

CONSOLIDATED BALANCE SHEETS

NIS in thousands, except share and per share data

	December 31,	
	2009	2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	20,345	17,607
Trade receivables	352	385
Other accounts receivable	410	1,810
Inventories	2,380	2,477
	<u>23,487</u>	<u>22,279</u>
NON-CURRENT ASSETS:		
Long-term deposits	203	201
Restricted cash	290	319
Fixed assets	1,741	1,518
Other intangible assets	17,494	17,611
	<u>19,728</u>	<u>19,649</u>
	<u><u>43,215</u></u>	<u><u>41,928</u></u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	1,423	1,703
Other accounts payable	3,295	2,608
Liabilities in respect of government grants	555	73
	<u>5,273</u>	<u>4,384</u>
LONG-TERM LIABILITIES:		
Warrants	-	136
Liabilities in respect of government grants	16,267	15,195
	<u>16,267</u>	<u>15,331</u>
EQUITY:		
Share capital	811	256
Additional paid-in capital	91,252	68,836
Share-based payment	10,003	8,144
Capital reserve in respect of controlling shareholder transaction	4,358	4,358
Accumulated deficit	(84,749)	(59,381)
	<u>21,675</u>	<u>22,213</u>
	<u><u>43,215</u></u>	<u><u>41,928</u></u>

CONSOLIDATED STATEMENTS OF OPERATIONS

NIS in thousands, except share and per share data

	Year ended December 31,	
	2009	2008
Revenues from sales	1,165	2,378
Revenues from rental machines	-	568
Total revenues	1,165	2,946
Cost of revenues	839	913
Gross profit	326	2,033
Research and development expenses	15,025	12,828
Marketing and marketing expenses	4,257	6,047
General and administrative expenses	4,996	6,871
Other income	-	593
Operating loss	(23,952)	(23,120)
Financial income	316	30,638
Financial expenses	(1,726)	(2,358)
Income (loss) before taxes on income	(25,362)	5,160
Taxes on income	6	5
Net income (loss)	(25,368)	5,155
Total comprehensive income (loss)	(25,368)	5,155
Basic net income (loss) per share	(0.23)	0.11
Diluted loss per share	(0.23)	(0.54)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NIS in thousands, except share and per share data

	Share capital	Additional paid-in capital	Share-based payment	Capital reserve in respect of controlling shareholder transaction	Accumulated deficit	Total
NIS in thousands						
Balance at January 1, 2008	252	66,797	5,242	4,358	(64,536)	12,113
Total comprehensive income	-	-	-	-	5,155	5,155
Issuance of share capital (net of issuance expenses)	4	1,425	-	-	-	1,429
Cost of share-based payment	-	-	3,486	-	-	3,486
Exercise of options	*) -	614	(584)	-	-	30
Balance at December 31, 2008	256	68,836	8,144	4,358	(59,381)	22,213
Total comprehensive loss	-	-	-	-	(25,368)	(25,368)
Receipts on account of shares	-	390	-	-	-	390
Issuance of rights, net	553	21,333	-	-	-	21,886
Cost of share based payment	-	-	2,511	-	-	2,511
Exercise of options	2	693	(652)	-	-	43
Balance at December 31, 2009	811	91,252	10,003	4,358	(84,749)	21,675

*) 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,	
	2009	2008
	NIS in thousands	
<u>Cash flows from operating activities:</u>		
Net income (loss)	(25,368)	5,155
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Revaluation of government grants	-	311
Depreciation and amortization	532	323
Sale of securities measured at fair value through profit and loss, net	-	8,071
Cost of share-based payment	2,511	3,486
Change in employee benefit liabilities, net	-	(9)
Taxes on income	6	5
Finance costs (income), net	1,410	(28,280)
	<u>4,459</u>	<u>(16,093)</u>
Changes in asset and liability items:		
Decrease in trade receivables	25	362
Decrease (increase) in other accounts receivable	1,400	(1,050)
Decrease (increase) in inventories	97	(2,188)
Increase (decrease) in trade payables	(260)	395
Increase in other accounts payable	681	1,163
	<u>1,943</u>	<u>(1,318)</u>
Cash paid and received during the year for:		
Interest paid	(47)	(66)
Interest received	181	793
	<u>134</u>	<u>727</u>
Net cash used in operating activities	<u>(18,832)</u>	<u>(11,529)</u>

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

	Year ended	
	December 31,	
	2009	2008
	NIS in thousands	
<u>Cash flows from investing activities:</u>		
Proceeds from sale of long-term debentures	-	8,000
Purchase of fixed and intangible assets	(638)	(1,381)
Restricted cash	29	-
Depositing long-term deposits, net	(2)	(42)
Net cash provided by (used in) investing activities	<u>(611)</u>	<u>6,577</u>
<u>Cash flows from financing activities:</u>		
Issuance of rights, net	21,886	-
Receipt of government grants	598	-
Receipts on account of shares	390	-
Issue of shares and option (net of issue expenses)	-	1,429
Short-term credit from banks and others, net	-	(31)
Exercise of options	43	30
Net cash provided by financing activities	<u>22,917</u>	<u>1,428</u>
Exchange differences on balances of cash and cash equivalents	<u>(736)</u>	<u>(367)</u>
Increase (decrease) in cash and cash equivalents	2,738	(3,891)
Cash and cash equivalents at the beginning of the year	<u>17,607</u>	<u>21,498</u>
Cash and cash equivalents at the end of the year	<u><u>20,345</u></u>	<u><u>17,607</u></u>