

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2017	2016 *)
	USD in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	1,631	2,384
Short-term deposits	-	2,730
Trade receivables, net	2,331	665
Other accounts receivable	1,054	798
Inventories	2,962	1,825
	<u>7,978</u>	<u>8,402</u>
NON-CURRENT ASSETS:		
Long-term deposits and other receivables	62	18
Restricted cash	82	76
Fixed assets, net	246	267
Intangible assets, net	693	1,386
	<u>1,083</u>	<u>1,747</u>
	<u>9,061</u>	<u>10,149</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities on loan from bank	-	295
Trade payables	2,392	1,005
Other accounts payable	1,812	1,538
Liabilities for government grants	762	205
	<u>4,966</u>	<u>3,043</u>
NON-CURRENT LIABILITIES:		
Loans from bank	1,975	-
Liabilities for government grants	5,766	6,147
	<u>7,741</u>	<u>6,147</u>
EQUITY:		
Share capital	6,652	6,638
Additional paid-in capital	65,707	65,632
Reserve for share-based payment transaction	1,264	803
Reserve for transaction with controlling shareholder	1,567	1,284
Foreign currency translation reserve	1,729	1,729
Accumulated deficit	(80,565)	(75,127)
	<u>(3,646)</u>	<u>959</u>
	<u>9,061</u>	<u>10,149</u>

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

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2017	2016 *)	2015 *)
	USD in thousands, except share and per share data		
Revenues from sales	9,534	4,186	3,295
Cost of revenues	5,958	2,598	2,093
Amortization of intangible asset	693	693	939
Total cost of revenues	6,651	3,291	3,032
Gross profit	2,883	895	263
Research and development expenses, net	3,888	3,670	3,034
Selling and marketing expenses	2,417	2,154	2,351
General and administrative expenses	1,700	1,469	1,503
Prior years fees refund by the FDA	(88)	(176)	(174)
Operating loss	(5,034)	(6,222)	(6,451)
Financial income	38	15	53
Financial expenses	467	125	879
Financial expenses, net	(429)	(110)	(826)
loss before taxes on income	(5,463)	(6,332)	(7,277)
Taxes on income, net	25	(12)	(5)
Net loss	(5,438)	(6,344)	(7,282)
Other comprehensive loss:			
Amounts that will not be reclassified subsequently to profit or loss:			
Adjustments arising from translating financial statements			
Total other comprehensive loss	-	34	44
Total comprehensive loss	(5,438)	(6,310)	(7,238)
Basic and diluted loss per share	(0.21)	(0.31)	(0.69)

*) 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	Receipts on account of options	Reserve for share-based payment transactions	Reserve for transaction with controlling shareholder	Foreign currency translation reserve	Accumulated deficit	Total
U.S. dollars in thousands								
<u>Balance at January 1, 2015</u> *)	2,135	54,588	1,489	1,494	1,284	1,651	(61,499)	1,142
Net loss	-	-	-	-	-	-	(7,282)	(7,282)
Other comprehensive income	-	-	-	-	-	44	-	44
Total comprehensive loss	-	-	-	-	-	44	(7,282)	(7,238)
Issue of share capital, net	2,126	4,802	-	-	-	-	-	6,928
Cost of share based payment	-	-	-	146	-	-	-	146
Expiration of options	-	2,466	(1,489)	(977)	-	-	-	-
<u>Balance at December 31, 2015</u> *)	4,261	61,858	-	663	1,284	1,695	(68,783)	978
Net loss	-	-	-	-	-	-	(6,344)	(6,344)
Other comprehensive income	-	-	-	-	-	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)	-	-	-	-
<u>Balance at December 31, 2016</u> *)	6,638	65,632	-	803	1,284	1,729	(75,127)	959
Total comprehensive loss	-	-	-	-	-	-	(5,438)	(5,438)
Exercise of options	14	68	-	(26)	-	-	-	56
transaction with controlling shareholder **)	-	-	-	-	283	-	-	283
Cost of share based payment	-	-	-	494	-	-	-	494
Expiration of options	-	7	-	(7)	-	-	-	-
<u>Balance at December 31, 2017</u>	<u>6,652</u>	<u>65,707</u>	<u>-</u>	<u>1,264</u>	<u>1,567</u>	<u>1,729</u>	<u>(80,565)</u>	<u>(3,646)</u>

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

**) Including tax deduction

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2017	2016 *)	2015 *)
	USD in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(5,438)	(6,344)	(7,282)
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Loss (profit) from sale of property, plant and equipment	-	(1)	1
Depreciation and amortization	888	926	1,105
Cost of share-based payment	494	199	146
Finance expenses, net	429	110	826
	<u>1,811</u>	<u>1,234</u>	<u>2,078</u>
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(1,614)	(120)	2
Decrease (increase) in other accounts receivable	(200)	283	(192)
Increase in inventories	(1,355)	(618)	(108)
Increase (decrease) in trade payables	1330	204	(49)
Increase in other accounts payable	165	81	339
	<u>(1,674)</u>	<u>(170)</u>	<u>(8)</u>
Cash paid and received during the year for:			
Tax paid	(5)	-	-
Interest paid	(34)	(77)	(136)
Interest received	4	9	2
	<u>(35)</u>	<u>(68)</u>	<u>(134)</u>
Net cash used in operating activities	<u>(5,336)</u>	<u>(5,348)</u>	<u>(5,346)</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2017	2016 *)	2015 *)
	UDS in thousands		
<u>Cash flows from investing activities:</u>			
Proceeds from sale of property, plant and equipment	-	1	2
Purchase of fixed assets	(30)	(39)	(34)
Withdrawal of (investment in) Long-term deposits	(7)	3	-
Withdrawal of (investment in) bank deposits	2,794	(639)	(2,036)
Net cash provided by (used in) investing activities	2,757	(674)	(2,068)
<u>Cash flows from financing activities:</u>			
Repayment of long-term bank loan	(311)	(644)	(407)
Receipt of long-term loan from bank	2,264	-	-
Exercise of options	56	-	-
Issuance of share capital, net	-	6,092	6,928
Receipt of government grants	(** -	6	43
Repayment of liability in respect of government grants	(239)	(129)	(113)
Net cash provided by financing activities	1,770	5,305	6,451
Exchange differences on balances of cash and cash equivalents	56	26	28
Decrease in cash and cash equivalents	(753)	(691)	(935)
Cash and cash equivalents at the beginning of the year	2,384	3,075	4,010
Cash and cash equivalents at the end of the year	1,631	2,384	3,075
<u>Significant non-cash transactions:</u>			
Reclassification inventory to non-current assets	144	54	301

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