

CONSOLIDATED BALANCE SHEETS

	As of June 30,		As of December
	2017	2016	31,
	Unaudited		2016
	In thousands		Audited
<u>Current Assets</u>			
Cash and cash equivalents	\$ 11,024	\$ 7,136	\$ 9,968
Short-term investments	15,906	22,391	18,664
Trade receivables, net	22,778	15,936	19,788
Other accounts receivables	2,087	3,475	3,063
Inventories	24,072	28,423	25,594
	<u>75,867</u>	<u>77,361</u>	<u>77,077</u>
<u>Non-Current Assets</u>			
Property, plant and equipment, net	23,925	21,138	22,249
Other long-term assets	404	73	370
	<u>24,329</u>	<u>21,211</u>	<u>22,619</u>
	<u>100,196</u>	<u>98,572</u>	<u>99,696</u>
<u>Current Liabilities</u>			
Current maturities of loans and convertible debentures	545	392	412
Trade payables	14,134	10,247	16,277
Other accounts payables	6,772	6,068	5,614
Deferred revenues	5,177	5,114	4,903
	<u>26,628</u>	<u>21,821</u>	<u>27,206</u>
<u>Non-Current Liabilities</u>			
Loans	1,433	1,537	1,364
Employee benefit liabilities, net	863	402	722
Deferred revenues	2,934	5,424	3,661
	<u>5,230</u>	<u>7,363</u>	<u>5,747</u>
<u>Shareholder's Equity</u>			
Ordinary shares	9,321	9,320	9,320
Share premium	162,686	162,649	162,671
Capital reserve due to translation to presentation currency	(3,490)	(3,490)	(3,490)
Capital reserve from hedges	229	9	(27)
Capital reserve from available for sale financial assets	31	119	19
Capital reserve from share-based payments	10,221	9,455	9,795
Capital reserve from employee benefits	(81)	(59)	(81)
Accumulated deficit	(110,579)	(108,615)	(111,464)
	<u>68,338</u>	<u>69,388</u>	<u>66,743</u>
	\$		
	<u>100,196</u>	<u>\$ 98,572</u>	<u>\$ 99,696</u>

The accompanying Notes are an integral part of the Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income (loss)

	Six months period ended June 30,		Three months period ended June 30,		Year ended December 31
	2017	2016	2017	2016	2016
	Unaudited				Audited
In thousands (except for per-share data)					
Revenues from proprietary products	\$ 33,510	\$ 23,226	\$ 26,874	\$ 12,106	\$ 55,958
Revenues from distribution	10,687	10,637	5,675	6,960	21,536
Total revenues	44,197	33,863	32,549	19,066	77,494
Cost of revenues from proprietary products	21,218	14,410	16,053	7,479	37,433
Cost of revenues from distribution	8,969	9,047	4,784	5,958	18,411
Total cost of revenues	30,187	23,457	20,837	13,437	55,844
Gross profit	14,010	10,406	11,712	5,629	21,650
Research and development expenses	6,638	7,609	3,487	3,502	16,245
Selling and marketing expenses	2,112	1,691	1,084	856	3,243
General and administrative expenses	3,947	3,674	2,117	1,861	7,643
Operating income (loss)	1,313	(2,568)	5,024	(590)	(5,481)
Financial income	174	298	96	133	469
Income (expense) in respect of currency exchange and derivatives instruments, net	(479)	(59)	(245)	90	127
Financial expense	(36)	(67)	(13)	(30)	(126)
Gain (loss) before taxes on income	972	(2,396)	4,862	(397)	(5,011)
Taxes on income	87	1,488	-	1,188	1,722
Net income (loss)	885	(3,884)	4,862	(1,585)	(6,733)
Other Comprehensive Income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Gain (loss) on available for sale financial assets	12	46	(6)	(25)	(54)
Profit (loss) on cash flow hedges	372	80	165	(165)	47
Net amounts transferred to the statement of profit or loss for cash flow hedges	(116)	(70)	(94)	(36)	(73)
Items that will not be reclassified to profit or loss in subsequent periods:					
Actuarial net gain of defined benefit plans	-	-	-	-	(22)
Total comprehensive income (loss)	<u>\$ 1,153</u>	<u>\$ (3,828)</u>	<u>\$ 4,927</u>	<u>\$ (1,811)</u>	<u>\$ (6,835)</u>
<u>Earnings (loss) per share attributable to equity holders of the Company:</u>					
Basic earnings (loss) per share	<u>\$ 0.02</u>	<u>\$ (0.11)</u>	<u>\$ 0.13</u>	<u>\$ (0.04)</u>	<u>\$ (0.18)</u>
Diluted earnings (loss) per share	<u>\$ 0.02</u>	<u>\$ (0.11)</u>	<u>\$ 0.13</u>	<u>\$ (0.04)</u>	<u>\$ (0.18)</u>

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months period Ended June 30,		Three months period Ended June 30,		Year Ended December 31,
	2017	2016	2017	2016	2016
	Unaudited				Audited
	In thousands				
<u>Cash Flows from Operating Activities</u>					
Net loss	\$ 885	\$ (3,884)	\$ 4,862	\$ (1,585)	\$ (6,733)
Adjustments to reconcile loss to net cash provided by (used in) operating activities:					
Adjustments to the profit or loss items:					
Depreciation, amortization and impairment of equipment	1,745	1,709	861	878	3,501
Finance expense (income), net	341	(172)	162	(193)	(470)
Cost of share-based payment	441	709	196	328	1,071
Income tax expense	87	1,488	-	1,188	1,722
Loss (gain) from sale of property and equipment	(45)	10	(45)	-	(18)
Change in employee benefit liabilities, net	141	(385)	43	(250)	(87)
	<u>2,710</u>	<u>3,359</u>	<u>1,217</u>	<u>1,951</u>	<u>5,719</u>
Changes in asset and liability items:					
Decrease (increase) in trade receivables, net	(3,787)	7,304	(12,277)	(6,955)	3,489
Decrease in other accounts receivables	154	147	409	905	211
Decrease (increase) in inventories	1,522	(2,087)	3,605	3,182	742
Decrease (increase) in deferred expenses	1,004	(774)	434	(304)	(433)
Decrease in trade payables	(1,979)	(6,869)	(115)	(7,939)	(2,650)
Increase in other accounts payables	1,189	726	1,928	439	1,520
Increase (decrease) in deferred revenues	(453)	3,009	278	3,975	1,035
	<u>(2,350)</u>	<u>1,456</u>	<u>(5,738)</u>	<u>(6,697)</u>	<u>3,914</u>
Cash received (paid) during the period for:					
Interest paid	(9)	(9)	(5)	(7)	(60)
Interest received	149	424	41	138	842
Taxes paid	(10)	(306)	(6)	(303)	(1,785)
	<u>130</u>	<u>109</u>	<u>30</u>	<u>(172)</u>	<u>(1,003)</u>
Net cash provided by (used in) operating activities	\$ <u>1,375</u>	\$ <u>1,040</u>	\$ <u>371</u>	\$ <u>(6,503)</u>	\$ <u>1,897</u>

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months period Ended June 30,		Three months period Ended June 30,		Year Ended December 31,
	2017	2016	2017	2016	2016
	Unaudited				Audited
	Thousands of US dollar				
<u>Cash Flows from Investing Activities</u>					
Proceeds from sale of (investment in) short term investments, net	\$ 2,973	\$ 776	\$ 2,061	\$ 1,392	\$ 4,236
Purchase of property and equipment	(2,615)	(1,469)	(1,879)	(543)	(2,641)
Proceeds from sale of property and equipment	53	21	53	-	42
Net cash provided by (used in) investing activities	411	(672)	235	849	1,637
<u>Cash Flows from Financing Activities</u>					
Proceeds from exercise of warrants and options	1	-	-	-	*
Receipt of long-term loans	-	1,701	-	1,071	1,701
Repayment of long-term loans	(238)	(61)	(133)	(50)	(211)
Net cash provided by (used in) financing activities	(237)	1,640	(133)	1,021	1,490
<u>Exchange differences on balances of cash and cash equivalent</u>	(493)	81	(227)	164	(103)
<u>Increase (decrease) in cash and cash equivalents</u>	1,056	2,089	246	(4,469)	4,921
<u>Cash and cash equivalents at the beginning of the period</u>	9,968	5,047	10,778	11,605	5,047
<u>Cash and cash equivalents at the end of the period</u>	\$ 11,024	\$ 7,136	\$ 11,024	\$ 7,136	\$ 9,968
<u>Significant non-cash transactions</u>					
Purchase of property and equipment through capital lease	\$ 282	\$ 84	\$ 282	\$ -	\$ 132
Purchase of property and equipment	\$ 575	\$ -	\$ 575	\$ -	\$ 1,968

* Represent an amount of less than 1 thousand

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Adjusted EBITDA

	Six months period Ended June 30,		Three months period Ended June 30,		For the year Ended December 31,
	2017	2016	2017	2016	2016
Thousands of US dollar					
Net income (loss)	\$ 885	\$ (3,884)	\$ 4,862	\$ (1,585)	\$ (6,733)
Income tax expense	87	1,488	-	1,188	1,722
Financial expense (income), net	(138)	(231)	(83)	(103)	(343)
Depreciation and amortization expense	1,745	1,709	861	878	3,501
Share-based compensation charges	441	709	196	328	1,071
Expense (Income) in respect of translation differences and derivatives instruments, net	479	59	245	(90)	(127)
Adjusted EBITDA	<u>\$ 3,499</u>	<u>\$ (150)</u>	<u>\$ 6,081</u>	<u>\$ 616</u>	<u>\$ (6,290)</u>

Adjusted net income

	Six months period Ended June 30,		Three months period Ended June 30,		For the Year Ended December 31,
	2017	2016	2017	2016	2016
Thousands of US dollar					
Net income (loss)	\$ 885	\$ (3,884)	\$ 4,862	\$ (1,585)	\$ (6,733)
Share-based compensation charges	441	709	196	328	1,071
Adjusted Net income (loss)	<u>\$ 1,326</u>	<u>\$ (3,175)</u>	<u>\$ 5,058</u>	<u>\$ (1,257)</u>	<u>\$ (5,662)</u>