

# Enabling technologies for improved medical care



Oridion Systems Ltd.  
Letter to Shareholders  
August 2005



**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

U.S. dollars in thousands

	Share capital	Additional paid-in capital	Accumulated deficit	Total shareholders' equity
Balance as of January 1, 2004	25	73,721	(63,315)	10,431
Exercise of options, net	*) -	63	-	63
Exercise of warrants	*) -	-	-	*) -
Warrants issued to credit providers and others	-	177	-	177
Amortization of deferred stock compensation	-	29	-	29
Net loss	-	-	(1,609)	(1,609)
Balance as of June 30, 2004 (unaudited)	25	73,990	(64,924)	9,091
Balance as of January 1, 2005	26	74,847	(67,218)	7,655
Exercise of options, net	*) -	39	-	39
Exercise of warrants	*) -	8	-	8
Amortization of deferred stock compensation	-	25	-	25
Net loss	-	-	(906)	(906)
Balance as of June 30, 2005 (unaudited)	26	74,919	(68,124)	6,821

\*) Represents an amount lower than USD 1.

This additional information should be read in conjunction with the second quarter 2005 report, published in August 2005, as the original report un-intentionally did not include information to the changes in shareholders' equity and segment reporting as requested by the SWX Swiss Exchange.

## SEGMENT REPORTING

U.S. dollars in thousands

Oridion Systems Ltd. (“the Company”) is a holding company, which wholly-owns Oridion Medical 1987 Ltd. and Oridion BreathID Ltd. (together, “Oridion”) and all of their subsidiaries. The Company is a medical technology company based in Jerusalem, Israel and Needham, Massachusetts, U.S.A. Oridion employs its patented Microstream® technology in the development, manufacturing and marketing of products used in two distinct businesses:

1. The current core business, capnography – the non-invasive measurement of carbon dioxide contained in the exhaled breath to determine the status of adequacy of respiration.
2. Oridion’s early-stage business, breath testing (BreathID®) – the non-invasive analysis of gases in the breath to diagnose the adequacy of organ function and the presence of infectious diseases.

U.S. dollars in thousands	Six months ended June 30, 2005		
	Capnography	Breath Test	Total
Revenues from sales to unaffiliated customers	13,017	82	13,099
Financial expenses	(75)	(43)	(118)
Depreciation	335	44	379
Segment loss	(203)	(703)	(906)
Segment assets	16,480	826	17,306
Capital expenditures	303	10	313

U.S. dollars in thousands	Six months ended June 30, 2004		
	Capnography	Breath Test	Total
Revenues from sales to unaffiliated customers	9,239	88	9,327
Financial income (expenses)	(57)	6	(51)
Depreciation	348	76	424
Segment loss	(821)	(788)	(1,609)
Segment assets	14,410	4,132	18,542
Capital expenditures	87	-	87