CAPRIUS INC
Form 8-K/A
March 03, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT (AMENDED)

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): December 17, 2002

CAPRIUS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	0-11914	22-2457487
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Parker Plaza, Fort Lee, New Jersey 07024

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code - (201) 592-8838

On January 3, 2003, Caprius, Inc. (the "Company") filed a Form 8-K to report it completed its acquisition of 33,191 shares of Series A Preferred Stock of MCM Environmental Technologies, Inc., a Delaware corporation ("MCM"), representing 57.53% of the voting stock of MCM. In response to parts (a) and (b) of Item 7 of such Form 8-K, the Company stated that it would file the required financial information by amendment. This Form 8-K/A is filed to provide the required financial information.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired The following financial statements of MCM are filed as part of this current report on Form 8-K/A:

- o Consolidated Financial Statements as of and for the years ended December 31, 2001 and 2000 (audited)
- o Condensed Interim Consolidated Financial Statements as of September 30, 2002 including the three and nine month periods ended September 30, 2002 and 2001 (unaudited)

(b) Pro forma financial information

- o Unaudited Pro Forma Combined Condensed Statement of Operations for the year ended September 30, 2002

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CAPRIUS, INC.

By: /s/ Jonathan Joels

Name: Jonathan Joels
Title: Treasurer and CFO

Dated: March 03, 2003

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M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001

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This is a copy of the audit report previously issued by Arthur Andersen LLP issued in connection with the audit of M.C.M. Environmental Technologies, Inc. for the years ended December 31, 2001 and 2000. This audit report has not been reissued by Arthur Andersen LLP in connection with this filing on Form 8-K/A, as Arthur Andersen LP ceased providing audit services as of August 31, 2002.

AUDITORS' REPORT TO THE SHAREHOLDERS

OF

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

We have audited the accompanying consolidated balance sheets of M.C.M. ENVIRONMENTAL TECHNOLOGIES INC. (the "Company") as of December 31, 2001 and 2000, and the related consolidated statements of operations, changes in shareholders' deficiency and cash flows for the years then ended. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, including those prescribed under the Auditors' Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2001 and 2000, and the results of its operations, changes in shareholders' deficiency and its cash flows for the years then ended, in conformity with generally accepted accounting principles in the United States.

Without qualifying our opinion, we draw attention to Note 1C regarding the Company's dependence on financing from external sources to fund its activities.

LUBOSHITA-KASIERER
ARTHUR ANDERSEN

Haifa, February 24, 2002

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M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONSOLIDATED BALANCE SHEETS
IN U.S. DOLLARS

	NOTE	DECEMBER 31 2001	2000
CURRENT ASSETS			
Cash and cash equivalents		$ 191,437	$ 339,761
Receivables and prepayments	(3)	52,357	125,187
Inventories	(4)	345,700	623,656
		589,484	1,088,604
FIXED ASSETS			
Cost	(5)	207,030	101,102
Less - accumulated depreciation		62,130	41,014
		144,909	60,088
LEASE COSTS		-	11,364
		734,403	1,160,056
CURRENT LIABILITIES			
Current maturities of convertible debentures	(9)	2,335,588	-
Trade payables		488,496	368,148
Other payables and accrued expenses	(6)	359,826	324,655
		3,183,910	692,803
LONG-TERM LIABILITIES			
Loan from shareholder	(7)	699,708	753,978
Accrued severance pay	(8)	57,708	73,709
		757,416	827,687
CONVERTIBLE DEBENTURES	(9)	-	1,468,781

COMMITMENTS	(10)		-
SHAREHOLDERS' DEFICIENCY			
Share capital	(11)	755	755
Share premium		2,737,164	2,737,164
Accumulated deficit		(5,944,842)	(5,567,134)
		(3,206,923	(1,829,215)
		$ 734,403	$1,160,056

The notes to the financial statements form an integral part thereof.

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
IN U.S. DOLLARS

		FOR THE YEAR ENDED DECEMBER 31	
	NOTE	2001	2000
REVENUES	(12)	$ 650,342	$ 758,200
COST OF REVENUES	(13)	760,574	811,754
Gross loss		(110,232)	(53,554)
RESEARCH AND DEVELOPMENT COSTS	(14)	345,616	584,375
MARKETING AND SELLING EXPENSES	(15)	414,202	455,983
GENERAL AND ADMINISTRATIVE EXPENSES	(16)	485,136	468,173
		1,244,954	1,508,531
Operating loss		(1,355,186)	(1,562,085)
FINANCING EXPENSES, NET		22,522	136,810
Net loss		$(1,377,708)	$(1,698,895)

The notes to the financial statements form an integral part thereof.

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF
CHANGES IN SHAREHOLDERS' DEFICIENCY
IN U.S. DOLLARS

	SHARED CAPITAL				
	PREFERRED SHARES	ORDINARY SHARES	SHARE PREMIUM	RECEIPTS ON ACCOUNT OF SHARES	ACCUMUL DEFIC
Balance as of January 1, 2000	21	340	$ 723,263	$ 375,000	$(2,868
Issuance of shares(*)	376	-	1,845,919	(375,000)	
Issuance of shares to service providers	-	18	167,982	-	
Net loss	-	-	-	-	(1,698
Balance as of December 31, 2000	397	359	2,737,164	-	(4,567
Net loss	-	-	-	-	(1,377
Balance as of September 30, 2002	397	358	$2,737,164	$ -	$(5,944

The notes to the financial statements form an integral part thereof.

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M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
IN U.S. DOLLARS

	DECEMBER 31	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$(1,377,708)	$(1,698,895)
Adjustments to reconcile net loss to net cash used in operating activities (see below).	493,921	446,316

Net cash used in operating activities	(883,787)	(1,252,579)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,537)	(9,613)
Net cash used in investing activities	(4,537)	(9,613)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts on account of shares	-	1,846,183
Receipts from issuance of shares	-	(375,000)
Proceeds from convertible debentures	740,000	-
Short-term bank credit, net	-	(11,376)
Net cash provided by financing activities	740,000	1,459,447
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(148,324)	197,255
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	339,761	142,506
CASH AND CASH EQUIVALENTS AT END OF YEAR	191,437	339,761
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Revenues and expenses not affecting operating cash flows:		
Depreciation	21,116	20,628
Issuance of shares in consideration for services provided	-	168,000
Linkage differences on loan from shareholder	(54,270)	20,781
Provision for severance pay	(16,001)	(534)
Accrued interest on convertible debentures	88,132	65,311
	38,977,132	274,186
Changes in operating assets and liabilities:		
Decrease (increase) in receivables and prepayments	72,830	(45,4920
Decrease in inventories	176,556	278,471
Increase (decrease) in payables and accrued expenses	194,194	(50,178)
Decrease in advances from customers	-	(10,671)
Decrease in deferred costs	11,364	-
	454,944	172,130
	493,921	446,316
NON CASH TRANSACTIONS		
Conversion of liabilities into convertible debentures	$ 38,675	$ -

The notes to the financial statements form an integral part thereof.

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
IN U.S. DOLLARS

NOTE 1 - GENERAL

A. M.C.M. Environmental Technologies Inc. (the "Company"), a Corporation registered in the state of Delaware (U.S), was established and commenced operations in March 2001. All of the shareholders of M.C.M. Ltd. transferred their holdings in M.C.M. Ltd. to the Company in consideration for the same proportional number of shares of the Company. The transfer was approved as a tax exempt transaction pursuant to section 104 of the Israeli Income Tax Ordinance, subject to certain conditions.

Comparative data for the year ended December 31, 2000 in these financial statements present the financial position and results of operations of the Company as if M.C.M. Ltd. had been a wholly - owned subsidiary of the Company since inception.

B. In September 2001, an agreement was signed between the Company, National Nephrology Associates Inc. ("NNA"), a Delaware Corporation and SteriMed Renal Inc. ("SRI"), a Delaware Corporation. According to the agreement, the Company will invest $80,000 in SRI for 80% of its share capital and NNA will invest $20,000 for 20% of SRI's share capital. According to the agreement NNA agreed to lease 5 SteriMed and 65 SteriMed Junior Systems from SRI for a five year period in consideration for a per-treatment fee.

C. The Company has not generated sufficient revenues from its operations to fund its activities and therefore its continuing operations are dependent on financing from external sources, including shareholders (see Note 9D). Although the Company believes that based on its current contracts and potential business the Company will obtain sufficient financing to fund its activities, there is no assurance that the Company will obtain the necessary financing.

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
IN U.S. DOLLARS

NOTE 2 - ACCOUNTING POLICIES (CONT.)

The significant accounting policies followed in the preparation of these financial statements, on a consistent basis are as follows:

A. BASIS OF PRESENTATION

The financial statements of the Company have been prepared in U.S. dollars, as the Company's revenues are determined principally in U.S. dollars and its primary source of financing is received in U.S. dollars. Thus, the functional currency of the

Company is the U.S. dollars.

Transactions and balances originally denominated in U.S. dollars are presented at their original amounts. Transactions and balances in other currencies are remeasured into U.S. dollars in accordance with principles identical to those prescribed in Statement No. 52 of the Financial Accounting Standards Board of the United States (FASB). Accordingly, items have been remeasured as follows:

- Monetary items - at the current exchange rate at balance sheet date.
- Nonmonetary items - at historical exchange rates.
- Income and expenditure items - at average exchange rates (excluding depreciation and other items deriving from nonmonetary items).

Exchange gains and losses from the aforementioned remeasurement are reflected in the statement of operations.

B. CASH AND CASH EQUIVALENTS

All highly liquid investments are considered as cash equivalents if the investments mature within three months from the date of acquisition.

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
IN U.S. DOLLARS

C. INVENTORIES

Inventories are valued at the lower of cost or market. Cost is determined as follows:

Raw materials		Weighted average method.
Work in process	-	Average production costs including raw
Finished goods	-	materials, labor and overhead.

D. FIXED ASSETS

Fixed assets are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets.

E. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged to operations as incurred.

F. LINKED BALANCES

Balances in currencies other then the U.S. dollar are stated at the exchange rate at balance sheet date. The representative exchange rate-at December 31, 2001 - U.S. $ 1 - NIS 4.416 (2000 - NIS 4.041). Balances linked to the Consumer Price Index ("CPI") are based on the appropriate index for each linked asset or liability. In the year of account the CPI increased by 1.4% (for the year ended December 31, 2000, there was no change in CPI).

G. REVENUE RECOGNITION

Revenues from the sales of products are recognized upon shipment.

NOTE 3 - RECEIVABLES AND PREPAYMENTS

	DECEMBER 31	
	2001	2000
Trade receivables	$ 42,907	$ 51,710
Government departments	6,628	64,137
Others	2,822	9,340
	$ 52,357	$125,187

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
IN U.S. DOLLARS

NOTE 4 - INVENTORIES

	DECEMBER 31	
	2001	2000
Raw materials	$ 189,900	$230,903
Work in process	-	82,243
Finished goods	155,800	310,500
	345,700	623,656
	$ 345,700	$623,656

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
IN U.S. DOLLARS

NOTE 5 - FIXED ASSETS

	COMPUTER EQUIPMENT	EQUIPMENT FOR LEASE	LEASEHOLD IMPROVEMENTS	OFFICE FURNITURE AND EQUIPMENT	TO
COST					
As of January 1, 2001	$56,956	$ -	$17,090	$27,056	$101
Additions	2,370	101,400	332	1,835	105
As of December 31, 2001	59,326	101,400	17,422	28,891	207
ACCUMULATED DEPRECIATION					
As of January 1, 2001	34,804	-	2,068	4,142	41
Provision	16,889	-	1,718	2,509	21
As of December 31, 2001	51,693	-	3,786	6,651	62
NET BOOK VALUE					
As of December 31, 2001	$ 7,633	$101,400	$13,636	$22,240	$144
Annual depreciation rates	25%-33%	15%	10%	6%-15%	

NOTE 6 - OTHER PAYABLES AND ACCRUED EXPENSES

	DECEMBER 31 2001	DECEMBER 31 2000
Salaries and related expenses (*)	$ 232,931	$195,066
Advances from customers	55,243	65,365
Accrued expenses	70,265	64,224
	1,387	-
	$ 359,826	$324,655
(*) Includes accrued vacation pay	$ 41,080	$ 43,275

NOTE 7 - LOAN FROM SHAREHOLDER

A long-term loan from a shareholder is linked to the CPI and bears no interest. The loan shall be repaid when the Company's revenues exceed $1.5 million for a six month period, and only 5% of such revenues may be remitted to the shareholder for the repayment of the loan.

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M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
IN U.S. DOLLARS

NOTE 8 - ACCRUED SEVERANCE PAY

The Company's liability for severance pay to employees is covered by deposits with insurance companies in respect of managers' insurance and by the liability in the balance sheet. As the amounts deposited with the insurance companies are not under the Company's control or management, such deposits and the respective liability are not reflected in the balance sheet.

NOTE 9 - CONVERTIBLE DEBENTURES

A. Convertible debentures amounting to $875,000 are convertible into 103 Preferred A shares of the Company, upon the occurrence of certain events, including the sale of the shares of the Company by the shareholders. The debentures bear interest of 7% per annum. Through December 31, 2001 no debentures have been converted.

B. Convertible debentures amounting to $500,000 will be repaid with no interest in four equal quarterly installments commencing March 31, 2002, and ending December 31, 2002.

C. In 2001, the Company issued convertible debentures to certain shareholders, a service provider and one of the Company's employees, for an aggregate amount of $778,675. The debentures will be converted into Preferred A shares automatically after a minimum subsequent equity investment of $1 million. The conversion price will be equivalent to 65% of the price per share as determined in the aforementioned equity investment. If not converted the debentures will be repaid with interest of 8% per annum. In the event of a merger or acquisition of the Company's shares or assets, the Company will redeem the debentures at twice the principle amount of the debentures, not including interest. Through December 31, 2001 no debentures have been repaid or converted.

D. Subsequent to the balance sheet date, in February 2002, the Company issued convertible debentures to certain shareholders for an aggregate amount of $220,000. The convertible debentures will be in the same terms of the convertible debentures described in 9C above.

E. The convertible debentures include accrued interest of $181,913 at December 31, 2001 (2000 - $93,781).

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
IN U.S. DOLLARS

NOTE 10 - COMMITMENTS

A. The Company is obligated to pay royalties to the Office of the Chief Scientist of the Government of Israel in respect of Government participation in research and development expenses, calculated at the rate of 3%-3.5% of sales of the products developed with the Government's participation up to the dollar amount of such participation. The balance of the royalty obligation at December 31, 2001, is approximately $452,000.

   In respect with the establishment of the Company (see Note IA), M.C.M. Ltd. received an, approval from the Chief Scientist to transfer its production rights to the Company, subject to certain conditions. According to the approval, M.C.M. Ltd. will be obligated to pay royalties based on the sales of the Company, ranging from 100% to 300% of the royalty obligation mentioned above.

B. The Company has leased premises from a related party. The rent expenses is $1,500 per month.

C. M.C.M. Ltd. has provided floating liens on all of its assets as collateral for the Company's convertible debentures.

NOTE 11 - SHARE CAPITAL

A. The share capital as of December 2001 and December 2000 is composed of shares of NIS 1 par value as follow: Authorized - 1,806 Ordinary shares, 2,176 Preferred A shares; Issued and paid up - 1,098 Ordinary shares, 1,624 Preferred A shares.

B. The Preferred A shares entitle the holders to rights identical to those of the Ordinary shares, except that the Preferred shares have preference in liquidation and full participation rights, a preference in future dividend distributions and anti dilution rights. The Preferred A shares are convertible into Ordinary shares on one-to-one basis.

C. The Company has decided to reserve 47 Ordinary shares for issuance to employees. The shares have not yet been issued.

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M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
IN U.S. DOLLARS

D. During 2000, the Company issued 76 Ordinary shares in consideration for their par value to marketing service providers.

IN U.S. DOLLARS

The issuance of the shares was recorded at their fair value, and ccordingly, the Company recorded marketing and selling expenses of $168,000.

NOTE 12 - REVENUES

In 2001, 44% of the Company's sales were to one customer (2000 - 60%)

NOTE 13 - COST OF REVENUES

For the year ended

	FOR THE YEAR ENDED DECEMBER 31	
	2001	2000
Salaries and related expenses	$ 136,515	$109,761
Materials and subcontractors	211,634	324,889
Other	175,472	140,112
	523,621	574,762
Decrease in work in process and finish goods inventories	$ 236,953	$236,992
	$ 760,574	$811,754

NOTE 14 - RESEARCH AND DEVELOPMENT COSTS

	FOR THE YEAR ENDED DECEMBER 31	
	2001	2000
Salaries and related expenses	$ 130,689	$222,387
Materials and subcontractors	97,918	146,558
Professional fees	95,031	63,821
Other	21,978	151,609
	$ 345,616	$584,375

IN U.S. DOLLARS

NOTE 15 - MARKETING AND SELLING EXPENSES

	FOR THE YEAR ENDED DECEMBER 31	
	2001	2000
Salaries and related expenses	$ 114,174	$130,548
Marketing consultant	75,568	226,158
Travel	78,427	56,951
Other (*)	146,033	42,326
	$ 414,202	$455,983

NOTE 16 - GENERAL AND ADMINISTRATIVE EXPENSES

	FOR THE YEAR ENDED DECEMBER 31	
	2001	2000
Salaries and related expenses	$ 243,014	$217,911
Legal and economic consultants	113,101	162,379
Travel	7,793	15,392
Other	121,228	72,491
	$ 485,136	$468,173

NOTE 17 - TAXES ON INCOME

A. The M.C.M Ltd is subject to the Income Tax Law (Inflationary Adjustments), 1985. M.C.M. Ltd. has been provided with a status of an "approved enterprise", under the alternative benefits track, in accordance with the Law for the Encouragement of Capital Investments, 1959. A principal benefit arising from the program is a full tax exemption on undistributed income for a period of ten years. Should M.C.M. Ltd. pay dividends from income earned during the tax exemption period, it will be liable to

10%-25% tax on that income (the rate is dependent on the shareholdings rate of the non-Israeli investors). Due to the accumulated losses of M.C.M Ltd., the benefit period has not yet commenced.

B. M.C.M. Ltd. has carry forward losses for tax purposes of approximately $5.5 million at December 31, 2001. M.C.M. Inc. has carry forward losses for tax purposes of approximately $30,000 at December 31, 2001.

C. M.C.M. Ltd. has not received final tax assessments since incorporation.

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M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2002
(UNAUDITED)

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2002

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M.C.M. ENVIRONMENTAL TECHNOLOGIES

CONSOLIDATED BALANCE SHEETS
IN U.S. DOLLARS

	SEPTEMBER 30	
	2002	2001
	(UNAUDITED)	(UNAUDITED)
CURRENT ASSETS		
Cash and cash equivalents	$ 92,710	$ 59,489
Other receivables and prepayments	78,836	56,859
Inventories	393,800	485,800
	565,346	602,148
FIXED ASSETS		
Cost	219,476	107,138
Less - accumulated depreciation	82,385	56,850
	137,091	50,288
LEASE DEPOSIT	-	11,364
	$ 702,437	$ 663,800
CURRENT LIABILITIES		
Convertible debentures	3,090,277	
Trade payables	511,377	377,886
Other payables and accrued expenses	429,442	479,254
	4,031,096	857,140
LONG-TERM LIABILITIES		
Loan from shareholder	675,515	711,602
Accrued severance pay, net	58,744	85,713
	734,259	797,315
CONVERTIBLE DEBENTURES	-	1,928,161
MINORITY INTEREST	20,000	-
SHAREHOLDERS' DEFICIENCY		
Share capital	755	755
Share premium	2,737,164	2,737,164
Accumulated deficit	(6,820,837)	(5,656,735)

	(4,082,918)	(2,918,816)
	$ 702,437	$ 663,800

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

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
IN U.S. DOLLARS

	FOR THE NINE MONTHS ENDED SEPTEMBER 30		FOR THE THREE MONTHS ENDED SEPTEMBER 30	
	2002	2001	2002	2001
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
REVENUES	$ 358,384	$ 520,777	$ 103,146	$ 53,801
COST OF REVENUES				
Gross loss	372,369	650,524	142,615	107,466
	(13,985)	(129,747)	(39,469)	(53,665)
RESEARCH AND DEVELOPMENT EXPENSES	78,505	262,719	33,867	72,778
MARKETING AND SELLING EXPENSES	337,748	302,794	115,562	97,194
GENERAL AND ADMINISTRATIVE EXPENSES	360,608	388,414	147,878	138,607
	776,861	953,927	297,307	308,579
Operating loss	(790,846)	(1,083,674)	(336,776)	(362,244)
FINANCING INCOME (EXPENSES), NET	(85,149)	(5,927)	(36,213)	5,772
Net loss	$(875,995)	$(1,089,601)	$(372,989)	$(356,472)

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

M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF
CHANGES IN SHAREHOLDERS' DEFICIENCY
IN U.S. DOLLARS EXCEPT FOR NUMBER OF SHARES

(unaudited)

	NUMBER OF SHARES	SHARE CAPITAL PREFERRED SHARES	SHARE CAPITAL ORDINARY SHARES	SHARE PREMIUM	ACCUMULATED DEFICIT
Balance as of January 1, 2002	2,722	397	358	$2,737,164	$(5,944,842)
Net loss	-	-	-	-	(875,995)
Balance as of September 30, 2002	2,722	397	358	2,737,164	(6,820,837)
Balance as of January 1, 2001	2,722	397	358	2,737,164	(4,567,134)
Net loss	-	-	-	-	(1,089,601)
Balance as of September 30, 2001	2,722	397	358	2,737,164	(5,656,735)
Balance as of July 1, 2002	2,722	397	358	2,737,164	(6,447,848)
Net loss	-	-	-	-	(372,989)
Balance as of September 30, 2002	2,722	397	358	2,737,164	(6,820,837)
Balance as of July 1, 2001	2,722	397	358	2,737,164	(5,300,263)
Net loss	-	-	-	-	(356,472)
Balance as of September 30, 2001	2,722	397	358	$2,737,164	$(5,656,735)

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

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M.C.M. ENVIRONMENTAL TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
IN U.S. DOLLARS

	FOR THE NINE MONTHS TO SEPTEMBER 30	
	2002	2001
	(UNAUDITED)	(UNAUDITED)
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(875,995)	(1,089,601)
Adjustments to reconcile net loss to net cash used in operating activities (see below).	140,343	415,365
Net cash used in operating activities	(836,786)	(674,236)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(12,446)	(6,036)
Net cash used in investing activities	(12,446)	(6,036)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from minority interest	20,000	0
Proceeds from convertible debentures	629,362	400,000
Net cash provided by financing activities	649,362	400,000
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(98,736)	(280,272)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	191,446	339,761
CASH AND CASH EQUIVALENTS AT END OF PERIOD	92,710	59,489
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Revenues and expenses not affecting operating cash flows:		
Depreciation	20,255	15,840
Linkage differences on loan from shareholder	(24,193)	(42,398)
Provision for severance pay	1,036	12,004
Accrued interest on convertible debentures	125,327	59,830
	122,425	45,276
Changes in operating assets and liabilities:		
Decrease (increase) in receivables and prepayments	(26,479)	68,322
Decrease in inventories	(48,100)	137,856
Increase in payables and accrued expenses	(836)	172,894
Decrease (increase) in advances from customers	93,333	8,983
	17,918	370,089
	140,343	413,365
NON CASH TRANSACTIONS		
Conversion of liabilities into convertible debentures	58,062	0

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

M.C.M. ENVIRONMENTAL TECHNOLOGIES, INC.

NOTES TO THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
In U.S. dollars
(unaudited)

NOTE 1 - GENERAL

A. The accompanying financial statements have been prepared in a condensed format as of September 30, 2002, and for the nine months and three months then ended in accordance with generally accepted accounting principles in the United States (U.S. GAAP) relating to the preparation of financial statements for interim periods. Operating results for the nine months ended September 30, 2002, are not necessarily indicative of the results that may be expected for the year ended December 31, 2002. These statements should be read in conjunction with the Company's annual financial statements and accompanying notes as December 31, 2001. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation. All such adjustments were of a normal recurring nature.

B. Comparative data for the nine months ended September, 2001 in these financial statements present the financial position and results of operations of the Company as if M.C.M Ltd. has been a wholly-owned subsidiary of the Company since inception.

C. The Company has not generated sufficient revenues from its operations to fund its activities and therefore its continuing operations are dependent on financing from external sources, including shareholders. Although the Company believes that based on its current contracts and potential business, the Company will obtain sufficient financing to fund its activities; there is no assurance that the Company will obtain the necessary financing.

D. As part of an investor proposal to the Company in May 2002, the Company received a loan of $545,000 (out of which $200,000 was received subsequent to balance sheets date) from the investor. The loan is repayable upon the earlier of ("Maturity date"): (1) twelve months after grant date (2) an investment in equity or debt in the Company (3) upon acceleration after an event of default or (4) six months after grant date if the proposed acquisition is not completed as a result of the inability to complete certain conditions to the closing.

NOTE 1 - GENERAL

D. (Cont.)

Prior to maturity date, the loan shall bear interest of Prime plus 2% per annum. Following the Maturity date the loan shall bear interest of Prime plus 6%. Upon completion of the acquisition, the loan and accrued interest will be converted and credited to the investor as part of the acquisition price.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - FINANCIAL STATEMENTS IN U.S. DOLLARS

The financial statements of the Company have been prepared in U.S. dollars, as the Company's revenues are determined principally in U.S. dollars and its primary source of financing is received in U.S. dollars. Thus, the functional currency of the Company is the U.S. dollars.

The exchange rate of the U.S. dollar as of balance sheet date was $1 = NIS 4.871 (December 31, 2001 - NIS 4.416). The changes in the exchange rate of the U.S. dollar are as follows:

	INCREASE (DECREASE) IN THE EXCHANGE RATE OF U.S. DOLLAR %
For the nine months ended:	
September 30, 2002	10.3
September 30, 2001	0.8
For the three months ended:	
September 30, 2002	2.1
September 30, 2001	0.5
For the year ended December 31, 2001	9.3

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Unaudited Pro Forma Combined Condensed Statement of Operations

The following unaudited pro forma combined condensed statement of operations gives effect to the acquisition of MCM Environmental Technologies, Inc. ("MCM") by Caprius, Inc. (the "Company") using the purchase method of accounting, as required by Statement of Financial Accounting Standard No. 141, "Business Combinations." Under this method of accounting, the Company will allocate the purchase price to the fair value of assets acquired, including identified intangible assets and goodwill. The purchase price allocation is subject to revision when the Company obtains additional information regarding asset valuation. On December 17, 2002, the Company acquired 33,191 shares of Series A Preferred Stock of MCM, representing 57.53% of the voting stock of MCM, for a purchase price of $2.4 million. At the time of the acquisition of MCM, the Company's outstanding loans to MCM aggregated $565,000, which were paid by reducing the cash portion of the purchase price. The unaudited pro forma combined condensed statement of operations is based on the historical financial statements and the accompanying notes of MCM which are included with this filing. The unaudited pro forma combined statement of operations assumes the acquisition took place on October 1, 2001. The unaudited pro forma information is presented for illustration purposes only in accordance with the assumptions set forth below. This information is not necessarily indicative of the operating results that would have occurred if the acquisition had been consummated on the date indicated nor is it necessarily indicative of future operating results of the combined companies. The unaudited pro forma combined condensed financial information does not reflect any adjustments to conform accounting practices or to reflect any cost savings or other synergies anticipated as a result of the acquisition or any acquisition related expenses. The unaudited pro forma combined condensed balance sheet as of December 31, 2002 is not included in this filing on Form 8-K/A, as the transaction occurred on December 17, 2002. The transaction is reflected in the Consolidated Balance Sheet included in the Company's previously filed December 31, 2002 Form 10-Q.

Unaudited Pro Forma Combined Condensed Statement of Operations
For the year ended September 30, 2002
(Unaudited)

	Caprius	MCM	Profor Adjustm
REVENUES:			
Net patient service revenues	$ 1,549,794	$ -	$
Product sales and rental revenues	-	487,949	
Total revenues	1,549,794	487,949	
OPERATING EXPENSES:			
Cost of patient service revenues	1,169,491	-	
Cost of product sales and rental revenue	-	482,419	
Research and development	-	161,402	
Selling, general and administrative	498,030	906,486	
Goodwill impairment	67,356	-	
Provision for bad debt and collection costs	66,638	-	
Total operating expenses	1,801,515	1,550,307	
Operating loss	(251,721)	(1,062,358)	

Interest and other income (expense)	(10,619)	(101,744)	14
Loss from continuing operations before minority interest	(262,340)	(1,164,102)	14
Loss applicable to minority interest	-	-	43
Loss from continuing operations	(262,340)	(1,164,102)	58
Loss from operations of discontinued TDM segment	(155,353)	-	
Net loss	$ (417,693)	$ (1,164,102)	$ 58
Net loss per basic and diluted common share:			
Continuing operations	$ (0.01)	$ -	$
Discontinued operations	(0.01)	-	
Net loss per basic and diluted common share	$ (0.02)	$ -	$
Weighted average number of common shares used in computing earnings per share	17,171,140	-	

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

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1. Basis of Pro Forma Presentation

The unaudited pro forma combined condensed statement of operations of the Company has been prepared on the basis of assumptions relating to the allocation of consideration paid to the acquired assets and liabilities of MCM. The actual allocation of the amount of the consideration may differ from that reflected in these unaudited pro forma combined statement of operations after a third party valuation and other procedures have been completed. Below are tables of the estimated purchase price allocations for MCM:

Cash consideration at closing	$1,835,000
Loans previously advanced	565,000
Total purchase price	$2,400,000

Goodwill and other intangible assets	$1,777,010
Net tangible assets	622,990
Total acquisition cost	$2,400,000

2. Pro Forma Adjustments

(a) Reflects the elimination of interest accrued on shareholders loans that were converted to equity upon the consummation of the acquisition.

(b) Reflects the allocation of loss to minority interest. This amount represents 42.47% of the net loss for MCM held by minority interest holders, after the affect of other pro forma adjustments.