

## CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	As of March 31,		As of
	2014	2013	December 31,
	Unaudited		2013
			Audited
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 14,858	\$ 19,369	\$ 95,454
Marketable securities	74,740	33,168	31,452
Short-term bank deposits	24,000	-	-
Trade receivables	1,876	1,957	1,913
Other receivables	1,031	920	733
	116,505	55,414	129,552
<b>LONG-TERM ASSETS:</b>			
Long-term bank deposits	10,000	-	-
Long-term deposits	26	43	28
Plant, property and equipment, net	6,929	7,279	7,215
Long-term investment	471	365	471
Intangible assets, net	33	78	45
	17,459	7,765	7,759
	\$ 133,964	\$ 63,179	\$ 137,311
<b>CURRENT LIABILITIES:</b>			
Trade payables	1,313	1,266	2,014
Other payables	3,405	2,224	4,363
Liabilities in respect of grants from the Chief Scientist	614	518	625
Deferred revenues and other advances	1,205	4,185	1,572
	6,537	8,193	8,574
<b>LONG-TERM LIABILITIES:</b>			
Liabilities in respect of grants from the Chief Scientist	2,718	3,005	3,008
Deferred revenues and other advances	762	3,433	963
Severance pay liability, net	19	11	19
	3,499	6,449	3,990
<b>SHAREHOLDERS' EQUITY:</b>			
Ordinary shares of NIS 0.02 par value:			
Authorized – 150,000,000 ordinary shares; Issued and outstanding – 24,985,455, 18,819,605 and 24,901,327 shares at March 31, 2014 and 2013 and December 31, 2013, respectively	138	102	137
Share premium and other capital reserve	170,986	92,661	169,469
Put Option	-	(7,764)	-
Accumulated deficit	(47,196)	(36,462)	(44,859)
	123,928	48,537	124,747
	\$ 133,964	\$ 63,179	\$ 137,311



**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**U.S. dollars in thousands (except share and per share data)**

	<b>Three Months Ended</b>		<b>Year ended</b>
	<b>March, 31</b>		<b>December 31,</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>Unaudited</b>		<b>Audited</b>
<b>Revenues:</b>			
Research and development payments, including up-front payments	\$ 3,775	\$ 3,805	\$ 15,028
Share purchase related revenues	82	811	2,553
<b>Total Revenues</b>	<b>3,857</b>	<b>4,616</b>	<b>17,581</b>
 Cost of revenues	 2,563	 2,230	 10,114
Gross profit	1,294	2,386	7,467
<b>Operating expenses:</b>			
Research and development	2,657	2,186	11,107
Business development	374	227	1,517
General and administrative	888	555	3,564
<b>Total operating expenses</b>	<b>3,919</b>	<b>2,968</b>	<b>16,188</b>
 Operating loss	 (2,625)	 (582)	 (8,721)
Financing income	650	459	1,179
Financing expenses	(362)	(358)	(1,336)
 Net and Comprehensive loss	 \$ (2,337)	 \$ (481)	 \$ (8,878)
 Basic and diluted loss per share	 \$ (0.094)	 \$ (0.026)	 \$ (0.45)

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share Capital	Share Premium and other capital reserve	Accumulate d Deficit	Total
	(Unaudited)			
Balance as of January 1, 2014 (audited)	\$ 137	\$ 169,469	\$ (44,859)	\$124,747
Total comprehensive loss	-	-	(2,337)	(2,337)
Exercise of options	1	691	-	692
Share-based compensation	-	826	-	826
Balance as of March 31, 2014	<u>\$ 138</u>	<u>\$ 170,986</u>	<u>\$ (47,196)</u>	<u>\$ 123,928</u>

	Share Capital	Share Premium and other capital reserve	Put Option	Accumulat ed Deficit	Total
	(Unaudited)				
Balance as of January 1, 2013 (audited)	\$ 102	\$ 91,902	\$ (7,764)	\$ (35,981)	\$ 48,259
Total comprehensive loss	-	-	-	(481)	(481)
Exercise of options	*) -	435	-	-	435
Share-based compensation	-	324	-	-	324
Balance as of March 31, 2013	<u>\$ 102</u>	<u>\$ 92,661</u>	<u>\$ (7,764)</u>	<u>\$ (36,462)</u>	<u>\$ 48,537</u>

\*) Represent amount lower than \$1 thousand

	Share Capital	Share Premium and other capital reserve	Put Option	Accumulat ed Deficit	Total
	(Audited)				
Balance as of January 1, 2013	\$ 102	\$ 91,902	\$ (7,764)	\$ (35,981)	\$48,259
Total comprehensive loss	-	-	-	(8,878)	(8,878)
Shares issued, net	32	76,764	-	-	76,796
Issuance and exercise of put options	-	(4,483)	7,764	-	3,281
Exercise of options	3	2,556	-	-	2,559
Share-based compensation	-	2,730	-	-	2,730
Balance as of December 31, 2013	<u>\$ 137</u>	<u>\$ 169,469</u>	<u>\$ -</u>	<u>\$ (44,859)</u>	<u>\$124,747</u>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three Months ended March, 31		Year ended December 31, 2013
	2014	2013	2013
	Unaudited		Audited
<u>Cash Flows from Operating Activities</u>			
Net loss	\$ (2,337)	\$ (481)	\$ (8,878)
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	519	506	2,042
Share-based compensation	826	324	2,730
Net financing expenses (income)	91	(101)	157
	1,436	729	4,929
Changes in asset and liability items:			
Decrease (increase) in trade receivables	37	(428)	(345)
Increase in other receivables	(298)	(269)	(81)
Decrease in prepaid expenses	2	-	15
Increase (decrease) in trade payables	(620)	(359)	292
Increase (decrease) in other payables	(958)	(927)	940
Increase in severance pay liability, net	-	-	8
Decrease in deferred revenues	(568)	(1,090)	(3,191)
	(2,405)	(3,073)	(2,362)
Cash received (paid) during the period for:			
Interest received	83	38	1,041
Net cash used in operating activities	\$ (3,223)	\$ (2,787)	\$ (5,270)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three Months ended March, 31		Year ended December 31, 2013
	2014	2013	2013
	Unaudited		Audited
<u>Cash Flows from Investing Activities</u>			
Purchase of property, plant and equipment	\$ (303)	\$ (149)	\$ (1,613)
Proceeds from sale of marketable securities	4,337	6,377	18,157
Purchase of marketable securities	(47,846)	(8,578)	(19,444)
Investment in bank deposits	(34,000)	-	-
Net cash used in investing activities	\$ (77,812)	\$ (2,350)	\$ (2,900)
<u>Cash Flows from Financing Activities</u>			
Proceeds from issuance of shares, net	\$ -	\$ -	\$ 77,014
Proceeds from exercise of warrants and options	692	435	2,559
Proceeds from the Chief Scientist grants	-	82	348
Repayment of the Chief Scientist grants	(272)	(255)	(513)
Net cash provided by financing activities	\$ 420	\$ 262	\$ 79,408
Exchange rate differences - cash and cash equivalent balances	19	(18)	(46)
Increase (decrease) in cash and cash equivalents	(80,596)	(4,893)	71,192
Cash and cash equivalents, beginning of the period	95,454	24,262	24,262
Cash and cash equivalents, end of the period	\$ 14,858	\$ 19,369	\$ 95,454
<u>Significant non-cash transactions</u>			
Acquisition of property, plant and equipment	\$ 218	\$ 325	\$ 299
Long-term investment	\$ -	\$ 365	\$ 471
Issuance expenses	\$ -	\$ -	\$ 218