

CONSOLIDATED BALANCE SHEETS

	September 30,		December 31,
	2011	2010	2010
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	18,273	24,833	18,815
Trade receivables	3,062	547	614
Other accounts receivable	1,228	1,170	1,668
Inventories	4,016	3,095	4,211
	<u>26,579</u>	<u>29,645</u>	<u>25,308</u>
NON-CURRENT ASSETS:			
Deposits and other receivables	109	70	160
Restricted cash	390	384	383
Fixed assets	998	2,055	1,053
Intangible assets	16,388	17,359	17,243
	<u>17,885</u>	<u>19,868</u>	<u>18,839</u>
	<u>44,464</u>	<u>49,513</u>	<u>44,147</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	2,952	1,189	2,946
Other accounts payable	5,592	3,070	3,285
Liabilities for Government grants	677	878	454
	<u>9,221</u>	<u>5,137</u>	<u>6,685</u>
NON-CURRENT LIABILITIES:			
Liabilities for Government grants	<u>15,281</u>	<u>16,150</u>	<u>14,684</u>
EQUITY:			
Share capital	1,333	1,094	1,098
Share premium	133,732	112,681	113,679
Reserve for share-based payment transactions	10,568	11,043	10,477
Reserve for transaction with controlling shareholder	4,358	4,358	4,358
Accumulated deficit	(130,029)	(100,950)	(106,834)
	<u>19,962</u>	<u>28,226</u>	<u>22,778</u>
Total equity	<u>44,464</u>	<u>49,513</u>	<u>44,147</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2011	2010	2011	2010	2010
	Unaudited				Audited
	NIS in thousands (except per share data)				
Revenues from sales	6,506	1,484	2,412	703	2,441
Revenues from rental machines	2,408	-	911	-	-
Total revenues	8,914	1,484	3,323	703	2,441
Cost of revenues	9,278	1,281	3,284	636	2,069
Amortization of intangible assets	844	66	341	20	162
Total cost of revenues	10,122	1,347	3,625	656	2,231
Gross profit (loss)	(1,208)	137	(302)	47	210
Research and development expenses, net	9,054	5,261	3,099	2,084	8,398
Selling and marketing expenses	8,177	6,438	2,692	2,485	9,501
General and administrative expenses	4,211	4,574	1,448	1,614	6,181
Operating loss	(22,650)	(16,136)	(7,541)	(6,136)	(23,870)
Finance income	585	207	561	736	2,073
Finance expenses	(1,130)	(272)	(2,276)	(319)	(288)
Finance income (expenses), net	(545)	(65)	(1,715)	417	1,785
Loss	(23,195)	(16,201)	(9,256)	(5,719)	(22,085)
Total comprehensive loss	(23,195)	(16,201)	(9,256)	(5,719)	(22,085)
Basic and diluted loss per share (in NIS)	(0.18)	(0.16)	(0.07)	(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	-	-	-	-	(23,195)	(23,195)
Issuance of rights, net	234	19,582	-	-	-	19,816
Forfeiture of options	-	-	(376)	-	-	(376)
Cost of share-based payment	-	-	907	-	-	907
Exercise of options	1	471	(440)	-	-	32
Balance at September 30, 2011	<u>1,333</u>	<u>133,732</u>	<u>10,568</u>	<u>4,358</u>	<u>(130,029)</u>	<u>19,962</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	-	-	-	-	(16,201)	(16,201)
Issuance of rights, net	283	20,917	-	-	-	21,200
Cost of share-based payment	-	-	1,490	-	-	1,490
Exercise of options	*) -	512	(450)	-	-	62
Balance at September 30, 2010	<u>1,094</u>	<u>112,681</u>	<u>11,043</u>	<u>4,358</u>	<u>(100,950)</u>	<u>28,226</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 July 1, 2011	1,332	133,261	11,102	4,358	(120,773)	29,280
Total comprehensive loss	-	-	-	-	(9,256)	(9,256)
Forfeiture of options	-	-	(376)	-	-	(376)
Cost of share-based payment	-	-	282	-	-	282
Exercise of options	1	471	(440)	-	-	32
Balance at September 30, 2011	<u>1,333</u>	<u>133,732</u>	<u>10,568</u>	<u>4,358</u>	<u>(130,029)</u>	<u>19,962</u>

*) Represents an amount lower 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 July 1, 2010	1,094	112,612	10,589	4,358	(95,231)	33,422
Total comprehensive loss	-	-	-	-	(5,719)	(5,719)
Cost of share-based payment	-	-	496	-	-	496
Exercise of options	*) -	69	(42)	-	-	27
Balance at September 30, 2010	<u>1,094</u>	<u>112,681</u>	<u>11,043</u>	<u>4,358</u>	<u>(100,950)</u>	<u>28,226</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 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,
	2011	2010	2011	2010	2010
	Unaudited				Audited
	NIS in thousands				
<u>Cash flows from operating activities:</u>					
Loss	(23,195)	(16,201)	(9,256)	(5,719)	(22,085)
Adjustments to reconcile loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	1,106	601	422	249	764
Cost of share based payment	531	1,490	(94)	496	1,915
Finance expenses (income), net	545	65	1,715	(417)	(1,785)
	2,182	2,156	2,043	328	894
Changes in asset and liability items:					
Increase in trade receivables	(2,291)	(273)	(126)	(350)	(329)
Decrease (increase) in other accounts receivable	491	(712)	950	(322)	(1,258)
Decrease (Increase) in inventories	141	(604)	331	(32)	(1,075)
Increase (decrease) in trade payables	(5)	(268)	(2,548)	142	1,564
Increase (decrease) in other accounts payable	2,307	(225)	2,120	208	(10)
	643	(2,082)	727	(354)	(1,108)
Cash paid and received during the period for:					
Interest received	(27)	(29)	(14)	(14)	(37)
Interest paid	323	207	102	83	277
	296	178	88	69	240
Net cash used in operating activities	(20,074)	(15,949)	(6,398)	(5,676)	(22,059)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 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	(142)	(891)	(33)	(357)	(582)
Proceeds from sale of fixed assets	-	-	-	-	6
Restricted cash	-	(94)	-	(73)	(93)
Investment in long-term deposits	-	85	-	59	43
Net cash provided by (used in) investing activities	(142)	(900)	(33)	(371)	(626)
<u>Cash flows from financing activities:</u>					
Issuance of rights, net	19,816	21,200	-	-	21,200
Receipt of Government grants	22	224	22	64	114
Repayment of Government grants	(203)	-	(203)	-	-
Exercise of options	32	62	32	27	73
Net cash provided by financing activities	19,667	21,486	(149)	91	21,387
Exchange differences on balances of cash and cash equivalents	7	(149)	373	(133)	(232)
Increase (decrease) in cash and cash equivalents	(542)	4,488	(6,207)	(6,089)	(1,530)
Cash and cash equivalents at the beginning of the period	18,815	20,345	24,480	30,922	20,345
Cash and cash equivalents at the end of the period	18,273	24,833	18,273	24,833	18,815
