure as the date of this report is as follows:

The total number of shares outstanding as of the same date was 3,742,808, par value 1 NIS per share.