

## CONSOLIDATED BALANCE SHEETS

	March 31,		December 31,
	2016	2015	2015
	Unaudited		Audited
	NIS in thousands		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	5,664	20,215	11,998
Short-term deposits	7,778	-	7,902
Trade receivables	2,031	2,113	2,106
Other accounts receivable	3,223	4,851	4,155
Inventories	4,939	6,116	4,847
	<u>23,635</u>	<u>33,295</u>	<u>31,008</u>
<b>NON-CURRENT ASSETS:</b>			
Long-term deposits	90	113	80
Restricted cash	94	399	408
Fixed assets, net	1,514	823	1,565
Intangible assets	7,327	10,759	7,993
	<u>9,025</u>	<u>12,094</u>	<u>10,046</u>
	<u>32,660</u>	<u>45,389</u>	<u>41,054</u>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Current maturities on loans from bank	2,606	2,177	2,546
Trade payables	2,782	3,967	3,088
Other accounts payable	6,275	4,469	5,632
Liabilities for government grants	624	878	570
	<u>12,287</u>	<u>11,491</u>	<u>11,836</u>
<b>NON-CURRENT LIABILITIES:</b>			
Loan from bank	458	3,073	1,133
Liabilities for government grants	23,393	22,986	24,260
	<u>23,851</u>	<u>26,059</u>	<u>25,393</u>
<b>EQUITY:</b>			
Share capital	16,323	10,270	16,323
Additional paid-in capital	241,951	229,656	241,922
Receipts on account of options	-	522	-
Reserve for share-based payment transactions	3,132	4,968	3,054
Reserve for transaction with controlling shareholder	5,657	5,657	5,657
Accumulated deficit	(270,541)	(243,234)	(263,131)
	<u>(3,478)</u>	<u>7,839</u>	<u>3,825</u>
	<u>32,660</u>	<u>45,389</u>	<u>41,054</u>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

NIS in thousands, except share per share data

	Three months ended March 31,		Year ended December 31,
	2016	2015 Unaudited	2015
Revenues from sales	3,670	2,852	12,808
Cost of revenues	2,275	1,990	8,134
Amortization of intangible asset	666	885	3,651
Total cost of revenues	2,941	2,875	11,785
Gross profit (loss)	729	(23)	1,023
Research and development expenses, net	5,252	3,048	11,794
Selling and marketing expenses	1,857	2,750	9,140
General and administrative expenses	1,300	1,606	5,842
Prior years fees refund by the FDA	-	(676)	(676)
Operating loss	(7,680)	(6,751)	(25,077)
Financial income	585	382	207
Financial expenses	(301)	(2,036)	(3,412)
Financial (expenses) income, net	284	(1,654)	(3,205)
Loss before taxes on income	(7,396)	(8,405)	(28,282)
Tax income	(14)	-	(20)
Total comprehensive loss	(7,410)	(8,405)	(28,302)
Basic and diluted loss per share (in NIS)	(0.45)	*) (0.9)	(2.72)

\*) Retroactively adjusted due to reverse stock split and issuance of rights

The accompanying notes are an integral part of these financial statements

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital	Additional paid-in capital	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Accumulated deficit	Total	
<b>Unaudited</b>							
<b>NIS in thousands</b>							
Balance at January 1, 2016 (Audited)	16,323	241,922	3,054	5,657	(263,131)	3,825	
Total comprehensive loss	-	-	-	-	(7,410)	(7,410)	
Cost of share based payment	-	-	107	-	-	107	
Expiration of options	-	29	(29)	-	-	-	
Balance at March 31, 2016	<u>16,323</u>	<u>241,951</u>	<u>3,132</u>	<u>5,675</u>	<u>(270,541)</u>	<u>(3,478)</u>	
<b>Unaudited</b>							
<b>NIS in thousands</b>							
	Share capital	Additional paid-in capital	Receipts on account of options	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Accumulated deficit	Total
<b>Unaudited</b>							
<b>NIS in thousands</b>							
Balance at January 1, 2015 (Audited)	8,020	213,966	5,327	6,301	5,657	(234,829)	4,442
Total comprehensive loss	-	-	-	-	-	(8,405)	(8,405)
Issue of share capital, net	2,250	8,964	-	-	-	-	11,214
Cost of share based payment	-	-	-	588	-	-	588
Expiration of options	-	6,726	(4,805)	(1,921)	-	-	-
Balance at March 31, 2015	<u>10,270</u>	<u>229,656</u>	<u>522</u>	<u>4,968</u>	<u>5,657</u>	<u>(243,234)</u>	<u>7,839</u>
<b>Audited</b>							
<b>NIS in thousands</b>							
	Share capital	Additional paid-in capital	Receipts on account of options	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Accumulated deficit	Total
<b>Audited</b>							
<b>NIS in thousands</b>							
Balance at January 1, 2015	8,020	213,966	5,327	6,301	5,657	(234,829)	4,442
Total comprehensive loss	-	-	-	-	-	(28,302)	(28,302)
Issue of share capital, net	8,303	18,807	-	-	-	-	27,110
Cost of share based payment	-	-	-	575	-	-	575
Expiration of options	-	9,149	(5,327)	(3,822)	-	-	-
Balance at December 31, 2015	<u>16,323</u>	<u>241,922</u>	<u>-</u>	<u>3,054</u>	<u>5,657</u>	<u>(263,131)</u>	<u>3,825</u>

The accompanying notes are an integral part of these financial statements

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three months ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>NIS in thousands</b>		
<u>Cash flows from operating activities:</u>			
Loss	(7,410)	(8,405)	(28,302)
Adjustments to reconcile loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Loss from sale of property, plant and equipment	-	1	2
Depreciation and amortization	876	985	4,296
Cost of share based payment	107	588	575
Financial expenses (income), net	(284)	1,654	3,205
	699	3,228	8,078
Changes in asset and liability items:			
Decrease in trade receivables	74	4	7
Decrease (increase) in other accounts receivable	922	(1,478)	(748)
Increase in inventories	(208)	(521)	(421)
Increase (decrease) in trade payables	(235)	669	(189)
Increase in other accounts payable	641	156	1,319
	1,194	(1,170)	(32)
Cash paid and received during the period for:			
Interest paid	(94)	(158)	(528)
Interest received	15	3	9
	(79)	(155)	(519)
Net cash used in operating activities	(5,596)	(6,502)	(20,775)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three months ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>NIS in thousands</b>		
<u>Cash flows from investing activities:</u>			
Proceeds from sale of property, plant and equipment	-	4	6
Purchase of fixed assets	(42)	(12)	(133)
Investment in Bank deposits			(7,913)
	<u>439</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>397</u>	<u>(8)</u>	<u>(8,040)</u>
<u>Cash flows from financing activities:</u>			
Repayment of long-term loan from bank	(615)	-	(1,571)
Issuance of share capital, net	-	11,214	27,110
Receipt of government grants	-	-	166
Repayment of liability in respect of government grants	<u>(243)</u>	<u>(233)</u>	<u>(437)</u>
Net cash (used in) provided by financing activities	<u>(858)</u>	<u>10,981</u>	<u>25,268</u>
Exchange differences on balances of cash and cash equivalents	<u>(277)</u>	<u>150</u>	<u>(49)</u>
Increase (decrease) in cash and cash equivalents	(6,334)	4,621	(3,596)
Cash and cash equivalents at the beginning of the period	<u>11,998</u>	<u>15,594</u>	<u>15,594</u>
Cash and cash equivalents at the end of the period	<u>5,664</u>	<u>20,215</u>	<u>11,998</u>
<u>Significant non-cash activities:</u>			
Transfer from inventory to fix assets	<u>116</u>	<u>-</u>	<u>1,169</u>

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