

**CONSOLIDATED BALANCE SHEETS**

	March 31,		December 31,
	2011	2010	2010
	Unaudited		Audited
	NIS in thousands		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	31,641	35,040	18,815
Trade receivables	2,283	190	614
Other accounts receivable	1,637	976	1,668
Inventories	3,678	2,358	4,211
	<u>39,239</u>	<u>38,564</u>	<u>25,308</u>
<b>NON-CURRENT ASSETS:</b>			
Deposits	212	192	160
Restricted cash	383	311	383
Fixed assets	1,087	1,987	1,053
Intangible assets	17,113	17,436	17,243
	<u>18,795</u>	<u>19,926</u>	<u>18,839</u>
	<u>58,034</u>	<u>58,490</u>	<u>44,147</u>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Trade payables	2,987	895	2,946
Other accounts payable	3,741	2,323	3,285
Liabilities for Government grants	454	536	454
	<u>7,182</u>	<u>3,754</u>	<u>6,685</u>
<b>NON-CURRENT LIABILITIES:</b>			
Liabilities for Government grants	<u>14,410</u>	<u>16,121</u>	<u>14,684</u>
<b>EQUITY:</b>			
Share capital	1,332	1,094	1,098
Share premium	133,261	112,264	113,679
Reserve for share-based payment transactions	10,875	10,431	10,477
Reserve for transaction with controlling shareholder	4,358	4,358	4,358
Accumulated deficit	<u>(113,384)</u>	<u>(89,532)</u>	<u>(106,834)</u>
Total equity	<u>36,442</u>	<u>38,615</u>	<u>22,778</u>
	<u>58,034</u>	<u>58,490</u>	<u>44,147</u>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Three months ended		Year ended
	March 31,	March 31,	December 31,
	2011	2010	2010
	Unaudited		Audited
NIS in thousands (except per share data)			
Revenues from sales	1,796	223	2,441
Revenues from rental machines	664	-	-
Total revenues	2,460	223	2,441
Cost of revenues	2,981	216	2,231
Gross profit (loss)	(521)	7	210
Research and development expenses, net	2,174	1,752	8,398
Selling and marketing expenses	2,697	1,727	9,501
General and administrative expenses	1,506	1,331	6,181
Operating loss	(6,898)	(4,803)	(23,870)
Finance income	496	216	2,073
Finance expenses	(148)	(196)	(288)
Finance income, net	348	20	1,785
Loss	(6,550)	(4,783)	(22,085)
Total comprehensive loss	(6,550)	(4,783)	(22,085)
Basic and diluted loss per share (in NIS)	(0.05)	(0.05)	(0.21)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<b>Share capital</b>	<b>Share premium</b>	<b>Reserve for share-based payment transactions</b>	<b>Reserve for transaction with controlling shareholder</b>	<b>Accumulated deficit</b>	<b>Total</b>
<b>Unaudited</b>						
<b>NIS in thousands</b>						
Balance at January 1, 2011 (audited)	1,098	113,679	10,477	4,358	(106,834)	22,778
Total comprehensive loss	-	-	-	-	(6,550)	(6,550)
Issuance of rights, net	234	19,582	-	-	-	19,816
Cost of share-based payment	-	-	398	-	-	398
Balance at March 31, 2011	<u>1,332</u>	<u>133,261</u>	<u>10,875</u>	<u>4,358</u>	<u>(113,384)</u>	<u>36,442</u>

	<b>Share capital</b>	<b>Share premium</b>	<b>Reserve for share-based payment transactions</b>	<b>Reserve for transaction with controlling shareholder</b>	<b>Accumulated deficit</b>	<b>Total</b>
<b>Unaudited</b>						
<b>NIS in thousands</b>						
Balance at January 1, 2010 (audited)	811	91,252	10,003	4,358	(84,749)	21,675
Total comprehensive loss	-	-	-	-	(4,783)	(4,783)
Issuance of rights, net	283	20,995	-	-	-	21,278
Cost of share-based payment	-	-	428	-	-	428
Exercise of options	*) -	17	-	-	-	17
Balance at March 31, 2010	<u>1,094</u>	<u>112,264</u>	<u>10,431</u>	<u>4,358</u>	<u>(89,532)</u>	<u>38,615</u>

	<b>Share capital</b>	<b>Share premium</b>	<b>Reserve for share-based payment transactions</b>	<b>Reserve for transaction with controlling shareholder</b>	<b>Accumulated deficit</b>	<b>Total</b>
<b>Audited</b>						
<b>NIS in thousands</b>						
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 an amount lower than NIS 1 thousand.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three months ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>NIS in thousands</b>		
<u>Cash flows from operating activities:</u>			
Loss	(6,550)	(4,783)	(22,085)
Adjustments to reconcile loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	214	142	764
Cost of share based payment	398	428	1,915
Financial income, net	(348)	(20)	(1,785)
	<u>264</u>	<u>550</u>	<u>894</u>
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(1,776)	189	(329)
Decrease (increase) in other accounts receivable	31	(566)	(1,258)
Decrease (increase) in inventories	485	78	(1,075)
Increase (decrease) in trade payables	256	(539)	1,564
Increase (decrease) in other accounts payable	456	(972)	(10)
	<u>(548)</u>	<u>(1,810)</u>	<u>(1,108)</u>
Cash paid and received during the period for:			
Interest paid	(9)	(8)	(37)
Interest received	92	39	277
	<u>83</u>	<u>31</u>	<u>240</u>
Net cash used in operating activities	<u>(6,751)</u>	<u>(6,012)</u>	<u>(22,059)</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three months ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>NIS in thousands</b>		
<u>Cash flows from investing activities:</u>			
Purchase of fixed and intangible assets	(70)	(388)	(582)
Proceeds from sale of fixed assets	-	-	6
Restricted cash	-	(21)	(93)
Investment in (withdrawal of) long-term deposits	(52)	11	43
Net cash used in investing activities	(122)	(398)	(626)
<u>Cash flows from financing activities:</u>			
Issuance of rights, net	19,816	21,278	21,200
Receipt of Government grants	-	-	114
Exercise of options	-	17	73
Net cash provided by financing activities	19,816	21,295	21,387
Exchange differences on balances of cash and cash equivalents	(117)	(190)	(232)
Increase (decrease) in cash and cash equivalents	12,826	14,695	(1,530)
Cash and cash equivalents at the beginning of the period	18,815	20,345	20,345
Cash and cash equivalents at the end of the period	31,641	35,040	18,815

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