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## Medis Technologies Ltd. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question will come from the line of Gary Giblen with Goldsmith & Harris.

#### Gary Giblen

Good morning, Bob and everybody.

#### Robert Lifton

Hi.

#### Gary Giblen

My question pertains to the change in casing and the question really is has it been an impediment to sales and marketing or is it just increasing the market opportunity and also on the casing, is it a different cost of goods, and is it harder to produce which I am thinking might be the case because you are indicating the release 350,000 units per month, but the fully developed line had always been thought of as 1.5 million per month, so I guess if you could those questions on the case, that would be helpful?.

#### Robert Lifton

Okay, let me – I am glad you asked that question. When we put out the product as many of you have seen it had a black casing on it, and what we found in talking to our customer base, always the customers we have been talking about and many others that they preferred a casing which we gave them choices, they preferred a casing which was a tinted see through casing which had the following implications. One is it made the product actually look smaller, two is you could see through the casing and therefore, for people who are interested in technology as such, you could actually see a fuel cell for the first time in history, and that related also to people who were interested in green technology, the very fact that they could see through it and see a fuel cell was important.

Now, for all of those reasons, the customers all indicated that, that is the product that they want to carry in the stores, and wanted to offer and our distributors wanted to offer and so, we made a switch in terms of the decision as to what the product should look like and decided that, that would be the way the final product should look. We had made a few products, thousands of products the other way which we have sent out for distributors and others to use to show the product to their customer

base, but also to explain to them that we are going to come out with a different product with the tinted transparent casing.

Now, to answer your specific questions, the casing doesn't cost us anymore, it's just another form of plastic. What it does do is require us to order that casing and interject it into the system and that's what took the time to get to the point in when we are going to be ready to start making the products with that casing. Now we did not want to make – we made as I said we made products for inventory and otherwise with the original casing, but we did not want to make enormous numbers of products without casing. That's the first point.

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