

CONSOLIDATED BALANCE SHEETS

	<u>September 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>		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	13,077	5,140	17,607
Short-term deposits	10,923	-	-
Short-term investments	-	10,500	-
Trade receivables	260	1,273	385
Other accounts receivable	1,093	2,248	1,810
Inventories	2,570	1,960	2,477
	<u>27,923</u>	<u>21,121</u>	<u>22,279</u>
NON-CURRENT ASSETS:			
Long term deposits	196	207	201
Long term debentures	-	5,511	-
Restricted cash	329	313	319
Fixed assets, net	1,729	1,118	1,518
Intangible assets, net	17,526	17,628	17,611
	<u>19,780</u>	<u>24,777</u>	<u>19,649</u>
	<u>47,703</u>	<u>45,898</u>	<u>41,928</u>

CONSOLIDATED BALANCE SHEETS

	<u>September 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>		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	1,799	1,979	1,703
Other accounts payable	2,316	2,477	2,608
Warrants	-	12,442	-
Government grants	526	202	73
	<u>4,641</u>	<u>17,100</u>	<u>4,384</u>
LONG-TERM LIABILITIES:			
Warrants	-	-	136
Employee benefit liabilities, net	-	11	-
Government grants	16,182	15,323	15,195
	<u>16,182</u>	<u>15,334</u>	<u>15,331</u>
EQUITY:			
Share capital	811	256	256
Additional paid-in capital	91,252	68,836	68,836
Share-based payment	9,470	7,267	8,144
Capital reserve in respect of related parties transactions	4,358	4,358	4,358
Accumulated deficit	(79,011)	(67,253)	(59,381)
	<u>26,880</u>	<u>13,464</u>	<u>22,213</u>
	<u>47,703</u>	<u>45,898</u>	<u>41,928</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	Unaudited				Audited
	NIS in thousands (except per share data)				
Revenues from sales	858	2,067	230	998	2,378
Revenues from rental machines	-	414	-	304	568
Total revenues	858	2,481	230	1,302	2,946
Cost of sales	546	879	166	483	913
Gross profit	312	3,360	64	819	2,033
Research and development expenses, net	11,792	9,817	3,129	3,685	12,828
Marketing expenses	2,769	4,989	906	1,740	6,047
General and administrative expenses	3,684	5,156	1,272	1,967	6,871
Other income	-	593	-	593	593
Operating loss	(17,933)	(16,009)	(5,243)	(5,980)	(23,120)
Financial income	1,750	18,592	500	6,071	30,638
Financial expenses	(3,444)	(5,289)	(527)	1,273	(2,358)
Profit (loss) before tax	(19,627)	(2,706)	(5,270)	1,364	5,160
Income tax expense	3	11	1	2	5
Net profit (loss)	(19,630)	(2,717)	(5,271)	1,362	5,155
Total comprehensive income (loss)	<u>(19,630)</u>	<u>(2,717)</u>	<u>(5,271)</u>	<u>1,362</u>	<u>5,155</u>
Basic net earnings (loss) per share (NIS)	<u>(0.14)</u>	<u>(0.06)</u>	<u>(0.06)</u>	<u>0.03</u>	<u>0.11</u>
Diluted loss per share (NIS)	<u>(0.14)</u>	<u>(0.06)</u>	<u>(0.06)</u>	<u>(0.33)</u>	<u>(0.54)</u>

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	-	-	(19,630)	-	-	(19,630)
Receipts on account of shares	-	390	-	-	-	390
Issuance of rights, net	553	21,333	-	-	-	21,886
Cost of share-based payment	-	-	-	1,978	-	1,978
Exercise of options	2	693	-	(652)	-	43
Balance at September 30, 2009	<u>811</u>	<u>91,252</u>	<u>(79,011)</u>	<u>9,470</u>	<u>4,358</u>	<u>26,880</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 loss	-	-	(2,717)	-	-	(2,717)
Issuance of share capital (net of issuance expenses)	4	1,425	-	-	-	1,429
Cost of share-based payment	-	-	-	2,609	-	2,609
Exercise of options	*) -	614	-	(584)	-	30
Balance at September 30, 2008	<u>256</u>	<u>68,836</u>	<u>(67,253)</u>	<u>7,267</u>	<u>4,358</u>	<u>13,464</u>

*) 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 July 1, 2009	811	91,252	(73,740)	8,908	4,358	31,589
Total comprehensive loss	-	-	(5,271)	-	-	(5,271)
Cost of share-based payment	-	-	-	562	-	562
Balance at September 30, 2009	<u>811</u>	<u>91,252</u>	<u>(79,011)</u>	<u>9,470</u>	<u>4,358</u>	<u>26,880</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 July 1, 2008	256	68,836	(68,615)	6,324	4,358	11,159
Total comprehensive income	-	-	1,362	-	-	1,362
Cost of share-based payment	-	-	-	943	-	943
Balance at September 30, 2008	<u>256</u>	<u>68,836</u>	<u>(67,253)</u>	<u>7,267</u>	<u>4,358</u>	<u>13,464</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 (audited)	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

	Nine months ended September 30,		Three months ended September 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)	(19,630)	(2,717)	(5,271)	1,362	5,155
Adjustments to reconcile cash from operating activities:					
Adjustments to the profit or loss items:					
Revaluation of government grants	-	(1,205)	-	357	311
Depreciation and amortization of fixed assets and intangible assets	384	200	135	72	323
Sale (purchase) of securities measured at fair value through profit and loss, net	-	(2,917)	-	7,926	8,071
Cost of share based payment	1,978	2,609	562	943	3,486
Change in employee benefit liabilities, net	-	2	-	-	(9)
Income tax expense	3	11	1	2	5
Financial expenses (income), net	1,694	(13,303)	27	(7,344)	(28,280)
	4,059	(14,603)	725	1,956	(16,093)
Changes in asset and liability items:					
Decrease (increase) in trade receivables	126	(451)	165	(816)	362
Decrease (increase) in other accounts receivable	717	(1,488)	(452)	(1,311)	(1,050)
Increase in inventories	(93)	(1,671)	(40)	(772)	(2,188)
Increase (decrease) in trade payables	113	728	(203)	573	395
Increase (decrease) in other accounts payable	(323)	1,026	(314)	852	1,163
	540	(1,856)	(844)	(1,474)	(1,318)
Cash paid and received during the period for:					
Interest paid	(35)	(30)	(16)	(16)	(66)
Interest received	142	643	86	215	793
	107	613	70	199	727
Net cash used in operating activities	(14,924)	(18,563)	(5,320)	2,043	(11,529)
<u>Cash flows from investing activities:</u>					
Draft (depositing) short-term deposits, net	(10,923)	-	425	-	-
Proceeds from sale of long-term debentures	-	2,498	-	-	8,000
Purchase of fixed assets and intangible assets	(511)	(875)	(163)	(74)	(1,381)
Restricted cash	(10)	(29)	(10)	(29)	-
Collection (depositing) long-term deposits, net	5	(48)	(1)	-	(42)
Net cash provided by (used in) investing activities	(11,439)	1,546	251	(103)	6,577

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 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	-	-	-	-
Government grants receipts	269	-	-	-	-
Receipts on account of shares	390	-	-	-	-
Issuance of shares and warrants (net of issuance expenses)	-	1,429	-	-	1,429
Short-term credit from banks, net	-	(31)	-	-	(31)
Exercise of stock options	43	30	-	-	30
Net cash provided by financing activities	22,588	1,428	-	-	1,428
Exchange differences on balances of cash and cash equivalents	(755)	(769)	(543)	(430)	(367)
Increase (Decrease) in cash and cash equivalents	(4,530)	(16,358)	(5,612)	1,510	(3,891)
Cash and cash equivalents at the beginning of the period	17,607	21,498	18,689	3,630	21,498
Cash and cash equivalents at the end of the period	13,077	5,140	13,077	5,140	17,607

F:\W2000\w2000\5889\M\09\EN9.DOC