

CONSOLIDATED BALANCE SHEETS

	September 30,		December 31,
	2017	(* 2016)	(* 2016)
	Unaudited		Audited
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	1,620	4,213	2,384
Short-term deposits	250	2,864	2,730
Trade receivables	1,423	571	665
Other accounts receivable	754	536	798
Inventories	2,331	1,599	1,825
	<u>6,378</u>	<u>9,783</u>	<u>8,402</u>
NON-CURRENT ASSETS:			
Long-term deposits	20	20	18
Restricted cash	80	78	76
Fixed assets, net	269	328	267
Intangible assets, net	866	1,595	1,386
	<u>1,235</u>	<u>2,021</u>	<u>1,747</u>
	<u><u>7,613</u></u>	<u><u>11,804</u></u>	<u><u>10,149</u></u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities on loans from bank	-	477	295
Trade payables	1,441	804	1,005
Other accounts payable	1,608	1,421	1,538
Liabilities for government grants	515	226	205
	<u>3,564</u>	<u>2,928</u>	<u>3,043</u>
NON-CURRENT LIABILITIES:			
Loans from bank	714	-	-
Liabilities for government grants	5,934	6,182	6,147
	<u>6,648</u>	<u>6,182</u>	<u>6,147</u>
EQUITY:			
Share capital	6,644	6,638	6,638
Additional paid-in capital	65,672	65,607	65,632
Reserve for share-based payment transactions	1,213	723	803
Reserve for transaction with controlling shareholder	1,393	1,284	1,284
Foreign currency translation reserve	1,729	1,784	1,729
Accumulated deficit	(79,250)	(73,342)	(75,127)
	<u>(2,599)</u>	<u>2,694</u>	<u>959</u>
	<u><u>7,613</u></u>	<u><u>11,804</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

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2017	(* 2016)	2017	(* 2016)	(* 2016)
	Unaudited				Audited
Revenues from sales	6,526	3,045	2,536	1,103	4,186
Cost of revenues	4,170	1,938	1,514	719	2,598
Amortization of intangible asset	520	520	174	175	693
Total cost of revenues	4,690	2,458	1,688	894	3,291
Gross profit	1,836	587	848	209	895
Research and development expenses, net	2,735	2,626	986	286	3,670
Selling and marketing expenses	1,773	1,528	598	519	2,154
General and administrative expenses	1,249	1,067	428	386	1,469
Prior years fees refund by the FDA	(88)	(176)	(88)	(176)	(176)
Operating loss	3,833	4,458	1,076	806	6,222
Financial income	65	208	2	56	15
Financial expenses	(347)	(300)	(16)	(94)	(125)
Financial expenses, net	(282)	(92)	(14)	(38)	(110)
Loss before taxes on income	4,115	4,550	1,090	844	6,332
Taxes on income	8	9	(5)	-	12
Net loss	4,123	4,559	1,085	844	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	-	(89)	-	(90)	(34)
Total comprehensive loss	-	4,470	-	754	6,310
Basic and diluted loss per share	(0.16)	(0.24)	(0.04)	(0.03)	(0.31)

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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	-	-	-	-	-	(4,123)	(4,123)
Exercise of options	6	33	(10)	-	-	-	29
Transaction with controlling shareholder	-	-	-	109	-	-	109
Cost of share based payment	-	-	427	-	-	-	427
Expiration of options	-	7	(7)	-	-	-	-
Balance at September 30, 2017	<u>6,644</u>	<u>65,672</u>	<u>1,213</u>	<u>1,393</u>	<u>1,729</u>	<u>(79,250)</u>	<u>(2,599)</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	-	-	-	-	-	(4,559)	(4,559)
Other comprehensive loss	-	-	-	-	89	-	89
Total comprehensive loss	-	-	-	-	89	(4,559)	(4,470)
Issuance of share capital	2,377	3,715	-	-	-	-	6,092
Cost of share based payment	-	-	94	-	-	-	94
Expiration of options	-	34	(34)	-	-	-	-
Balance at September 30, 2016	<u>6,638</u>	<u>65,607</u>	<u>723</u>	<u>1,284</u>	<u>1,784</u>	<u>(73,342)</u>	<u>2,694</u>

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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 July 1, 2017	6,638	65,638	996	1,284	1,729	(78,165)	(1,880)
Total comprehensive loss	-	-	-	-	-	(1,085)	(1,085)
Exercise of options	6	33	(10)	-	-	-	29
Transaction with controlling shareholder	-	-	-	109	-	-	109
Cost of share based payment	-	-	228	-	-	-	228
Expiration of options	-	1	(1)	-	-	-	-
Balance at September 30, 2017	<u>6,644</u>	<u>65,672</u>	<u>1,213</u>	<u>1,393</u>	<u>1,729</u>	<u>(79,250)</u>	<u>(2,599)</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
Unaudited							
U.S. dollars in thousands *)							
Balance at July 1, 2016	4,261	61,892	681	1,284	1,694	(72,498)	(2,686)
Net loss	-	-	-	-	-	(844)	(844)
Other comprehensive loss	-	-	-	-	90	-	90
Total comprehensive loss	-	-	-	-	90	(844)	(754)
Issuance of share capital	2,377	3,715	-	-	-	-	6,092
Cost of share based payment	-	-	42	-	-	-	42
Balance at September 30, 2016	<u>6,638</u>	<u>65,607</u>	<u>723</u>	<u>1,284</u>	<u>1,784</u>	<u>(73,342)</u>	<u>2,694</u>

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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>
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>

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2017	(* 2016)	2017	(* 2016)	(* 2016)
	Unaudited				Audited
	U.S. dollars in thousands				
<u>Cash flows - operating activities:</u>					
Loss	(4,123)	(4,559)	(1,085)	(844)	(6,344)
Adjustments to reconcile loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Profit from sale of property, plant and equipment	-	-	-	-	(1)
Depreciation and amortization	679	695	219	235	926
Cost of share based payment	427	94	228	42	199
Financial expenses, net	282	92	14	38	110
	1,388	881	461	315	1,234
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(713)	(10)	(174)	71	(120)
Decrease in other accounts receivable	47	553	290	142	283
Decrease (increase) in inventories	(644)	(357)	(198)	10	(618)
Increase (decrease) in trade payables	363	(33)	(214)	(128)	204
Increase (decrease) in other accounts payable	52	(79)	134	(272)	81
	(895)	74	(162)	(177)	(170)
Cash paid and received during the period for:					
Taxes Paid	(5)	-	-	-	-
Interest paid	(23)	(64)	(8)	(18)	(77)
Interest received	5	7	1	1	9
	(23)	(57)	(7)	(17)	(68)
Net cash used in operating activities	(3,653)	(3,661)	(793)	(723)	(5,348)

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 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	(23)	(35)	(5)	(9)	(39)
Withdrawal of bank deposits	(2)	3	(2)	5	3
Withdrawal of (investment in) Long-term deposits	2,544	(730)	(250)	(2,573)	(639)
Net cash provided by (used in) investing activities	2,519	(762)	(257)	(2,577)	(674)
<u>Cash flows - financing activities:</u>					
Repayment of long-term loan from bank	(311)	(492)	-	(170)	(664)
Receipt of long-term loan	822	-	822	-	-
Exercise of options	26	-	26	-	-
Issuance of share capital, net	-	6,092	-	6,092	6,092
Receipt of government grants	-	-	-	-	6
Repayment of liability in respect of government grants	(218)	(129)	(138)	(67)	(129)
Net cash provided by financing activities	319	5,471	710	5,855	5,305
Exchange differences on balances of cash and cash equivalents	51	90	8	95	26
Increase (decrease) in cash and cash equivalents	(764)	1,138	(332)	2,650	(691)
Cash and cash equivalents at the beginning of the period	2,384	3,075	1,952	1,563	3,075
Cash and cash equivalents at the end of the period	1,620	4,213	1,620	4,213	2,384
<u>Significant non-cash activities:</u>					
Reclassification of inventory to non-current assets	138	54	12	-	54
Receivables from issuance of shares	3	-	3	-	-

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