

CONSOLIDATED BALANCE SHEETS

NIS in thousands

	December 31,	
	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	9,251	18,815
Trade receivables	2,740	614
Other accounts receivable	4,042	1,668
Inventories	3,740	4,211
	<u>19,773</u>	<u>25,308</u>
NON-CURRENT ASSETS:		
Long-term deposits	112	160
Restricted cash	378	383
Fixed assets	894	1,053
Other intangible assets	16,196	17,243
	<u>17,580</u>	<u>18,839</u>
	<u><u>37,353</u></u>	<u><u>44,147</u></u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	4,426	2,946
Other accounts payable	4,648	3,285
Liabilities in respect of government grants	424	454
	<u>9,498</u>	<u>6,685</u>
LONG-TERM LIABILITIES:		
Liabilities in respect of government grants	<u>18,824</u>	<u>14,684</u>
EQUITY:		
Share capital	1,333	1,098
Additional paid-in capital	134,606	113,679
Share-based payment	9,990	10,477
Capital reserve in respect of controlling shareholder transaction	4,358	4,358
Accumulated deficit	(141,256)	(106,834)
	<u>9,031</u>	<u>22,778</u>
	<u><u>37,353</u></u>	<u><u>44,147</u></u>

CONSOLIDATED STATEMENTS OF OPERATIONS

NIS in thousands, except share and per share data

	Year ended December 31,	
	2011	2010
Revenues from sales	9,323	2,441
Revenues from rental machines	3,169	-
Total revenues	12,492	2,441
Cost of revenues	12,763	2,064
Amortization of intangible asset	1,034	167
Total cost of revenues	13,797	2,231
Gross profit (loss)	(1,305)	210
Research and development expenses, net	11,388	8,398
Selling and marketing expenses	11,778	9,501
General and administrative expenses	5,953	6,181
Operating loss	(30,424)	(23,870)
Financial income	440	2,073
Financial expenses	(4,438)	(288)
Net financial income (expenses), net	(3,998)	1,785
Loss	(34,422)	(22,085)
Total comprehensive loss	(34,422)	(22,085)
Basic and diluted loss per share (in NIS)	(0.26)	(0.21)

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, 2009	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
Total comprehensive loss	-	-	-	-	(22,085)	(22,085)
Issuance of rights, net	285	20,915	-	-	-	21,200
Cost of share based payment	-	-	1,915	-	-	1,915
Exercise of options	2	1,512	(1,441)	-	-	73
Balance at December 31, 2010	1,098	113,679	10,477	4,358	(106,834)	22,778
Total comprehensive loss	-	-	-	-	(34,422)	(34,422)
Issuance of rights, net	234	19,582	-	-	-	19,816
Cost of share based payment	-	-	816	-	-	816
Forfeiture of options	-	780	(780)	-	-	-
Exercise of options	1	565	(523)	-	-	43
Balance at December 31, 2011	1,333	134,606	9,990	4,358	(141,256)	9,031

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

	Year ended December 31,	
	2011	2010
	NIS in thousands	
<u>Cash flows from operating activities:</u>		
Loss	(34,422)	(22,085)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Depreciation and amortization	1,409	764
Cost of share-based payment	816	1,915
Finance expenses (income), net	3,998	(1,785)
	<u>6,223</u>	<u>894</u>
Changes in asset and liability items:		
Increase in trade receivables	(1,393)	(329)
Increase in other accounts receivable	(2,326)	(1,258)
Decrease (increase) in inventories	471	(1,075)
Increase in trade payables	694	1,564
Increase (decrease) in other accounts payable	1,363	(10)
	<u>(1,191)</u>	<u>(1,108)</u>
Cash paid and received during the year for:		
Interest paid	(43)	(37)
Interest received	374	277
	<u>331</u>	<u>240</u>
Net cash used in operating activities	<u>(29,059)</u>	<u>(22,059)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS**NIS in thousands**

	Year ended	
	December 31,	
	2011	2010
	NIS in thousands	
<u>Cash flows from investing activities:</u>		
Purchase of fixed and intangible assets	(203)	(582)
Proceeds from sale of fixed assets	-	6
Restricted cash	-	(93)
Investment in long-term deposits, net	-	43
Net cash used in investing activities	<u>(203)</u>	<u>(626)</u>
<u>Cash flows from financing activities:</u>		
Issuance of rights, net	19,816	21,200
Receipt of government grants	2	114
Repayment of liability in respect of government grants	(203)	-
Exercise of options	43	73
Net cash provided by financing activities	<u>19,658</u>	<u>21,387</u>
Exchange differences on balances of cash and cash equivalents	<u>40</u>	<u>(232)</u>
Decrease in cash and cash equivalents	(9,564)	(1,530)
Cash and cash equivalents at the beginning of the year	<u>18,815</u>	<u>20,345</u>
Cash and cash equivalents at the end of the year	<u><u>9,251</u></u>	<u><u>18,815</u></u>