

CONSOLIDATED BALANCE SHEETS

NIS in thousands

	December 31,	
	2016	2015
	NIS in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	9,168	11,998
Short-term deposits	10,498	7,902
Trade receivables	2,557	2,106
Other accounts receivable	3,067	4,155
Inventories	7,016	4,847
	<u>32,306</u>	<u>31,008</u>
NON-CURRENT ASSETS:		
Long-term deposits	67	80
Restricted cash	295	408
Fixed assets, net	1,025	1,565
Intangible assets	5,329	7,993
	<u>6,716</u>	<u>10,046</u>
	<u><u>39,022</u></u>	<u><u>41,054</u></u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities on loan from bank	1,133	2,546
Trade payables	3,866	3,088
Other accounts payable	5,912	5,632
Liabilities for government grants	787	570
	<u>11,698</u>	<u>11,836</u>
NON-CURRENT LIABILITIES:		
Loan from bank	-	1,133
Liabilities for government grants	23,636	24,260
	<u>23,636</u>	<u>25,393</u>
EQUITY:		
Share capital	25,492	16,323
Additional paid-in capital	256,478	241,922
Reserve for share-based payment transaction	3,592	3,054
Reserve for transaction with controlling shareholder	5,657	5,657
Accumulated deficit	(287,531)	(263,131)
	<u>3,688</u>	<u>3,825</u>
	<u><u>39,022</u></u>	<u><u>41,054</u></u>

CONSOLIDATED STATEMENTS OF OPERATIONS
NIS in thousands, except share and per share data

	Year ended December 31,		
	2016	2015	2014
	NIS in thousands		
Revenues from sales	16,099	12,808	12,453
Cost of revenues	9,990	8,134	8,590
Amortization of intangible asset	2,664	3,651	1,937
Total cost of revenues	12,654	11,785	10,527
Gross profit	3,445	1,023	1,926
Research and development expenses, net	14,113	11,794	11,855
Selling and marketing expenses	8,283	9,140	15,225
General and administrative expenses	5,648	5,842	5,758
Prior years fees refund by the FDA	(677)	(676)	(636)
Operating loss	(23,922)	(25,077)	(30,276)
Financial income	59	207	404
Financial expenses	(489)	(3,412)	(4,046)
Financial expenses, net	(430)	(3,205)	(3,642)
loss before taxes on income	(24,352)	(28,282)	(33,918)
Taxes on income	(48)	(20)	-
Total comprehensive loss	(24,400)	(28,302)	(33,918)
Basic and diluted loss per share (in NIS)	(1.20)	(2.72)	(4.33)

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, 2014	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
Total comprehensive loss	-	-	-	-	-	(24,400)	(24,400)
Issue of share capital, net	9,169	14,331	-	-	-	-	23,500
Cost of share based payment	-	-	-	763	-	-	763
Expiration options	-	225	-	(225)	-	-	-
Balance at December 31, 2016	25,492	256,478	-	3,592	5,657	(287,531)	3,688

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

	Year ended December 31,		
	2016	2015	2014
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(24,400)	(28,302)	(33,918)
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Loss (profit) from sale of property, plant and equipment	(4)	2	18
Depreciation and amortization	3,561	4,296	2,382
Cost of share-based payment	763	575	1,078
Finance expenses, net	430	3,205	3,642
	4,750	8,078	7,120
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(462)	7	(532)
Decrease (increase) in other accounts receivable	1,089	(748)	(666)
Increase in inventories	(2,376)	(421)	(1,597)
Increase (decrease) in trade payables	786	(189)	(638)
Increase (decrease) in other accounts payable	312	1,319	(2)
	(651)	(32)	(3,435)
Cash paid and received during the year for:			
Interest paid	(296)	(528)	(622)
Interest received	35	9	61
	(261)	(519)	(561)
Net cash used in operating activities	(20,562)	(20,775)	(30,794)

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

	Year ended December 31,		
	2016	2015	2014
	NIS in thousands		
<u>Cash flows from investing activities:</u>			
Proceeds from sale of property, plant and equipment	4	6	13
Purchase of fixed assets	(150)	(133)	(135)
Withdrawal of (investment in) bank deposits	(2,459)	(7,913)	22,911
Withdrawal of (investment in) Long-term deposits	12	-	(26)
Net cash provided by (used in) investing activities	<u>(2,593)</u>	<u>(8,040)</u>	<u>22,763</u>
<u>Cash flows from financing activities:</u>			
Receipt of long-term loan from bank	-	-	5,250
Repayment of long-term bank loan	(2,546)	(1,571)	-
Issuance of share capital, net	23,500	27,110	11,590
Receipt of government grants	24	166	124
Repayment of liability in respect of government grants	(499)	(437)	(427)
Exercise of options	-	-	17
Net cash provided by financing activities	<u>20,479</u>	<u>25,268</u>	<u>16,554</u>
Exchange differences on balances of cash and cash equivalents	<u>(154)</u>	<u>(49)</u>	<u>796</u>
Increase (decrease) in cash and cash equivalents	(2,830)	(3,596)	9,319
Cash and cash equivalents at the beginning of the year	<u>11,998</u>	<u>15,594</u>	<u>6,275</u>
Cash and cash equivalents at the end of the year	<u><u>9,168</u></u>	<u><u>11,998</u></u>	<u><u>15,594</u></u>
<u>Significant non-cash transactions:</u>			
Reclassification inventory to non-current assets	<u>207</u>	<u>1,169</u>	<u>187</u>