

**APOSENSE LTD.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**AS OF MARCH 31, 2015**

**UNAUDITED**

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**BALANCE SHEETS**

	<u>March 31,</u>		<u>December 31,</u>
	<u>2015</u>	<u>2014</u>	<u>2014</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	2,189	2,738	1,683
Short-term deposits	50,557	51,541	43,253
Accounts receivable	235	323	556
	<u>52,981</u>	<u>54,602</u>	<u>45,492</u>
<b>NON-CURRENT ASSETS:</b>			
Long-term deposits	-	1,711	8,680
Fixed assets	1,294	1,573	1,361
	<u>1,294</u>	<u>3,284</u>	<u>10,041</u>
	<u>54,275</u>	<u>57,886</u>	<u>55,533</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Trade payables	588	415	365
Other accounts payable	2,081	2,685	1,845
	<u>2,669</u>	<u>3,100</u>	<u>2,210</u>
<b>NON-CURRENT LIABILITIES:</b>			
Liability for research and development grants	1,043	827	966
Employee benefit liabilities	329	831	326
	<u>1,372</u>	<u>1,658</u>	<u>1,292</u>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	265	265	265
Share premium	274,689	272,514	274,689
Receipts on account of options	17,048	17,048	17,048
Capital reserve for share-based payment transactions	32,607	34,817	32,599
Capital reserve for transactions with controlling shareholders	13,684	13,684	13,684
Accumulated deficit	(288,059)	(285,200)	(286,254)
<u>Total shareholders' equity</u>	<u>50,234</u>	<u>53,128</u>	<u>52,031</u>
	<u>54,275</u>	<u>57,886</u>	<u>55,533</u>

## STATEMENTS OF OPERATIONS

	Three months ended March 31,		Year ended December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands (except per share data)		
Research and development expenses, net	894	684	2,088
General and administrative expenses	<u>1,217</u>	<u>1,413</u>	<u>4,941</u>
Operating loss	2,111	2,097	7,029
Finance income	384	340	4,148
Finance expenses	<u>78</u>	<u>37</u>	<u>260</u>
Total loss	<u>1,805</u>	<u>1,794</u>	<u>3,141</u>
Basic and diluted loss per share attributable to the equity holders of the Company (in NIS)	<u>0.068</u>	<u>0.068</u>	<u>0.118</u>
<u>Other comprehensive loss</u>			
<u>Non- classified amounts to profit and loss</u>			
Re-measurement profit for “defined” benefit plan	<u>-</u>	<u>-</u>	<u>293</u>
Total comprehensive loss	<u>1,805</u>	<u>1,794</u>	<u>2,848</u>

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Receipts on account of options	Capital reserve for share-based payment transactions	Capital reserve for transactions with controlling shareholders	Accumulated deficit	Total equity
	Unaudited						
	NIS in thousands						
Balance as of January 1, 2015	265	274,689	17,048	32,599	13,684	(286,254)	52,031
Total comprehensive loss	-	-	-	-	-	(1,805)	(1,805)
Cost of share-based payment	-	-	-	8	-	-	8
Balance as of March 31, 2015	<u>265</u>	<u>274,689</u>	<u>17,048</u>	<u>32,607</u>	<u>13,684</u>	<u>(288,059)</u>	<u>50,234</u>

	Share capital	Share premium	Receipts on account of options	Capital reserve for share-based payment transactions	Capital reserve for transactions with controlling shareholders	Accumulated deficit	Total equity
	Unaudited						
	NIS in thousands						
Balance as of January 1, 2014	265	271,326	17,048	35,992	13,684	(283,406)	54,909
Total comprehensive loss	-	-	-	-	-	(1,794)	(1,794)
Cost of share-based payment	-	-	-	13	-	-	13
Employees' options expiration	-	1,188	-	(1,188)	-	-	-
Balance as of March 31, 2014	<u>265</u>	<u>272,514</u>	<u>17,048</u>	<u>34,817</u>	<u>13,684</u>	<u>(285,200)</u>	<u>53,128</u>

	Share capital	Share premium	Receipts on account of options	Capital reserve for share-based payment transactions	Capital reserve for transactions with controlling shareholders	Accumulated deficit	Total equity
	Audited						
	NIS in thousands						
Balance as of January 1, 2014	265	271,326	17,048	35,992	13,684	(283,406)	54,909
Re-measurement profit for "defined" benefit plan	-	-	-	-	-	293	293
Total loss	-	-	-	-	-	(3,141)	(3,141)
Cost of share-based payment	-	-	-	(30)	-	-	(30)
Employees options expiration	-	3,363	-	(3,363)	-	-	-
Balance as of December 31, 2014	<u>265</u>	<u>274,689</u>	<u>17,048</u>	<u>32,599</u>	<u>13,684</u>	<u>(286,254)</u>	<u>52,031</u>

Please note that this English version is a free translation prepared for your convenience only. The Hebrew version is the formal binding document for all intents and purposes.

## STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(1,805)	(1,794)	(3,141)
Adjustments to reconcile loss to net cash used in operating activities:			
Adjustments to the profit and loss items:			
Depreciation and amortization	82	105	372
Finance expenses (income), net	(417)	(330)	(4,941)
Cost of share-based payment	8	13	(30)
Capital loss from sale of fixed assets	2	10	12
Change in liability for research and development grants	71	122	143
Change in employee benefit liabilities, net	3	32	(180)
	<u>(251)</u>	<u>(48)</u>	<u>(4,624)</u>
Changes in asset and liability items:			
Increase in accounts receivable	(59)	(202)	(454)
Increase (decrease) in trade payables	223	(96)	(146)
Increase (decrease) in other accounts payable	236	(1,019)	(1,859)
	<u>400</u>	<u>(1,317)</u>	<u>(2,459)</u>
Cash received during the period for:			
Interest received	<u>73</u>	<u>188</u>	<u>791</u>
Net cash used in operating activities	<u>(1,583)</u>	<u>(2,971)</u>	<u>(9,433)</u>
<u>Cash flows from investing activities:</u>			
Purchase of fixed assets	(20)	(5)	(63)
Proceeds from sale of fixed assets	3	21	58
Proceeds from short-term deposits, net	1,720	6,238	19,676
Investment in long-term deposits, net	-	(1,720)	(9,832)
Net cash provided by investing activities	<u>1,703</u>	<u>4,534</u>	<u>9,839</u>

**STATEMENTS OF CASH FLOWS**

	<b>Three months ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>NIS in thousands</b>		
<u>Cash flows from financing activities:</u>			
Cash received from governmental grants	386	236	338
Net cash provided by financing activities	386	236	338
Increase in cash and cash equivalents	506	1,799	744
Cash and cash equivalents at beginning of period	1,683	939	939
Cash and cash equivalents at end of period	2,189	2,738	1,683
<u>Significant non-cash transactions:</u>			
Purchase of fixed assets	-	36	-

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