

CONSOLIDATED BALANCE SHEETS

	March 31,		December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	9,627	22,369	6,275
Short-term deposits	9,968	-	22,911
Trade receivables	2,330	2,257	1,543
Other accounts receivable	2,331	2,764	2,707
Inventories	4,153	3,640	4,184
	<u>28,409</u>	<u>31,030</u>	<u>37,620</u>
NON-CURRENT ASSETS:			
Deposits	92	67	89
Restricted cash	388	374	388
Fixed assets	891	742	1,065
Intangible assets	13,027	14,454	13,586
	<u>14,398</u>	<u>15,637</u>	<u>15,128</u>
	<u>42,807</u>	<u>46,667</u>	<u>52,748</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	2,522	2,196	3,661
Other accounts payable	4,274	4,299	4,315
Loan from a controlling shareholder	-	8,977	-
Liabilities for Government grants	857	435	813
	<u>7,653</u>	<u>15,907</u>	<u>8,789</u>
NON-CURRENT LIABILITIES:			
Liabilities for Government grants	<u>18,432</u>	<u>18,667</u>	<u>18,284</u>
EQUITY:			
Share capital	7,018	4,851	7,018
Additional paid-in capital	203,890	166,588	203,832
Receipts on account of options	4,805	-	4,805
Reserve for share-based payment transactions	5,547	10,863	5,274
Reserve for transaction with controlling shareholder	5,657	6,548	5,657
Accumulated deficit	(210,195)	(176,757)	(200,911)
	<u>16,722</u>	<u>12,093</u>	<u>25,675</u>
	<u>42,807</u>	<u>46,667</u>	<u>52,748</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended		Year ended
	March 31,		December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
	(except per share data)		
Revenues from sales	3,663	2,626	10,984
Cost of revenues	2,660	1,904	8,149
Amortization of intangible asset	559	429	1,294
Total cost of revenues	<u>3,219</u>	<u>2,333</u>	<u>9,443</u>
Gross profit	444	293	1,451
Research and development expenses, net	3,304	3,128	10,120
Selling and marketing expenses	4,685	3,163	16,572
General and administrative expenses	1,448	1,926	6,925
Prior years fees refund by the FDA	-	-	(578)
Operating loss	<u>(8,993)</u>	<u>(7,924)</u>	<u>(31,588)</u>
Financial income	37	214	373
Financial expenses	<u>(328)</u>	<u>(653)</u>	<u>(1,302)</u>
Financial expenses, net	<u>(291)</u>	<u>(439)</u>	<u>(929)</u>
Loss	<u><u>(9,284)</u></u>	<u><u>(8,363)</u></u>	<u><u>(32,517)</u></u>
Total comprehensive loss	<u><u>(9,284)</u></u>	<u><u>(8,363)</u></u>	<u><u>(32,517)</u></u>
Basic and diluted loss per share (in NIS)	<u><u>(0.01)</u></u>	<u><u>(0.02)</u></u>	<u><u>(0.06)</u></u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	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
Unaudited							
NIS in thousands							
Balance at January 1, 2014 (audited)	7,018	203,832	4,805	5,274	5,657	(200,911)	25,675
Total comprehensive loss	-	-	-	-	-	(9,284)	(9,284)
Cost of share based payment	-	-	-	314	-	-	314
Exercise of options *)	-	45	-	(28)	-	-	17
Forfeiture of options	-	13	-	(13)	-	-	-
Balance at March 31, 2014	<u>7,018</u>	<u>203,890</u>	<u>4,805</u>	<u>5,547</u>	<u>5,657</u>	<u>(210,195)</u>	<u>16,722</u>
Unaudited							
NIS in thousands							
Balance at January 1, 2013 (audited)	4,263	161,296	10,433	6,548	(168,394)	14,146	
Total comprehensive loss	-	-	-	-	(8,363)	(8,363)	
Issuance of share capital	588	5,292	-	-	-	5,880	
Cost of share based payment	-	-	430	-	-	430	
Balance at March 31, 2013	<u>4,851</u>	<u>166,588</u>	<u>10,863</u>	<u>6,548</u>	<u>(176,757)</u>	<u>12,093</u>	
Audited							
NIS in thousands							
Balance at January 1, 2013	4,263	161,296	-	10,433	6,548	(168,394)	14,146
Total comprehensive loss	-	-	-	-	-	(32,517)	(32,517)
Issuance of share capital, net	1,819	26,680	4,805	-	-	-	33,304
Conversion of loan from a controlling shareholder	926	9,169	-	-	(891)	-	9,204
Cost of share based payment	-	-	-	1,395	-	-	1,395
Exercise of options	10	195	-	(62)	-	-	143
Forfeiture of options	-	6,492	-	(6,492)	-	-	-
Balance at December 31, 2013	<u>7,018</u>	<u>203,832</u>	<u>4,805</u>	<u>5,274</u>	<u>5,657</u>	<u>(200,911)</u>	<u>25,675</u>

*) Represents an amount lower than NIS 1 thousand.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(9,284)	(8,363)	(32,517)
Adjustments to reconcile loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	823	499	1,573
Cost of share based payment	314	430	1,395
Financial expenses, net	291	439	929
	<u>1,428</u>	<u>1,368</u>	<u>3,897</u>
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(789)	768	1,516
Decrease in other accounts receivable	383	284	336
Increase in inventories	(25)	(80)	(1,030)
Increase (decrease) in trade payables	(1,161)	(1,566)	71
Increase (decrease) in other accounts payable	(41)	206	222
	<u>(1,633)</u>	<u>(388)</u>	<u>1,115</u>
Cash paid and received during the period for:			
Interest paid	(6)	(11)	(22)
Interest received	37	55	213
	<u>31</u>	<u>44</u>	<u>191</u>
Net cash used in operating activities	<u>(9,458)</u>	<u>(7,339)</u>	<u>(27,314)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from investing activities:</u>			
Purchase of fixed assets	(33)	(73)	(194)
Investment in (withdrawal of) Bank deposits	12,943	-	(22,911)
Long-term deposits	(10)	-	(17)
Net cash provided by (used in) investing activities	<u>12,900</u>	<u>(73)</u>	<u>(23,122)</u>
<u>Cash flows from financing activities:</u>			
Issuance of share capital, net	-	5,880	33,304
Receipt of Government grants	31	-	177
Repayment of liability in respect of government grants	(206)	(218)	(399)
Exercise of options	17	-	143
Net cash (used in) provided by financing activities	<u>(158)</u>	<u>5,662</u>	<u>33,225</u>
Exchange differences on balances of cash and cash equivalents	<u>68</u>	<u>(213)</u>	<u>(846)</u>
Increase (decrease) in cash and cash equivalents	3,352	(1,963)	(18,057)
Cash and cash equivalents at the beginning of the period	<u>6,275</u>	<u>24,332</u>	<u>24,332</u>
Cash and cash equivalents at the end of the period	<u><u>9,627</u></u>	<u><u>22,369</u></u>	<u><u>6,275</u></u>
<u>Significant non-cash transactions:</u>			
Conversion of a loan from a controlling shareholder	<u>-</u>	<u>-</u>	<u>9,204</u>
