

**CONSOLIDATED BALANCE SHEETS**


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	<u>June 30,</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>		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	18,689	3,630	17,607
Short-term deposits	11,348	-	-
Short-term investments	-	18,109	-
Trade receivables	423	388	385
Other accounts receivable	641	778	1,810
Inventories	2,530	1,188	2,477
	<u>33,631</u>	<u>24,093</u>	<u>22,279</u>
<b>NON-CURRENT ASSETS:</b>			
Long term deposits	196	207	201
Long term debentures	-	5,509	-
Restricted cash	324	275	319
Fixed assets, net	1,678	1,147	1,518
Intangible assets, net	17,550	17,595	17,611
	<u>19,748</u>	<u>24,733</u>	<u>19,649</u>
	<u><u>53,379</u></u>	<u><u>48,826</u></u>	<u><u>41,928</u></u>

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	<u>June 30,</u>		<u>December 31,</u>
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	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Trade payables	2,006	1,459	1,703
Other accounts payable	2,602	1,623	2,608
Government grants	364	327	73
	<u>4,972</u>	<u>3,409</u>	<u>4,384</u>
<b>LONG-TERM LIABILITIES:</b>			
Warrants	-	18,890	136
Employee benefit liabilities, net	-	11	-
Government grants	16,818	15,357	15,195
	<u>16,818</u>	<u>34,258</u>	<u>15,331</u>
<b>EQUITY:</b>			
Share capital	811	256	256
Additional paid-in capital	91,252	68,836	68,836
Share-based payment	8,908	6,324	8,144
Capital reserve in respect of related parties transactions	4,358	4,358	4,358
Accumulated deficit	(73,740)	(68,615)	(59,381)
	<u>31,589</u>	<u>11,159</u>	<u>22,213</u>
	<u>53,379</u>	<u>48,826</u>	<u>41,928</u>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	Unaudited				Audited
	NIS in thousands (except per share data)				
Revenues from sales	628	1,069	466	547	2,378
Revenues from rental machines	-	110	-	-	568
Total revenues	628	1,179	466	547	2,946
Cost of sales	380	(1,362)	285	(514)	913
Gross profit	248	2,541	181	1,061	2,033
Research and development expenses, net	8,663	6,132	4,599	3,312	12,828
Marketing expenses	1,863	3,249	886	2,091	6,047
General and administrative expenses	2,412	3,189	1,228	1,730	6,871
Other income	-	-	-	-	593
Operating loss	(12,690)	(10,029)	(6,532)	(6,072)	(23,120)
Financial income	1,250	12,521	482	2,015	30,638
Financial expenses	(2,917)	(6,562)	(1,128)	(2,404)	(2,358)
Profit (loss) before tax	(14,357)	(4,070)	(7,178)	(6,461)	5,160
Income tax expense	2	9	1	4	5
Net profit (loss)	(14,359)	(4,079)	(7,179)	(6,465)	5,155
Total comprehensive income (loss)	<u>(14,359)</u>	<u>(4,079)</u>	<u>(7,179)</u>	<u>(6,465)</u>	<u>5,155</u>
Basic net earnings (loss) per share (NIS)	<u>(0.18)</u>	<u>(0.08)</u>	<u>(0.09)</u>	<u>(0.15)</u>	<u>0.11</u>
Diluted <del>earnings</del> <del>(loss)</del> per share (NIS)	<u>(0.18)</u>	<u>(0.08)</u>	<u>(0.09)</u>	<u>(0.15)</u>	<u>(0.54)</u>

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<b>Share capital</b>	<b>Additional paid-in capital</b>	<b>Accumulated deficit</b>	<b>Share-based payment</b>	<b>Capital reserve in respect of related parties transactions</b>	<b>Total</b>
	<b>Unaudited</b>					
	<b>NIS in thousands</b>					
Balance at January 1, 2009 (audited)	256	68,836	(59,381)	8,144	4,358	22,213
Total comprehensive loss	-	-	(14,359)	-	-	(14,359)
Receipts on account of shares	-	390	-	-	-	390
Issuance of rights, net	553	21,333	-	-	-	21,886
Cost of share-based payment	-	-	-	1,416	-	1,416
Exercise of options	2	693	-	(652)	-	43
Balance at June 30, 2009	811	91,252	(73,740)	8,908	4,358	31,589

	<b>Share capital</b>	<b>Additional paid-in capital</b>	<b>Accumulated deficit</b>	<b>Share-based payment</b>	<b>Capital reserve in respect of related parties transactions</b>	<b>Total</b>
	<b>Unaudited</b>					
	<b>NIS in thousands</b>					
Balance at January 1, 2008 (audited)	252	66,797	(64,536)	5,242	4,358	12,113
Total comprehensive loss	-	-	(4,079)	-	-	(4,079)
Issuance of share capital (net of issuance expenses)	4	1,425	-	-	-	1,429
Cost of share-based payment	-	-	-	1,666	-	1,666
Exercise of options	*) -	614	-	(584)	-	30
Balance at June 30, 2008	256	68,836	(68,615)	6,324	4,358	11,159

\*) Represents an amount lower than NIS 1 thousand.

**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 April 1, 2009 (audited)	258	69,919	(66,561)	8,155	4,358	16,129
Total comprehensive loss	-	-	(7,179)	-	-	(7,179)
Issuance of rights, net	553	21,333	-	-	-	21,886
Cost of share-based payment	-	-	-	753	-	753
Balance at June 30, 2009	<u>811</u>	<u>91,252</u>	<u>(73,740)</u>	<u>8,908</u>	<u>4,358</u>	<u>31,589</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 April 1, 2008 (audited)	256	68,228	(62,150)	5,983	4,358	16,675
Total comprehensive loss	-	-	(6,465)	-	-	(6,465)
Cost of share-based payment	-	-	-	925	-	925
Exercise of options	*) -	608	-	(584)	-	24
Balance at June 30, 2008	<u>256</u>	<u>68,836</u>	<u>(68,615)</u>	<u>6,324</u>	<u>4,358</u>	<u>11,159</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**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	Unaudited				Audited
	NIS in thousands				
<u>Cash flows from operating activities:</u>					
Net profit (loss)	(14,359)	(4,079)	(7,179)	(6,465)	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	(605)	(1,562)	(605)	(622)	311
Depreciation and amortization of fixed assets and intangible assets	249	128	134	82	323
Sale (purchase) of securities measured at fair value through profit and loss, net	-	(10,843)	-	(2,958)	8,071
Cost of share based payment	1,416	1,666	753	925	3,486
Change in employee benefit liabilities, net	-	2	-	8	(9)
Income tax expense	2	9	1	4	5
Financial expenses (income), net	1,667	(5,959)	646	389	(28,280)
	2,729	(16,559)	929	(2,172)	(16,093)
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(39)	365	62	360	362
Decrease (increase) in other accounts receivable	1,169	(177)	927	200	(1,050)
Decrease (increase) in inventories	(53)	(899)	131	(870)	(2,188)
Increase in trade payables	316	155	384	349	395
Increase (decrease) in other accounts payable	(8)	174	294	299	1,163
	1,385	(382)	1,798	338	(1,318)
Cash paid and received during the period for:					
Interest paid	(19)	(14)	(13)	(10)	(66)
Interest received	56	428	11	313	793
	37	414	(2)	303	727
Net cash used in operating activities	(10,208)	(20,606)	(4,454)	(7,996)	(11,529)
<u>Cash flows from investing activities:</u>					
Depositing short-term deposits	(11,348)	-	(11,348)	-	-
Proceeds from sale of long-term debentures	-	2,497	-	-	8,000
Purchase of fixed assets and intangible assets	(348)	(801)	(224)	(536)	(1,381)
Restricted cash	-	-	-	134	-
Depositing long-term deposits	6	(48)	1	(28)	(42)
Net cash provided by (used in) investing activities	(11,690)	(1,648)	(11,571)	(430)	6,577

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	Unaudited				Audited
	NIS in thousands				
<u>Cash flows from financing activities:</u>					
Issuance of rights, net	21,886	-	21,886	-	-
Government grants receipts	874	-	874	-	-
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	43	30	-	24	30
Net cash provided by financing activities	23,193	1,428	22,760	24	1,428
Exchange differences on balances of cash and cash equivalents	(213)	(338)	(910)	(81)	(367)
Decrease (Increase) in cash and cash equivalents	1,082	(17,868)	5,825	(8,483)	(3,891)
Cash and cash equivalents at the beginning of the period	17,607	21,498	12,864	12,113	21,498
Cash and cash equivalents at the end of the period	18,689	3,630	18,689	3,630	17,607

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