

CONSOLIDATED BALANCE SHEETS

	<u>March 31,</u>		<u>December 31,</u>
	<u>2009</u>	<u>2008</u>	<u>2008</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	12,864	12,113	17,607
Short-term investments	-	15,814	-
Trade receivables	480	788	385
Other accounts receivable	1,597	1,137	1,810
Inventories	<u>2,661</u>	<u>318</u>	<u>2,477</u>
	<u>17,602</u>	<u>30,170</u>	<u>22,279</u>
NON-CURRENT ASSETS:			
Long term deposits	196	179	201
Long term debentures	-	5,510	-
Restricted cash	317	409	319
Fixed assets, net	1,551	687	1,518
Intangible assets, net	<u>17,587</u>	<u>17,601</u>	<u>17,611</u>
	<u>19,651</u>	<u>24,386</u>	<u>19,649</u>
	<u><u>37,253</u></u>	<u><u>54,556</u></u>	<u><u>41,928</u></u>

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	<u>NIS in thousands</u>		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	1,659	1,048	1,703
Other accounts payable	2,307	1,320	2,608
Government grants	224	451	73
	<u>4,190</u>	<u>2,819</u>	<u>4,384</u>
LONG-TERM LIABILITIES:			
Warrants	440	19,730	136
Employee benefit liabilities, net	-	3	-
Government grants, net	16,494	15,329	15,195
	<u>16,934</u>	<u>35,062</u>	<u>15,331</u>
EQUITY:			
Share capital	258	256	256
Additional paid-in capital	69,919	68,228	68,836
Accumulated deficit	(66,561)	(62,150)	(59,381)
Share-based payment	8,155	5,983	8,144
Capital reserve in respect of related parties transactions	4,358	4,358	4,358
	<u>16,129</u>	<u>16,675</u>	<u>22,213</u>
	<u><u>37,253</u></u>	<u><u>54,556</u></u>	<u><u>41,928</u></u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended		Year ended
	March 31,		December 31,
	2009	2008	2008
	Unaudited		Audited
	NIS in thousands		
	(except per share data)		
Revenues from sales	162	522	2,378
Revenues from rental machines	-	110	568
Total revenues	162	632	2,946
Cost of sales	95	(848)	913
Gross profit	67	1,480	2,033
Research and development expenses, net	4,064	2,820	12,828
Marketing expenses	977	1,158	6,047
General and administrative expenses	1,184	1,459	6,871
Other income	-	-	593
Operating loss	(6,158)	(3,957)	(23,120)
Financial income	768	10,506	30,638
Financial expenses	(1,789)	(4,158)	(2,358)
Profit (loss) before tax	(7,179)	2,391	5,160
Income tax expense	(1)	(5)	(5)
Net profit (loss)	(7,180)	2,386	5,155
Total comprehensive income (loss)	(7,180)	2,386	5,155
Basic net earnings (loss) per share (NIS)	(0.16)	0.09	0.20
Diluted earnings (loss) per share (NIS)	(0.16)	0.08	(0.94)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Accumulated deficit	Share-based payment	Capital reserve in respect of related parties transactions	Total
Unaudited						
NIS in thousands						
Balance at January 1, 2009 (audited)	256	68,836	(59,381)	8,144	4,358	22,213
Total comprehensive loss	-	-	(7,180)	-	-	(7,180)
Receipts on account of shares	-	390	-	-	-	390
Cost of share-based payment	-	-	-	663	-	663
Exercise of options	2	693	-	(652)	-	43
Balance at March 31, 2009	<u>258</u>	<u>69,919</u>	<u>(66,561)</u>	<u>8,155</u>	<u>4,358</u>	<u>16,129</u>

	Share capital	Additional paid-in capital	Accumulated deficit	Share-based payment	Capital reserve in respect of related parties transactions	Total
Unaudited						
NIS in thousands						
Balance at January 1, 2008 (audited)	252	66,797	(64,536)	5,242	4,358	12,113
Total comprehensive income	-	-	2,386	-	-	2,386
Issuance of share capital (net of issuance expenses)	4	1,425	-	-	-	1,429
Cost of share-based payment	-	-	-	741	-	741
Exercise of options	(* -)	6	-	-	-	6
Balance at March 31, 2008	<u>256</u>	<u>68,228</u>	<u>(62,150)</u>	<u>5,983</u>	<u>4,358</u>	<u>16,675</u>

	Share capital	Additional paid-in capital	Accumulated deficit	Share-based payment	Capital reserve in respect of related parties transactions	Total
Audited						
NIS in thousands						
Balance at January 1, 2008	252	66,797	(64,536)	5,242	4,358	12,113
Total comprehensive income	-	-	5,155	-	-	5,155
Issuance of shares and warrants (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	<u>256</u>	<u>68,836</u>	<u>(59,381)</u>	<u>8,144</u>	<u>4,358</u>	<u>22,213</u>

*) Represents an amount lower than NIS 1 thousand.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2009	2008	2008
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Net profit (loss)	(7,180)	2,386	5,155
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities			
Adjustments to the profit or loss items:			
Revaluation (erosion) of government grants	-	(940)	311
Depreciation and amortization of fixed assets and intangible assets	115	49	323
Cost of share based payment	663	741	3,486
Change in employee benefit liabilities, net	-	(6)	(9)
Financial expenses (income), net	1,021	(6,348)	(28,280)
	<u>1,799</u>	<u>(6,504)</u>	<u>(24,169)</u>
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(101)	5	362
Decrease (increase) in other accounts receivable	242	(377)	(1,050)
Increase in inventories	(184)	(29)	(2,188)
Increase (decrease) in trade payables	(68)	(194)	395
Increase (decrease) in other accounts payable	(301)	(120)	1,168
	<u>(412)</u>	<u>(715)</u>	<u>(1,313)</u>
Cash paid and received during the period for:			
Interest received	45	115	793
Interest paid	(6)	(4)	(66)
	<u>39</u>	<u>111</u>	<u>727</u>
Net cash used in operating activities	<u>(5,754)</u>	<u>(4,722)</u>	<u>(19,600)</u>
<u>Cash flows from investing activities:</u>			
Proceeds from sale of long-term debentures	-	2,497	8,000
Purchase of fixed assets and intangible assets	(124)	(265)	(1,381)
Restricted cash	-	(141)	-
Depositing long-term deposits	5	-	(42)
Sale (purchase) of securities measured at fair value through profit and loss, net	-	(7,884)	8,071
Net cash provided by (used in) investing activities	<u>(119)</u>	<u>(5,793)</u>	<u>14,648</u>
<u>Cash flows from financing activities:</u>			
Receipts on account of shares	390	-	-
Issuance of shares and warrants, net	-	1,429	1,429
Short-term credit from banks, net	-	(31)	(31)
Exercise of stock options into shares	14	6	30
Net cash provided by financing activities	<u>404</u>	<u>1,404</u>	<u>1,428</u>
Exchange differences on balances of cash and cash equivalents	<u>726</u>	<u>(274)</u>	<u>(367)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2009	2008	2008
	Unaudited		Audited
	NIS in thousands		
Decrease in cash and cash equivalents	(4,743)	(9,385)	(3,891)
Cash and cash equivalents at the beginning of the period	17,607	21,498	21,498
Cash and cash equivalents at the end of the period	12,864	12,113	17,607
