

CONSOLIDATED BALANCE SHEETS

	June 30,		December 31,
	2017	(* 2016)	(* 2016)
	Unaudited		Audited
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	1,952	1,563	2,384
Short-term deposits	-	250	2,730
Trade receivables	1,251	633	665
Other accounts receivable	1,041	665	798
Inventories	2,145	1,573	1,825
	<u>6,389</u>	<u>4,684</u>	<u>8,402</u>
NON-CURRENT ASSETS:			
Long-term deposits	18	25	18
Restricted cash	82	76	76
Fixed assets, net	297	371	267
Intangible assets	1,040	1,732	1,386
	<u>1,437</u>	<u>2,204</u>	<u>1,747</u>
	<u><u>7,826</u></u>	<u><u>6,888</u></u>	<u><u>10,149</u></u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities on loans from bank	-	633	295
Trade payables	1,664	903	1,005
Other accounts payable	1,452	1,659	1,538
Liabilities for government grants	462	181	205
	<u>3,578</u>	<u>3,376</u>	<u>3,043</u>
NON-CURRENT LIABILITIES:			
Liabilities for government grants	6,128	6,198	6,147
	<u>6,128</u>	<u>6,198</u>	<u>6,147</u>
EQUITY:			
Share capital	6,638	4,261	6,638
Additional paid-in capital	65,638	61,892	65,632
Reserve for share-based payment transactions	996	681	803
Reserve for transaction with controlling shareholder	1,284	1,284	1,284
Foreign currency translation reserve	1,729	1,694	1,729
Accumulated deficit	(78,165)	(72,498)	(75,127)
	<u>(1,880)</u>	<u>(2,686)</u>	<u>959</u>
	<u><u>7,826</u></u>	<u><u>6,888</u></u>	<u><u>10,149</u></u>

*) Were translated to US dollars (the new functional and reporting currency since January 1, 2017)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands, except share per share data

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2017	(* 2016)	2017	(* 2016)	(* 2016)
	Unaudited				Audited
Revenues from sales	3,990	1,942	2,222	1,022	4,186
Cost of revenues	2,656	1,219	1,347	636	2,598
Amortization of intangible asset	346	345	173	174	693
Total cost of revenues	3,002	1,564	1,520	810	3,291
Gross profit	988	378	702	192	895
Research and development expenses, net	1,749	2,340	635	995	3,670
Selling and marketing expenses	1,175	1,009	582	533	2,154
General and administrative expenses	821	681	418	348	1,469
Prior years fees refund by the FDA	-	-	-	-	(176)
Operating loss	2,757	3,652	933	1,684	6,222
Financial income	63	152	7	2	15
Financial expenses	(331)	(206)	(220)	(132)	(125)
Financial expenses, net	(268)	(54)	(213)	(130)	(110)
Loss before taxes on income	3,025	3,706	1,146	1,814	6,332
Taxes on income	13	9	13	6	12
Net loss	3,038	3,715	1,159	1,820	6,344
Other comprehensive loss:					
Amounts that will not be reclassified subsequently to profit or loss:					
Adjustments arising from translating financial statements					
Total other comprehensive loss	-	1	-	(33)	(34)
Total comprehensive loss	3,038	3,716	1,159	1,787	6,310
Basic and diluted loss per share (in U.S. dollars)	(0.12)	(0.23)	(0.04)	(0.12)	(0.31)

*) Were translated to US dollars (the new functional and reporting currency since January 1, 2017)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Reserve for share-based payment transactions</u>	<u>Reserve for transaction with controlling shareholder</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
Unaudited							
U.S. dollars in thousands							
Balance at January 1, 2017 (Audited)	6,638	65,632	803	1,284	1,729	(75,127)	959
Total comprehensive loss	-	-	-	-	-	(3,038)	(3,038)
Cost of share based payment	-	-	199	-	-	-	199
Expiration of options	-	6	(6)	-	-	-	-
Balance at June 30, 2017	<u>6,638</u>	<u>65,638</u>	<u>996</u>	<u>1,284</u>	<u>1,729</u>	<u>(78,165)</u>	<u>(1,880)</u>

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Reserve for share-based payment transactions</u>	<u>Reserve for transaction with controlling shareholder</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
Unaudited							
U.S. dollars in thousands *)							
Balance at January 1, 2016 (Audited)	4,261	61,858	663	1,284	1,695	(68,783)	978
Net loss	-	-	-	-	-	(3,715)	(3,715)
Other comprehensive loss	-	-	-	-	(1)	-	(1)
Total comprehensive loss	-	-	-	-	(1)	(3,715)	(3,716)
Cost of share based payment	-	-	52	-	-	-	52
Expiration of options	-	34	(34)	-	-	-	-
Balance at June 30, 2016	<u>4,261</u>	<u>61,892</u>	<u>681</u>	<u>1,284</u>	<u>1,694</u>	<u>(72,498)</u>	<u>(2,686)</u>

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Reserve for share-based payment transactions</u>	<u>Reserve for transaction with controlling shareholder</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
Unaudited							
U.S. dollars in thousands							
Balance at April 1, 2017	6,638	65,632	914	1,284	1,729	(77,006)	(809)
Total comprehensive loss	-	-	-	-	-	(1,159)	(1,159)
Cost of share based payment	-	-	88	-	-	-	88
Expiration of options	-	6	(6)	-	-	-	-
Balance at June 30, 2017	<u>6,638</u>	<u>65,638</u>	<u>996</u>	<u>1,284</u>	<u>1,729</u>	<u>(78,165)</u>	<u>(1,880)</u>

*) Were translated to US dollars (the new functional and reporting currency since January 1, 2017)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Foreign currency translation reserve	Accumulated deficit	Total
Unaudited							
U.S. dollars in thousands *)							
Balance at April 1, 2016	4,261	61,866	682	1,284	1,661	(70,678)	(924)
Net loss	-	-	-	-	-	(1,820)	(1,820)
Other comprehensive loss	-	-	-	-	33	-	33
Total comprehensive loss	-	-	-	-	33	(1,820)	(1,787)
Cost of share based payment	-	-	25	-	-	-	25
Expiration of options	-	26	(26)	-	-	-	-
Balance at June 30, 2016	<u>4,261</u>	<u>61,892</u>	<u>681</u>	<u>1,284</u>	<u>1,694</u>	<u>(72,498)</u>	<u>(2,686)</u>

	Share capital	Additional paid-in capital	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Foreign currency translation reserve	Accumulated deficit	Total
Audited							
U.S. dollars in thousands *)							
Balance at January 1, 2016	4,261	61,858	663	1,284	1,695	(68,783)	978
Net loss	-	-	-	-	-	(6,344)	(6,344)
Other comprehensive loss	-	-	-	-	34	-	34
Total comprehensive loss	-	-	-	-	34	(6,344)	(6,310)
Issue of share capital, net	2,377	3,715	-	-	-	-	6,092
Cost of share based payment	-	-	199	-	-	-	199
Expiration of options	-	59	(59)	-	-	-	-
Balance at December 31, 2016	<u>6,638</u>	<u>65,632</u>	<u>803</u>	<u>1,284</u>	<u>1,729</u>	<u>(75,127)</u>	<u>959</u>

*) Were translated to US dollars (the new functional and reporting currency since January 1, 2017)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2017	(* 2016)	2017	(* 2016)	(* 2016)
	Unaudited				Audited
	U.S. dollars in thousands				
<u>Cash flows - operating activities:</u>					
Loss	(3,038)	(3,715)	(1,159)	(1,820)	(6,344)
Adjustments to reconcile loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Loss from sale of property, plant and equipment	-	-	-	-	(1)
Depreciation and amortization	460	460	223	236	926
Cost of share based payment	199	52	88	25	199
Financial expenses, net	268	54	213	130	110
	837	566	434	391	1,234
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(539)	(81)	46	(100)	(120)
Decrease (increase) in other accounts receivable	(243)	411	(300)	175	283
Increase in inventories	(446)	(367)	(139)	(314)	(618)
Increase in trade payables	577	95	340	155	204
Increase (decrease) in other accounts payable	(82)	193	(141)	28	81
	(733)	251	(194)	(56)	(170)
Cash paid and received during the period for:					
Taxes Paid	(5)	-	(5)	-	-
Interest paid	(15)	(46)	(5)	(22)	(77)
Interest received	4	6	(**-	2	9
	(16)	(40)	(10)	(20)	(68)
Net cash used in operating activities	(2,860)	(2,938)	(839)	(1,505)	(5,348)

*) Were translated to US dollars (the new functional and reporting currency since January 1, 2017)

**) Represents an amount lower than \$ 1.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2017	(* 2016)	2017	(* 2016)	(* 2016)
	Unaudited				Audited
	U.S. dollars in thousands				
<u>Cash flows - investing activities:</u>					
Proceeds from sale of property, plant and equipment	-	-	-	-	1
Purchase of fixed assets	(18)	(26)	(10)	(15)	(39)
Withdrawal of bank deposits	-	(2)	-	(2)	3
Withdrawal of (investment in) Long-term deposits	2,794	1,843	827	1,731	(639)
Net cash provided by (used in) investing activities	2,776	1,815	817	1,714	(674)
<u>Cash flows - financing activities:</u>					
Repayment of long-term loan from bank	(311)	(322)	(128)	(165)	(664)
Issuance of share capital, net	-	-	-	-	6,092
Receipt of government grants	-	-	-	-	6
Repayment of liability in respect of government grants	(80)	(62)	-	-	(129)
Net cash (used in) provided by financing activities	(391)	(384)	(128)	(165)	5,305
Exchange differences on balances of cash and cash equivalents	43	(5)	8	15	26
Decrease in cash and cash equivalents	(432)	(1,512)	(142)	59	(691)
Cash and cash equivalents at the beginning of the period	2,384	3,075	2,094	1,504	3,075
Cash and cash equivalents at the end of the period	1,952	1,563	1,952	1,563	2,384
<u>Significant non-cash activities:</u>					
Reclassification inventory to non-current assets	126	54	73	24	54

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