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BOS Better On-line Solutions Ltd., announced at the end of last week that it has completed a financing with Laurus Master Fund Ltd. The financing will be used mainly for expanding BOS operations, including by way of mergers and acquisitions.

The financing consisted of a \$2 million secured convertible term note with a term of three years. In addition, BOS granted Laurus a warrant to purchase up to 130,000 ordinary shares, which is exercisable, in whole or in part, until June, 2011. The note bears interest at a fluctuating interest rate which begins at (and will not exceed) the prime rate plus 3%.

The conversion rate under the note was set at \$3.08 per share, reflecting a significant premium over the company's current share price of \$1.8. The warrant is exercisable at an exercise price of \$4.04 per share.

BOS CEO Adiv Baruch said, "This is an important step expressing the start of a strategic connection between B.O.S. and the Laurus Funds. The present step will enable us to expand our operations and also carry out mergers and acquisitions, which are important for the company's development. The terms of the deal indicate the high degree of faith that Laurus Funds has in our existing operations and in the company's plans for the coming years."

Baruch added that, "this step is an additional layer in the changes in business focus that the company has been undergoing recently in three main areas of activity -- connectivity, VoIP communications and software solutions. At the same time we are taking steps to expand the company's areas of operation."

BOS develops, manufactures and markets multi-purpose communications and network products for companies and organizations. The company is traded on Nasdaq and the on the Tel Aviv Stock Exchange.