

**CONSOLIDATED BALANCE SHEETS**

	<u>June 30,</u>		<u>December 31,</u>
	<u>2012</u>	<u>2011</u>	<u>2011</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	6,456	24,480	9,251
Trade receivables	3,403	2,691	2,740
Other accounts receivable	1,873	1,843	4,042
Inventories	3,892	4,347	3,740
	<u>15,624</u>	<u>33,361</u>	<u>19,773</u>
<b>NON-CURRENT ASSETS:</b>			
Deposits and other receivables	112	444	112
Restricted cash	380	383	378
Fixed assets	771	1,042	894
Intangible assets	15,244	16,733	16,196
	<u>16,507</u>	<u>18,602</u>	<u>17,580</u>
	<u>32,131</u>	<u>51,963</u>	<u>37,353</u>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Loan from controlling shareholder	8,208	-	-
Trade payables	4,186	5,325	4,426
Other accounts payable	4,839	3,472	4,648
Liabilities for Government grants	436	385	424
	<u>17,669</u>	<u>9,182</u>	<u>9,498</u>
<b>NON-CURRENT LIABILITIES:</b>			
Liabilities for Government grants	19,831	13,501	18,824
<b>EQUITY:</b>			
Share capital	1,333	1,332	1,333
Additional paid-in capital	134,606	133,261	134,606
Share-based payment	10,288	11,102	9,990
Capital reserve in respect of controlling shareholder transactions	6,645	4,358	4,358
Accumulated deficit	(158,241)	(120,773)	(141,256)
Total equity	<u>(5,369)</u>	<u>29,280</u>	<u>9,031</u>
	<u>32,131</u>	<u>51,963</u>	<u>37,353</u>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
	Unaudited				Audited
	NIS in thousands (except per share data)				
Revenues from sales	6,135	4,094	3,284	2,298	9,323
Revenues from hiring machines	877	1,497	467	833	3,169
Total revenues	7,012	5,591	3,751	3,131	12,492
Cost of revenues	6,386	5,994	3,109	3,142	12,763
Amortization of intangible assets	949	503	315	374	1,034
Total cost of revenues	7,335	6,497	3,424	3,516	13,797
Gross profit (loss)	(323)	(906)	327	(385)	(1,305)
Research and development expenses, net	4,917	5,955	1,867	3,781	11,388
Selling and marketing expenses	6,978	5,485	3,387	2,788	11,778
General and administrative expenses	3,147	2,763	1,645	1,257	5,953
Operating loss	(15,365)	(15,109)	(6,572)	(8,211)	(30,424)
Finance income	153	1,395	219	899	440
Finance expenses	(1,773)	(225)	(1,809)	(77)	(4,438)
Finance income (expenses), net	(1,620)	1,170	(1,590)	822	(3,998)
Loss	(16,985)	(13,939)	(8,162)	(7,389)	(34,422)
Total comprehensive loss	(16,985)	(13,939)	(8,162)	(7,389)	(34,422)
Basic and diluted loss per share (in NIS)	(0.13)	(0.11)	(0.06)	(0.06)	(0.26)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<b>Share capital</b>	<b>Additional paid-in capital</b>	<b>Share-based payment</b>	<b>Capital reserve in respect of controlling shareholder transactions</b>	<b>Accumulated deficit</b>	<b>Total</b>
<b>Unaudited</b>						
<b>NIS in thousands</b>						
Balance at January 1, 2012 (audited)	1,333	134,606	9,990	4,358	(141,256)	9,031
Total comprehensive loss	-	-	-	-	(16,985)	(16,985)
Cost of share based payment	-	-	298	-	-	298
Capital benefit from transactions with controlling shareholder	-	-	-	2,287	-	2,287
Balance at June 30, 2012	<u>1,333</u>	<u>134,606</u>	<u>10,288</u>	<u>6,645</u>	<u>(158,241)</u>	<u>(5,369)</u>

	<b>Share capital</b>	<b>Additional paid-in capital</b>	<b>Share-based payment</b>	<b>Capital reserve in respect of controlling shareholder transactions</b>	<b>Accumulated deficit</b>	<b>Total</b>
<b>Unaudited</b>						
<b>NIS in thousands</b>						
Balance at January 1, 2011 (audited)	1,098	113,679	10,477	4,358	(106,834)	22,778
Total comprehensive loss	-	-	-	-	(13,939)	(13,939)
Issuance of rights, net	234	19,582	-	-	-	19,816
Cost of share-based payment	-	-	625	-	-	625
Balance at June 30, 2011	<u>1,332</u>	<u>133,261</u>	<u>11,102</u>	<u>4,358</u>	<u>(120,773)</u>	<u>29,280</u>

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<b>Share capital</b>	<b>Additional paid-in capital</b>	<b>Share-based payment</b>	<b>Capital reserve in respect of controlling shareholder transactions</b>	<b>Accumulated deficit</b>	<b>Total</b>
<b>Unaudited</b>						
<b>NIS in thousands</b>						
Balance at April 1, 2012	1,333	134,606	10,178	4,660	(150,079)	698
Total comprehensive loss	-	-	-	-	(8,162)	(8,162)
Cost of share based payment	-	-	110	-	-	110
Capital benefit from transactions with controlling shareholder	-	-	-	1,985	-	1,985
Balance at June 30, 2012 (unaudited)	<u>1,333</u>	<u>134,606</u>	<u>10,288</u>	<u>6,645</u>	<u>(158,241)</u>	<u>(5,369)</u>

	<b>Share capital</b>	<b>Additional paid-in capital</b>	<b>Share-based payment</b>	<b>Capital reserve in respect of controlling shareholder transactions</b>	<b>Accumulated deficit</b>	<b>Total</b>
<b>Unaudited</b>						
<b>NIS in thousands</b>						
Balance at April 1, 2011	1,332	133,261	10,875	4,358	(113,384)	36,442
Total comprehensive loss	-	-	-	-	(7,389)	(7,389)
Cost of share-based payment	-	-	227	-	-	227
Balance at June 30, 2011	<u>1,332</u>	<u>133,261</u>	<u>11,102</u>	<u>4,358</u>	<u>(120,773)</u>	<u>29,280</u>

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital	Additional paid-in capital	Share-based payment	Capital reserve in respect of controlling shareholder transactions	Accumulated deficit	Total
	audited					
	NIS in thousands					
Balance at January 1, 2011	1,098	113,679	10,477	4,358	(106,834)	22,778
Total comprehensive loss	-	-	-	-	(34,422)	(34,422)
Issuance of rights, net	234	19,582	-	-	-	19,816
Cost of share based payment	-	-	816	-	-	816
Forfeiture of options	-	780	(780)	-	-	-
Exercise of options	1	565	(523)	-	-	43
Balance at December 31, 2011	<u>1,333</u>	<u>134,606</u>	<u>9,990</u>	<u>4,358</u>	<u>(141,256)</u>	<u>9,031</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
	Unaudited				Audited
	NIS in thousands				
<u>Cash flows from operating activities:</u>					
Loss	(16,985)	(13,939)	(8,162)	(7,389)	(34,422)
Adjustments to reconcile loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	1,146	678	369	453	1,409
Cost of share based payment	298	625	110	227	816
Finance (expenses) income, net	1,620	(1,170)	1,590	(822)	3,998
	3,064	133	2,069	(142)	6,223
Changes in asset and liability items:					
Increase in trade receivables	(539)	(2,224)	(305)	(448)	(1,393)
Decrease (increase) in other accounts receivable	2,169	(459)	536	(438)	(2,326)
Increase (decrease) in inventories	(152)	(184)	(31)	(669)	471
(Decrease) increase in trade payables	(351)	2,543	(461)	2,430	694
Increase (decrease) in accounts payable	191	187	63	(269)	1,363
	1,318	(137)	(198)	606	(1,191)
Cash paid and received during the period for:					
Interest paid	(14)	(13)	(8)	(4)	(43)
Interest received	28	221	16	129	374
	14	208	8	125	331
Net cash used in operating activities	(12,589)	(13,735)	(6,283)	(6,800)	(29,059)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2012	2011	2012	2011	2011
	Unaudited				Audited
	NIS in thousands				
<u>Cash flows from investing activities:</u>					
Purchase of fixed and intangible assets	(71)	(108)	(6)	(28)	(203)
Repayment of long-term deposits	-	-	6	-	-
Net cash used in investing activities	(71)	(108)	-	(28)	(203)
<u>Cash flows from financing activities:</u>					
Receipt of loan from controlling shareholder	10,000	-	-	-	-
Issuance of rights, net	-	19,816	-	-	19,816
Receipt of Government grants	-	-	-	-	2
Repayment of liability in respect of government grants	(247)	-	(247)	-	(203)
Exercise of share options	-	-	-	-	43
Net cash provided by (used in) financing activities	9,753	19,816	(247)	-	19,658
Exchange differences on balances of cash and cash equivalents	112	(308)	183	(333)	40
Increase (decrease) in cash and cash equivalents	(2,795)	5,665	(6,347)	(7,161)	(9,564)
Cash and cash equivalents at the beginning of the period	9,251	18,815	12,803	31,641	18,815
Cash and cash equivalents at the end of the period	6,456	24,480	6,456	24,480	9,251

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