

CONSOLIDATED BALANCE SHEETS

	June 30,		December 31,
	2011	2010	2010
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	24,480	30,922	18,815
Trade receivables	2,691	341	614
Other accounts receivable	1,843	841	1,668
Inventories	4,347	3,008	4,211
	<u>33,361</u>	<u>35,112</u>	<u>25,308</u>
NON-CURRENT ASSETS:			
Deposits and other receivables	444	135	160
Restricted cash	383	311	383
Fixed assets	1,042	1,934	1,053
Intangible assets	16,733	17,426	17,243
	<u>18,602</u>	<u>19,806</u>	<u>18,839</u>
	<u>51,963</u>	<u>54,918</u>	<u>44,147</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	5,325	1,016	2,946
Other accounts payable	3,472	2,862	3,285
Liabilities for Government grants	385	123	454
	<u>9,182</u>	<u>4,001</u>	<u>6,685</u>
NON-CURRENT LIABILITIES:			
Liabilities for Government grants	<u>13,501</u>	<u>17,495</u>	<u>14,684</u>
EQUITY:			
Share capital	1,332	1,094	1,098
Share premium	133,261	112,612	113,679
Reserve for share-based payment transactions	11,102	10,589	10,477
Reserve for transaction with controlling shareholder	4,358	4,358	4,358
Accumulated deficit	(120,773)	(95,231)	(106,834)
	<u>29,280</u>	<u>33,422</u>	<u>22,778</u>
Total equity	<u>51,963</u>	<u>54,918</u>	<u>44,147</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2011	2010	2011	2010	2010
	Unaudited				Audited
NIS in thousands (except per share data)					
Revenues from sales	4,094	781	2,298	558	2,441
Revenues from rental machines	1,497	-	833	-	-
Total revenues	5,591	781	3,131	558	2,441
Cost of revenues	5,994	669	3,142	458	2,069
Amortization of intangible assets	503	22	374	17	162
Total cost of revenues	6,497	691	3,516	475	2,231
Gross profit (loss)	(906)	90	(385)	83	210
Research and development expenses, net	5,955	3,177	3,781	1,425	8,398
Selling and marketing expenses	5,485	3,953	2,788	2,226	9,501
General and administrative expenses	2,763	2,960	1,257	1,629	6,181
Operating loss	(15,109)	(10,000)	(8,211)	(5,197)	(23,870)
Finance income	1,395	406	899	190	2,073
Finance expenses	(225)	(888)	(77)	(692)	(288)
Finance income (expenses), net	1,170	(482)	822	(502)	1,785
Loss	(13,939)	(10,482)	(7,389)	(5,699)	(22,085)
Total comprehensive loss	(13,939)	(10,482)	(7,389)	(5,699)	(22,085)
Basic and diluted loss per share (in NIS)	(0.11)	(0.11)	(0.06)	(0.05)	(0.21)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Accumulated deficit	Total
Unaudited						
NIS in thousands						
Balance at January 1, 2011 (audited)	1,098	113,679	10,477	4,358	(106,834)	22,778
Total comprehensive loss	-	-	-	-	(13,939)	(13,939)
Issuance of rights, net	234	19,582	-	-	-	19,816
Cost of share-based payment	-	-	625	-	-	625
Balance at June 30, 2011	<u>1,332</u>	<u>133,261</u>	<u>11,102</u>	<u>4,358</u>	<u>(120,773)</u>	<u>29,280</u>
	Share capital	Share premium	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Accumulated deficit	Total
Unaudited						
NIS in thousands						
Balance at January 1, 2010 (audited)	811	91,252	10,003	4,358	(84,749)	21,675
Total comprehensive loss	-	-	-	-	(10,482)	(10,482)
Issuance of rights, net	283	20,917	-	-	-	21,200
Cost of share-based payment	-	-	994	-	-	994
Exercise of options	*) -	443	(408)	-	-	35
Balance at June 30, 2010	<u>1,094</u>	<u>112,612</u>	<u>10,589</u>	<u>4,358</u>	<u>(95,231)</u>	<u>33,422</u>
	Share capital	Share premium	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Accumulated deficit	Total
Unaudited						
NIS in thousands						
Balance at April 1, 2011	1,332	133,261	10,875	4,358	(113,384)	36,442
Total comprehensive loss	-	-	-	-	(7,389)	(7,389)
Cost of share-based payment	-	-	227	-	-	227
Balance at June 30, 2011	<u>1,332</u>	<u>133,261</u>	<u>11,102</u>	<u>4,358</u>	<u>(120,773)</u>	<u>29,280</u>

*) Represents less than NIS 1 thousand.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Accumulated deficit	Total
Unaudited						
NIS in thousands						
Balance at April 1, 2010	1,094	112,264	10,431	4,358	(89,532)	38,615
Total comprehensive loss	-	-	-	-	(5,699)	(5,699)
Raising costs relating to issuance of rights	-	(78)	-	-	-	(78)
Cost of share-based payment	-	-	566	-	-	566
Exercise of options	*) -	426	(408)	-	-	18
Balance at June 30, 2010	<u>1,094</u>	<u>112,612</u>	<u>10,589</u>	<u>4,358</u>	<u>(95,231)</u>	<u>33,422</u>
	Share capital	Share premium	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Accumulated deficit	Total
Audited						
NIS in thousands						
Balance at January 1, 2010	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	<u>1,098</u>	<u>113,679</u>	<u>10,477</u>	<u>4,358</u>	<u>(106,834)</u>	<u>22,778</u>

*) Represents less than NIS 1 thousand.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2011	2010	2011	2010	2010
	Unaudited				Audited
	NIS in thousands				
<u>Cash flows from operating activities:</u>					
Loss	(13,939)	(10,482)	(7,389)	(5,699)	(22,085)
Adjustments to reconcile loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	678	352	453	210	764
Cost of share based payment	625	994	227	566	1,915
Finance (expenses) income, net	(1,170)	482	(822)	502	(1,785)
	133	1,828	(142)	1,278	894
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(2,224)	77	(448)	(112)	(329)
Decrease (increase) in other accounts receivable	(459)	(390)	(438)	176	(1,258)
Increase in inventories	(184)	(572)	(669)	(650)	(1,075)
Increase (decrease) in trade payables	2,543	(410)	2,430	129	1,564
Increase (decrease) in other accounts payable	187	(433)	(269)	539	(10)
	(137)	(1,728)	606	82	(1,108)
Cash paid and received during the period for:					
Interest received	(13)	(15)	(4)	(7)	(37)
Interest paid	221	124	129	85	277
	208	109	125	78	240
Net cash used in operating activities	(13,735)	(10,273)	(6,800)	(4,261)	(22,059)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2011	2010	2011	2010	2010
	Unaudited				Audited
	NIS in thousands				
<u>Cash flows from investing activities:</u>					
Purchase of fixed and intangible assets	(108)	(534)	(28)	(146)	(582)
Proceeds from sale of fixed assets	-	-	-	-	6
Restricted cash	-	(21)	-	-	(93)
Investment in long-term deposits	-	26	-	15	43
Net cash provided by (used in) investing activities	(108)	(529)	(28)	(131)	(626)
<u>Cash flows from financing activities:</u>					
Issuance of rights, net	19,816	21,200	-	(78)	21,200
Receipt of Government grants	-	160	-	160	114
Exercise of options	-	35	-	18	73
Net cash provided by financing activities	19,816	21,395	-	100	21,387
Exchange differences on balances of cash and cash equivalents	(308)	(16)	(333)	174	(232)
Increase (decrease) in cash and cash equivalents	5,665	10,577	(7,161)	(4,118)	(1,530)
Cash and cash equivalents at the beginning of the period	18,815	20,345	31,641	35,040	20,345
Cash and cash equivalents at the end of the period	24,480	30,922	24,480	30,922	18,815

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