

CONSOLIDATED BALANCE SHEETS

NIS in thousands

	December 31,	
	2015	2014
	NIS in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	11,998	15,594
Short-term deposits	7,902	-
Trade receivables	2,106	2,122
Other accounts receivable	4,155	3,373
Inventories	4,847	5,595
	<u>31,008</u>	<u>26,684</u>
NON-CURRENT ASSETS:		
Long-term deposits	80	113
Restricted cash	408	397
Fixed assets, net	1,565	916
Intangible assets	7,993	11,644
	<u>10,046</u>	<u>13,070</u>
	<u>41,054</u>	<u>39,754</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities on loan from bank	2,546	1,563
Trade payables	3,088	3,531
Other accounts payable	5,632	4,313
Liabilities for government grants	570	885
	<u>11,836</u>	<u>10,292</u>
NON-CURRENT LIABILITIES:		
Loan from bank	1,133	3,687
Liabilities for government grants	24,260	21,333
	<u>25,393</u>	<u>25,020</u>
EQUITY:		
Share capital	16,323	8,020
Additional paid-in capital	241,922	213,966
Receipts on account of options	-	5,327
Reserve for share-based payment transaction	3,054	6,301
Reserve for transaction with controlling shareholder	5,657	5,657
Accumulated deficit	(263,131)	(234,829)
	<u>3,825</u>	<u>4,442</u>
	<u>41,054</u>	<u>39,754</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

NIS in thousands, except share and per share data

	Year ended December 31,		
	2015	2014	2013
	NIS in thousands		
Revenues from sales	12,808	12,453	10,894
Cost of revenues	8,134	8,590	8,149
Amortization of intangible asset	3,651	1,937	1,294
Total cost of revenues	11,785	10,527	9,443
Gross profit	1,023	1,926	1,451
Research and development expenses, net	11,794	11,855	10,120
Selling and marketing expenses	9,140	15,225	16,572
General and administrative expenses	5,842	5,758	6,925
Prior years fees refund by the FDA	(676)	(636)	(578)
Operating loss	(25,077)	(30,276)	(31,588)
Financial income	207	404	373
Financial expenses	(3,412)	(4,046)	(1,302)
Financial expenses, net	(3,205)	(3,642)	(929)
loss before taxes on income	(28,282)	(33,918)	(32,517)
Taxes on income	(20)	-	-
Total comprehensive loss	(28,302)	(33,918)	(32,517)
Basic and diluted loss per share (in NIS)	(2.72)	*) (4.33)	*) (5.25)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**NIS in thousands, except share and per share data**

	Share capital	Additional paid-in capital	Receipts on account of options	Reserve for share- based payment transac- tion	Reserve for transaction with controlling shareholder	Accumulated deficit	Total
	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)
Issue 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
Expiration options	-	6,492	-	(6,492)	-	-	-
Balance at December 31, 2013	7,018	203,832	4,805	5,274	5,657	(200,911)	25,675
Total comprehensive loss	-	-	-	-	-	(33,918)	(33,918)
Issue of share capital, net	1,000	10,068	522	-	-	-	11,590
Cost of share based payment	-	-	-	1,078	-	-	1,078
Exercise of options	2	43	-	(28)	-	-	17
Expiration options	-	23	-	(23)	-	-	-
Balance at December 31, 2014	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 options	-	9,149	(5,327)	(3,822)	-	-	-
Balance at December 31, 2015	16,323	241,922	-	3,054	5,657	(263,131)	3,825

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

	Year ended December 31,		
	2015	2014	2013
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(28,302)	(33,918)	(32,517)
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Loss from sale of property, plant and equipment	2	18	-
Depreciation and amortization	4,296	2,382	1,573
Cost of share-based payment	575	1,078	1,395
Finance expenses, net	3,205	3,642	929
	<u>8,078</u>	<u>7,120</u>	<u>3,897</u>
Changes in asset and liability items:			
Decrease (increase) in trade receivables	7	(532)	1,516
Decrease (increase) in other accounts receivable	(748)	(666)	336
Increase in inventories	(421)	(1,597)	(1,030)
Increase (decrease) in trade payables	(189)	(638)	71
Increase (decrease) in other accounts payable	1,319	(2)	222
	<u>(32)</u>	<u>(3,435)</u>	<u>1,115</u>
Cash paid and received during the year for:			
Interest paid	(528)	(622)	(22)
Interest received	9	61	213
	<u>(519)</u>	<u>(561)</u>	<u>191</u>
Net cash used in operating activities	<u>(20,775)</u>	<u>(30,794)</u>	<u>(27,314)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

	Year ended December 31,		
	2015	2014	2013
	NIS in thousands		
<u>Cash flows from investing activities:</u>			
Proceeds from sale of property, plant and equipment	6	13	-
Purchase of fixed assets	(133)	(135)	(194)
Withdrawal of (investment in) bank deposits	(7,913)	22,911	(22,911)
Investment in Long-term deposits	-	(26)	(17)
	<u>(8,040)</u>	<u>22,763</u>	<u>(23,122)</u>
<u>Cash flows from financing activities:</u>			
Receipt of long-term loan from bank	-	5,250	-
Receipt of a loan from a controlling shareholder	(1,571)	-	-
Issuance of share capital, net	27,110	11,590	33,304
Receipt of government grants	166	124	177
Repayment of liability in respect of government grants	(437)	(427)	(399)
Exercise of options	-	17	143
	<u>25,268</u>	<u>16,554</u>	<u>33,225</u>
Exchange differences on balances of cash and cash equivalents	(49)	796	(846)
Increase (decrease) in cash and cash equivalents	(3,596)	9,319	(18,057)
Cash and cash equivalents at the beginning of the year	<u>15,594</u>	<u>6,275</u>	<u>24,332</u>
Cash and cash equivalents at the end of the year	<u><u>11,998</u></u>	<u><u>15,594</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>
Reclassification inventory to non-current assets	<u>1,169</u>	<u>187</u>	<u>-</u>