

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,		December 31,
	2019	2018	2018
	Unaudited		Audited
	USD in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	3,146	1,800	3,576
Trade receivables, net	3,162	2,126	2,664
Other assets	449	544	855
Inventories	4,266	5,034	6,082
	<u>11,023</u>	<u>9,504</u>	<u>13,177</u>
NON-CURRENT ASSETS:			
Other non-current assets	88	623	66
Restricted cash	116	112	112
Right-of-use assets	200	-	-
Property and equipment, net	446	431	504
Intangible assets, net	-	347	-
	<u>850</u>	<u>1,513</u>	<u>682</u>
	<u>11,873</u>	<u>11,017</u>	<u>13,859</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities on loan and line of credit	1,935	1,810	2,537
Trade payables	1,390	3,153	2,742
Other accounts payable	1,487	1,513	1,758
Current maturities of lease liability	177	-	-
Liabilities in respect of government grants	692	627	672
	<u>5,681</u>	<u>7,103</u>	<u>7,709</u>
NON-CURRENT LIABILITIES:			
Line of credit	4,329	3,141	3,966
Lease liability	25	-	-
Liabilities in respect of government grants	5,410	5,475	5,435
	<u>9,764</u>	<u>8,616</u>	<u>9,401</u>
EQUITY:			
Share capital	7,079	6,658	7,035
Share premium	69,915	65,753	69,616
Reserve from share-based payment transactions	2,432	1,809	2,208
Reserve from transactions with controlling shareholder	2,224	1,891	2,224
Foreign currency translation reserve	1,729	1,729	1,729
Accumulated deficit	(86,951)	(82,542)	(86,063)
	<u>(3,572)</u>	<u>(4,702)</u>	<u>(3,251)</u>
	<u>11,873</u>	<u>11,017</u>	<u>13,859</u>

August 8, 2019

Date of approval of the
financial statementsDr. Uri Geiger
Chairman of the BoardRaphael Werner
CEOMoshe Dori
VP Finance

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	USD in thousands (except per share data)				
Revenues	7,183	6,653	3,814	3,390	13,144
Cost of revenues	3,635	4,005	2,052	1,975	7,398
Amortization of intangible asset	-	346	-	173	693
Total cost of revenues	3,635	4,351	2,052	2,148	8,091
Gross profit	3,548	2,302	1,762	1,242	5,053
Research and development expenses, net	1,135	1,937	425	1,013	3,770
Selling and marketing expenses, net	1,687	1,524	875	821	3,158
General and administrative expenses	964	1,211	443	671	2,320
Other expenses	-	-	-	-	1,141
Prior years fee refund by the FDA	(77)	(76)	(77)	-	(76)
Operating loss (Income)	161	2,294	(96)	1,263	5,260
Financial income	*) -	467	*) -	261	212
Financial expenses	688	191	296	96	537
Financial expenses, net	688	(276)	296	(165)	325
Loss before taxes on income	849	2,018	200	1,098	5,585
Taxes on income (tax benefit)	39	(41)	22	5	(87)
Total comprehensive loss	888	1,977	222	1,103	5,498
Basic and diluted loss per share	(0.03)	(0.08)	(0.01)	(0.04)	(0.21)

*) Represents an amount lower than USD 1 thousand.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Share premium</u>	<u>Reserve from share-based payment transactions</u>	<u>Reserve from transactions with controlling shareholder</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
	Unaudited						
	USD in thousands						
Balance at January 1, 2019 (audited)	7,035	69,616	2,208	2,224	1,729	(86,063)	(3,251)
Total comprehensive loss	-	-	-	-	-	(888)	(888)
Exercise of options	44	264	(127)	-	-	-	181
Expiration of options	-	35	(35)	-	-	-	-
Cost of share-based payment	-	-	386	-	-	-	386
Balance at June 30, 2019	<u>7,079</u>	<u>69,915</u>	<u>2,432</u>	<u>2,224</u>	<u>1,729</u>	<u>(86,951)</u>	<u>(3,572)</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Reserve from share-based payment transactions</u>	<u>Reserve from transactions with controlling shareholder</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
	Unaudited						
	USD in thousands						
Balance at January 1, 2018 (audited)	6,652	65,707	1,264	1,567	1,729	(80,565)	(3,646)
Comprehensive loss	-	-	-	-	-	(1,977)	(1,977)
Exercise of options	6	46	(13)	-	-	-	39
Transaction with controlling shareholder *)	-	-	-	324	-	-	324
Cost of share-based payment	-	-	558	-	-	-	558
Balance at June 30, 2018	<u>6,658</u>	<u>65,753</u>	<u>1,809</u>	<u>1,891</u>	<u>1,729</u>	<u>(82,542)</u>	<u>(4,702)</u>

*) Net of tax influence.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve from share-based payment transactions	Reserve from transactions with controlling shareholder	Foreign currency translation reserve	Accumulated deficit	Total
	Unaudited						
	USD in thousands						
Balance at April 1, 2019	7,077	69,904	2,263	2,224	1,729	(86,729)	(3,532)
Comprehensive loss	-	-	-	-	-	(222)	(222)
Exercise of options	2	6	(2)	-	-	-	6
Expiration of options	-	5	(5)	-	-	-	-
Cost of share based-payment	-	-	176	-	-	-	176
Balance at June 30, 2019	<u>7,079</u>	<u>69,915</u>	<u>2,432</u>	<u>2,224</u>	<u>1,729</u>	<u>(86,951)</u>	<u>(3,572)</u>
	Share capital	Share premium	Reserve from share-based payment transactions	Reserve from transactions with controlling shareholder	Foreign currency translation reserve	Accumulated deficit	Total
	Unaudited						
	USD in thousands						
Balance at April 1, 2018	6,656	65,739	1,451	1,891	1,729	(81,439)	(3,973)
Comprehensive loss	-	-	-	-	-	(1,103)	(1,103)
Exercise of options	2	14	(4)	-	-	-	12
Cost of share based-payment	-	-	362	-	-	-	362
Balance at June 30, 2018	<u>6,658</u>	<u>65,753</u>	<u>1,809</u>	<u>1,891</u>	<u>1,729</u>	<u>(82,542)</u>	<u>(4,702)</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve from share-based payment transactions	Reserve from transaction with controlling shareholder	Foreign currency translation reserve	Accumulated deficit	Total
	USD in thousands						
<u>Balance at January 1, 2018</u>	6,652	65,707	1,264	1,567	1,729	(80,565)	(3,646)
Total comprehensive loss	-	-	-	-	-	(5,498)	(5,498)
Issue of share capital, net	372	3,843	-	-	-	-	4,215
Exercise of options	11	66	(20)	-	-	-	57
Transaction with controlling shareholder *)	-	-	-	657	-	-	657
Cost of share-based payment	-	-	964	-	-	-	964
<u>Balance at December 31, 2018</u>	<u>7,035</u>	<u>69,616</u>	<u>2,208</u>	<u>2,224</u>	<u>1,729</u>	<u>(86,063)</u>	<u>(3,251)</u>

*) Net of tax influence.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	USD in thousands				
<u>Cash flows from operating activities:</u>					
Loss	(888)	(1,977)	(222)	(1,103)	(5,498)
Adjustments to reconcile net loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation of right of use of assets	136	-	68	-	-
Depreciation and amortization	131	431	55	220	900
Cost of share-based payment	386	558	176	362	964
Finance expenses (income), net	688	(276)	296	(165)	325
	1,341	713	595	417	2,189
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(470)	178	(774)	(101)	(387)
Decrease in other assets	435	522	539	326	322
(Increase) decrease in inventories	1,732	(2,292)	806	(1,906)	(3,532)
Increase (decrease) in trade payables	(1,391)	671	(546)	1,104	500
Increase (decrease) in other accounts payable	(274)	(339)	184	(264)	(112)
	32	(1,260)	209	(841)	(3,209)
Cash paid and received during the year for:					
Tax paid	(14)	(63)	(14)	(63)	(83)
Interest paid	(130)	(77)	(60)	(45)	(252)
Interest received	-	1	-	1	1
	(144)	(139)	(74)	(107)	(334)
Net cash from (used in) operating activities	341	(2,663)	508	(1,634)	(6,852)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2019	2018	2019	2018	2018
	Unaudited				Audited
	USD in thousands				
<u>Cash flows from investing activities:</u>					
Purchase of property and equipment	(52)	(126)	(49)	(88)	(178)
Investment in long-term deposits	-	-	-	-	(2)
Withdrawal of (investment in) bank deposits/restricted cash	-	5	-	5	(35)
Net cash used in investing activities	(52)	(121)	(49)	(83)	(215)
<u>Cash flows from financing activities:</u>					
Receipt of long-term loan and line of credit	-	3,397	-	1,166	5,761
Repayment of loan and line of credit	(602)	-	(216)	-	(463)
Exercise of options	181	27	6	12	57
Issuance of share capital, net	-	-	-	-	4,215
Prepaid issuance expenses	-	(256)	-	(114)	-
Repayment of lease liability	(136)	-	(67)	-	-
Repayment of liability in respect of government grants	(195)	(166)	-	-	(450)
Net cash provided by (used in) financing activities	(752)	3,002	(277)	1,064	9,120
Exchange differences on balances of cash and cash equivalents	33	(49)	9	(46)	(108)
Increase (decrease) in cash and cash equivalents	(430)	169	191	(699)	1,945
Cash and cash equivalents at the beginning of the period	3,576	1,631	2,955	2,499	1,631
Cash and cash equivalents at the end of the period	3,146	1,800	3,146	1,800	3,576
<u>Significant non-cash transactions:</u>					
Lease transactions	27	-	-	-	-
Reclassification inventory to property and equipment, net	21	144	3	76	287
Non-cash issuance expenses	-	232	-	232	-
Receivables from issuance of shares	-	12	-	12	-