

CONSOLIDATED BALANCE SHEETS

NIS in thousands

	December 31,	
	2013	2012
	NIS in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	6,275	24,332
Short-term deposits	22,911	-
Trade receivables	1,543	3,044
Other accounts receivable	2,707	3,030
Inventories	4,184	3,560
	<u>37,620</u>	<u>33,966</u>
NON-CURRENT ASSETS:		
Long-term deposits	89	85
Restricted cash	388	377
Fixed assets, net	1,065	740
Intangible assets	13,586	14,884
	<u>15,128</u>	<u>16,086</u>
	<u>52,748</u>	<u>50,052</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	3,661	3,766
Other accounts payable	4,315	4,093
Loan from a controlling shareholder	-	8,568
Liabilities for government grants	813	602
	<u>8,789</u>	<u>17,029</u>
LONG-TERM LIABILITIES:		
Liabilities for government grants	<u>18,284</u>	<u>18,877</u>
EQUITY:		
Share capital	7,018	4,263
Additional paid-in capital	203,832	161,296
Receipts on account of options	4,805	-
Reserve for share-based payment transaction	5,274	10,433
Reserve for transaction with controlling shareholder	5,657	6,548
Accumulated deficit	(200,911)	(168,394)
	<u>25,675</u>	<u>14,146</u>
	<u>52,748</u>	<u>50,052</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

NIS in thousands, except share and per share data

	Year ended December 31,		
	2013	2012	2011
	NIS in thousands		
Revenues from sales	10,984	12,126	9,323
Revenues from rental machines	-	1,446	3,169
Total revenues	10,984	13,572	12,492
Cost of revenues	8,149	12,121	12,763
Amortization of intangible asset	1,294	1,308	1,034
Total cost of revenues	9,443	13,429	13,797
Gross profit (loss)	1,451	143	(1,305)
Research and development expenses, net	10,120	8,719	11,388
Selling and marketing expenses	16,572	13,418	11,778
General and administrative expenses	6,925	6,179	5,953
Prior years fees refund by the FDA	(578)	(3,167)	-
Operating loss	(31,588)	(25,006)	(30,424)
Financial income	373	134	440
Financial expenses	(1,302)	(2,266)	(4,438)
Financial expenses, net	(929)	(2,132)	(3,998)
Loss	(32,517)	(27,138)	(34,422)
Total comprehensive loss	(32,517)	(27,138)	(34,422)
Basic and diluted loss per share (in NIS)	(0.06)	(0.13)	(0.26)

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 transaction	Reserve for transaction with controlling shareholder	Accumulated deficit	Total
	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	1,333	134,606	-	9,990	4,358	(141,256)	9,031
Total comprehensive loss	-	-	-	-	-	(27,138)	(27,138)
Issuance of rights, net	2,912	26,047	-	-	-	-	28,959
Conversion of loan from a controlling shareholder	18	522	-	-	(97)	-	443
Cost of share based payment	-	-	-	564	-	-	564
Capital benefit from transactions with a controlling shareholder	-	-	-	-	2,287	-	2,287
Forfeiture of options	-	121	-	(121)	-	-	-
Balance at December 31, 2012	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
Lapsed options	-	6,492	-	(6,492)	-	-	-
Balance at December 31, 2013	7,018	203,832	4,805	5,274	5,657	(200,911)	25,675

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

	Year ended December 31,		
	2013	2012	2011
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(32,517)	(27,138)	(34,422)
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	1,573	1,636	1,409
Cost of share-based payment	1,395	564	816
Finance expenses, net	929	2,132	3,998
	3,897	4,332	6,223
Changes in asset and liability items:			
Decrease (increase) in trade receivables	1,516	(443)	(1,393)
Decrease (increase) in other accounts receivable	336	1,039	(2,326)
Decrease (increase) in inventories	(1,030)	180	471
Increase (decrease) in trade payables	71	(601)	694
Increase (decrease) in other accounts payable	222	(555)	1,363
	1,115	(380)	(1,191)
Cash paid and received during the year for:			
Interest paid	(22)	(53)	(43)
Interest received	213	134	374
	191	81	331
Net cash used in operating activities	(27,314)	(23,105)	(29,059)

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

	Year ended December 31,		
	2013	2012	2011
	NIS in thousands		
<u>Cash flows from investing activities:</u>			
Purchase of fixed and intangible assets	(194)	(169)	(203)
Bank deposits	(22,911)	-	-
Long-term deposits	(17)	-	-
Net cash used in investing activities	(23,122)	(169)	(203)
<u>Cash flows from financing activities:</u>			
Receipt of a loan from a controlling shareholder	-	10,000	-
Issuance of share capital, net	33,304	28,959	19,816
Receipt of government grants	177	5	2
Repayment of liability in respect of government grants	(399)	(500)	(203)
Exercise of options	143	-	43
Net cash provided by financing activities	33,225	38,464	19,658
Exchange differences on balances of cash and cash equivalents	(846)	(109)	40
Increase (decrease) in cash and cash equivalents	(18,057)	15,081	(9,564)
Cash and cash equivalents at the beginning of the year	24,332	9,251	18,815
Cash and cash equivalents at the end of the year	6,275	24,332	9,251
<u>Significant non-cash transactions:</u>			
Conversion of a loan from a controlling shareholder	9,204	443	-