

CONSOLIDATED BALANCE SHEETS

	March 31,		December 31,
	2017	(* 2016)	(* 2016)
	Unaudited		Audited
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	2,094	1,504	2,384
Short-term deposits	826	2,065	2,730
Trade receivables	1,274	539	665
Other accounts receivable	741	856	798
Inventories	2,079	1,311	1,825
	<u>7,014</u>	<u>6,275</u>	<u>8,402</u>
NON-CURRENT ASSETS:			
Long-term deposits	18	24	18
Restricted cash	80	25	76
Fixed assets, net	264	402	267
Intangible assets	1,213	1,946	1,386
	<u>1,575</u>	<u>2,397</u>	<u>1,747</u>
	<u>8,589</u>	<u>8,672</u>	<u>10,149</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities on loans from bank	126	692	295
Trade payables	1,299	739	1,005
Other accounts payable	1,598	1,666	1,538
Liabilities for government grants	251	166	205
	<u>3,274</u>	<u>3,263</u>	<u>3,043</u>
NON-CURRENT LIABILITIES:			
Loan from bank	-	122	-
Liabilities for government grants	6,124	6,211	6,147
	<u>6,124</u>	<u>6,333</u>	<u>6,147</u>
EQUITY:			
Share capital	6,638	4,261	6,638
Additional paid-in capital	65,632	61,866	65,632
Reserve for share-based payment transactions	914	682	803
Reserve for transaction with controlling shareholder	1,284	1,284	1,284
Foreign currency translation reserve	1,729	1,661	1,729
Accumulated deficit	(77,006)	(70,678)	(75,127)
	<u>(809)</u>	<u>(924)</u>	<u>959</u>
	<u>8,589</u>	<u>8,672</u>	<u>10,149</u>

*) Were translated to US dollars (the new functional and reporting currency since January 1, 2017)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands, except share per share data

	Three months ended March 31,		Year ended December 31,
	2017	(* 2016	(* 2016
	Unaudited		Audited
Revenues from sales	1,768	940	4,186
Cost of revenues	1,309	583	2,598
Amortization of intangible asset	173	171	693
Total cost of revenues	1,482	754	3,291
Gross profit	286	186	895
Research and development expenses, net	1,114	1,345	3,670
Selling and marketing expenses	593	476	2,154
General and administrative expenses	403	333	1,469
Prior years fees refund by the FDA	-	-	(176)
Operating loss	1,824	1,968	6,222
Financial income	61	150	15
Financial expenses	(116)	(74)	(125)
Financial (expenses) income, net	(55)	76	(110)
Loss before taxes on income	1,879	1,892	6,332
Taxes on income	(** -	3	12
Net loss	1,879	1,895	6,344
Other comprehensive loss:			
Amounts that will not be reclassified subsequently to profit or loss:			
Adjustments arising from translating financial statements			
Total other comprehensive loss	-	34	(34)
Total comprehensive loss	1,879	1,929	6,310
Basic and diluted loss per share (in U.S. dollars)	(0.07)	(0.12)	(0.31)

*) Were translated to US dollars (the new functional and reporting currency since January 1, 2017)

**) Represents an amount lower than \$ 1.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Reserve for share-based payment transactions</u>	<u>Reserve for transaction with controlling shareholder</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
Unaudited							
U.S. dollars in thousands							
Balance at January 1, 2017 (Audited)	6,638	65,632	803	1,284	1,729	(75,127)	959
Total comprehensive loss	-	-	-	-	-	(1,879)	(1,879)
Cost of share based payment	-	-	111	-	-	-	111
Balance at March 31, 2017	<u>6,638</u>	<u>65,632</u>	<u>914</u>	<u>1,284</u>	<u>1,729</u>	<u>(77,006)</u>	<u>(809)</u>

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Reserve for share-based payment transactions</u>	<u>Reserve for transaction with controlling shareholder</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
Unaudited							
U.S. dollars in thousands *)							
Balance at January 1, 2016 (Audited)	4,261	61,858	663	1,284	1,695	(68,783)	978
Net loss	-	-	-	-	-	(1,895)	(1,895)
Other comprehensive loss	-	-	-	-	(34)	-	(34)
Total comprehensive loss	-	-	-	-	(34)	(1,895)	(1,929)
Cost of share based payment	-	-	27	-	-	-	27
Expiration of options	-	8	(8)	-	-	-	-
Balance at March 31, 2016	<u>4,261</u>	<u>61,866</u>	<u>682</u>	<u>1,284</u>	<u>1,661</u>	<u>(70,678)</u>	<u>(924)</u>

*) Were translated to US dollars (the new functional and reporting currency since January 1, 2017)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Reserve for share-based payment transactions</u>	<u>Reserve for transaction with controlling shareholder</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
Audited							
U.S. dollars in thousands *)							
Balance at January 1, 2016	4,261	61,858	663	1,284	1,695	(68,783)	978
Net loss	-	-	-	-	-	(6,344)	(6,344)
Other comprehensive loss	-	-	-	-	34	-	34
Total comprehensive loss	-	-	-	-	34	(6,344)	(6,310)
Issue of share capital, net	2,377	3,715	-	-	-	-	6,092
Cost of share based payment	-	-	199	-	-	-	199
Expiration of options	-	59	(59)	-	-	-	-
Balance at December 31, 2016	<u>6,638</u>	<u>65,632</u>	<u>803</u>	<u>1,284</u>	<u>1,729</u>	<u>(75,127)</u>	<u>959</u>

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2017	(* 2016	(* 2016
	Unaudited		Audited
	U.S. dollars in thousands		
Cash flows - operating activities:			
Loss	(1,879)	(1,895)	(6,344)
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)
Depreciation and amortization	237	224	926
Cost of share based payment	111	27	199
Financial expenses (income), net	55	(76)	110
	403	175	1,234
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(585)	19	(120)
Decrease in other accounts receivable	57	236	283
Increase in inventories	(307)	(53)	(618)
Increase (decrease) in trade payables	237	(60)	204
Increase in other accounts payable	59	165	81
	(539)	307	(170)
Cash paid and received during the period for:			
Interest paid	(10)	(24)	(77)
Interest received	4	4	9
	(6)	(20)	(68)
Net cash used in operating activities	(2,021)	(1,433)	(5,348)

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,	(* 2016	December 31,
	2017	(* 2016	(* 2016
	Unaudited	Unaudited	Audited
	U.S. dollars in thousands		
<u>Cash flows - investing activities:</u>			
Proceeds from sale of property, plant and equipment	-	-	1
Purchase of fixed assets	(8)	(11)	(39)
Withdrawal of bank deposits	-	-	3
Withdrawal of (investment in) Long-term deposits	1,967	112	(639)
Net cash provided by (used in) investing activities	1,959	101	(674)
<u>Cash flows - financing activities:</u>			
Repayment of long-term loan from bank	(183)	(157)	(664)
Issuance of share capital, net	-	-	6,092
Receipt of government grants	-	-	6
Repayment of liability in respect of government grants	(80)	(62)	(129)
Net cash (used in) provided by financing activities	(263)	(219)	5,305
Exchange differences on balances of cash and cash equivalents	35	(20)	26
Decrease in cash and cash equivalents	(290)	(1,571)	(691)
Cash and cash equivalents at the beginning of the period	2,384	3,075	3,075
Cash and cash equivalents at the end of the period	2,094	1,504	2,384
<u>Significant non-cash activities:</u>			
Reclassification inventory to non-current assets	53	30	54

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