

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of September 30,		As of
	2017	2016	December 31,
	Unaudited		2016
			Audited
CURRENT ASSETS:			
Cash and cash equivalents	\$ 2,457	\$ 5,439	\$ 3,236
Restricted cash	47	47	47
Marketable securities	63,882	72,520	71,738
Short-term bank deposits	9,517	15,058	13,137
Trade receivables	968	100	169
Other receivables	971	1,778	1,163
	<u>77,842</u>	<u>94,942</u>	<u>89,490</u>
LONG-TERM ASSETS:			
Long-term deposits	15	14	13
Property, plant and equipment, net	5,248	6,829	6,483
	<u>5,263</u>	<u>6,843</u>	<u>6,496</u>
	<u>\$ 83,105</u>	<u>\$ 101,785</u>	<u>\$ 95,986</u>
CURRENT LIABILITIES:			
Trade payables	\$ 898	\$ 1,071	\$ 1,330
Other payables	2,676	2,695	2,803
Liabilities in respect of government grants	81	680	125
Deferred revenues and other advances	1,006	1,126	967
	<u>4,661</u>	<u>5,572</u>	<u>5,225</u>
LONG-TERM LIABILITIES:			
Liabilities in respect of government grants	3,303	2,747	3,303
Deferred revenues and other advances	104	154	138
Severance pay liability, net	32	30	31
	<u>3,439</u>	<u>2,931</u>	<u>3,472</u>
SHAREHOLDERS' EQUITY:			
Ordinary shares of NIS 0.02 par value:			
Authorized - 150,000,000 ordinary shares; Issued and outstanding – 25,749,969, 25,459,809 and 25,480,809 shares at September 30, 2017 and 2016 and December 31, 2016, respectively	142	140	141
Share premium and other capital reserve	185,671	182,693	183,342
Accumulated deficit	(110,808)	(89,551)	(96,194)
	<u>75,005</u>	<u>93,282</u>	<u>87,289</u>
	<u>\$ 83,105</u>	<u>\$ 101,785</u>	<u>\$ 95,986</u>

CONSOLIDATED STATEMENTS OF PROFIT OR 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,
	2017	2016	2017	2016	2016
	Unaudited				Audited
Revenues	\$ 2,647	\$ 5,360	\$ 748	\$ 1,536	\$ 6,540
Cost of revenues	<u>2,211</u>	<u>4,508</u>	<u>546</u>	<u>1,418</u>	<u>5,639</u>
Gross profit	<u>436</u>	<u>852</u>	<u>202</u>	<u>118</u>	<u>901</u>
Operating expenses:					
Research and development, net	12,319	11,670	4,301	3,905	16,405
Business development	1,264	1,225	443	435	1,696
General and administrative	<u>2,781</u>	<u>2,894</u>	<u>960</u>	<u>950</u>	<u>3,889</u>
Total operating expenses	<u>16,364</u>	<u>15,789</u>	<u>5,704</u>	<u>5,290</u>	<u>21,990</u>
Operating loss	<u>(15,928)</u>	<u>(14,937)</u>	<u>(5,502)</u>	<u>(5,172)</u>	<u>(21,089)</u>
Financing income	1,769	2,286	563	191	2,424
Financing expenses	<u>(444)</u>	<u>(277)</u>	<u>(85)</u>	<u>(112)</u>	<u>(891)</u>
Loss before taxes on income	(14,603)	(12,928)	(5,024)	(5,093)	(19,556)
Taxes on income	<u>11</u>	<u>21</u>	<u>-</u>	<u>21</u>	<u>36</u>
Net loss	<u>\$ (14,614)</u>	<u>\$ (12,949)</u>	<u>\$ (5,024)</u>	<u>\$ (5,114)</u>	<u>\$ (19,592)</u>
Basic and diluted net loss per share	<u>\$ (0.57)</u>	<u>\$ (0.51)</u>	<u>\$ (0.20)</u>	<u>\$ (0.20)</u>	<u>\$ (0.77)</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, 2017 (audited)	\$ 141	\$ 183,342	\$ (96,194)	\$ 87,289
Net loss	-	-	(14,614)	(14,614)
Exercise of options	1	681	-	682
Share-based compensation	-	1,648	-	1,648
Balance as of September 30, 2017	<u>\$ 142</u>	<u>\$ 185,671</u>	<u>\$ (110,808)</u>	<u>\$ 75,005</u>

	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 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 deficit	Total
	Unaudited			
Balance as of July 1, 2017	\$ 142	\$ 184,977	\$ (105,784)	\$ 79,335
Net loss	-	-	(5,024)	(5,024)
Exercise of options	*) -	12	-	12
Share-based compensation	-	682	-	682
Balance as of September 30, 2017	<u>\$ 142</u>	<u>\$ 185,671</u>	<u>\$ (110,808)</u>	<u>\$ 75,005</u>

*) Represents an amount lower than \$1

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	<u>Share capital</u>	<u>Share premium and other capital reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
	Unaudited			
Balance as of July 1, 2016	\$ 140	\$ 181,985	\$ (84,437)	\$ 97,688
Net 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

	<u>Share capital</u>	<u>Share premium and other capital reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>
	Audited			
Balance as of January 1, 2016	\$ 140	\$ 180,214	\$ (76,602)	\$ 103,752
Net loss	-	-	(19,592)	(19,592)
Exercise of options	1	185	-	186
Share-based compensation	-	2,943	-	2,943
Balance as of December 31, 2016	<u>\$ 141</u>	<u>\$ 183,342</u>	<u>\$ (96,194)</u>	<u>\$ 87,289</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,
	2017	2016	2017	2016	2016
	Unaudited				Audited
<u>Cash flows from operating activities</u>					
Net loss	\$ (14,614)	\$ (12,949)	\$ (5,024)	\$ (5,114)	\$ (19,592)
Adjustments to reconcile net loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation	1,624	1,763	533	587	2,279
Share-based compensation	1,648	2,336	682	679	2,943
Net financing income	(1,579)	(2,168)	(490)	(151)	(1,688)
Loss from sale of property, plant and equipment	-	17	-	-	39
Taxes on income	11	21	-	21	36
	<u>1,704</u>	<u>1,969</u>	<u>725</u>	<u>1,136</u>	<u>3,609</u>
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(799)	2,575	95	(20)	2,506
Decrease (increase) in other receivables	177	(667)	127	(190)	(100)
Decrease (increase) in long-term deposits	(2)	8	(1)	2	9
Decrease in trade payables	(381)	(359)	(62)	(118)	(215)
Increase (decrease) in other payables	(122)	(415)	177	181	(303)
Increase in severance pay liability, net	1	4	-	-	5
Increase (decrease) in deferred revenues and other advances	5	422	(1)	303	(81)
Increase in liabilities in respect of government grants	-	115	-	-	115
	<u>(1,121)</u>	<u>1,683</u>	<u>335</u>	<u>158</u>	<u>1,936</u>
Cash received (paid) during the period for:					
Interest received	1,682	1,838	561	684	2,360
Taxes paid	(14)	(2)	(3)	(2)	(6)
Net cash used in operating activities	<u>(12,363)</u>	<u>(7,461)</u>	<u>(3,406)</u>	<u>(3,138)</u>	<u>(11,693)</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,
	2017	2016	2017	2016	2016
	Unaudited				Audited
<u>Cash flows from investing activities</u>					
Purchase of property, plant and equipment	\$ (442)	\$ (711)	\$ (157)	\$ (237)	\$ (808)
Proceeds from sale of marketable securities	13,812	17,192	2,697	5,568	23,926
Purchase of marketable securities	(6,208)	(17,576)	(881)	(3,826)	(24,561)
Proceeds from (investment in) bank deposits, net	3,620	3,545	(1,500)	1,503	5,466
Proceeds from sale of property, plant and equipment	-	-	-	-	5
Net cash provided by investing activities	<u>10,782</u>	<u>2,450</u>	<u>159</u>	<u>3,008</u>	<u>4,028</u>
<u>Cash Flows from Financing Activities</u>					
Proceeds from exercise of options	682	143	12	29	186
Proceeds from government grants	266	404	-	146	802
Repayment of government grants	(208)	(333)	(64)	(134)	(333)
Net cash provided by (used in) financing activities	<u>740</u>	<u>214</u>	<u>(52)</u>	<u>41</u>	<u>655</u>
Exchange rate differences - cash and cash equivalent balances	<u>62</u>	<u>15</u>	<u>(2)</u>	<u>(5)</u>	<u>25</u>
Decrease in cash and cash equivalents	(779)	(4,782)	(3,301)	(94)	(6,985)
Cash and cash equivalents, beginning of the period	<u>3,236</u>	<u>10,221</u>	<u>5,758</u>	<u>5,533</u>	<u>10,221</u>
Cash and cash equivalents, end of the period	<u>\$ 2,457</u>	<u>\$ 5,439</u>	<u>\$ 2,457</u>	<u>\$ 5,439</u>	<u>\$ 3,236</u>
<u>Significant non-cash transactions</u>					
Acquisition of property, plant and equipment	<u>\$ 122</u>	<u>\$ 50</u>	<u>\$ 122</u>	<u>\$ 50</u>	<u>\$ 150</u>