

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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

	<u>As of September 30,</u>		<u>As of</u>
	<u>2016</u>	<u>2015</u>	<u>December 31,</u>
	<u>Unaudited</u>		<u>2015</u>
			<u>Audited</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 5,439	\$ 11,847	\$ 10,221
Restricted cash	47	47	47
Marketable securities	72,520	79,867	71,807
Short-term bank deposits	15,058	14,591	18,603
Trade receivables	100	963	2,675
Other receivables	1,778	1,083	1,023
	<u>94,942</u>	<u>108,398</u>	<u>104,376</u>
<b>LONG-TERM ASSETS:</b>			
Long-term deposits	14	25	22
Property, plant and equipment, net	6,829	7,943	8,197
	<u>6,843</u>	<u>7,968</u>	<u>8,219</u>
	<u>\$ 101,785</u>	<u>\$ 116,366</u>	<u>\$ 112,595</u>
<b>CURRENT LIABILITIES:</b>			
Trade payables	\$ 1,071	\$ 1,021	\$ 1,771
Other payables	2,695	2,428	3,049
Liabilities in respect of government grants	680	470	259
Deferred revenues and other advances	1,126	824	560
	<u>5,572</u>	<u>4,743</u>	<u>5,639</u>
<b>LONG-TERM LIABILITIES:</b>			
Liabilities in respect of government grants	2,747	3,054	2,880
Deferred revenues and other advances	154	447	298
Severance pay liability, net	30	31	26
	<u>2,931</u>	<u>3,532</u>	<u>3,204</u>
<b>SHAREHOLDERS' EQUITY:</b>			
Ordinary shares of NIS 0.02 par value:			
Authorized - 150,000,000 ordinary shares; Issued and outstanding – 25,459,809, 25,394,388 and 25,404,362 shares at September 30, 2016 and 2015 and December 31, 2015, respectively	140	140	140
Share premium and other capital reserve	182,693	179,081	180,214
Accumulated deficit	(89,551)	(71,130)	(76,602)
	<u>93,282</u>	<u>108,091</u>	<u>103,752</u>
	<u>\$ 101,785</u>	<u>\$ 116,366</u>	<u>\$ 112,595</u>

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)**

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

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
Revenues	\$ 5,360	\$ 8,666	\$ 1,536	\$ 3,309	\$ 11,129
Cost of revenues	4,508	6,249	1,418	2,487	8,255
Gross profit	852	2,417	118	822	2,874
Operating expenses:					
Research and development, net	11,670	10,326	3,905	3,097	14,449
Business development	1,225	1,505	435	506	1,964
General and administrative	2,894	3,138	950	1,001	4,382
Total operating expenses	15,789	14,969	5,290	4,604	20,795
Operating loss	(14,937)	(12,552)	(5,172)	(3,782)	(17,921)
Financing income	2,286	2,045	191	768	2,571
Financing expenses	(277)	(1,234)	(112)	(368)	(1,863)
Loss before taxes on income	(12,928)	(11,741)	(5,093)	(3,382)	(17,213)
Taxes on income	21	-	21	-	-
Net loss	<u>\$ (12,949)</u>	<u>\$ (11,741)</u>	<u>\$ (5,114)</u>	<u>\$ (3,382)</u>	<u>\$ (17,213)</u>
Other comprehensive income (loss):					
Loss from cash flow hedges	\$ -	\$ (45)	\$ -	\$ -	\$ (45)
Amounts transferred to the statement of profit or loss for cash flow hedges	-	267	-	-	267
Total comprehensive loss	<u>\$ (12,949)</u>	<u>\$ (11,519)</u>	<u>\$ (5,114)</u>	<u>\$ (3,382)</u>	<u>\$ (16,991)</u>
Basic and diluted loss per share	<u>\$ (0.51)</u>	<u>\$ (0.46)</u>	<u>\$ (0.20)</u>	<u>\$ (0.13)</u>	<u>\$ (0.68)</u>

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	Share capital	Share premium and other capital reserve	Accumulated deficit	Total
	Unaudited			
Balance as of January 1, 2016 (audited)	\$ 140	\$ 180,214	\$ (76,602)	\$ 103,752
Net and comprehensive loss	-	-	(12,949)	(12,949)
Exercise of options	*) -	143	-	143
Share-based compensation	-	2,336	-	2,336
Balance as of September 30, 2016	<u>\$ 140</u>	<u>\$ 182,693</u>	<u>\$ (89,551)</u>	<u>\$ 93,282</u>

\*) Represents an amount lower than \$1

	Share capital	Share premium and other capital reserve	Accumulated other comprehensive loss	Accumulated deficit	Total
	Unaudited				
Balance as of January 1, 2015 (audited)	\$ 140	\$ 175,553	\$ (222)	\$ (59,389)	\$ 116,082
Net loss	-	-	-	(11,741)	(11,741)
Other comprehensive income	-	-	222	-	222
Exercise of options	*) -	237	-	-	237
Share-based compensation	-	3,291	-	-	3,291
Balance as of September 30, 2015	<u>\$ 140</u>	<u>\$ 179,081</u>	<u>\$ -</u>	<u>\$ (71,130)</u>	<u>\$ 108,091</u>

\*) Represents an amount lower than \$1

	Share capital	Share premium and other capital reserve	Accumulated deficit	Total
	Unaudited			
Balance as of July 1, 2016	\$ 140	\$ 181,985	\$ (84,437)	\$ 97,688
Net and comprehensive loss	-	-	(5,114)	(5,114)
Exercise of options	*) -	29	-	29
Share-based compensation	-	679	-	679
Balance as of September 30, 2016	<u>\$ 140</u>	<u>\$ 182,693</u>	<u>\$ (89,551)</u>	<u>\$ 93,282</u>

\*) Represents an amount lower than \$1

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	Share Capital	Share Premium and other capital reserve	Accumulated Deficit	Total
	Unaudited			
Balance as of July 1, 2015	\$ 140	\$ 177,962	\$ (67,748)	\$ 110,354
Net and comprehensive loss	-	-	(3,382)	(3,382)
Exercise of options	*) -	29	-	29
Share-based compensation	-	1,090	-	1,090
Balance as of September 30, 2015	<u>\$ 140</u>	<u>\$ 179,081</u>	<u>\$ (71,130)</u>	<u>\$ 108,091</u>

\*) Represents an amount lower than \$1

	Share capital	Share premium and other capital reserve	Accumulated other comprehensive loss	Accumulated deficit	Total
	Audited				
Balance as of January 1, 2015	\$ 140	\$ 175,553	\$ (222)	\$ (59,389)	\$ 116,082
Net loss	-	-	-	(17,213)	(17,213)
Other comprehensive income	-	-	222	-	222
Exercise of options	*)-	296	-	-	296
Share-based compensation	-	4,365	-	-	4,365
Balance as of December 31, 2015	<u>\$ 140</u>	<u>\$ 180,214</u>	<u>\$ -</u>	<u>\$ (76,602)</u>	<u>\$ 103,752</u>

\*) Represents an amount lower than \$1

## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
<u>Cash flows from operating activities</u>					
Net loss	\$ (12,949)	\$ (11,741)	\$ (5,114)	\$ (3,382)	\$ (17,213)
Adjustments to reconcile net loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	1,763	1,849	587	583	2,433
Share-based compensation	2,336	3,291	679	1,090	4,365
Net financing income	(2,168)	(896)	(151)	(445)	(845)
Loss from sale of property, plant and equipment	17	-	-	-	-
Taxes on income	21	-	21	-	-
	<u>1,969</u>	<u>4,244</u>	<u>1,136</u>	<u>1,228</u>	<u>5,953</u>
Changes in asset and liability items:					
Decrease (increase) in trade receivables	2,575	220	(20)	(213)	(1,492)
Increase in other receivables	(667)	(335)	(190)	(23)	(293)
Decrease (increase) in long-term deposits	8	(4)	2	(1)	(1)
Decrease in trade payables	(359)	(546)	(118)	(146)	(68)
Increase (decrease) in other payables	(415)	(1,303)	181	(57)	(640)
Increase (decrease) in severance pay liability, net	4	2	-	3	(3)
Increase (decrease) in deferred revenues and other advances	422	(642)	303	(771)	(1,055)
Increase (decrease) in liabilities in respect of government grants	115	-	-	-	(284)
	<u>1,683</u>	<u>(2,608)</u>	<u>158</u>	<u>(1,208)</u>	<u>(3,836)</u>
Cash received (paid) during the period for:					
Interest received	1,838	2,119	684	747	2,689
Taxes paid	(2)	-	(2)	-	-
Net cash used in operating activities	<u>(7,461)</u>	<u>(7,986)</u>	<u>(3,138)</u>	<u>(2,615)</u>	<u>(12,407)</u>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
<u>Cash flows from investing activities</u>					
Purchase of property, plant and equipment	\$ (711)	\$ (1,397)	\$ (237)	\$ (548)	\$ (2,005)
Proceeds from sale of marketable securities	17,192	22,128	5,568	7,274	38,164
Purchase of marketable securities	(17,576)	(22,533)	(3,826)	(8,628)	(31,168)
Proceeds from bank deposits, net	3,545	15,455	1,503	8,637	11,443
Decrease (increase) in restricted cash	-	953	-	(47)	953
Net cash provided by investing activities	<u>2,450</u>	<u>14,606</u>	<u>3,008</u>	<u>6,688</u>	<u>17,387</u>
<u>Cash Flows from Financing Activities</u>					
Proceeds from exercise of options	143	237	29	29	296
Proceeds from government grants	404	188	146	-	167
Repayment of government grants	(333)	(418)	(134)	(185)	(418)
Net cash provided by (used in) financing activities	<u>214</u>	<u>7</u>	<u>41</u>	<u>(156)</u>	<u>45</u>
Exchange rate differences - cash and cash equivalent balances	<u>15</u>	<u>7</u>	<u>(5)</u>	<u>(19)</u>	<u>(17)</u>
Increase (decrease) in cash and cash equivalents	(4,782)	6,634	(94)	3,898	5,008
Cash and cash equivalents, beginning of the period	<u>10,221</u>	<u>5,213</u>	<u>5,533</u>	<u>7,949</u>	<u>5,213</u>
Cash and cash equivalents, end of the period	<u>\$ 5,439</u>	<u>\$ 11,847</u>	<u>\$ 5,439</u>	<u>\$ 11,847</u>	<u>\$ 10,221</u>
<u>Significant non-cash transactions</u>					
Acquisition of property, plant and equipment	<u>\$ 50</u>	<u>\$ 119</u>	<u>\$ 50</u>	<u>\$ 119</u>	<u>\$ 349</u>