

CONSOLIDATED BALANCE SHEETS**NIS in thousands, except share and per share data**

	December 31,	
	2008	2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	17,607	21,498
Short-term marketable securities	-	8,627
Trade receivables	385	822
Other accounts receivable	1,810	760
Inventories	2,477	289
	<u>22,279</u>	<u>31,996</u>
NON-CURRENT ASSETS:		
Long term deposits	201	159
Long term debentures	-	8,017
Restricted cash	319	284
Fixed assets, net	1,518	472
Other intangible assets, net	17,611	17,599
	<u>19,649</u>	<u>26,531</u>
	<u>41,928</u>	<u>58,527</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Credit from banks	-	31
Trade payables	1,703	1,251
Other accounts payable	2,608	1,440
Liabilities in respect of government grants	73	185
	<u>4,384</u>	<u>2,907</u>
LONG-TERM LIABILITIES:		
Warrants	136	29,924
Liabilities in respect of employee benefits, net	-	9
Liabilities in respect of government grants	15,195	13,574
	<u>15,331</u>	<u>43,507</u>
EQUITY:		
Share capital	256	252
Additional paid-in capital	68,836	66,797
Accumulated deficit	(59,381)	(64,536)
Share-based payment	8,144	5,242
Capital reserve in respect of related parties transactions	4,358	4,358
	<u>22,213</u>	<u>12,113</u>
	<u>41,928</u>	<u>58,527</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

NIS in thousands, except share and per share data

	Year ended December 31,	
	2008	2007
Revenues from sales	2,378	1,818
Revenues from rental machines	568	-
Total revenues	2,946	1,818
Cost of sales	913	59
Gross profit	2,033	1,759
Research and development expenses, net	12,828	9,475
Marketing expenses	6,047	2,321
General and administrative expenses	6,871	4,965
Other income	593	-
Operating loss	(23,120)	(15,002)
Financial income	30,638	180
Financial expenses	(2,358)	(30,540)
Profit (loss) before tax	5,160	(45,362)
Income tax expense	5	42
Net profit (loss)	5,155	(45,404)
Basic net profit (loss) per share	0.20	(2.57)
Diluted loss per share	(0.94)	(2.57)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NIS in thousands, except share and per share data

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Share-based payment</u>	<u>Capital reserve in respect of related parties transactions</u>	<u>Total</u>
Unaudited						
NIS in thousands						
Balance at January 1, 2009	252	66,797	(64,536)	5,242	4,358	12,113
Net profit	-	-	5,155	-	-	5,155
Issuance of share capital (net of issuance expenses)	252	66,797	(59,381)	5,242	4,358	17,268
Cost of share-based payment	4	1,425	-	-	-	1,429
Exercise of options	(* -)	614	-	(584)	-	30
Balance at March 31, 2009	<u>256</u>	<u>68,836</u>	<u>(59,381)</u>	<u>8,144</u>	<u>4,358</u>	<u>22,213</u>

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Share-based payment</u>	<u>Capital reserve in respect of related parties transactions</u>	<u>Total</u>
Unaudited						
NIS in thousands						
Balance at January 1, 2007	125	15,218	(19,082)	5,511	3,483	5,255
Loss	-	-	(45,404)	-	-	(45,404)
Issuance of shares in consideration of asset transferred from controlling shareholder	125	15,218	(64,486)	5,511	3,483	(40,149)
Issuance of shares and warrants to the public (net of issuance expenses)	-	1,827	-	(1,827)	-	-
Issuance of shares and warrants (net of issuance expenses)	61	15,290	-	-	-	15,351
Capital reserve in respect of related parties Transactions	62	32,346	-	-	-	32,408
Cost of share-based Payment	-	-	(50)	-	875	825
Exercise of options	4	2,116	-	(2,002)	-	118
Balance at December 31, 2007	<u>252</u>	<u>66,797</u>	<u>(64,536)</u>	<u>5,242</u>	<u>4,358</u>	<u>12,113</u>

*) Represents an amount lower than NIS 1 thousand.

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands, except share and per share data

	Year ended December 31,	
	2008	2007
<u>Cash flows from operating activities:</u>		
Net profit (loss)	5,155	(45,404)
Adjustments to reconcile loss to net cash used in operating activities (a)	(25,122)	35,145
Net cash used in operating activities	(19,967)	(10,259)
<u>Cash flows from investing activities:</u>		
Purchase of long-term debentures	-	(11,000)
Proceeds from sale of long-term debentures	8,000	3,000
Purchase of fixed assets and intangible assets	(1,381)	(706)
Proceeds from sale of fixed assets	-	21
Restricted cash	-	(276)
Depositing long-term deposits	(42)	(159)
Purchase of securities measured at fair value through profit and loss, net	8,071	(9,107)
Net cash provided by (used in) investing activities	14,648	(18,227)
<u>Cash flows from financing activities:</u>		
Issuance of shares and stock options, net	1,429	49,048
Short-term credit from banks, net	(31)	31
Exercise of stock options into shares	30	118
Net cash provided by financing activities	1,428	49,197
Increase (decrease) in cash and cash equivalents	(3,891)	20,711
Cash and cash equivalents at the beginning of the period	21,498	787
Cash and cash equivalents at the end of the period	17,607	21,498

CONSOLIDATED STATEMENTS OF CASH FLOWS**NIS in thousands, except share and per share data**

	Year ended December 31,	
	2008	2007
(a) <u>Adjustments to reconcile net income to net cash provided by continuing operating activities:</u>		
Income and expenses not involving cash flows:		
Depreciation and amortization of fixed assets and intangible assets	323	45
Revaluation (erosion) of government grants	1,509	704
Capital reserve in respect of transactions with controlling shareholders	-	825
Cost of share based payment	3,486	3,560
Revaluation (erosion) of liability for investors options	(29,788)	28,646
Gain from sale of fixed assets	-	(21)
Erosion (revaluation) of long-term debentures	17	(17)
Erosion (revaluation) of restricted cash	(35)	(8)
Change in assets in respect of employee benefits, net	(9)	9
Decrease (increase) in value of securities measured at fair value through profit and loss	556	480
Changes in asset and liability items:		
Decrease (increase) in trade receivables	437	(155)
Increase in other accounts receivable	(1,050)	(575)
Increase in inventories	(2,188)	(280)
Increase in trade payables	452	1,015
Increase in other accounts payable	1,168	917
	<u>(25,122)</u>	<u>35,145</u>