KAMADA LTD.

CONSOLIDATED FINANCIAL STATEMENTS AS OF

SEPTEMBER 30, 2012

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Auditors' report on review to the shareholders of Kamada Ltd.

Introduction

We have reviewed the accompanying financial information of Kamda Ltd. and its subsidiary ("the Group"), which comprises the condensed consolidated balance sheet as of September 30, 2012 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv,
November 6, 2012

Kost Forer Gabbay & Kasierer
Certified Public Accountants

CONSOLIDATED BALANCE SHEETS

	As of September 30,		As of December 31,
	2012	*) 2011	*) 2011
	Unaudited		Audited
	Thousands of US dollar		
Current Assets			
Cash and cash equivalents	15,470	15,435	24,374
Short-term investments	18,040	19,201	16,800
Trade receivables	12,979	10,196	7,131
Other accounts receivables	1,849	906	1,928
Inventories	19,040	14,859	15,335
Restricted cash	-	2,271	1,512
	67,378	62,868	67,080
Non-Current Assets			
Long-term inventories	394	161	555
Deferred and other expenses	18	26	21
Fixed assets	18,245	18,247	17,413
Intangible assets	135	56	45
	18,792	18,490	18,034
	86,170	81,358	85,114
Current Liabilities			
Credit from banks and others	12	13	12
Trade payables	12,618	6,762	12,528
Other accounts payables	3,067	3,284	3,112
Deferred income	8,314	8,342	7,243
	24,011	18,401	22,895
Non-Current Liabilities			
Loans from banks and others	3	16	12
Warrants	19	717	681
Convertible debentures	22,714	22,804	22,419
Employee benefit liabilities, net	597	572	539
Deferred revenues	14,415	16,396	15,983
	37,748	40,505	39,634
Equity			
Share capital	7,165	6,923	6,928
Share premium	95,943	91,136	91,225
Warrants	-	325	325
Proceeds from conversion option	3,794	3,794	3,794
Other capital reserves	4,853	4,179	4,754
Capital fund due to translation to presentation currency	(3,490)	(2,499)	(3,490)
Capital reserve from hedges	(99)	-	-
Accumulated deficit	(83,755)	(81,406)	(80,951)
	24,411	22,452	22,585
	86,170	81,358	85,114

*) Adapted in advance regarding changes in presentation currency, see note 1c'.

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

November 6, 2012			
Financial Statements Approval Date	Ralf Han Chairman of the Board of Directors	David Tzur Director and CEO	Gil Efron CFO

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the 9 months period ended September 30,		For the 3 months period ended September 30,		For the year ended December 31
	2012	*) 2011	2012	*) 2011	*) 2011
	Unaudited				Audited
	Thousands of Us dollar (except per share data)				
Revenues from the sale and issue of licenses	51,032	37,977	17,678	13,310	59,139
Revenues from establishment contract	-	350	-	-	344
Total revenues	51,032	38,327	17,678	13,310	59,483
Cost of sales	36,629	27,540	12,066	10,725	42,449
Cost of establishment contract	-	318	-	-	313
Total cost of revenues	36,629	27,858	12,066	10,725	42,762
Gross profit	14,403	10,469	5,612	2,585	16,721
Research and development expenses	8,979	8,379	2,769	2,688	11,729
Selling and marketing expenses	1,404	1,828	438	619	2,331
General and administrative expenses	3,565	3,546	1,132	1,217	5,126
Operating income (loss)	455	(3,284)	1,273	(1,939)	(2,465)
Finance income	455	720	119	861	1,305
Income (expense) in respect of translation differences and derivatives	(15)	**) 635	34	**) 1,012	**) 937
Income(expense) in respect of revaluation of warrants fair value	(554)	**) 530	19	**) 611	**) 540
Finance expense	(2,545)	(2,771)	(836)	(1,690)	(4,032)
Income (loss) before taxes on income	(2,204)	(4,170)	(609)	(1,145)	(3,715)
Taxes on income	600	-	600	-	-
Net income (loss)	(2,804)	(4,170)	9	(1,145)	(3,715)
Adjustments resulting from Translation of financial reports from functional currency to presentation currency	-	(971)	-	(1,981)	(1,786)
Loss from cash flow hedges	(99)	-	(99)	-	-
Total comprehensive loss	(2,903)	(5,141)	(90)	(3,126)	(5,501)
Loss per share attributable to equity holders of the Company (in US Dollar):					
Basic loss per share	(0.10)	(0.15)	(0.00)	(0.04)	(0.13)
Diluted loss per share	(0.10)	(0.17)	(0.00)	(0.07)	(0.15)

*) Adapted in advance regarding changes in presentation currency, see note 1c'.

**) Re-classified (see note 2b').

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Warrants	Proceeds from conversion option	Other capital reserves	Capital reserve from hedges	Capital reserve due to translation to presentation currency	Accumulated deficit	Total equity
	Unaudited								
	Thousands of Us dollar								
Balance as of January 1, 2012	6,928	91,225	325	3,794	4,754	-	(3,490)	(80,951)	22,585
Total loss	-	-	-	-	-	-	-	(2,804)	(2,804)
Total other loss	-	-	-	-	-	(99)	-	-	(99)
Total comprehensive loss	-	-	-	-	-	(99)	-	(2,804)	(2,903)
Exercise of warrants into shares, net	237	4,718	(325)	-	(895)	-	-	-	3,735
Cost of share-based payment	-	-	-	-	994		-	-	994
Balance as of September 30, 2012	7,165	95,943	-	3,794	4,853	(99)	(3,490)	(83,755)	24,411

	Share capital	Share premium	Warrants	Proceeds from conversion option	Other capital reserves	Capital reserve due to translation to presentation currency	Accumulated deficit	Total equity
	Unaudited							
	Thousands of Us dollar							
Balance as of January 1, 2011	6,889	89,390	1,339	3,794	3,832	(1,528)	(77,236)	26,480
Total loss	-	-	-	-	-	-	(4,170)	(4,170)
Total other loss	-	-	-	-	-	(971)	-	(971)
Total comprehensive loss	-	-	-	-	-	(971)	(4,170)	(5,141)
Exercise of warrants into shares, net	34	741	(9)	-	(301)	-	-	465
Cost of share-based payment	-	-	-	-	648	-	-	648
Expiry of warrants	-	1,005	(1,005)	-	-	-	-	-
Balance as of September 30, 2011*)	6,923	91,136	325	3,794	4,179	(2,499)	(81,406)	22,452

*) Adapted in advance regarding changes in presentation currency, see note 1c'.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Warrants	Proceeds from conversion option	Other capital reserves	Capital reserve from hedges	Capital reserve due to translation to presentation currency	Accumulated deficit	Total equity
	Unaudited								
	Thousands of Us dollar								
Balance as of July 1, 2012	7,015	93,706	325	3,794	4,681	-	(3,490)	(83,764)	22,267
Net income	-	-	-	-	-	-	-	9	9
Total other loss	-	-	-	-	-	(99)	-	-	(99)
Total comprehensive loss						(99)		9	(90)
Exercise of warrants into shares, net	150	2,237	(325)	-	(124)	-	-	-	1,938
Cost of share-based payment	-	-	-	-	296	-	-	-	296
Balance as of September 30, 2012	7,165	95,943	-	3,794	4,853	(99)	(3,490)	(83,755)	24,411

	Share capital	Share premium	Warrants	Proceeds from conversion option	Other capital reserves	Capital reserve due to translation to presentation currency	Accumulated deficit	Total equity
	Unaudited							
	Thousands of Us dollar							
Balance as of July 1, 2011	6,918	90,973	325	3,794	4,053	(518)	(80,261)	25,284
Total loss	-	-	-	-	-	-	(1,145)	(1,145)
Total other loss	-	-	-	-	-	(1,981)	-	(1,981)
Total comprehensive loss	-	-	-	-	-	(1,981)	(1,145)	(3,126)
Exercise of warrants into shares, net	5	163	-	-	(117)	-	-	51
Cost of share-based payment	-	-	-	-	243	-	-	243
Balance as of September 30, 2011*)	6,923	91,136	325	3,794	4,179	(2,499)	(81,406)	22,452

*) Adapted in advance regarding changes in presentation currency, see note 1c'.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Warrants	Proceeds from conversion option	Other capital reserves	Capital reserve due to translation to presentation currency	Accumulated deficit	Total equity
	Audited							
	Thousands of Us dollar							
Balance as of January 1, 2011*)	6,889	89,390	1,339	3,794	4,008	(1,704)	(77,236)	26,480
Total loss	-	-	-	-	-	-	(3,715)	(3,715)
Total other loss	-	-	-	-	-	(1,786)	-	(1,786)
Total comprehensive loss	-	-	-	-	-	(1,786)	(3,715)	(5,501)
Exercise of warrants into shares, net	39	830	(9)	-	(150)	-	-	710
Expiry of warrants	-	1,005	(1,005)	-	-	-	-	-
Cost of share-based payment	-	-	-	-	896	-	-	896
Balance as of December 31, 2011*)	6,928	91,225	325	3,794	4,754	(3,490)	(80,951)	22,585

*) Adapted in advance regarding changes in presentation currency, see note 1c'.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the 9 months period ended September 30,		For the 3 months period ended September 30,		For the year ended December 31
	2012	*) 2011	2012	*) 2011	*) 2011
	Unaudited				Audited
	Thousands of Us dollar				
Cash Flows from Operating Activities					
Net income (loss)	(2,804)	(4,170)	9	(1,145)	(3,715)
Adjustments to reconcile loss to net cash provided by (used in) operating activities:					
Adjustments to profit/loss items:					
Depreciation and amortization	2,283	2,274	777	803	3,040
Finance expenses (incomes), net	2,659	886	664	(794)	1,250
Taxes on income	600	-	600	-	-
Cost of share-based payment	974	648	296	244	878
Loss (gain) from sale of fixed assets	3	-	(11)	-	33
Change in employee benefit liabilities, net	58	138	(43)	77	118
	6,577	3,946	2,283	330	5,319
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(6,199)	2,561	(1,856)	(1,921)	5,830
Decrease (increase) in other accounts receivables	(20)	1,033	(850)	204	(104)
Decrease (increase) in inventories and long-term inventories	(3,545)	(5,145)	(1,974)	21	(6,462)
Decrease in deferred expenses	102	187	63	72	193
Increase (decrease) in trade payables	299	(5,074)	(48)	(1,341)	1,059
Increase (decrease) in other accounts payables	(61)	(683)	(47)	769	379
Increase (decrease) in deferred income	(607)	1,317	(3,428)	(1,142)	813
	(10,031)	(4,438)	(1,284)	(3,338)	1,708
Cash paid and received over the course of the year for:					
Interest paid	(1,665)	(1,936)	(525)	(691)	(2,545)
Interest received	574	314	144	115	313
Taxes paid	(639)	(10)	(603)	(3)	(86)
	(1,730)	(1,632)	(984)	(579)	(2,318)
Net cash provided by (used in) operating activities	(7,988)	(6,294)	24	(4,732)	994

*) Adapted in advance regarding changes in presentation currency, see note 1c'.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the 9 months period ended September 30,		For the 3 months period ended September 30,		For the year ended December 31
	2012	*) 2011	2012	*) 2011	*) 2011
	Unaudited				Audited
	Thousands of Us dollar				
Cash Flows from Investing Activities					
Purchase of marketable securities, net	8,951	561	489	2,830	2,358
Investment in short-term deposits	(10,570)	-	(4,020)	-	-
Purchase of fixed assets	(3,118)	(1,668)	(1,136)	(547)	(1,982)
Restricted cash	1,512	(2,387)	-	159	(1,512)
Net cash provided by (used in) investing activities	(3,225)	(3,494)	(4,667)	2,442	(1,136)
Cash Flows from Financing Activities					
Exercise of warrants	2,525	455	1,944	43	710
Repayment of liabilities due to research and development grants	-	(902)	-	(396)	(1,095)
Repayment of loans and other long-term liabilities	(9)	(15)	(3)	(4)	(18)
Net cash provided by (used in) financing activities	2,516	(462)	1,941	(357)	(403)
Exchange differences on balances of cash and cash equivalent	(207)	(27)	(106)	54	(793)
Decrease in cash and cash equivalents	(8,904)	(10,277)	(2,808)	(2,593)	(1,338)
Cash and cash equivalents at the beginning of the year	24,374	25,712	18,278	18,028	25,712
Cash and cash equivalents at the end of the year	15,470	15,435	15,470	15,435	24,374
Significant non-cash transactions					
Purchase of fixed assets and intangible assets on credit	488	(348)	-	(106)	440
Exercise of options presented as liability	1,209	-	-	-	-

*) Adapted in advance regarding changes in presentation currency, see note 1c'.

The accompanying Notes constitute an inseparable part of the Consolidated Financial Statements

NOTE 1:- GENERAL

a. Kamada Ltd. ("the Company") deals in the field of biopharmaceuticals, in the development, manufacture and marketing of prescription medicine defined as "critical use" medicine, medicine designed to be used during emergencies, in emergency rooms, operating rooms, trauma situations as well as for other life-saving uses in which the medicine is given as a chronic treatment.

The Company's activity is divided into two main sectors of activity:

- The manufacture sector, in which the Company develops, manufactures and markets medicine for critical uses, most of which are produced from plasma or its products.

- The distribution sector, in which the Company distributes medicine for critical uses, most of which are produced from plasma or its products, manufactured by other companies.

b. These Financial Statements have been prepared in a condensed format as of September 30, 2012 and for the nine and three months then ended ("interim consolidated financial statements").

These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2011 and for the year then ended and the accompanying notes ("annual consolidated financial statements").

c. Up to December 31, 2011, the NIS constituted the main economic environment in which the Company was active and therefore this currency constituted the Company's functional currency. Starting January 1, 2012, the dollar constitutes its functional currency, for the following reasons: most of the Company's sales are in dollars and are expected to be in dollars from this point onward. A significant portion of the Company's expenses from this point onward is expected to be in dollars, and in addition, the Company performs hedging transactions on a significant portion of its NIS expenses vs. its dollar expenses. Furthermore, starting 2012 the Company's budget is in dollars and the currency in which receipts from operating activities are usually held is the dollar. In light of the above, starting January 1, 2012, the dollar is constitute its functional currency, with this change made on a prospective basis. Furthermore, starting from that date the Company changed the presentation currency of the Financial Statements to the dollar, with this change made retroactively. Translation differences created were charged to capital reserve due to translation differences.

NOTE 2:- PRINCIPAL ACCOUNTING POLICIES

Basis of preparation of the interim consolidated financial statements:

a. The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

   The significant accounting policies and methods of computation adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements.

b. The company chose to present expenses in respect of revaluation warrants that were presented as liability separately at the statement of comprehensive income. Comparative figures were reclassified. The said reclassification had no affect on the results presented in respect of previous periods.

c. Derivative financial instruments designated as hedges:

   The company enters into contracts for derivative financial instruments such as forward currency contracts and Cylinder strategy in respect of foreign currency to hedge risks associated with foreign exchange rates fluctuations. Such derivative financial instruments are initially recognized at fair value. After initial recognition, the derivatives are measured at fair value. Derivatives are carried in the statement of financial position as assets when the fair value is positive and as liabilities when the fair value is negative.

   Any gains or losses arising from changes in the fair values of derivatives that do not qualify for hedge accounting are recorded immediately in profit or loss.

   For the purpose of hedge accounting, hedges are classified as:

   Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a forecast transaction or the foreign currency risk in an unrecognized firm commitment.

   At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The hedge effectiveness is assessed at the end of each reporting period.

NOTE 2:- PRINCIPAL ACCOUNTING POLICIES (CONT.)

Cash flow hedges:

The effective portion of the gain or loss on the hedging instrument is recognized directly in equity as other comprehensive income (loss), while any ineffective portion is recognized immediately in profit or loss.

Amounts recognized as other comprehensive income (loss) are reclassified to profit or loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, this cost also includes the associated other comprehensive income (loss) reclassified from equity in the same period during which the asset or liability are recognized.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are reclassified to profit or loss. If the hedging instrument expires or is sold, terminated or exercised, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs.

NOTE 3:- OPERATING SEGMENTS

a. General:

The company has two operating segments, as follows:

Manufacture activity segment - Medicine development, manufacture and sale

Distribution activity segment - Marketing of complementary products

b. Reporting on operating segments:

	Manufacture Activity Segment	Distribution Activity Segment	Total
	Thousands of US Dollar		
	Unaudited		
Nine months period Ended September 30, 2012			
Revenues	30,532	20,500	51,032
Gross profit	12,003	2,400	14,403
Unallocated corporate expenses			(13,948)
Finance expenses, net			(2,659)
Taxes on income			(600)
Loss			(2,804)

NOTE 3:- OPERATING SEGMENT REPORTING (Cont.)

	Manufacture Activity Segment	Distribution Activity Segment	Total
	Thousands of US Dollar		
	Unaudited		
Nine months period Ended September 30, 2011*)			
Revenues	21,889	16,438	38,327
Gross profit	8,129	2,340	10,469
Unallocated corporate expenses			(13,753)
Finance expenses, net			(886)
Loss			(4,170)

*) Adapted in advance regarding changes in presentation currency, see note 1c'.

	Manufacture Activity Segment	Distribution Activity Segment	Total
	Thousands of US Dollar		
	Unaudited		
Three months period Ended September 30,2012			
Revenues	11,030	6,648	17,678
Gross profit	4,752	860	5,612
Unallocated corporate expenses			(4,339)
Finance expenses, net			(664)
Taxes			(600)
Net income			9

	Manufacture Activity Segment	Distribution Activity Segment	Total
	Thousands of US Dollar		
	Unaudited		
Three months period Ended September 30,2011 *)			
Revenues	7,282	6,028	13,310
Gross profit	1,821	764	2,585
Unallocated corporate expenses			(4,524)
Finance expenses, net			794
Loss			(1,145)

*) Adapted in advance regarding changes in presentation currency, see note 1c'.

NOTE 3:- OPERATING SEGMENT REPORTING (Cont.)

	Manufacture Activity Segment	Distribution Activity Segment	Total
	Thousands of US Dollar		
	Audited		
Year Ended December 31, 2011*)			
Revenues	35,308	24,175	59,483
Gross profit	13,120	3,601	16,721
Unallocated corporate expenses			(19,186)
Finance expenses, net			(1,250)
Loss			(3,715)

*) Adapted in advance regarding changes in presentation currency, see note 1c'.

NOTE 4:- SIGNIFICANT EVENTS DURING THE PERIOD

a. In June 2012, interested parties and investors exercised 265,890 non-marketable warrants in net exercise (cashless) into166,768 ordinary shares of NIS 1 par value each for a total consideration of US dollar 43 thousand.

In July 2012 interested parties and investors exercised 565,399 non-marketable options into 565,399 ordinary shares of NIS 1 par value each for a total consideration of US dollar 1,884 thousands.

b. During the period employees exercised 195,113 options into 195,113 ordinary shares of NIS 1 par value each is for a total consideration of US dollar 599 thousand.

c. On January 30, 2012, the Company's Board of Directors approved the grant of up to 117,813 non-marketable options to purchase 117,813 ordinary shares of NIS 1 par value each, to 54 Company employees. The options were granted on February 28, 2012. According to a calculation formula based on the Cox, Ross and Rubinstein Binomial Model, the fair value of the options was estimated at US dollar 254 thousand.

The following table presents the data used to measure the fair value of the options in question as of February 28, 2012:

Dividend yield (%)	-
Expected volatility in share prices (%)	35-54
Risk-free interest rate (%)	2.52-4.13
Expected life of share options (years)	6.5
Share prices (NIS)	19.49
Expected dividends (NIS)	-
Expected forfeiture rate (%)	0-5

NOTE 4:- SIGNIFICANT EVENTS DURING THE PERIOD (Cont.)

d. On August 30, 2012, the board of directors approved a non-extraordinary and immaterial private placement of 98,500 non-marketable option into 98,500 ordinary Company shares of NIS 1 par value each, to 43 Company employees. The options were granted on 10 October,2012 .According to a calculation formula based on the Cox, Ross and Rubinstein Binomial Model, the fair value of the options was estimated at US dollar 280 thousand.

The following table presents the data used to measure the fair value of the options in question as of October 10, 2012:

Dividend yield (%)	-
Expected volatility in share prices (%)	30-54
Risk-free interest rate (%)	2.22-3.91
Expected life of share options (years)	6.5
Share prices (NIS)	27.89
Expected dividends (NIS)	-
Expected forfeiture rate (%)	0-5

e. On August 2, 2012, the company entered into a strategic agreement with CHIESI FARMACEUTICI S. P. A, a fully integrated European Pharmaceutical company focused on respiratory disease and special care products ("Chiesi "). According to the agreement, Chiesi will be an exclusive distributor of the AAT inhaled product of the company for treatment of emphysema (alpha-1 antitrypsin deficiency) ("Product") in Europe. Chiese will be responsible for, among other things, product marketing, patients screening and obtaining reimbursement approvals for the product (below – "distribution agreement"). As part of the distribution agreement, the Company shall be entitled to receive payments of upto 60 million US dollars, contingent of meeting regulatory and sales milestones. In addition, Chiese has committed to purchase products in minimum of tens of millions of US dollars during a period of 5 years commencing after receiving reimbursement approvals required. The agreement is for a period of 12 years from signature. In August, 2012, the company received payment for the first milestone.

f. Starting the third quarter of 2012 the company began applying hedge accounting in respect of payments of wages and payments to suppliers denominated in foreign currency. As of September 30, 2012 the company has open transactions in derivatives in the amount of approximately 2,667 thousand.
Since the said hedge transactions are sustain with the hedging rules determined in IAS 39, changes in the fair value were recognized directly in equity as other comprehensive income.

NOTE 5:- SEPARATE FINANCIAL INFORMATION

The Company did not include separate financial information in its Periodic Report for nine months ended September 30, 2012 in accordance with Regulation 38d'. of the Regulations, due to the negligibility of the added information given to investors as a result of the attachment of such information, due to the following reasons:

a. The subsidiaries are fully controlled by the Company.

b. The scope of assets, liabilities, revenues and comprehensive losses of the subsidiaries amounts to a negligible rate relative to the scope of the assets, liabilities, revenues and comprehensive loss in the Consolidated Financial Statements.

c. Over 99% of the cash flow derives from the Company.

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