-FOR IMMEDIATE RELEASE-

ELRON ELECTRONIC INDUSTRIES ANNOUNCES FIRST QUARTER 2008 RESULTS

Tel Aviv, Israel, May 18, 2008 – Elron Electronic Industries Ltd. (Nasdaq: ELRN) (TASE: ELRN) ("Elron" or the "Company") today reported financial results for the first quarter of 2008.

Net loss in the first quarter of 2008 amounted to $12.1 million, or $0.41 per share, resulting mainly from $10.1 million losses recorded with respect to Elron's group of companies, which included a $4.5 million write off of in process research and development ("IPR&D") upon the initial consolidation of Impliant Inc. in the first quarter of 2008.

Net income in the first quarter of 2007 amounted to $2.6 million, or $0.09 per share, resulting mainly from a $9.1 million gain (net of tax) from the merger between NetVision Ltd., Barak I.T.C (1998) International Telecommunications Services Corp Ltd. and GlobCall Communications Ltd., which was completed in January 2007. This gain was offset mainly by losses recorded with respect to Elron's group of companies in the amount of $7.4 million.

On March 13, 2008, Elron announced that it adopted FAS 159 "The Fair Value Option for Financial Assets and Financial Liabilities" as of January 1, 2008, according to which it would apply the fair value measurement option for its non-consolidated private companies. Subsequently, Elron determined that the adoption was not substantive as it did not meet the objectives outlined in FAS 159, and therefore the adoption is not effective. The Company will continue to account for its investments in its group companies under the same accounting policies applied through December 31, 2007. The Company will promptly submit a Form 6-K/A with the Securities and Exchange Commission covering its amended 2007 consolidated financial statements and management report. These amendments had no effect on Elron's reported financial results.

MAJOR DEVELOPMENTS DURING, AND SUBSEQUENT, TO THE FIRST QUARTER 2008:

- During the first quarter, and subsequently, Elron invested $28.6 million mainly in its group companies namely ***BrainsGate Ltd***., ***AqWise - Wise Water Solutions Ltd***., ***BPT (Bio-Pure Technology) Ltd.***, ***Safend Ltd.***, ***Impliant Inc.***, ***Pocared Diagnostics Ltd., Wavion Inc., Atlantium Inc.*** and ***ChipX, Inc.*** In addition, $4 million was invested in RDC – Rafael Development Corporation

Ltd. ("RDC"), Elron's 50.1% held subsidiary, in connection with the agreement executed between Elron and Rafael Advanced Defense Systems Ltd.

- During the first quarter Elron invested in two new companies: ***PLYmedia Inc.***, which develops and deploys an interactive video platform, offering web video sites and broadcasters a wide range of layered applications to enhance, personalize and monetize their video assets, and ***Kyma Medical Technologies Ltd.*** which develops a novel non-invasive in-stent restenosis diagnostic and monitoring devices.

  In addition RDC established two new companies, namely, ***Sync-Rx Ltd.*** and ***PaperLnx Ltd***. ***Sync-Rx*** develops medical devices for improving trans-catheter cardiovascular interventions. ***PaperLnx*** develops a visual search engine for connecting printed media via the camera phone to the internet.

- **Recent notable developments in several of Elron's private group companies:**
  - ***Medingo Ltd.* –** a developer of a miniature insulin patch pump, completed the second stage of the financing round initiated in the second half of 2007. The company continues its development progress.
  - ***Impliant*** – a developer of novel posterior motion preservation system for spine surgery, has made significant progress since the adverse clinical trial events in the third quarter of 2007. The Company now anticipates continuing the clinical trial process in the near future. During the first quarter, Elron became the major shareholder in the company, consolidating its financial results, and, as such, recorded a $4.5 million charge relating to IPR&D.
  - ***Jordan Valley Semiconductors Ltd.*** – acquired in April 2008 the business of BEDE-X RAY metrology, a company with revenues in excess of $11 million in 2007.
  - ***Teledata Networks Ltd.*** won a $12.5 million project in Costa Rica and was chosen to enhance Israel's national operator, Bezeq's access network.
  - ***Safend*** completed a $9 million private placement led by a premier European-based asset management fund.

- **Tender offer to purchase 5% of Given Imaging shares.** On May 16, 2008 Elron announced that it is commencing a tender offer to purchase 5% (1,462,640 shares) of Given Imaging Ltd. (Nasdaq & TASE: GIVN) for $16.54 per share. If the tender offer is successfully completed, Elron will pay a total amount of $24.2 million, and together with RDC, will hold approximately 32.4% of the issued and outstanding share capital of Given Imaging. There can be no assurance that the tender offer will be completed.

As of March 31, 2008, Elron's cash, debentures and deposits amounted to approximately $24.5 million compared with $55.2 million at December 31, 2007. Following the balance sheet date, Elron secured a $30 million bank credit facility.

Shareholders' equity at March 31, 2008, was approximately $254.9 million, which represented approximately 83% of Elron's total assets, compared to approximately $265.8 million, representing approximately 89% of Elron's total assets at December 31, 2007.

Commenting on Elron's first quarter results, **Elron President and CEO, Doron Birger,** said "The first quarter of 2008 continued to be an active period for Elron of growing and building its group companies**.** During the quarter many of our group companies continued to mature, showing positive progress in developing their products, while driving revenues. Furthermore, this quarter we continued to build our group, investing in existing and new companies, while establishing two new companies under RDC," concluded Mr. Birger.

CONFERENCE CALL DETAILS:

Elron will be hosting a conference on Monday, May 19, 2008 at 10:00 am ET (7:00am PT, 3:00pm UK time, 5:00 pm Israel time) to discuss its first quarter 2008 results. To participate, please call one of the following teleconferencing numbers. Please begin placing your calls at least 10 minutes before the conference call commences.

US: 1 888 668 9141, UK: 0 800 051 8913; Israel: 03 918 0691; International: +972 3 918 0691.

For your convenience, a replay of the call will be available through May 21, 2008. The replay numbers are:

1 888 295 2634 (US), 0 800 917 1246 (UK) and +972 3 925 5941 (International).

Elron Electronic Industries Ltd. (TASE & NASDAQ: ELRN), a member of the IDB Holding group, is a leading Israel-based technology holding company directly involved in the long-term performance of its group companies. Elron identifies potential technologies, creates strategic partnerships, secures financing, and recruits highly qualified management teams. Elron's group companies currently comprise a diverse range of publicly-traded and privately held companies primarily in the fields of medical devices, information & communications technology, clean technology and semiconductors. For further information, please visit www.elron.com

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Any statements in this press release that may be considered forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Actual results may differ from such forward-looking statements due to the risk factors discussed in the Company's Annual Report on Form 20-F and other periodic reports filed by the Company with the Securities and Exchange Commission, which the Company urges investors to consider.

Important Information: This is not an offer to buy or the solicitation of an offer to sell any ordinary shares of Given Imaging. The tender offer that is described in this press release will only be made through the Offer to Purchase, Letter of Transmittal and related tender offer documents. All shareholders of Given Imaging should read the tender offer materials, which filed by Elron with the Securities and Exchange Commission, and the Tender Offer Solicitation/Recommendation Statement with respect to the tender offer which will be filed in due course by Given Imaging, with the SEC and the Israel Securities Authority ("ISA"). Shareholders of Given Imaging should read the tender offer materials and the Solicitation/Recommendation Statement because they contain important information about the tender offer. The tender offer materials, the Solicitation/Recommendation Statement and other filed documents will be available at no charge on the SEC's website at http://www.sec.gov and on the ISA's website at http://www.magna.isa.gov.il, and will also be made available without charge to all shareholders by contacting MacKenzie Partners, Inc., the information agent for the tender offer, at (212) 929-5500 or toll free (800) 322-2885. Shareholders are urged to read these materials carefully before making any decision with respect to the tender offer.

****** FINANCIAL TABLES FOLLOW ******

ELRON ELECTRONIC INDUSTRIES LTD. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
In thousands of U.S. Dollars

	March 31, 2008	December 31, 2007
ASSETS		
Total current assets	$ 69,762	$ 82,406
INVESTMENTS AND LONG-TERM RECEIVABLES		
Investments in affiliated companies	132,388	131,351
Investments in other companies and long-term receivables	86,369	73,718
Deferred taxes	1,591	2,204
Severance pay deposits	3,370	1,808
Total long-term assets	223,718	209,081
PROPERTY AND EQUIPMENT, NET	4,229	1,936
INTANGIBLE ASSETS	9,542	5,524
Total assets	$ 307,251	$ 298,947
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total current liabilities	$ 32,293	$ 21,448
LONG-TERM LIABILITIES		
Long-term loans from banks and others	2,279	2,244
Accrued severance pay and retirement obligations	4,312	2,451
Deferred taxes	216	373
Total long-term liabilities	6,807	5,068
MINORITY INTEREST	13,225	6,614
Total Shareholders' Equity	254,926	265,817
Total liabilities and shareholders' equity	$ 307,251	$ 298,947

ELRON ELECTRONIC INDUSTRIES LTD. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
In thousands of U.S. Dollars, except share and per share data

	Three months ended March 31, 2008	Three months ended March 31, 2007	Year ended December 31, 2007
INCOME			
Revenues	$ 1,032	$ 981	$ 4,371
Equity in losses of affiliated companies	(6,385)	(5,308)	(20,416)
Gain from disposal of businesses and affiliated companies and changes in holdings in affiliated companies, net	101	11,714	14,854
Other income (expenses), net	724	473	(3,214)
Financial income (expenses), net	(311)	1,406	3,945
	(4,839)	9,266	(460)
COSTS AND EXPENSES	16,572	6,811	34,341
Income (loss) before taxes on income	(21,411)	2,455	(34,801)
Taxes on income	(132)	(1,522)	(7,544)
Income (loss) after taxes on income	(21,543)	933	(42,345)
Minority interest in losses of subsidiaries	9,420	1,635	5,250
Net income (loss)	$ (12,123)	$ 2,568	$ (37,095)
Income (loss) per share:			
Basic:			
Net income (loss)	$ (0.41)	$ 0.09	$ (1.25)
Diluted:			
Net income (loss)	$ (0.41)	$ 0.09	$ (1.27)
Weighted average number of ordinary shares used in computing basic net income (loss) per share (thousands)	29,650	29,601	29,619
Weighted average number of ordinary shares used in computing diluted net income (loss) per share (thousands)	29,650	29,696	29,619

MANAGEMENT REPORT FOR THE FIRST QUARTER ENDED MARCH 31, 2008

The following discussion should be read in conjunction with our unaudited Condensed Interim Consolidated Financial Statements as of March 31, 2008 and notes thereto and with our Annual Consolidated Financial Statements as of December 31, 2007 and notes thereto filed with the Securities and Exchange Commission on Form 6-K/A. This report contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements may be identified by the words “anticipate”, “believe”, “estimate”, “expect”, “plan” and similar expressions. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those discussed in our filings with the Securities and Exchange Commission from time to time.

OVERVIEW

We are a high technology operational holding company that operates through subsidiaries and affiliated companies, referred to as our group companies. Founded in 1962, we have been a major force in the development of the Israeli high technology industry by building Israeli and Israel-related companies with technologies in the fields of medical imaging, advanced defense electronics, telecommunications, semiconductors and software products and services. Elron's group companies currently comprise of a group of publicly-traded and privately held companies primarily in the fields of medical devices, information and communications technology, clean technology and semiconductors.

Our activities range from operational control over the business to involvement in the management of our group companies in which we maintain controlling or significant holdings, and, in a limited number of cases, non-significant holdings. We take an active and long term role in the development and growth of our group companies. We participate in the management of most of our group companies by means of active membership on their boards of directors and board committees and actively involvement in all aspects of their business to guide them through their long-term objectives. As a result, we are involved in matters of policy, strategic planning, marketing, selecting and manning senior management positions, approving investments and budgets, financing and the overall ongoing monitoring of our group companies’ performance. In addition to our representation on the boards of directors of our group companies, we provide hands-on assistance to the group companies' management in support of their growth. We view our hands-on involvement in the operations of our group companies as a key element of our business. Our group companies therefore benefit from the experience of our management team in various areas in which they need support and leadership, including, but not limited to, strategic planning, research and development guidance, identifying joint venture opportunities, introductions to potential customers and investors, risk management, market analysis, business plan preparation, budgetary control, financial advice and legal support.

Technology industries are characterized by the high degree of risk inherent in their products, their continuous technological innovation and their penetration into world markets, which require investment of considerable resources and continuous development efforts. The future success of our group companies is dependent upon their technological quality, patent protection, prices and nature of their products in comparison to their competitors and their ability to introduce new products to the markets at the right time, while offering cost effective solutions suitable to their customers' needs as well as their ability to raise financing and the condition of the capital markets

We expect to continue to build and realize value for our shareholders through the sale to third parties of a portion or all of our holdings in, or the issuance of shares by, our group companies, while simultaneously pursuing the acquisition of, or investment in, new and existing companies at different stages of development including early stage and more mature companies. We believe that this strategy provides the ability to increase shareholder value as well as to create capital to support the growth of our group companies and to invest in new opportunities. The nature of our business, therefore, will result in volatility in our results of operations, depending on the transactions that occur within a particular period.

Our net income (or loss) in any given period is due, for the most part, to the results of operations of those of our group companies which are accounted by us under the consolidation or equity method of accounting and dispositions and changes in our holdings of group companies. As most of our group companies are technology companies which have not yet generated significant revenues and which invest considerable resources in research and development and in marketing activities, without exit transactions, we have experienced, and expect to continue to experience, losses in respect of these companies to the extent they are accounted by us under the consolidation or equity method of accounting.

Our capital resources in any given period are primarily affected by the extent of our investment in existing and new companies and the realization of certain holdings as well as the impact of any dividends or distributions to our shareholders. The results of operations of our group companies, and consequently, our results of operations and capital resources, are affected by general economic conditions as well as by factors specifically related to the technology markets, which also affect the ability of our group companies to raise financing and our ability to dispose of holdings and realize gains from our holdings.

MAJOR TRANSACTIONS AND INVESTMENTS DURING THE FIRST QUARTER AND SUBSEQUENTLY

Medingo Ltd. ("Medingo"). In November 2007, Medingo, then wholly owned by RDC, completed a financing round of approximately $29 million, of which RDC invested $18 million (following the completion of Elron's assignment to RDC of certain investment rights described below), Elron invested approximately $6.1 million (including $4.2 million conversion of convertible loans previously granted to Medingo) and Radius Ventures, a U.S. venture capital fund and others, invested $5.1 million. The investment was in two installments, the second of which in the amount of $12.5 million was invested in February 2008. As a result of the above transaction (which included Elron's assignment of certain investment rights to RDC), Elron and RDC hold 7% and 70%, respectively, of Medingo's shares on a fully diluted basis and on an as converted basis.

RDC's investment of $18 million in the round was the result of Elron's transfer to RDC of Medingo shares purchased by Elron in the amount of $9 million as part of the first installment and Elron's assignment to RDC of its right to invest an additional $9 million as part of the second installment, which was funded by Rafael Advanced Defense Systems Ltd. ("Rafael") (the other shareholder of RDC), for the purpose of investing in Medingo.
Medingo, is developing solutions specifically for the needs of insulin-dependent diabetic patients

Brainsgate Ltd. ("Brainsgate"). In January 2008, Brainsgate completed an internal financing round of $12.5 million of which we invested approximately $5.5 million. The investment was in two equal installments, the first of which has been advanced and the second of which will be advanced on August 1, 2008. As a result Elron's holdings in Brainsgate increased from approximately 20% to approximately 24% of Brainsgate's equity on a fully diluted basis and on an as converted basis. BrainsGate is developing broad treatment platform technology for brain diseases.

BPT (Bio-Pure Technology) Ltd. ("BPT"). In January, 2008, BPT, a provider of advanced membrane-based separation solutions, completed an internal round of $3.2 million of which we invested $1.6 million. As a result Elron's holdings in BPT increased from 20% to 29% of BPT's equity on a fully diluted basis and on an as converted basis.

Safend Ltd. ("Safend"). In February, 2008, Safend, a leading provider of endpoint data leakage prevention solutions, completed a financing round of $9 million, led by a multi-billion dollar European-based asset management fund. As part of the financing round we invested $2.75 million. Following the above investment, our share in the equity of Safend, on a fully diluted and on an as converted basis remains approximately 22%.

AqWise – Wise Water Solutions Ltd. ("AqWise"). In March 2008 AqWise ,34% held by Elron, completed a financing round of $3.6 million (which include a conversion of previously granted convertible loans from existing shareholders) in three equal installments, of which Elron invested its pro rata amount of $1.2 million. AqWise is a provider of advanced biological wastewater treatment technologies which increase capacity and nutrient removal in wastewater treatment plants, utilizing advanced bio film technology.

Wavion Inc. ("Wavion"). In March 2008, Elron together with another shareholder of Wavion, in accordance with an agreement signed in August 2007, invested the second installment of $3.2 million of which Elron invested approximately $2.0 million. In addition, Elron together with such other shareholder purchased all the shares then held by a former stockholder in Wavion ("Purchased Shares"), of which Elron purchased 75% of the Purchased Shares. Following these transactions, Elron holds approximately 57% of Wavion's outstanding share capital on an as converted basis.
Wavion is considered to be a variable interest entity and we are the primary beneficiary of Wavion and accordingly we consolidated Wavion commencing the end of the first quarter of 2008.
As a result of the initial consolidation an amount of approximately $1.7 million was allocated mainly to intangible assets such as technology. The amounts allocated to the above intangible assets will be amortized on a straight-line basis over their weighted average expected useful life of 5 years.
Wavion develops and provides metro WI-FI access points.

Impliant Inc. ("Impliant"). Impliant is engaged in the development of a novel posterior motion preservation system for spine surgery. Impliant has made significant progress since the adverse clinical trial events occurred in the third quarter of 2007 and now anticipates continuing the clinical trial process in the near future.

In March, 2008, Elron and certain of Impliant's existing shareholders granted a convertible loan in the amount $10.0 million to Impliant in two installments of which Elron granted $6.0 million. The first installment in the amount of $5.0 million was invested immediately ($3.0 million of which by Elron) and the second installment is to be invested upon completion of a certain milestone event by Impliant. Impliant is considered to be a variable interest entity and we are the primary beneficiary of Impliant and accordingly we consolidated Impliant commencing the end of the first quarter of 2008.

The excess of the Impliant's equity fair value over its reported equity and convertible loan amounts amounted to approximately $4.5 million and was allocated to in process research and development ("IPR&D"). Products which did not receive marketing clearance by regulatory authorities as of the acquisition date were considered to be incomplete and accordingly the amount allocated to such products is considered to be IPR&D. The amount allocated to IPR&D was charged immediately to the Company’s results of operations and was included as part of "amortization of intangible assets" in the statement of operations.

Pocared Diagnostics Ltd. ("Pocared"). In March, 2008, Elron granted Pocared a convertible loan in the amount of $5.0 million out of an aggregate amount of $14.0 million. The balance of the loan was granted by other existing shareholder of Pocared and a new investor. The loan was advanced in two equal installments, the first installment immediately and the second installment is due to be advanced during the second quarter of 2008. Pocared, provides an innovative solution for real-time, reagentless In-Vitro Diagnostics (IVD). Pocared's wide technological platform may be used to address a wide range of medical diagnostic applications.

ChipX Inc. ("ChipX"). In May, 2008 ChipX, a provider of differentiated ASIC (application specific integrated circuits) solutions, completed a private placement of $4.0 million from a new investor and existing shareholders, of which Elron invested approximately $0.7 million. Following this investment, Elron's holdings in ChipX remain approximately 23% on fully diluted basis and on as converted basis.

Tender Offer to Purchase Given Imaging Ltd. (“Given Imaging”) Shares. On May 16, 2008 Elron announced that it is commencing a tender offer to purchase 1,462,640 ordinary shares of Given Imaging (Nasdaq & TASE: GIVN), representing 5% of the issued outstanding Given Imaging's shares, for $16.54 per share, net to the seller in cash, less any required withholding taxes and without interest, in the aggregate amount of $24.2 million. Elron, currently together with its subsidiary RDC, holds approximately 27.4% of the issued and outstanding Given Imaging shares. Elron and RDC together with Discount Investment Corporation Ltd. ("DIC"), a 48.6% shareholder of Elron hold approximately 43.5% of the issued and outstanding shares of Given Imaging. If the tender offer is completed, Elron and RDC will hold approximately 32.4% of the issued and outstanding Given Imaging shares, or when taken together with the issued and outstanding shares held by Elron's affiliates, approximately 48.5% of the issued and outstanding Given Imaging shares. The tender offer is conditioned upon certain conditions as specified in the Offer to Purchase relating to the tender offer filed with the U.S. Securities and Exchange Commission and with the Israeli Securities Authority on May 16, 2008. There can be no assurance that the tender offer will be completed.

OTHER MAJOR EVENTS

Agreement with Rafael and settlement of claim by Rafael against Elron's subsidiaries, DEP and RDC. On December 30, 2007, Elron, DEP Technology Holdings Ltd. ("DEP") (100% held by Elron), RDC (50.1% held by DEP and 49.9% held by Rafael) and Rafael signed an agreement (the "Addendum") effective as of January 1, 2008 which was subsequently approved by the court, amending the existing agreement between the parties pertaining to the rights granted to RDC to commercialize certain technologies of Rafael, and settled a claim filed by Rafael in September 2006 against DEP and RDC. Pursuant to the Addendum, RDC's rights to commercialize certain technologies of Rafael will continue without time restrictions. In January 2008 we made a one-time investment in RDC of $4 million and are committed to make further investments of $0.75 million in RDC for each company established by RDC based on Rafael's technologies. The Addendum settles all claims between Rafael and RDC and DEP as well as resolves other issues which will facilitate cooperation between the parties.

CRITICAL ACCOUNTING POLICIES

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States ("US GAAP"). Our significant accounting policies are more fully described in Note 2 of the Notes to our 2007 Annual Consolidated Financial Statements. The accounting policies which are particularly important to the assessment of our financial position and results of operations are described in the management report for the year ended December 31, 2007.

BASIS OF PRESENTATION

Consolidation. Our consolidated financial statements include the accounts of Elron and all of our direct or indirect (through Elbit and DEP) controlled subsidiaries. The following are our main subsidiaries:

Three months ended March 31,	
2008	2007
RDC	RDC
SELA	SELA
Medingo	Medingo
Starling	Starling
Sync-Rx[1]	
PaperLnx [1]	
Wavion[2]	
Impliant[3]	

[1] Sync-Rx and PaperLnx were established by RDC in the fourth quarter of 2007.
[2]Consolidated under FIN46(R) from March 31, 2008
[3] Consolidated under FIN46(R) from March 31, 2008

Equity Method. Our main group companies held by us or through Elbit, DEP and RDC accounted for under the equity method of accounting include:

Three months ended March 31,			
2008		2007	
Given Imaging	Ellara	Given Imaging	Ellara (formerly AMT)
NetVision	Notal Vision	NetVision	Notal Vision
ChipX	Galil Medical	ChipX	CellAct[4]
Wavion[1]	3DV	Wavion	Galil Medical
AqWise	RADLIVE[2]	AqWise	3DV
	Journeys[3]		

[1] Through March 31, 2008
[2] RADLIVE was Purchased in May 2007
[3] Journeys was Purchased in July 2007
[4] CellAct was sold in February 2007

Other investments. Our main group companies held by us which are accounted for under the cost method or as available-for- sale include:
Cost:

Three months ended March 31,					
2008			2007		
Jordan Valley	Safend	BPT[2]	Jordan Valley	BrainsGate	Neurosonix
Impliant[5]	Neurosonix	MuseStorm[3]	Impliant	NuLens	Atlantium
Teledata	Atlantium	PlyMedia[4]	Teledata	Safend	Enure
BrainsGate	Enure				
NuLens	Pocared[1]				

[1] Purchased in June 2007
[2] Purchased in April 2007
[3] Purchased in July 2007
[4] Purchased in February 2008
[5] Through March 31, 2008

Available-for-sale Securities - As of March 31, 2008 – Elbit Vision Systems and M-Wise.

RESULTS OF OPERATIONS

Three months ended March 31, 2008 compared to three months ended March 31, 2007.

The following tables set forth our results of operations in the reported period:

	Three months ended March 31,	
	2008	**2007**
	(millions of $, except per share data)	
Net income (loss)	(12.1)	2.6
Net income (loss) per share	(0.41)	0.09

The net loss we reported in the three months ended March 31, 2008 resulted mainly from our share in the net loss of our group companies in the amount of $10.1 million which included a $4.5 million write off of IPR&D with respect to the initial consolidation of Impliant based on fair value in the first quarter of 2008 (see also under "MAJOR TRANSACTIONS AND INVESTMENTS DURING THE FIRST QUARTER AND SUBSEQUENTLY").

The net income we reported in the three months ended March 31, 2007 resulted mainly from a $9.1 million gain (net of tax) from the merger between NetVision, Barak and GlobCall during the first quarter of 2007. This gain was offset mainly by our share in the net loss of our group companies in the amount of $7.4 million.

The following table summarizes our operating results:

	Three months ended March 31	
	2008	2007
	(millions of $)	
Net revenues	1.0	1.0
Net loss from equity investments	(6.4)	(5.3)
Gains from disposal of business and affiliated companies and changes in holdings in affiliated companies	0.1	11.7
Other income, net	0.7	0.5
Finance (expenses) income, net	(0.3)	1.4
Total income (loss)	(4.9)	9.3
Cost of revenues	0.4	0.5
Operating expenses	11.6	6.3
Amortization of intangible assets	4.5	-
Total costs and expenses	16.6	6.8
Loss from continuing operations before income taxes	21.4	2.5
Taxes on income	(0.1)	(1.5)
Minority interest	9.4	1.6
Net income (loss)	(12.1)	2.6

Income

Net revenues. Net revenues, consisted of sales of products and services by our subsidiary SELA, amounted to $1.0 million in the three months ended March 31, 2008, the same as in the three months ended March 31, 2007.

Share in net losses of affiliated companies. Our share in net losses of affiliated companies resulted from our holdings in certain investments that are accounted for under the equity method (see above under "Basis of Presentation"). Our share in net losses of affiliated companies amounted to $6.4 million in the three months ended March 31, 2008, compared to $5.3 million in the same period in 2007.

Highlights of the Results of Operations of Our Major Affiliates:

Given Imaging (Nasdaq: GIVN) (a 23% holding directly and indirectly through RDC). Given Imaging Ltd. ("Given Imaging"), a medical device company that develops, manufactures and markets innovative diagnostic systems for visualizing the gastrointestinal tract, using a disposable miniature swallowable video capsules, recorded revenues of $27.1 million in the first quarter of 2008 an increase of 18% compared to $23.1 million in the first quarter of 2007. Given Imaging's net income in the first quarter of 2008 was $1.1 million, compared to $0.1 million in the first quarter of 2007.

On April 21, 2008 Given announced that it has signed a term sheet with Olympus Corporation outlining a settlement of the patent litigation between the two companies in the United States. Given Imaging announced that the term sheet includes certain worldwide royalty-free cross-licenses for the parties' respective existing capsule endoscopy products and a release of all past causes of action. Given Imaging stated that the settlement will become final upon the signing of a formal written agreement, and the parties have asked the Court to stay all activity in the pending litigation.

Galil Medical (a 20% holding directly and indirectly through RDC). Galil Medical is a medical device company that develops, manufactures and markets medical supplies based on innovative cryotherapy technology while incorporating powerful freezing technology and revolutionary needle design to destroy malignant and benign tumors. Galil Medical revenues in the three month period ended March 31, 2008 amounted to $5.5 million, compared to $6.6 million in the same period in 2007. Galil Medical's operating loss in the three month period ended March 31, 2008 amounted to $3.5 million, compared to $1.7 million in the same period in 2007, resulting from higher level of research and development and sales and marketing activities.

NetVision (a 16% holding) (TASE: NTSN). The following results of NetVision for the first quarter of 2008 and 2007 reflect the combined results of NetVision, Barak I.T.C (1998) International Telecommunications Services Corp Ltd ("Barak") and GlobCall Communications Ltd. ("Globcall") (hereafter: "NetVision Group") based on International Financial Reporting Standards (IFRS). Since the merger with Barak and GlobCall was completed at the end of January 2007 , according to the IFRS, the combined results of NetVision for the first quarter of 2007 do not include the results of Barak and GlobCall for January 2007 and other influences of the purchase as if the purchase had been completed in January 1, 2007 ("January results"). The proforma results for the first quarter of 2007 include January results. NetVison Group's revenues in the three month period ended March 31, 2008 amounted to $84.5 million compared to $65.2 million (or compared to $83.2 million proforma revenues) in the same period in 2007. NetVision group's operating income in the three month period ended March 31, 2008 amounted to $7.3 million, compared to $3.6 million (or compared to $2.8 million proforma operating income) in the same period in 2007 and its net income amounted to $7.6 million compared to net loss $1.9 million in the same period in 2007. NetVision Group's broadband customer base at March 31, 2008 reached approximately 542,000 compared to 533,000 at December 31, 2007. NetVision's operating currency is the New Israeli Shekel (NIS) and accordingly, all figures above are translations for convenience purposes of NetVision's NIS figures into US dollars at the representative rate of exchange prevailing at March 31, 2008 according to which $1.00 equaled NIS 3.553.

On May 4, 2008, Netvision announced that, it has entered into an agreement with Bank Leumi LeIsrael (the "Bank") to acquire its shares in HOT Communications Systems Ltd. (TASE:HOT) ("HOT"), an Israeli telecommunications and cable television company. The shares amount represents 15% of the issued and outstanding shares of HOT , and the purchase price is NIS 480 million (approximately $139 million), of which NIS 160 million (approximately $46 million) will be paid not later than 18 months from the date of closing. The closing of the transaction is subject to certain conditions. There can be no assurance that the transaction will be completed.

Medingo Ltd. (a 51% holding directly and indirectly through RDC). Medingo, is developing solutions specifically for the needs of insulin-dependent diabetic patients. Medingo's device is a miniature dispensing patch, which is convenient, easy to use, discreet and more cost-effective than standard insulin pumps. Medingo is in advanced stages of the development of its innovative insulin-dispensing device. Medingo's operating loss in the three months ended March 31, 2008, amounted to $3.9 million compared to $1.5 million in the same period in 2007.

We expect that most of our group companies as well as new companies in which we will invest will continue to recognize losses in future periods, as they invest significant resources in research and development and sales and marketing activities and have not yet generated significant revenues. Our results of operations will therefore be affected by the extent of our share in their net losses (to the extent they are reported under the equity or consolidation method of accounting).

Gains from Disposal of Businesses and Affiliated Companies and Changes in Holdings in Affiliated Companies. Gains from disposal of businesses and affiliated companies and changes in our holdings in affiliated companies in the three months ended March 31, 2008 amounted to $0.1 million compared to $11.7 million in the same period in 2007. The gain in the first quarter of 2007 was mainly as a result of a $10.3 million gain ($9.1million net of tax) from the merger between NetVision, Barak and Globcall, a $1.0 million gain from exercise of options and debentures in NetVision and a $0.5 million gain from the sale of our 45% interest in CellAct in consideration for $0.8 million.

Other Income, net. Other income, net, amounted to $0.7 million in the three months ended March 31, 2008 compared to $0.5 million in the same period in 2007. The gain in first quarter of 2008 was mainly due to a $1.5 million gain resulting from a contingent payment received in connection with previously held a group company sold in 2004. The gain in the first quarter of 2007 was mainly due to the sale of some of Mwise shares held by us for approximately $0.5 million.

Finance (expenses) income, net. Finance expenses, net, in the first quarter of 2008 amounted to $0.3 million, compared to $1.4 million finance income, net in the same period in 2007. The decrease resulted mainly from the effect of lower cash and debenture balances. In addition, in the first quarter of 2008 Starling recorded $0.7 million of finance expenses as a result of the increase in value of its convertible debentures and options to convertible debentures which are recorded on fair value.

Expenses

Cost of revenues. Cost of revenues consisted primarily of expenses related mainly to salaries and hardware associated with delivering products and services of our subsidiary SELA.

Operating expenses. Operating expenses are comprised of research and development expenses, sales and marketing and general and administrative expenses of our and RDC's corporate operations and of our subsidiaries, mainly SELA, Medingo, Starling and Wavion (the last was consolidated from January 1, 2008). The following table sets forth the operating expenses:

	Three months ended March 31,	
	2008	2007
	(millions of $)	
Corporate	2.7	2.1
SELA	0.9	0.6
Starling	2.3	1.7
Medingo	3.9	1.4
Other[1]	0.6	-
RDC	1.2	0.5
	11.6	6.3

[1]Sync-RX and PaperLnx

Corporate operating expenses in the three months ended March 31, 2008 amounted to $2.7 million, compared to $2.1 million in the same period in 2007. The increase resulted mainly from salaries and related expenses and professional services.

Medingo's operating expenses and operating loss amounted to $3.9 million in the three months ended March 31, 2008, compared to $1.4 million in the same period in 2007. Medingo's operating expenses include mainly research and development expenses incurred in the development of its miniature dispensing insulin patch for insulin-dependent diabetic patients.

SELA's operating expenses amounted to $0.9 million in the three months ended March 31, 2008, compared to $0.6 million in the same period in 2007 and its operating loss amounted to $0.3 million and $0.1 million, respectively.

Starling's operating expenses and operating loss amounted to $2.3 million in the three months ended March 31, 2008, compared to $1.7 million in the same period in 2007. The increased loss resulted mainly from the increase in salaries and related expenses.

Amortization of intangible assets. Amortization of Intangible assets amounted to $4.5 million in the first quarter of 2008 resulting from the initial consolidation of Impliant at the end of the first quarter of 2008. Since Impliant was consolidated under the conditions of Interpretation No. 46(R), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46") (See note 2 c to our Annual Consolidated Financial Statements as of December 31, 2007), the consolidation was done based on fair value. Therefore, the excess of the Impliant's equity fair value over its reported equity and convertible loan amounts, amounted to approximately $4.4 million and was allocated to IPR&D

LIQUIDITY AND CAPITAL RESOURCES

Consolidated cash, debentures and deposits at March 31, 2008, were approximately $60.1 million (of which $8.4 million denominated in NIS) compared with $74.4 million (of which $7.6 million denominated in NIS) at December 31, 2007. At March 31, 2008, corporate cash, debentures and deposits were $24.5 million compared with $55.2 million at December 31, 2007.

The main uses of the corporate cash and other liquid instruments in the first quarter of 2008, were $28.6 million of investments and loans to our group companies.
The investments and loans to our group companies during the three month period ended March 31, 2008 are detailed in the following table:

Consolidated companies (***)	
(in milllons)	
RDC	4.0
Medingo	1.0
Impliant(*)	3.0
Wavion(**)	2.0
Sela	0.2
	10.2
Affiliated companies and other investments	
Pocared	4.4
Brainsgate	2.8
Safend	2.7
BPT	1.6
Enure	1.3
Atlantium	1.2
Ellara (formerly AMT)	0.9
Other	3.5
	18.4
Total corporate investments	28.6

(*) Consolidated from March 31, 2008
(**) Consolidated from January 1, 2008
(***) These investments do not affect the cash included in the consolidated financial statements.

Consolidated working capital at March 31, 2008 amounted to $37.8 million compared to $61.0 million at December 31, 2007. The decrease was mainly due to lower cash and debenture balances and an increase in short term loans, which resulted from the initial consolidation of Wavion and Impliant.

Consolidated loans at March 31, 2008, were approximately $10.2 million, compared to $5.6 million at December 31, 2007. The increase in the consolidated loans resulted from the consolidation of Impliant and Wavion in the first quarter of 2008. Convertible debentures at March 31, 2008 amounted to $6.2 million and represent the minority portion of the convertible debentures issued by Starling in May 2007.

Subsequent to March 31, 2008 and through May 18, 2008, we invested an additional aggregate amount of approximately $2.2 million in our group companies.

Our investment policy for managing our funds is in general to invest in bank deposits and U.S. government securities with high liquidity and corporate debentures with high liquidity and a high quality rating.

On May 15, 2008 Elron signed an agreement with a bank in Israel to provide the company with a $30 million credit line to be utilized within a period of one year from the date of the agreement.

We believe that our existing resources will be sufficient to fund our and our subsidiaries' operations and our investment plan in existing and new companies for at least the next twelve months.

Shareholders' equity at March 31, 2008, was approximately $254.9 million, representing approximately 83% of the total assets compared with $265.8 million representing approximately 89% of total assets at December 31, 2007.

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ELRON ELECTRONIC INDUSTRIES LTD.
AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2008
(Unaudited)

**ELRON ELECTRONIC INDUSTRIES LTD.
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

AS OF MARCH 31, 2008

UNAUDITED

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CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

	March 31, 2008	December 31, 2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 34,387	$ 20,090
Short-term investments	8,901	16,900
Restricted cash	8,351	7,642
Available for sale marketable securities	8,430	29,730
Trade receivables (net of allowance for doubtful accounts of $23 and $0 at March 31,2008 and December 31, 2007, respectively)	749	1,043
Other receivables and prepaid expenses*	6,748	5,269
Inventories	2,196	1,732
Total current assets	69,762	82,406
INVESTMENTS AND LONG-TERM RECEIVABLES		
Investments in affiliated companies	132,388	131,351
Investments in other companies and long-term receivables	86,369	73,718
Deferred taxes	1,591	2,204
Severance pay deposits	3,370	1,808
Total investments and long-term receivables	223,718	209,081
PROPERTY AND EQUIPMENT, NET	4,229	1,936
INTANGIBLE ASSETS		
Goodwill	2,742	2,742
Other intangible assets	6,800	2,782
Total intangible assets	9,542	5,524
Total assets	$ 307,251	$ 298,947

* Includes short-term receivables from related parties in the aggregate amount of $57 and $169 as of March 31, 2008 and December 31, 2007, respectively.

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

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

	March 31, 2008	December 31, 2007
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term loans from banks and others	$ 850	$ 850
Current maturities of long-term loans from banks and others	7,036	2,475
Trade payables	4,371	3,236
Convertible Debentures	6,202	5,549
Option to Convertible Debentures	898	830
Other payables and accrued expenses	12,936	8,508
Total current liabilities	32,293	21,448
LONG-TERM LIABILITIES		
Long-term loans from banks and others	2,279	2,244
Accrued severance pay and retirement obligations	4,312	2,451
Deferred taxes	216	373
Total long-term liabilities	6,807	5,068
MINORITY INTEREST	13,225	6,614
SHAREHOLDERS' EQUITY:		
Ordinary shares of NIS 0.003 par value; Authorized - 35,000,000 shares as of March 31, 2008 and December 31, 2007; Issued and outstanding: 29,650,017 shares as of March 31, 2008 and December 31, 2007.	9,573	9,573
Additional paid-in capital	276,056	275,947
Accumulated other comprehensive income	4,812	3,689
Retained earnings	(35,515)	(23,392)
Total shareholders' equity	254,926	265,817
Total liabilities and shareholders' equity	$ 307,251	$ 298,947

May 18, 2008			
Date of approval of the financial statements	Arie Mientkavich Chairman of the Board of Directors	Doron Birger President & Chief Executive Officer	Rinat Remler Vice President & Chief Financial Officer

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

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands, except share and per share data

	Three months ended March 31, 2008	Three months ended March 31, 2007	Year ended December 31, 2007
INCOME			
Net revenues	$ 1,032	$ 981	$ 4,371
Equity in losses of affiliated companies, net	(6,385)	(5,308)	(20,416)
Gain from disposal of businesses and affiliated companies and changes in holdings in affiliated companies, net	101	11,714	14,854
Other income (expenses), net	724	473	(3,214)
Financial income (expenses), net	(311)	1,406	3,945
	(4,839)	9,266	(460)
COSTS AND EXPENSES			
Cost of revenues	421	462	2,233
Research and development costs, net	5,938	2,375	13,284
Marketing and selling expenses, net	1,078	516	2,802
General and administrative expenses	4,659	3,454	13,716
Amortization of intangible assets	4,476	4	2,306
	16,572	6,811	34,341
Income (loss) before taxes on income	(21,411)	2,455	(34,801)
Taxes on income	(132)	(1,522)	(7,544)
Income (loss) after taxes on income	(21,543)	933	(42,345)
Minority interest in losses of subsidiaries	9,420	1,635	5,250
Net income (loss)	$ (12,123)	$ 2,568	$ (37,095)
Income (loss) per share:			
Basic:			
Net income (loss)	$ (0.41)	$ 0.09	$ (1.25)
Diluted:			
Net income (loss)	$ (0.41)	$ 0.09	$ (1.27)
Weighted average number of ordinary shares used in computing basic net income (loss) per share (thousands)	29,650	29,601	29,619
Weighted average number of ordinary shares used in computing diluted net income (loss) per share (thousands)	29,650	29,696	29,619

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands, except share and per share data

	Number of shares	Share capital	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total Shareholders' equity	Total comprehensive income (loss)
Balance as of January 1, 2007	29,592,748	$ 9,573	$ 272,930	$ 1,298	$ 13,703	$ 297,504	
Exercise of options	57,269	-	230			230	
Stock - based compensation	-	-	304	-	-	304	
Increase in investment due to issuance of shares by a development stage subsidiary company	-	-	2,483	-	-	2,483	
Other comprehensive loss, net of tax:							
Unrealized gain on available for sale securities	-	-	-	1,658	-	1,658	1,658
Reclassification adjustment for loss realized included in net income	-	-	-	(1,255)	-	(1,255)	(1,255)
Foreign currency translation adjustment included in net income due to decrease in holdings in affiliated company				(407)	-	-	(407)
Foreign currency translation adjustments	-	-	-	2,395		2,395	2,395
Net loss	-	-	-	-	(37,095)	(37,095)	(37,095)
Balance as of December 31, 2007	29,650,017	$ 9,573	$ 275,947	$ 3,689	$ (23,392)	265,817	
Total comprehensive loss							$ (34,704)
Stock - based compensation	-	-	109	-	-	109	
Other comprehensive loss, net of tax:							
Unrealized loss on available for sale securities	-	-	-	(1,029)	-	(1,029)	(1,029)
Reclassification adjustment for loss realized and other than temporary impairment included in net loss	-	-	-	(4)	-	(4)	(4)
Foreign currency translation adjustments	-	-	-	2,156	-	2,156	2,156
Net loss	-	-	-	-	(12,123)	(12,123)	(12,123)
Balance as of March 31, 2008	29,650,017	$ 9,573	$ 276,056	$ 4,812	$ (35,515)	$ 254,926	
Total comprehensive income							$ (11,000)
Balance as of January 1, 2007	29,592,748	$ 9,573	$ 272,930	$ 1,298	$ 13,703	$ 297,504	
Exercise of options	8,027	-	40			40	
Stock - based compensation	-	-	86	-	-	86	
Other comprehensive loss, net of tax:							
Unrealized gain on available for sale securities	-	-	-	1,204	-	1,204	
Reclassification adjustment for loss realized and other than temporary impairment included in net loss	-	-	-	(487)	-	(487)	(487)
Foreign currency translation adjustment included in net income due to decrease in holdings in affiliated company				(265)		(265)	(265)
Foreign currency translation adjustments	-	-	-	497		497	497
Net income	-	-	-	-	2,568	2,568	2,568
Balance as of March 31, 2007	29,600,775	$ 9,573	$ 273,056	$ 2,247	$ 16,271	$ 301,147	
Total comprehensive loss							$ (2,313)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three months ended March 31, 2008	Three months ended March 31, 2007	Year ended December 31, 2007
Cash flows from operating activities			
Net income (loss)	$ (12,123)	$ 2,568	$ (37,095)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Equity in losses of affiliated companies, net	6,385	5,308	20,416
Minority interest in losses of subsidiaries	(9,420)	(1,635)	(5,250)
Loss (gain) from disposal of businesses and affiliated companies and changes in holdings in affiliated companies, net	(101)	(11,712)	(14,854)
Loss (gain) from sale of investments in available - for - sale securities	65	(480)	(1,592)
Depreciation and amortization	4,643	247	751
Impairment of investments	160	-	9,205
Equity in losses (gains) of partnerships	699	120	826
Stock - based compensation and changes in liability in respect of call options	708	468	1,740
Increase in restricted cash	(709)	-	-
Deferred taxes, net	99	1,460	4,986
Convertible Debentures and option to convertible Debentures issuance costs recognized included in net income	-	-	976
Gain from sale of real estate	-	-	(5,460)
Changes in operating assets and liabilities			
Decrease (increase) in trade receivables	302	23	(401)
Decrease (increase) in other receivables and prepaid expenses	843	196	4,477
Decrease in trading securities, net	-	(1)	1
Decrease (increase) in inventories and contracts-in-progress	(87)	106	(117)
Increase (decrease) in trade payables	513	(834)	133
Increase (decrease) in other payables and accrued expenses	1,753	(6,681)	(5,764)
Other	1,088	190	124
Net cash used in operating activities	(5,182)	(10,657)	(26,898)
Cash flows from investing activities			
Cash and cash equivalents resulting from newly consolidated subsidiaries(Schedule A)	(117)	-	-
Investment in affiliated companies	(2,288)	(5,999)	(34,422)
Proceeds from sale of affiliated companies shares	-	413	661
Investment in other companies	(16,224)	(140)	(14,793)
Proceeds from sale and maturity of available for sale securities	21,026	4,069	44,518
Investments in deposits	-	(6,256)	(31,203)
Investment in available for sale securities	-	(12,841)	(17,171)
Proceeds from deposits	8,003	8,550	34,720
Investment in restricted deposits	-	-	(7,642)
Purchase of property and equipment	(308)	(100)	(1,189)
Proceeds from sale of real estate and property and equipment	37	-	7,656
Net cash provided by investing activities	10,129	(12,304)	(18,905)
Cash flows from financing activities			
Proceeds from options exercised	-	40	230
Repayment of long-term loans	(2)	(2)	(6)
Increase (decrease) in short-term bank loan, net	302	176	(417)
Proceeds from issuance of shares to minority of subsidiary, net	9,050	-	7,619
Proceeds from issuance of Convertible Debentures and Option to Convertible Debentures	-	-	5,188
Receipt of short-term loans, convertible loans and long-term loans from minority shareholders of a subsidiary	-	268	325
Net cash used in financing activities	9,350	482	12,939
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,297	(22,479)	(32,864)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	20,090	52,954	52,954
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 34,387	$ 30,475	$ 20,090

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three months ended March 31, 2008	Three months ended March 31, 2007	Year ended December 31, 2007
Supplemental cash flow information:			
Cash paid for:			
Income taxes	$ 8	$ 7,642	$ 10,472
Interest	$ 9	$ 26	$ 119
Non cash transaction			
Receivables in respect of issuance of shares by a subsidiary to the minority	$ -	$ -	$ 2,550
Proceeds from sale of an affiliate not yet received	$ -	$ 413	$ 228

SCHEDULE A:

Change in cash and cash equivalents resulting from newly of consolidated subsidiaries

Assets and liabilities at date of sale:			
Working capital, net (except cash and cash equivalents)	$ 4,381	$ -	$ -
Property and equipment	(2,182)	-	-
Minority interest	4,740	-	-
Accrued severance pay, net	231	-	-
Intangible assets	(2,049)	-	-
Purchase price allocated to IPR&D	(4,476)	-	-
Investment in affiliated Companies	(762)	-	-
Net decrease in cash and cash equivalents	$ (117)	$ -	$ -

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

NOTE 1:- GENERAL

The accompanying unaudited condensed interim consolidated financial statements have been prepared as of March 31, 2008, and for the three months then ended in accordance with accounting principles generally accepted in the United States (U.S. GAAP) relating to the preparation of financial statements for interim periods. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States but which are not required for interim reporting purposes, have been condensed or omitted. See Note 7 for the reconciliation from U.S. GAAP to International Financial Reporting Standards ("IFRS").

These financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2007 ("the Company annual financial statements") and accompanying notes.

The condensed interim consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the period presented.

Results for the three months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. The significant accounting policies followed in the preparation of these financial statements are identical to those applied in preparation of the latest annual financial statements.

b. The financial statements have been prepared in U.S. dollars, since the functional currency of the Company and its principal subsidiaries is the U.S. dollar.

c. In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". SFAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. SFAS 157 applies only to fair value measurements that are already required or permitted by other accounting standards. The adoption of SFAS 157 did not have material effect on the Company's financial statements.

d. In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"), which permits companies to choose to measure certain financial instruments and other items at fair value that are not currently required to be measured at fair value which will be determined according to SFAS 157 mentioned above. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS 159 did not have any effect on the Company's financial statements.

e. In December 2007, the SEC staff issued Staff Accounting Bulletin No. 110 ("SAB 110"), which, effective January 1, 2008. SAB 110 amends and replaces Staff Accounting Bulletin No. 107 ("SAB 107"), Share-Based Payment. SAB 110 expresses the views of the SEC staff regarding the use of a “simplified” method in developing an estimate of expected term of “plain vanilla” share options in accordance with FASB Statement No. 123(R), Share-Based Payment. Under the “simplified” method, the expected term is calculated as the midpoint between the vesting date and the end of the contractual term of the option. The use of the “simplified” method, which was first described in SAB 107, was scheduled to expire

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

on December 31, 2007. SAB 110 extends the use of the “simplified” method for “plain vanilla” awards in certain situations. The SEC staff does not expect the "simplified” method to be used when sufficient information regarding exercise behavior, such as historical exercise data or exercise information from external sources, becomes available. The adoption of SAB 110 did not have any effect on the Company's financial statements.

f. In December 2007, the FASB issued SFAS 141(R), "Business Combinations" ("SFAS 141(R)"). This Statement replaces SFAS 141, "Business Combinations", and requires an acquirer to recognize the assets acquired, the liabilities assumed, including those arising from contractual contingencies, any contingent consideration, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the statement. SFAS 141(R) also requires the acquirer in a business combination achieved in stages (sometimes referred to as a step acquisition) to recognize the identifiable assets and liabilities, as well as the noncontrolling interest in the acquiree, at the full amounts of their fair values (or other amounts determined in accordance with SFAS 141(R)). In addition, SFAS 141(R)'s requirement to measure the noncontrolling interest in the acquiree at fair value will result in recognizing the goodwill attributable to the noncontrolling interest in addition to that attributable to the acquirer.

SFAS 141(R) also amends SFAS No. 109, "Accounting for Income Taxes", to require the acquirer to recognize changes in the amount of its deferred tax benefits that are recognizable because of a business combination either in income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. It also amends SFAS 142, Goodwill and Other Intangible Assets, to, among other things; provide guidance on the impairment testing of acquired research and development intangible assets and assets that the acquirer intends not to use.

SFAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. As such, the adoption of SFAS 141R is not expected to have any effect on accounting for current subsidiaries.

g. In December 2007, the FASB issued SFAS 160, "Noncontrolling Interests in Consolidated Financial Statements" ("SFAS 160"). SFAS 160 amends ARB 51, "Consolidated Financial Statements", to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also changes the way the consolidated income statement is presented by requiring consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SFAS 160 requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated and requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for fiscal periods, and interim periods within those fiscal years, beginning on or after December 15, 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

NOTE 3:- MAJOR TRANSACTIONS

a. Wavion

During March 2008, Elron together with another shareholder of Wavion, in accordance with the Series A Purchase Agreement signed in August 2007, invested the second installment of $3,200 of which Elron invested approximately $2,000. In addition, Elron together with such other shareholder purchased all the shares then held by a former stockholder in Wavion ("Purchased Shares"), of which Elron purchased 75% of the Purchased Shares. Following these transactions, Elron holds approximately 57% of the as converted outstanding share capital of Wavion.

Wavion is considered to be a variable interest entity. The Company is the primary beneficiary of Wavion and accordingly has consolidated Wavion commencing the end of the first quarter of 2008.

The excess of the Wavion's equity fair value over its reported equity amount, amounted to approximately $5,200 and was allocated based on preliminary purchase price allocation analysis mainly to intangible asset such as technology. Furthermore, according to SFAS 141,"Business Combinations", the excess of Elron's portion in the fair value of Wavion's equity over its reported amount of previously held interest (including the $2,000 invested during March 2008, mentioned above) in the amount of approximately $3,400 was adjusted as a decrease of the amount originally allocated to technology. The net amount allocated to the above technology is amortized on a straight-line basis over the technology expected useful life of 5 years.

b. Impliant

In March, 2008, Elron granted a convertible loan in the amount $6,000 to Impliant Inc. ("Impliant") as part of an aggregate convertible loan of $10,000 in two installments. The first installment in the amount of $5,000 was granted immediately and the second installment in the amount of $5,000 will be granted upon completion of a certain milestone event by Impliant.

Impliant is considered to be a variable interest entity. The Company is the primary beneficiary of Impliant and accordingly has consolidated Impliant commencing the end of the first quarter of 2008.

The excess of the Impliant's equity fair value over its reported equity and convertible loan amounts, amounted to approximately $3,300 and was allocated to in process research and development. Products which did not receive marketing clearance by regulatory authorities as of the acquisition date were considered to be incomplete and accordingly the amount allocated to such products is considered to be IPR&D. Furthermore, according to SFAS 141, the excess of Elron's reported amount of previously held interest (including the $3,000 granted as a loan during March 2008, mentioned above) over its portion in the fair value of Impliant's equity and convertible loans in the amount of approximately $1,200 was also allocated to IPR&D.
The total amount allocated to IPR&D was charged immediately to the Company’s results of operations and was included as part of "amortization of intangible assets" in the statement of operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
U.S. dollars in thousands, except share and per share data

NOTE 3:- MAJOR TRANSACTIONS (Cont.)

c. Medingo

In November 2007 ("the closing date"), Medingo Ltd. ("Medingo"), then wholly owned by RDC, completed a financing round of approximately $29,000 in consideration for 74,966 series A preferred shares pursuant to which Elron undertook to invest $22,200 and was granted an option to invest an additional $1,900 and Radius Ventures, a U.S. venture capital fund ("Radius") and others, undertook to invest $5,100. The investment was in two installments the first, in the amount of $16,700 of which Elron invested $14,200 (including $4,200 conversion of convertible loans, previously granted to Medingo by Elron and $950 as a result of the exercise of the option granted to Elron) and Radius invested $2,500.

During February 2008, Elron, Rafael and RDC, executed an agreement according to which Rafael agreed to transfer $9,000 to RDC for the purpose of investing in Medingo, and Elron agreed to assign a portion of its investment in Medingo in the amount of $9,000 which it already invested as part of the first installment, as described above, to RDC such that $18,000 of the total investment in Medingo will be considered an investment by RDC.

During February 2008, RDC, Elron, Radius and others invested the second installment in the amount of $9,000, $1,000 and $2,550, respectively.

As a result of the above agreement Elron's and RDC's holdings in Medingo are 7% and 70%, respectively, on a fully diluted basis and on an as converted basis and 9% and 84%, respectively, on an outstanding basis and on an as converted basis.

d. Pocared

In June, 2007, Elron completed an investment of approximately $5,350 in Pocared Diagnostics Ltd. ("Pocared"), in consideration for 2,294,536 preferred D shares. The aggregate financing round of $10,700 was led by Elron and SCP Vitalife Partners II, L.P.

The investment was in two installments: the first of $3,500 was invested immediately and an additional $1,900 was invested in January 2008.

In March, 2008, Elron granted a convertible loan to Pocared in the amount of approximately $5,000 out of an aggregate amount of $14,000. The balance of the loan was granted by existing shareholder and a new investor. The loan was advanced in two equal installments, the first installment was granted immediately and the second installment is due to be advanced during the second quarter of 2008. The loan is convertible into preferred stock of Pocared in accordance with the terms of the loan agreement.

Since the investment in Preferred D shares and in the convertible loan is not considered to be an investment that is in-substance-common stock, the investment in Pocared is accounted for under the cost method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

NOTE 3:- MAJOR TRANSACTIONS (Cont.)

e. Safend

In February 2008, Elron completed an investment of approximately $2,750 in Safend in consideration for 1,116, 978 Series C preferred shares. The above-mentioned investment was part of an aggregate private placement from a new investor and current shareholders in which it issued 3,655,565 Series C preferred shares in consideration for approximately $9,000. As a result of the aggregate investment, Elron's holds approximately 22% of Safend on a fully diluted and on an as converted basis.

Since the investment in Safend's preferred B and C shares are not considered to be an investment that is in in-substance-common stock, the investment in Safend is accounted for under the cost method.

f. BrainsGate

In February 2008, Elron completed an investment of approximately $5,500 in BrainsGate in consideration for 1,036,330 Series C preferred shares, in two equal installments, the first of which has been advanced and the second of which will be advanced on August 1, 2008. The above-mentioned investment was part of an aggregate internal round in which it issued 2,333,503 Series C preferred shares in consideration for approximately $12,500. As a result of the aggregate investment, Elron holds approximately 24% of BrainsGate on a fully diluted and on an as converted basis.

Since the investment in BrainsGates's preferred C and B-1 shares are not considered to be an investment that is in in-substance- common stock, the investment in BrainsGate was accounted for under the cost method.

g. RDC

In December 2007, Elron, DEP, RDC and Rafael signed an agreement (the "Addendum") which came into effect on January 1, 2008, and subsequently approved by the court, amending the existing agreement between the parties pertaining to the rights granted to RDC to commercialize certain technologies of Rafael and settling the above-mentioned claim filed by Rafael against RDC and DEP in September 2006. Pursuant to the Addendum, RDC's rights to commercialize certain technologies of Rafael will continue without time restrictions. Elron has made a one time investment in RDC of $4,000 and has committed to make further investments of $750 in RDC for each company established by RDC based on Rafael's technologies. The Addendum settles all claims between Rafael and RDC and DEP as well as resolves many other issues which will facilitate cooperation between the parties. The excess of the $4,000 invested in RDC over the increase in Elron's portion of RDC's equity, in the amount of $1,900 was allocated to the agreement with Rafael as intangible asset with indefinite life which is not subject to amortization.

h. Given Imaging- Tender offer

On May 16, 2008, subsequent to the balance sheet date, the Company announced that it is commencing a tender offer to purchase 1,462,640 ordinary shares of Given Imaging, representing 5% of the issued and outstanding Given imaging's shares, for $16.54 per share, net to the seller in cash, less any required withholding taxes and without interest in the aggregate amount of $24,200. The Company currently beneficially (including Given Imaging shares held by RDC) owns 8,002,180 Given Imaging shares, representing approximately 27.4% of the issued and outstanding Given Imaging shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

NOTE 3:- MAJOR TRANSACTIONS (Cont.)

h. Given Imaging- Tender offer (Cont.)

Discount Investment Corporation Ltd. ("DIC"), a 48.6% shareholder of the Company holds 4,719,528 ordinary shares. The Company together with DIC and RDC hold approximately 43.5% of the issued and outstanding shares of Given Imaging. If the tender offer is successfully completed, the Company will beneficially own approximately 32.4% of the issued and outstanding Given Imaging shares, or when taken together with the issued and outstanding shares owned by the Company's affiliates, approximately 48.5% of the issued and outstanding Given Imaging shares.

NOTE 4:- FAIR VALUE MEASUREMENTS

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with SFAS No. 157.

The following fair value hierarchy tables present information about the Company's assets and liabilities measured at fair value on recurring basis as of March 31, 2008.

Assets and Liabilities measured at fair value on a recurring Basis as of March 31, 2008

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance As of March 31, 2008
Assets				
Available for sale marketable securities	$ 8,430	$ -	$ -	$ 8,430
Investments in other companies and long-term receivables	$ 1,704	$ -	$ -	$ 1,704
Liabilities				
Convertible Debentures	$ 6,202	$ -	$ -	$ 6,202
Option to Convertible Debentures	$ 898	$ -	$ -	$ 898

NOTE 5 :- CREDIT LINE

On May 15, 2008, subsequent to the balance sheet date, the Company signed an agreement with a bank in Israel to provide the Company with a $30,000 credit line to be utilized within a period of one year from the date of the agreement. Amounts utilized will be for a term of three years bearing interest at a rate of three months Libor +1.3%. As part of the agreement the Company is committed to certain covanents.

NOTE 6:- CONTINGENT LIABILITIES

There were no material changes in the status of the Company’s contingent liabilities as described in the Company's annual financial statements for the year ended December 31, 2007, the details of which are as follows:

NOTE 6:- CONTINGENT LIABILITIES (Cont.)

1. During September 1999, the Company received a copy of a claim and a request to approve such claim as a class action on behalf of public shareholders of Elscint (formerly an affiliated company) against the Company and others, filed in the Tel Aviv-Jaffa Distric Court. The allegation raised by the plaintiff related to the decision regarding the sale of Elscint’s substantial assets. The class action claim is for an amount of approximately $158,000, alternatively $123,000. The claim alleges that the defendants, by their decisions regarding the sale of Elscint’s assets, caused damage to Elscint and its minority shareholders. The plaintiff seeks a court order requiring Elscint, or the other defendants, to purchase from each of the members of the represented class all shares held by them at a price of $27.46 per share. The claim has been stayed pursuant to an arrangement reached by the parties pending the outcome of the appeal with respect to the purported class action described in paragraph 2 below. The arrangement provides that if the appeal as described in paragraph 2 below is accepted, then the proceedings to approve the lawsuit as a class action will proceed. Otherwise, the application to approve the claim as a class action suit will be dismissed. In light of the decision on the said appeal by the Supreme Court as described in paragraph 2 below, the Company has requested directions from the Court in regard to this action. On June 14, 2007, the plaintiff notified the defendants that it intends to ask the Court to renew proceedings in the case. A hearing has been set for July, 2008.

2. On November 2, 1999, the Company received a copy of a claim, and a request to approve such a claim as a class action on behalf of some institutional investors and others and those who held shares in Elscint on September 6, 1999 against the Company and certain of its officers including former officers, filed in the Haifa District Court. The allegations raised in the claim relate, among others, to the period prior to the sale of the Company’s holdings in Elbit Medical Imaging ("EMI"), the parent company of Elscint and formerly an affiliated company. The plaintiffs sought a court order pursuant to which EMI would be compelled to execute an alleged buy-out of Elscint’s share at $14 per share or other remedies. On August 16, 2000, the Haifa District Court decided to strike out the application for approval of the claim as a class action. Some of the plaintiffs applied for and were granted permission to appeal to the Supreme Court in Israel against the District Court's decision. On December 14, 2006, the Supreme Court reversed that decision and execute referred the matter back to the Haifa District Court in order to decide whether the claim should be approved as a class action. On June 10, 2007, in accordance with the directions of the Haifa District Court issued on April 11, 2007, the plaintiffs submitted an updated statement of claim and application to approve the claim as a class action. Pursuant to the updated claim, the plaintiffs are no longer seeking an order compelling EMI to the alleged buy-out of Elscint’s share at $14 per share but instead are claiming compensation for damages sustained due to the alleged failure of EMI to execute the buy-out, as well as due to other allegations. The amended statement of claim does not specify the monetary amount claimed, however it does include various allegations relating to the manner of determining the damages claimed, which depends, amongst other things, upon verification of the specific circumstances with regard to each shareholder of Elscint separately and the substance of each damage claimed. On October 25, 2007, the defendants responded to the revised application to approve the claim as a class action and filed statements of defense to the updated statement of claim. The hearings regarding the application to recognize the claim as a class action have been completed and the parties are awaiting the decision of the court. In addition, in February 2001, the plaintiffs submitted a revised claim similar to the previous one but not as a class action.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

NOTE 6:- CONTINGENT LIABILITIES (Cont.)

3. During September 2006, two claims were filed by a certain individual in the Haifa District Court against the same defendants (including the Company and certain officers and former officers of the Company) of the action described in paragraph 2 above and based substantially on the same facts of such action. The claims are for an undisclosed amount and also include a request to approve the claims as class actions. The Court has determined that the defendants do not yet have to file statements of defense.

The Company denies all the allegations against it set forth as described in paragraphs 1, 2 and 3, and based on legal advice received, management is of the opinion that the Company has good defense arguments which more likely than not, will cause dismissal of the above claims against the Company.

NOTE 7:- RECONCILIATION TO IFRS

The consolidated financial statements of the Company have been prepared in accordance with U.S. GAAP. In July 2006, the Israel Accounting Standards Board published Accounting Standard No. 29, "Adoption of International Financial Reporting Standards (IFRS)" ("the Standard"). Pursuant to the Standard, companies that are subject to the provisions of the Securities Law, 1968, and that are required to report according to the regulations published thereunder, is required to prepare their financial statements in accordance with IFRS starting from the period commencing on January 1, 2008. Had the consolidated financial statements been prepared in accordance IFRS, the effects on the financial statements would have been as follows:

a. Effect on the statement of operations:

	Three months ended March 31, 2008		
	As reported	**Adjustments**	**As per IFRS**
Net loss	$ (12,123)	$ (3,379)	$ (15,502)*
Basic net loss per share	(0.41)	(0.11)	(0.52)
Diluted net loss per share	(0.41)	(0.12)	(0.53)

	Three months ended March 31, 2007		
	As reported	**Adjustments**	**As per IFRS**
Net income	$ 2,568	$ 9,028	$ 11,596*
Basic net income per share	0.09	0.30	0.39
Diluted net income per share	0.09	0.30	0.39

	Year ended December 31, 2007		
	As reported	**Adjustments**	**As per IFRS**
Net loss	$ (37,095)	$ 1,628	$ (35,467)*
Basic net loss per share	(1.25)	0.05	(1.20)
Diluted net income loss per share	(1.27)	0.07	(1.20)

* Represents net income attributed to parent owner interest (excluding net income attributed to minority interest)

U.S. dollars in thousands, except share and per share data

NOTE 7:- RECONCILIATION TO IFRS (Cont.)

b. Effect on the balance sheet:

	March 31, 2008		
	As reported	**Adjustments**	**As per IFRS**
Total assets	$ 307,251	$ (48,059)	$ 259,192
Total liabilities including minority interest (under U.S GAAP only)	52,325	(5,461)	46,864
Total equity	254,926	(42,598)	212,328**

**Under IFRS including minority interest in the amount of $10,138

	December 31, 2007		
	As reported	**Adjustments**	**As per IFRS**
Total assets	$ 298,947	$ (54,945)	$ 244,002
Total liabilities including minority interest (under U.S GAAP only)	33,130	(1,784)	31,346
Total equity	265,817	(53,161)	212,656**

**Under IFRS including minority interest in the amount of $3,043

c. Material adjustments:

1. Under U.S. GAAP the equity method of accounting is no longer being applied in investments that are not common stock or in-substance common stock, regardless of the Company's ability to significantly influence the investee's operational and financial policies. Under IFRS, if the investor is able to exercise significant influence over the investee's operational and financial policies, the equity method of accounting is applied.

2. Under US GAAP, in consolidated subsidiaries, when complex ownership structure exists, such as that the minority investment is in the form of a preferred security or other senior security which entitles the holders to a preference in liquidation and dividends, losses cannot be allocated that would reduce the carrying amount of the minority investment to the lower of the amount invested or liquidation value. Under IFRS, losses can be allocated to the minority up to the carrying amount of the minority investment.

   Furthermore, while under US GAAP the minority interest is presented as a liability, under IFRS, the minority interest in a subsidiary is considered as an ownership interest in the consolidated entity which is reported as equity in the consolidated financial statements.

NOTE 7:- RECONCILIATION TO IFRS (Cont.)

3. According to IFRS 1, "First-Time Adoption of International Financial Reporting Standards" the Company elected not to apply IFRS 3 "Business Combinations", retrospectively to past business combinations (business combinations that occurred before the date of transition to IFRS- January 1st 2007). As a result, material differences between U.S. GAAP and Israeli GAAP detailed in Note 26 to the Company's annual financial statements for 2007 (excluding C. 9) generated from past business combinations can be also addressed as differences between U.S. GAAP and IFRS.

4. Under IFRS, provisions are recognized when the Company has a present obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expenses relating to any provision is presented in the income statement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific in the liability. Under U.S. GAAP, provisions are recognized only when a resources embodying economic benefits was occurred. As a result of the different treatment for liabilities, as described above, several of the group companies recorded under IFRS an adjustment with respect to its contingent royalty obligation to the Office of the Chief Scientist of the Israeli Ministry of Industry and Trade.

5. As described in note 3a, under U.S. GAAP, Wavion was consolidated according to the conditions of FIN46(R) and FAS 141. As a result the excess of Elron's portion in the fair value of Wavion's equity over its reported amount of previously held interest) in the amount of approximately $3,400 was adjusted to reduce the amount allocated to technology. Under IFRS, the above-mentioned difference was recorded to shareholders' equity as a capital surplus in the amount of approximately $3,000 and will be amortized over a period of 5 years against retained earnings. The difference between the amounts mentioned above resulted from the difference in the reported amount of previously held interest in Wavion under U.S. GAAP and IFRS prior to the initial consolidation.

6. As described in note 3b, under U.S. GAAP, Impliant was consolidated according to the conditions of FIN46(R) and FAS 141. As a result the excess of Elron's reported amount of previously held interest over its portion in the fair value of Implaint's equity and convertible loans) in the amount of approximately $1,200 was allocated to IPR&D and as a result, was charged immediately to the Company's results of operations. Under IFRS, the excess of Elron's portion in the fair value of Impliant's equity and convertible loans over its reported amount of previously held interest in the amount of approximately $2,300 was recorded to shareholders' equity as a capital surplus. The difference between the amounts in which the investment in Impliant was presented prior to consolidation generated since it was accounted at cost under U.S. GAAP, while, accounted according to the equity method under IFRS.

   Furthermore, under IFRS,, the additional IPR&D in the amount of $3,300 as described in note 3b was not charged to the Company's results of operations.

U.S. dollars in thousands

Details relating to major investments as of March 31, 2008:

	% of ownership interest [1]	Carrying value of the investment as of March 31, 2008 [2]	Market value of the publicly traded investments as of March 31, 2008	May 15, 2008
Consolidated Companies:				
Starling Advanced Communication Ltd. (TASE:STLG) [3] [4]	50%	(863)	7,398	7,132
SELA Ltd. [3]	46%	740	-	-
Medingo Ltd. [3]	51%	5,900	-	-
Sync RX [3]	39%	1,012	-	-
Paper lynx [3]	50%	172	-	-
Wavion, Inc.	66%	(243)	-	-
Impliant Inc.	46%	52	-	-
Affiliated Companies (equity):				
Given Imaging Ltd. (Nasdaq: GIVN) [3]	23%	83,336	112,654	105,112
NetVision Ltd. (TASE: NTSN)	16%	32,742	50,544	57,875
ChipX, Inc.	29%	602	-	-
Ellara Ltd. (formerly AMT)	37%	1,521	-	-
Galil Medical Ltd. [3]	20%	774	-	-
3DV Systems Ltd. [3]	44%	(449)	-	-
Notal Vision, Inc.	22%	810	-	-
Aqwise Ltd.	34%	3,977	-	-
Radlive Ltd.	29%	2,885	-	-
Journeys Ltd. [5]	-	152	-	-
Kyma [5]	-	426	-	-
Affiliated for sale:				
EVS (Nasdaq: EVSNF.OB)	10%	1,481	1,481	1,579
MWise Inc. (Nasdaq: MWIS.OB)	3%	223	223	178
Partnership:				
Gemini Israel Fund L.P.	5%	16	-	-
InnoMed Ventures L.P.	14%	1,786	-	-
Cost:				
Jordan Valley Ltd.	20%	7,112	-	-
Teledata Ltd.	21%	16,855	-	-
NuLens Ltd.	34%	8,546	-	-
BrainsGate Ltd.	26%	9,811	-	-
Enure Networks Ltd.	41%	4,938	-	-
Safend Ltd.	27%	6,450	-	-
Neurosonix Ltd.	16%	2,850	-	-
Atlantium Inc.	30%	12,158	-	-
BPT Ltd.	30%	2,725	-	-
Pocared Ltd.	23%	7,835	-	-
Plymedia [5]	-	1,546		
MuseStorm Ltd.	24%	1,658	-	-

(1) On the basis of the outstanding share capital.

(2) Includes loans and convertible notes.

(3) Represents the carrying value and the ownership interest of the investment in Elron's books and Elron's share in the carrying value and ownership interest of the investment in RDC's books.

(4) Includes Convertible Debentures and Options to Convertible Debentures.

(5) Investment by convertible loans

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