UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2013

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ________________ to ________________

Commission File Number: 000-54785

INTEGRITY APPLICATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware	98-0668934
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
102 Ha'Avoda Street P.O. Box 432 Ashkelon, Israel	L3 78100
(Address of principal executive offices)	(Zip Code)

972 (8) 675-7878

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of November 14, 2013, 5,301,693 shares of the Company's common stock, par value $0.001 per share, were outstanding.

INTEGRITY APPLICATIONS, INC.

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INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)

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INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)

Condensed Consolidated Financial Statements
as of September 30, 2013 (Unaudited)

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INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)
CONDENSED CONSOLIDATED BALANCE SHEETS

	US dollars (except share data)	
	September 30, 2013	**December 31, 2012**
	(unaudited)	**(audited)**
A S S E T S		
Current Assets		
Cash and cash equivalents	3,516,615	543,411
Other current assets	70,428	81,472
Total current assets	3,587,043	624,883
Property and Equipment, Net	103,174	70,200
Funds in Respect of Employee Rights Upon Retirement	167,115	119,488
Total assets	3,857,332	814,571
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Credit from banking institutions	-	37,427
Accounts payable	197,845	122,537
Other current liabilities	349,669	297,989
Total current liabilities	547,514	457,953
Long-Term Liabilities		
Long-Term Loans from Stockholders	680,825	630,575
Liability for Employee Rights Upon Retirement	238,581	229,112
Warrants with Down-Round Protection	1,824,106	-
Total long-term liabilities	2,743,512	859,687
Total liabilities	3,291,026	1,317,640
Temporary Equity		
Convertible Preferred Stock of US$ 0.001 par value ("Preferred Stock"):		
10,000,000 shares authorized as of September 30, 2013 and December 31, 2012, respectively; issued and outstanding 7,417 shares as of September 30, 2013 and 0 shares as of December 31, 2012	4,362,545	-
Stockholders' Deficit		
Common Stock of US$ 0.001 par value ("Common Stock"):		
40,000,000 shares authorized as of September 30, 2013 and December 31, 2012; issued and outstanding 5,301,693 shares and 5,460,600 shares as of September 30, 2013 and December 31, 2012, respectively	5,302	5,461
Additional paid in capital	14,515,241	14,772,371
Accumulated other comprehensive income	65,033	8,925
Deficit accumulated during the development stage	(18,381,815)	(15,289,826)
Total stockholders' deficit	(3,796,239)	(503,069)
Total liabilities, temporary equity and stockholders' deficit	3,857,332	814,571

The accompanying notes are an integral part of the consolidated financial statements.

INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	US dollars				
	Nine month period ended September 30,		Three month period ended September 30,		Cumulative period from September 30, 2001 (date of inception) through September 30,
	2013	2012	2013	2012	2013(*)
	(unaudited)		(unaudited)		(unaudited)
Research and development expenses, net	1,460,755	1,423,364	495,207	469,836	11,937,159
General and administrative expenses	786,259	664,738	232,189	216,190	3,800,901
Other income	-	-	-	-	(912)
Operating loss	2,247,014	2,088,102	727,396	686,026	15,737,148
Financing expenses (income), net	373,046(**)	(15,135)	(27,528)	14,530	2,172,738
Loss for the period	2,620,060	2,072,967	699,868	700,556	17,909,886
Other comprehensive (income) loss:					
Foreign currency translation adjustment	56,108	(13,074)	37,308	8,069	65,033
Comprehensive loss for the period	2,676,168	2,059,893	737,176	708,625	17,974,919
Loss for the period attributable to common stockholders (Basic and Diluted) (Note 4)	0.52	0.39	0.16	0.13	
Weighted average number of shares outstanding (Basic and Diluted) (Note 4)	5,341, 551	5,295,543	5,299,927	5,295,543	

(*) As described in Note 1A, the financial statements were retroactively restated to reflect the historical financial statements of the subsidiary A.D. Integrity Applications Ltd., which merged with a subsidiary of the Company on July 15, 2010, as part of a structural reorganization of the Group.

(**) Including issuance costs in an amount of US$ 390,928 allocated to the warrants with "down-round" protection. (See Note 3).

The accompanying notes are an integral part of the consolidated financial statements.

INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (*)

	US Dollars (except share data)					
	Common Stock				Deficit	
	Number of shares	Amount	Additional paid in capital	Accumulated other comprehensive income (loss)	accumulated during development stage	Total stockholders equity (deficit)
September 30, 2001 (date of inception)						
2,136,307 shares of Common Stock of $ 0.001 per share issued for cash	2,136,307	2,136	38,306	-	-	40,442
Loss for the period	-	-	-	-	(63,293)	(63,293)
Other comprehensive loss	-	-	-	(5)	-	(5)
Balance as of December 31, 2002	2,136,307	2,136	38,306	(5)	(63,293)	(22,856)
Loss for the year	-	-	-	-	(350,290)	(350,290)
Other comprehensive loss	-	-	-	(15,035)	-	(15,035)
Balance as of December 31, 2003	2,136,307	2,136	38,306	(15,040)	(413,583)	(388,181)
Loss for the year	-	-	-	-	(288,233)	(288,233)
Other comprehensive loss	-	-	-	(15,069)	-	(15,069)
Issuance of 42,727 shares of Common Stock for cash at $ 1.76 per share on March 16, 2004	42,727	43	74,957	-	-	75,000
Issuance of 72,773 shares of Common Stock for cash of $ 1.72 per share on November 25, 2004	72,773	73	128,783	-	-	128,856
Balance as of December 31, 2004	2,251,807	2,252	242,046	(30,109)	(701,816)	(487,627)

(*) As described in Note 1A, the financial statements were retroactively restated to reflect the historical financial statements of the subsidiary A.D. Integrity Applications Ltd., which merged with a subsidiary of the Company on July 15, 2010, as part of a structural reorganization of the Group.

The accompanying notes are an integral part of the consolidated financial statements.

INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (*) (cont.)

	US Dollars (except share data)					
	Common Stock					
	Number of shares	Amount	Additional paid in capital	Accumulated other comprehensive income (loss)	Deficit accumulated during development stage	Total stockholders equity (deficit)
Balance as of January 1, 2005	2,251,807	2,252	242,046	(30,109)	(701,816)	(487,627)
Loss for the year	-	-	-	-	(1,055,594)	(1,055,594)
Other comprehensive income	-	-	-	8,542	-	8,542
Issuance of 218,281 shares of Common Stock for cash of $ 1.72 per share on January 14, 2005	218,281	218	374,782	-	-	375,000
Issuance of 291,051 shares of Common Stock for cash of $ 1.72 per share on April 5, 2005	291,051	291	499,709	-	-	500,000
Issuance of 59,389 shares of Common Stock for cash of $ 3.37 per share on May 31, 2005	59,389	60	199,940	-	-	200,000
Stock-based compensation	52,147	52	189,564	-	-	189,616
Balance as of December 31, 2005	2,872,675	2,873	1,506,041	(21,567)	(1,757,410)	(270,063)
Loss for the year	-	-	-	-	(1,282,842)	(1,282,842)
Other comprehensive loss	-	-	-	(57,127)	-	(57,127)
Issuance of 87,315 shares of Common Stock for cash of $ 1.47 per share on January 26, 2006	87,315	87	128,118	-	-	128,205
Issuance of 1,899 shares of Common Stock for cash of $ 3.63 per share on March 31, 2006	1,899	2	6,888	-	-	6,890
Issuance of 13,786 shares of Common Stock for cash of $ 3.63 per share on June 16, 2006	13,786	14	49,986	-	-	50,000
Issuance of 14,113 shares of Common Stock for cash of $ 3.63 per share on June 30, 2006	14,113	14	51,166	-	-	51,180
Issuance of 51,207 shares of Common Stock for cash of $ 3.91 per share on August 15, 2006	51,207	51	199,949	-	-	200,000
Issuance of 301,948 shares of Common Stock for cash of $ 4.31 per share on October 5, 2006	301,948	302	1,299,698	-	-	1,300,000
Issuance of 348,402 shares of Common Stock for cash of $ 4.31 per share on December 14, 2006	348,402	349	1,372,146	-	-	1,372,495
Stock-based compensation	63,395	63	277,434	-	-	277,497
Balance as of December 31, 2006	3,754,740	3,755	4,891,426	(78,694)	(3,040,252)	1,776,235

(*) As described in Note 1A, the financial statements were retroactively restated to reflect the historical financial statements of the subsidiary A.D. Integrity Applications Ltd., which merged with a subsidiary of the Company on July 15, 2010, as part of a structural reorganization of the Group.

The accompanying notes are an integral part of the consolidated financial statements.

INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (*) (cont.)

	US Dollars (except share data)						
	Common Stock						
	Number of shares	Amount	Additional paid in capital	Accumulated other comprehensive income (loss)	Receivable in respect of stock issuance	Deficit accumulated during development stage	Total stockholders equity (deficit)
Balance as of January 1, 2007	3,754,740	3,755	4,891,426	(78,694)	-	(3,040,252)	1,776,235
Loss for the year	-	-	-	-	-	(1,593,205)	(1,593,205)
Other comprehensive income	-	-	-	84,528	-	-	84,528
Stock-based compensation	28,707	29	274,630	-	-	-	274,659
Balance as of December 31, 2007	3,783,447	3,784	5,166,056	5,834	-	(4,633,457)	542,217
Loss for the year	-	-	-	-	-	(1,528,981)	(1,528,981)
Other comprehensive income	-	-	-	110,134	-	-	110,134
Issuance of 61,989 shares of Common Stock for cash of $ 5.52 per share on September 27, 2008	61,989	62	341,938	-	-	-	342,000
Issuance of 104,220 shares of Common Stock for cash of $ 5.52 per share on October 7, 2008	104,220	104	574,896	-	(75,000)	-	500,000
Stock-based compensation	-	-	84,380	-	-	-	84,380
Balance as of December 31, 2008	3,949,656	3,950	6,167,270	115,968	(75,000)	(6,162,438)	49,750

(*) As described in Note 1A, the financial statements were retroactively restated to reflect the historical financial statements of the subsidiary A.D. Integrity Applications Ltd., which merged with a subsidiary of the Company on July 15, 2010, as part of a structural reorganization of the Group.

The accompanying notes are an integral part of the consolidated financial statements.

INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (*) (cont.)

	US Dollars (except share data)						
	Common Stock						
	Number of shares	Amount	Additional paid in capital	Accumulated other comprehensive income (loss)	Receivable in respect of stock issuance	Deficit accumulated during development stage	Total stockholders equity (deficit)
Balance as of January 1, 2009	3,949,656	3,950	6,167,270	115,968	(75,000)	(6,162,438)	49,750
Loss for the year	-	-	-	-	-	(1,202,296)	(1,202,296)
Other comprehensive loss	-	-	-	(13,367)	-	-	(13,367)
Issuance of 50,342 shares of Common Stock for cash of $ 6.02 per share on January 2009	50,342	50	302,950	-	-	-	303,000
Repayment of receivable in respect of stock issuance	-	-	-	-	75,000	-	75,000
Stock-based compensation	-	-	12,171	-	-	-	12,171
Balance as of December 31, 2009	3,999,998	4,000	6,482,391	102,601	-	(7,364,734)	(775,742)
Loss for the year	-	-	-	-	-	(2,788,446)	(2,788,446)
Other comprehensive loss	-	-	-	(119,019)	-	-	(119,019)
Issuance of 530,600 shares of Common Stock for cash of $ 6.25 per share on December 2010, net of related expenses	530,600	531	2,356,501	-	-	-	2,357,032
Stock-based interest compensation to convertible notes holders	194,391	194	1,214,749	-	-	-	1,214,943
Conversion of convertible notes	119,586	120	694,676	-	-	-	694,796
Stock-based compensation	-	-	14,575	-	-	-	14,575
Balance as of December 31, 2010	4,844,575	4,845	10,762,892	(16,418)	-	(10,153,180)	598,139

(*) As described in Note 1A, the financial statements were retroactively restated to reflect the historical financial statements of the subsidiary A.D. Integrity Applications Ltd., which merged with a subsidiary of the Company on July 15, 2010, as part of a structural reorganization of the Group.

The accompanying notes are an integral part of the consolidated financial statements.

INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (*) (cont.)

	US Dollars (except share data)					
	Common Stock					
	Number of shares	**Amount**	**Additional paid in capital**	**Accumulated other comprehensive loss**	**Deficit accumulated during development stage**	**Total stockholders equity (deficit)**
Balance as of January 1, 2011	4,844,575	4,845	10,762,892	(16,418)	(10,153,180)	598,139
Loss for the year	-	-	-	-	(2,364,339)	(2,364,339)
Other comprehensive income	-	-	-	39,052	-	39,052
Issuance of 16,320 shares of Common Stock for cash of $ 6.25 per share on January 31, 2011, net of related expenses	16,320	16	83,164	-	-	83,180
Issuance of 90,768 shares of Common Stock for cash of $ 6.25 per share on March 31, 2011, net of related expenses	90,768	91	479,810	-	-	479,901
Issuance of 40,000 shares of Common Stock for cash of $ 6.25 per share on April 29, 2011, net of related expenses	40,000	40	191,682	-	-	191,722
Issuance of 34,200 shares of Common Stock for cash of $ 6.25 per share on May 31, 2011, net of related expenses	34,200	34	179,992	-	-	180,026
Issuance of 269,680 shares of Common Stock for cash of $ 6.25 per share on July 29, 2011, net of related expenses	269,680	270	1,466,115	-	-	1,466,385
Fair value of warrants with down-round protection issued in connection with Common Stock issuances	-	-	(83,899)	-	-	(83,899)
Stock-based compensation	-	-	378,072		-	378,072
Balance as of December 31, 2011	5,295,543	5,296	13,457,828	22,634	(12,517,519)	968,239

(*) As described in Note 1A, the financial statements were retroactively restated to reflect the historical financial statements of the subsidiary A.D. Integrity Applications Ltd., which merged with a subsidiary of the Company on July 15, 2010, as part of a structural reorganization of the Group.

The accompanying notes are an integral part of the consolidated financial statements.

INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (*) (cont.)

	US Dollars (except share data)					
	Common Stock					
	Number of shares	Amount	Additional paid in capital	Accumulated other comprehensive income (loss)	Deficit accumulated during development stage	Total stockholders equity (deficit)
Balance as of January 1, 2012	5,295,543	5,296	13,457,828	22,634	(12,517,519)	968,239
Loss for the year	-	-	-	-	(2,772,307)	(2,772,307)
Other comprehensive loss	-	-	-	(13,709)	-	(13,709)
Issuance of 165,057 shares of Common Stock for cash of $ 7.00 per share on November 19, 2012, net of related expenses	165,057	165	917,014	-	-	917,179
Warrants classified to equity due to the laps of the down-round protection period	-	-	48,007	-	-	48,007
Stock-based compensation	-	-	349,522	-	-	349,522
Balance as of December 31, 2012	5,460,600	5,461	14,772,371	8,925	(15,289,826)	(503,069)

(*) As described in Note 1A, the financial statements were retroactively restated to reflect the historical financial statements of the subsidiary A.D. Integrity Applications Ltd., which merged with a subsidiary of the Company on July 15, 2010, as part of a structural reorganization of the Group.

The accompanying notes are an integral part of the consolidated financial statements.

INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (*) (cont.)

	US Dollars (except share data)					
	Common Stock					
	Number of shares	Amount	Additional paid in capital	Accumulated other comprehensive income (loss)	Deficit accumulated during development stage	Total stockholders equity (deficit)
Balance as of January 1, 2013	5,460,600	5,461	14,772,371	8,925	(15,289,826)	(503,069)
Loss for the period of nine months	-	-	-	-	(2,620,060)	(2,620,060)
Other comprehensive income for the period of nine months	-	-	-	56,108	-	56,108
Amount classified out of stockholders equity and presented as liability and temporary equity with respect to Common Stock replaced with units comprised of convertible preferred stock and warrants (**)	(162,907)	(163)	(1,140,186)	-	-	(1,140,349)
Conversion of preferred stock	4,000	4	23,196	-	-	23,200
Stock dividend to certain common stock holders (**)	-	-	278,263	-	(278,263)	-
Warrants issued as consideration for placement services (**)	-	-	562,805	-	-	562,805
Dividend on convertible preferred stock (**)	-	-	-	-	(193,666)	(193,666)
Stock-based compensation	-	-	18,792	-	-	18,792
Balance as of September 30, 2013 (unaudited)	5,301,693	5,302	14,515,241	65,033	(18,381,815)	(3,796,239)

(*) As described in Note 1A, the financial statements were retroactively restated to reflect the historical financial statements of the subsidiary A.D. Integrity Applications Ltd., which merged with a subsidiary of the Company on July 15, 2010, as part of a structural reorganization of the Group.

(**) See Note 3.

The accompanying notes are an integral part of the consolidated financial statements.

INTEGRITY APPLICATIONS, INC.
(A Development Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	US dollars		
	Nine month period ended September 30, 2013	Nine month period ended September 30, 2012	Cumulative period from September 30, 2001 (date of inception) through September 30, 2013(*)
	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities:			
Loss for the period	(2,620,060)	(2,072,967)	(17,909,886)
Adjustments to reconcile loss for the period to net cash used in operating activities:			
Depreciation	23,461	(53,134)	181,494
Increase (decrease) in liability for employee rights upon retirement	(3,141)	18,770	203,324
Stock-based compensation	18,792	(17,552)	1,599,217
Stock-based interest compensation to convertible notes holders	-	299,262	1,214,943
Issuance costs allocated to warrants with "down-round" protection (***)	390,928	-	390,928
Changes in the fair value of warrants with round down protection	(141,357)	(35,892)	(177,249)
Linkage difference on principal of loans from stockholders (**)	14,903	12,706	201,801
Interest on convertible notes	-	-	78,192
Gain on sale of property and equipment	-	-	(912)
Gain from trading marketable securities	-	-	(12,920)
Changes in assets and liabilities:			
Decrease (increase) in other current assets	16,111	12,962	(53,307)
Increase in accounts payable	70,476	53,005	192,468
Increase (decrease) in other current liabilities	(52,568)	38,375	235,392
Net cash used in operating activities	(2,282,455)	(1,744,465)	(13,856,515)
Cash flows from investment activities:			
Increase in funds in respect of employee rights upon retirement	(39,923)	(6,367)	(149,115)
Purchase of property and equipment	(51,777)	(6,969)	(271,897)
Proceeds from sale of property and equipment	-	-	4,791
Investment in marketable securities	-	-	(388,732)
Proceeds from sale of marketable securities	-	-	406,995
Short-term loan granted to related party, net of repayments	-	-	(14,252)
Net cash used in investment activities	(91,700)	(13,336)	(412,210)
Cash flows from financing activities			
Credit from banking institutions (repayment)	(38,458)	50,980	(8,328)
Proceeds from issuance of convertible notes	-	-	1,144,000
Repayment of convertible notes	-	-	(527,396)
Proceeds from issuance of Common Stock, net of issuance expenses	-	-	11,323,559
Dividend to Preferred stockholders	(102,819)	-	(102,819)
Proceeds allocated to convertible Preferred Stock, net of issuance expenses (***)	3,960,958	-	3,960,958
Proceeds allocated to warrants with "down-round" protection, net of issuance expenses (***)	1,421,983	-	1,421,983
Proceeds from stockholders loans	-	-	347,742
Net cash provided by financing activities	5,241,664	50,980	17,559,699
Effect of exchange rate changes on cash and cash equivalents	105,695	(7,293)	225,641
Increase (decrease) in cash and cash equivalents	2,973,204	(1,714,114)	3,516,615
Cash and cash equivalents at beginning of the period	543,411	1,896,504	-
Cash and cash equivalents at end of the period	3,516,615	182,390	3,516,615

(*) As described in Note 1A, the financial statements were retroactively restated to reflect the historical financial statements of the subsidiary A.D. Integrity Applications Ltd., which merged with a subsidiary of the Company on July 15, 2010, as part of a structural reorganization of the Group.

(**) Represents charges taken to reflect changes in the Israeli Consumer Price index with respect to loans from stockholders that are denominated in New Israeli Shekels and linked to the Israeli Consumer Price Index.

(***) See Note 3.

Supplementary information on financing activities not involving cash flows:

In the nine month period ended September 30, 2013, an amount of $1,140,186 was classified out of stockholders equity as liabilities and temporary equity with respect to Common Stock replaced with units comprised of convertible preferred stock and warrants (see Note 3).

As of September 30, 2013, other current liabilities included $90,847 in respect of accrued dividend payable with respect to the convertible preferred stock.

$278,263, representing the fair value of the shares of Common Stock issued to certain stockholders and accounted for as a stock dividend, was charged to “deficit accumulated during development stage” against “additional paid in capital” in the condensed statements of changes in stockholders ‘equity. $562,805, representing the fair value of warrants issued as consideration for placement services, were accounted for as additional paid-in capital in the condensed statements of changes in stockholders ‘equity.

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1 – GENERAL

A. Integrity Applications, Inc. (the "Company") was incorporated on May 18, 2010, under the laws of the State of Delaware. On July 15, 2010, Integrity Acquisition Corp. Ltd. (hereinafter: "Integrity Acquisition"), a wholly owned Israeli subsidiary of the Company that was established on May 23, 2010, completed a merger with A.D. Integrity Applications Ltd. (hereinafter: "Integrity Israel"), an Israeli corporation that was previously held by the stockholders of the Company. Pursuant to the merger, all stockholders, option holders and warrant holders of Integrity Israel received an equal number of shares, options and warrants of the Company, as applicable, in exchange for their shares, options and/or warrants in Integrity Israel. Following the merger, Integrity Israel remained a wholly-owned subsidiary of the Company. As the merger transaction constituted a structural reorganization, the merger has been accounted for at historical cost in a manner similar to a pooling of interests. On this basis, stockholders' equity has been retroactively restated such that each ordinary share of Integrity Israel is reflected in stockholders' equity as a share of Common Stock of the Company as of the date of the issuance thereof by Integrity Israel. In addition, the historical financial statements of the Company for all dates prior to May 18, 2010 have been retroactively restated to reflect the activities of Integrity Israel.

Integrity Israel was incorporated in 2001 and commenced its operations in 2002. Integrity Israel, a medical device company, focuses on the design, development and commercialization of non-invasive glucose monitoring devices for home use by persons suffering from diabetes.

Since its inception, Integrity Israel has devoted substantially all of its efforts to business planning, research and development and raising capital, and has not yet generated any revenues. Accordingly, Integrity Israel (and therefore the Company) is considered to be in the development stage as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) Topic 915, "*Development Stage Entities*".

B. Going concern uncertainty

Since its incorporation (May 18, 2010), the Company has not had any operations other than those carried out by Integrity Israel. The development and commercialization of Integrity Israel's product is expected to require substantial expenditures. Integrity Israel and the Company have not yet generated any revenues from their operations to fund their activities, and therefore they are dependent upon external sources for financing their operations. There can be no assurance that Integrity Israel and the Company will succeed in obtaining the necessary financing to continue their operations. Since inception, Integrity Israel and the Company have incurred an accumulated loss of $18,381,815 and cumulative negative operating cash flow of $13,856,515. These factors raise substantial doubt about Integrity Israel's and the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. During 2010, the Company raised funds via the issuance of Common Stock (including via the conversion of convertible notes), in a total amount of approximately $4 million (before related expense). During 2011, the Company raised funds via the issuance of Common Stock in a total amount of approximately $2.4 million (net of related expenses). During 2012, the Company raised a total amount of approximately $1 million (net of related expenses) from the issuance of Common Stock.

During 2013, the Company raised funds in an approximate amount of $5.4 million (net of related cash expenses) from the Issuance of units (the "Units") consisting of shares of the Company's Series A Convertible Preferred Stock (the "Preferred Stock") and detachable warrants to purchase shares of the Company's Common Stock (See Note 3).

NOTE 1 – GENERAL (cont.)

C. Risk factors

The Company and Integrity Israel (collectively, the "Group") have a limited operating history and face a number of risks, including uncertainties regarding finalization of the development process, demand and market acceptance of the Group's products, the effects of technological changes, competition and the development of products by competitors. Additionally, other risk factors also exist, such as the ability to manage growth and the effect of planned expansion of operations on the Group's future results.

In addition, the Group expects to continue incurring significant operating costs and losses in connection with the development of its products and marketing efforts.

As mentioned above, the Group has not yet generated any revenues from its operations to fund its activities and therefore the Group is dependent on the receipt of additional funding from its stockholders and investors in order to continue as a going concern.

D. Use of estimates in the preparation of financial statements

The preparation of condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

As applicable to these consolidated financial statements, the most significant estimates and assumptions relate to (a) the allocation of the proceeds and the related issuance costs of the Units consisting of convertible Preferred Stock and warrants with down-round protection (see Note 3) and (b) the going concern assumption.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the unaudited interim financial statements furnished herein include all adjustments necessary (consisting of normal recurring adjustments) for a fair presentation of the Company’s financial position at September 30, 2013 and the results of its operations and cash flow for the nine and three month periods then ended.

Interim financial statements are prepared on a basis consistent with the Company’s annual financial statements. For a description of the significant accounting policies, other than the additional policies described in paragraphs C-E below, which policies applied to reflect transactions that occurred in the nine month period ended September 30, 2013, refer to the Company's annual report on Form 10-K for the year ended December 31, 2012. Results of operations for the nine and three month periods ended September 30, 2013 are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2013.

The consolidated balance sheet as of December 31, 2012 was derived from the audited financial statements as of that date but does not include all of the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. For further information, refer to the consolidated financial statements and notes thereto included in the Company’s annual report on Form 10-K for the year ended December 31, 2012.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Fair value of financial instruments

ASC Topic 825-10, "Financial Instruments" defines financial instruments and requires disclosure of the fair value of financial instruments held or issued by the Company. The Company considers the carrying amount of cash and cash equivalents, accounts receivable, other current assets, accounts payable and other current liabilities balances, to approximate their fair values because of the short period of time between the origination of such instruments and their expected realization. The warrants with "down-round" protection represent a derivative liability and therefore are measured and presented in the balance sheets at fair value. The fair value measurement of such financial liability is classified as level 3.

The Company did not estimate the fair value of the long-term loans from stockholders which do not bear any interest, since the repayment schedule has not been determined.

See also Note 2C.

C. Temporary equity

As more fully described in Note 3, in March 2013 the Company issued convertible Preferred Stock which provide a liquidation preference for the benefit of the holders of such Preferred Stock upon the occurrence of certain events, some of which are not within the Company’s control. Accordingly, the convertible Preferred Stock is presented as temporary equity.

Upon initial recognition, the Preferred Stock was measured based on the "residual approach". Accordingly, the amount allocated to the Preferred Stock was based on the gross proceeds (including the gross proceeds to the Company from the issuance of Common Stock that was subsequently replaced with Units – See Note 3), net of the fair value of the detachable warrants and net of the direct issuance expenses that were allocated to the Preferred Stock.

As the exercise price of the conversion feature (based on the effective conversion rate of the Preferred Stock into Common Stock) was higher than the estimated fair value of the Company’s Common Stock, it was determined that the conversion feature was not beneficial.

On each balance sheet date, the Company’s management assesses the probability of redemption of the Preferred Stock. In the event that management determines such redemption to be probable as of an applicable balance sheet date, the Company will recognize a liability in an amount equal to the aggregate redemption price of the Preferred Stock. In addition, upon such determination, the difference between the amount that was allocated to the Preferred Stock (after deduction of issuance expenses) and such redemption amount will be accreted over the period from the date that it becomes probable that the instrument will become redeemable to the earliest redemption date.

As of March 31, 2013, the amounts allocated to the Preferred Stock (presented as temporary equity) and to the detachable warrants (presented as a derivative liability) that were included in the Units and their respective issuance costs were calculated based on a provisional allocation. During the second quarter of fiscal year 2013, the Company completed the allocation and recorded an adjustment to the amounts preciously presented.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Temporary equity (cont.)

Fair Value Assumptions Used in Accounting for Derivative Warrant Liability
The Company has determined its derivative warrant liability to be a Level 3 fair value measurement and has used the Black—Scholes pricing model to calculate the fair value as of September 30, 2013. The Black—Scholes model requires six basic data inputs: the exercise or strike price, the time to expiration, the risk free interest rate, the current stock price, the estimated volatility of the stock price in the future, and the dividend rate. Because the warrants contain a price protection feature (see Note 2D and Note 3), the probability that the exercise price of the warrants would decrease as the stock price decreased was incorporated into the valuation calculations. The key inputs used in the September 30, 2013 fair value calculations were as follows:

	September 30, 2013
Dividend yield (%)	1
Expected volatility (%) (*)	96.66
Risk free interest rate (%)	0.9
Expected term of options (years) (**)	4.45
Exercise price (US dollars)	6.96
Common Stock Share price (US dollars) (***)	2.77
Fair value of Detachable Warrant	1.42

(*) Due to the low trading volume of the Company’s Common Stock, the expected volatility was based on the historic volatility of public companies which operate in the same industry sector as opposed to the volatility of the price per share of the Company’s Common Stock on the OTC Bulletin Board.

(**) Due to the fact that the Company does not have sufficient historical exercise data, the expected term was determined based on the "simplified method" in accordance with Staff Accounting Bulletin No. 110.

(***) The fair value per share of the Company’s Common Stock was based on an external appraisal of the Common Stock.

D. Warrants with “down-round” protection

The Company considered the provisions of ASC 815-40, “Derivatives and Hedging: Contracts in Entity’s Own Equity”, with respect to the detachable warrants that were issued to the Unit Purchasers, as described in Note 3, and determined that as a result of the “down round” protection that would adjust the exercise price of the warrants to the price at which the Company subsequently issues shares or other equity-linked financial instruments, if that price is less than the original exercise price of the warrants, such warrants cannot be considered as indexed to the Company's own stock. Accordingly, the warrants were recognized as derivative liability at their fair value on initial recognition. In subsequent periods, the warrants are marked to market with the changes in fair value recognized as financing expense or income in the consolidated statement of operations. The direct issuance expenses that were allocated to the detachable warrants were expensed as incurred.

E. Loss per share

Basic loss per share is computed by dividing loss for the period by the weighted average number of common shares outstanding during the period. Securities that may participate in dividends with the Common Stock (such as the convertible Preferred Stock) are included in the computation of basic earnings per share (EPS) using the two-class method. However, in periods of net loss such participating securities are not included since the holders of such securities do not have a contractual obligation to share in the losses of the company.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Loss per share (cont.)

In computing diluted earnings per share, basic earnings per share are adjusted to reflect the potential dilution that could occur upon the exercise of options or warrants issued or granted using the “treasury stock method” and upon the conversion of convertible notes or convertible preferred stock using the "if-converted method," if their effect is dilutive.

F. Recently issued accounting pronouncements

1. ASC Topic 220, "Comprehensive Income"

Effective January 1, 2013, the Company adopted Accounting Standard Update No. 2013-02 “Comprehensive Income (Topic 220) - Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income” (ASU 2013-02). ASU 2013-02 requires an entity to provide information about amounts reclassified out of accumulated other comprehensive income.

According to ASU 2013-02, significant items that are required under U.S. GAAP to be reclassified to net income in their entirety shall be presented by the respective line items of net income either on the face of the financial statements or in the footnotes. Items that are not required under U.S. GAAP to be reclassified to net income in their entirety will be required to be cross-referenced to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The standard became effective, prospectively, for interim and annual periods beginning after December 15, 2012.

The adoption of ASU 2013-02 did not have a material impact on the financial position or results of operations of the Company.

2. ASC Topic 210, “Balance Sheet”

Effective January 1, 2013, the Company adopted Accounting Standard Update (ASU) 2011-11, “Balance Sheet (Topic 210) - Disclosures about Offsetting Assets and Liabilities” (ASU 2011-11). ASU 2011-11 enhances disclosures about financial instruments and derivative instruments that are either offset in accordance with the Accounting Standards Codification or are subject to an enforceable master netting arrangement or similar agreement.

The amended guidance became effective, in a retrospective manner to all comparative periods presented, for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods.

The adoption of ASU 2011-11 did not have a material impact on the financial position or results of operations of the Company.

NOTE 3 – EVENTS DURING THE REPORTED PERIOD

On March 13, 2013, the Company entered into a Securities Purchase Agreement with certain accredited investors (the “Unit Purchasers”) pursuant to which, on March 13, 2013, the Company issued to the Unit Purchasers an aggregate of 6,300 Units, each consisting of (a) one share of the Company’s newly designated Series A 5% convertible Preferred Stock, convertible into shares of Common Stock at an initial conversion price of $5.80 per share, and (b) a Warrant to purchase, at an exercise price of $6.96 per share, up to 100% of the shares of Common Stock issuable upon conversion of such share of Preferred Stock. The shares of Preferred Stock comprising the Units were convertible into an aggregate of 1,086,178 shares of Common Stock and the Warrants comprising the Units are exercisable into an aggregate of 1,086,178 shares of Common Stock, in each case subject to adjustment as described below.

NOTE 3 – EVENTS DURING THE REPORTED PERIOD (cont.)

After giving effect to the payment of commissions to the placement agent for the offering and the payment of certain offerng expenses, the Company received net proceeds from the offering of approximately $5.4 million.

The issuance and sale of the Units constituted the second and final closing of an offering of the Company's securities in a private placement transaction. On November 19, 2012, the Company completed the first closing of the offering, pursuant to which it issued and sold an aggregate of 165,057 shares of Common Stock at a price of $7.00 per share to certain accredited investors (the "First Closing Purchasers"). As a result of the conversion of the offering from an offering of Common Stock to an offering of Units, the Company agreed with the placement agent for the offering that, following the closing of the sale of the Units, the Company would exchange the shares of Common Stock acquired by each First Closing Purchaser in the first closing for such number of Units equal to the aggregate purchase price paid by such First Closing Purchaser in the first closing, divided by $1,000, in each case subject to the execution by the First Closing Purchaser of a consent to such modification. Pursuant to this agreement, on May 13, 2013, the Company cancelled 162,907 of the 165,057 shares of Common Stock issued to the First Closing Purchasers and issued to such purchasers an aggregate of 1,140.35 Units. These Units included Preferred Stock convertible into an aggregate of 196,597 shares of Common Stock and Warrants exercisable for 196,597 shares of Common Stock. The total fair value of such Units is equal to the amount originally invested by the First Closing Purchasers that consented to exchange their shares into Units ($1,140,139). As a result, the total fair value of such Units was classified out of stockholders equity in the second fiscal quarter of 2013 and was presented as temporary equity (convertible preferred stock) and liability (warrant with "down-round" provision), as applicable to each instrument.

Pursuant to a placement agent agreement between the Company and Andrew Garrett, Inc., the placement agent for the offering of the Units, at the closing of the sale of the Units the Company paid Andrew Garrett, Inc., as a commission, a cash amount equal to 7% of the aggregate sales price of the Units, plus 3% of the aggregate sales price as a management fee plus a non-accountable expense allowance equal to 3% of the aggregate sales price of the Units (totaling 13% of the gross cash proceeds). In addition, pursuant to the placement agent agreement, the Company issued to Andrew Garrett, Inc., as additional consideration for its services as placement agent for the offering, warrants to purchase up to 217,234 shares of Common Stock and, on May 13, 2013, the Company issued to Andrew Garrett, Inc. warrants to purchase up to an additional 39,320 shares of Common Stock following the exchange of the shares of Common Stock issued to the First Closing Purchasers for Units. Half of such warrants are exercisable at an exercise price of $5.80 per share, and the remainder of such warrants are exercisable at any exercise price of $6.96 per share. Such warrants are not subject to the adjustments described above. Also on May 13, 2013, the Company issued to Andrew Garrett, Inc. warrants to purchase an aggregate of 215 shares of Common Stock at an exercise price of $7.00 per share as consideration for its service as placement agent for the First Closing (representing 10% of the shares issued in the First Closing and not exchanged for Units).

In connection with the offering, the Company also agreed with the placement agent for the offering that, following the closing of the sale of the Units, the Company would issue to the holders of the 1,295,535 shares of Common Stock issued by the Company at a price of $6.25 per share pursuant to the Company's previously completed private placement of Common Stock (accrued during 2011 and 2010) such number of shares of Common Stock as would reduce the per share purchase price paid by such holders for such shares from $6.25 per share to $5.80 per share, in each case subject to the execution by the holder of a consent to such modification. As a result, upon the receipt of executed consents to modification from all such holders, the Company will issue to such holders an aggregate of 100,526 shares of Common Stock. As of September 30, 2012, the Common Stock had a fair value of $2.77 per share. The issuance of such shares has been accounted for as a stock dividend. Accordingly, the fair value of the shares was charged to retained earnings against additional paid in capital. The conversion price of the shares of Preferred Stock that were included in the Units is subject to adjustment for certain issuances of Common Stock or other securities of the Company at an effective price per share that is lower than the conversion price then in effect, as well as for stock splits, stock dividends, combinations of shares, similar recapitalization transactions and certain pro-rata distributions to common stockholders.

NOTE 3 – EVENTS DURING THE REPORTED PERIOD (cont.)

Holders of Preferred Stock are entitled to receive cumulative dividends at a rate of 5% per annum, based on the stated value per share of Preferred Stock, which was initially $1,000 per share. Dividends on the Preferred Stock are payable quarterly on March 31, June 30, September 30 and December 31 of each year, beginning on March 31, 2013, and on each conversion date (with respect to the shares of Preferred Stock being converted). Until September 13, 2013, dividends are payable only in cash. Thereafter, dividends on the Preferred Stock will be payable, at the option of the Company, in cash and/or, if certain conditions are satisfied (including, among others, that the volume weighted average trading price for the Common Stock on its principal trading market is equal to or greater than 110% of the then current conversion price for the Preferred Stock for five consecutive trading days prior to the dividend payment date), in shares of Common Stock. Shares of Common Stock issued as payment of dividends, if any, will be valued at the then current conversion price of the Preferred Stock. The Company will incur a late fee of 9% per annum, payable in cash, on dividends that are not paid within three trading days of the applicable dividend payment date.

The Company may become obligated to redeem the Preferred Stock in cash upon the occurrence of certain triggering events, including, among others, a material breach by the Company of certain contractual obligations to the holders of the Preferred Stock, the occurrence of a change in control of the Company, the occurrence of certain insolvency events relating to the Company, or the failure of the Common Stock to continue to be listed or quoted for trading on one or more specified United States securities exchanges or a regulated quotation service. In addition, upon the occurrence of certain triggering events, each holder of Preferred Stock will have the option to require the Company to redeem such holder's shares of Preferred Stock for a redemption price payable in shares of Common Stock or receive an increased dividend rate of 9% on all of such holder's outstanding Preferred Stock.

Subject to certain conditions contained in the Certificate of Designations, Preferences and Rights relating to the Preferred Stock (the "Certificate of Designations"), the Company will have the option to force the conversion of the Preferred Stock (in whole or in part) if the volume weighted average price for the Common Stock on its principal trading market exceeds $11.60 for each of any 20 trading days during any 30 consecutive Trading Day period and the average daily dollar trading value for the Common Stock during such 30 day period exceeds $100,000. If the Company fails to timely deliver certificates for shares of Common Stock issuable upon conversion of the Preferred Stock (the "Conversion Shares") and, as a result, the holder is required by its brokerage firm to purchase shares of Common Stock to deliver in satisfaction of a sale by such holder of the Conversion Shares (a "Buy-In"), the Company will be required to: (a) pay the converting holder in cash an amount equal to the amount, if any, by which such holder's total purchase price (including any brokerage commissions) for the shares of Common Stock so purchased exceeds the product of (i) the aggregate number of Conversion Shares due to the holder, multiplied by (ii) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions); and (b) at the option of such holder, either reissue (if surrendered) the shares of Preferred Stock equal to the number of shares of Preferred Stock submitted for conversion (in which case, such conversion will be deemed rescinded) or deliver to such holder the number of shares of Common Stock that would have been issued if the Company had timely complied with its delivery requirements. In addition, the Company will be required to pay partial liquidated damages of $10 for each $1,000 of stated value of any shares of Preferred Stock which have been converted by a holder and in respect of which the Company fails to deliver Conversion Shares by the eighth day following the applicable conversion date.

As long as at least 15% of the originally issued shares of Preferred Stock are outstanding, without the written consent of the holders of a majority in stated value of the outstanding Preferred Stock, the Company will not be permitted to, among other things, incur indebtedness or liens not permitted under the Certificate of Designations; repay, repurchase, pay dividends on or otherwise make distributions in respect of any shares of Common Stock or other securities junior to the Preferred Stock; or enter into certain transactions with affiliates of the Company.

NOTE 3 – EVENTS DURING THE REPORTED PERIOD (cont.)

Subject to the beneficial ownership limitation described below, holders of Preferred Stock will vote together with the holders of Common Stock on an as-converted basis. Holders will not be permitted to convert their Preferred Stock if such conversion would cause such holder to beneficially own more than 4.99% of the outstanding number of shares of Common Stock outstanding after giving effect to such conversion (subject to increase to 9.99%, at the option of the holder, upon no less than 61 days prior written notice to the Company) (the "Beneficial Ownership Limitation"). In addition, no holder may vote any shares of Preferred Stock (on an as converted to Common Stock basis) in excess of the Beneficial Ownership Limitation.

Subject to certain limitations, so long as any Purchaser holds any shares of Preferred Stock, if (1) the Company sells any shares of Common Stock or other securities convertible into, or rights to acquire, Common Stock and (2) a Purchaser then holding Preferred Stock, Warrants, Conversion Shares or Warrant Shares (defined below) reasonably believes that any of the terms and conditions appurtenant to such issuance or sale are more favorable to the purchaser in such subsequent sale of securities than are the terms and conditions granted to such Purchaser, then the Purchaser will be permitted to require the Company to amend the terms of this transaction (only with respect to such Purchaser) so as to match the terms of the subsequent issuance (including, for the avoidance of doubt, any terms and provisions that are or may be less favorable to such Purchaser).

The Warrants included in the Units have a five-year term commencing on March 13, 2013 and ending on March 13, 2018 (except for the Warrants issued on May 13, 2013, as described above, which have a five-year term expiring on May 13, 2018). Until the end of the term, the Warrants will be exercisable at any time and from time to time at an exercise price of $6.96 per share. The Warrants contain adjustment provisions substantially similar to the adjustment provisions of the Preferred Stock as described above, including provisions requiring an adjustment of the exercise price of the Warrants to the price at which the Company subsequently issues shares or other equity-linked financial instruments, if that price is less than the original exercise price of the Warrants ("down-round" protection, see Note 2B). In addition, the Warrants provide for protection for a Buy-In on substantially the same terms as described above with respect to the Preferred Stock. No holder may exercise its Warrants in excess of the Beneficial Ownership Limitation.

The allocation of the issuance proceeds to the Preferred Stock and to the detachable warrants and their respective issuance costs is described in Note 2C and Note 2D above.

On May 14, 2013, the Securities and Exchange Commission declared effective a Registration Statement on Form S-1 registering for resale by the holders thereof an aggregate of 2,824,471 shares of the Company's Common Stock, consisting of 1,284,925 Shares issuable to certain of the selling stockholders named in the Registration Statement (the "Selling Stockholders") upon conversion of outstanding shares of the Company's Preferred Stock, 1,539,546 Shares issuable to certain of the Selling Stockholders upon exercise of outstanding warrants and 2,150 shares of Common Stock previously issued to a Selling Stockholder.

NOTE 4 – LOSS PER SHARE

In periods of net loss, basic loss per share is computed by dividing net loss for the period after consideration of the effect of dividend on preferred stock by the weighted average number of shares outstanding during the period.

The loss and the weighted average number of shares used in computing basic and diluted loss per share for the nine and three month periods ended September 30, 2013 and 2012 are as follows:

	US dollars		US dollars	
	Nine month period ended September 30,		Three month period ended September 30,	
	2013	2012	2013	2012
	(unaudited)		(unaudited)	
Loss for the period	2,620,060	2,072,967	699,868	700,556
Dividend on Preferred Stock	193,666	-	90,847	-
Loss for the period attributable to common stockholders	2,813,726	2,072,967	790,715	700,556

NOTE 4 – LOSS PER SHARE (cont.)

	Number of shares Nine month period ended September 30,		Number of shares Three month period ended September 30,	
	2013	**2012**	**2013**	**2012**
Number of shares:				
Weighted average number of shares used in the computation of basic and diluted earnings per share	5,341,551	5,295,543	5,299,927	5,295,543
Total weighted average number of common shares related to outstanding convertible preferred stock, options and warrants excluded from the calculations of diluted loss per share (*)	2,567,368	600,232	3,449,035	600,232

(*) All outstanding convertible preferred stock , stock options and warrants have been excluded from the calculation of the diluted net loss per share for all the reported periods, since the effect of the common shares issuable as a result of the exercise or conversion of these instruments was anti-dilutive.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward looking statements include statements about our expectations, beliefs or intentions regarding our product development efforts, business, financial condition, results of operations, strategies or prospects. All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q, including statements regarding our future activities, events or developments, including such things as future revenues, product development, market acceptance, responses from competitors, capital expenditures (including the amount and nature thereof), business strategy and measures to implement strategy, competitive strengths, goals, expansion and growth of our business and operations, plans, references to future success, projected performance and trends, and other such matters, are forward-looking statements. The words "believe," "expect," "or "anticipate" and other similar words and phrases, are intended to identify forward-looking statements. The forward-looking statements made in this Quarterly Report on Form 10-Q are based on certain historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. These statements relate only to events as of the date on which the statements are made and we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. All of the forward-looking statements made in this Quarterly Report on Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or our business or operations. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties that may cause actual results to differ materially. Risks and uncertainties, the occurrence of which could adversely affect our business, include the risks identified under the caption "Risk Factors" included in our annual report on Form 10-K for the year ended December 31, 2012.

The following discussion should be read in conjunction with the condensed consolidated financial statements and the notes thereto included in Item 1 of this Quarterly Report on Form 10-Q.

Overview

Integrity Applications, Inc. ("we," "us," "our" or the "Company") is a development stage medical device company focused on the design, development and commercialization of non-invasive glucose monitoring devices for use by persons suffering from diabetes. Our wholly-owned Israeli subsidiary, A.D. Integrity Applications Ltd. ("Integrity Israel"), was founded in 2001 with a mission to develop, produce and market non-invasive glucose monitors for home use by diabetics. We have developed a non-invasive blood glucose monitor, the GlucoTrack DF-F glucose monitoring device, which is designed to help people with diabetes obtain blood glucose level readings without the pain, inconvenience, cost and difficulty of conventional (invasive) spot finger stick devices. The GlucoTrack DF-F utilizes a patented combination of ultrasound, electromagnetic and thermal technologies to obtain blood glucose measurements in less than one minute via a small sensor that is clipped onto one's earlobe and connected to a small, handheld control and display unit, all without drawing blood. Integrity Israel conducted pre-clinical trials involving over 7,000 readings from over 450 patients over the last seven years. Clinical data collected since 2009 at the Soroka University Medical Center in Be'er Sheva, Israel indicate a positive correlation between GlucoTrack DF-F readings and those obtained from conventional invasive devices. More specifically, a safety and performance clinical trial conducted on 135 subjects of various weights, ages, diabetes types and genders involved 6,275 measurements, of which 96.5% were within the clinically acceptable zones (zones A and B) of the Clarke Error Grid ("CEG"). Measurements are clinically acceptable, compared to a referenced invasive device, when the variance between the devices would have no worse than a benign effect on the patients. The results of these pre-clinical trials may not be indicative of future results due to their relatively small sample sizes.

On June 4, 2013, we received CE Mark approval for the GlucoTrack DF-F model non-invasive glucose monitoring device from DEKRA Certification B.V. (successor by acquisition of Kema), our European notified body. Receipt of the CE Mark allows us to market and sell the GlucoTrack DF-F glucose monitoring device in European Union (EU) member countries that have adopted the European Medical Device Directive (the "MDD") without being subject to additional national regulations with regard to demonstration of performance and safety (although certain EU member countries may request or require additional performance and/or safety data from time to time, on a case-by-case basis). The CE Mark also permits the sale in countries that have an MDD Mutual Recognition Agreement with the EU. We have not yet commenced sales of the GlucoTrack DF-F, and do not currently have any marketing, sales or distribution capabilities See the risk factors described under the caption "Risk Factors" included in our annual report on Form 10-K for the year ended December 31, 2012.

The GlucoTrack DF-F has not yet been approved for commercial sale in the United States. We expect to begin clinical trials in the United States by early 2014, if our clinical trial protocol is approved by the U.S. Food and Drug Administration (the "FDA").

Since receiving CE Mark approval for our GlucoTrack model DF-F blood glucose monitoring device, the Company has shifted its primary focus from research and development activities towards preparation for anticipated future mass-production and distribution of the GlucoTrack model DF-F.

Our continuing and planned research and development activities include:

- Completed improvements to the connector of the personal-ear clip cable in order to increase the reliability of the personal ear-clip of the GlucoTrack model DF-F;
- Development of a smaller personal ear-clip to allow use of the device by children as well as adults with smaller ear lobes;
- Development of GlucoTrack model DF-B for use in developing countries;
- Addition of an anti-cloning and encryption software and hardware, to protect data stored on the device;
- Planned development of an internet based application to allow users of the device to upload and share data collected by the device;
- Collection of data in post market clinical follow up, which the Company intends to use to improve the algorithms used by the device and potentially increase the accuracy level of glucose measurements generated by the device (ongoing);
- Seeking approval to conduct clinical trials to test the performance of the GlucoTrack device when used by children and teenagers aged 6-18 years old;
- Preparing for FDA clinical pathway; and
- Preparing for clinical pathways in certain countries in Asia.

Our completed, continuing, and planned activities in preparation for anticipated future mass-production of the GlucoTrack model DF-F include:

- Completed and ongoing audits of potential manufacturers in various countries;
- Development of molds for manufacturing of the main unit and personal ear-clip of the GlucoTrack model DF-F;
- Designing and building tools and testers for manufacturing of the main unit and personal ear-clip of the GlucoTrack model DF-F;
- Designing improvements to the assembly process for the personal ear-clip; and
- Development of a self-test aid to enable users to check the functionality of the personal ear clip.

Our completed, continuing, and planned activities in order to raise awareness of the GlucoTrack model DF-F and prepare for anticipated future distribution of the device include:

- Hosted a booth at the European Association for the Study of Diabetes conference in Barcelona, Spain in September 2013;
- Planning to host a table in the Israeli pavilion at the Medica Exhibition to be held in Dusseldorf, Germany in November 2013;
- Launched an upgraded web site in October 2013;
- Present posters and give oral presentations at leading conferences in the field of diabetes to raise awareness of the Company and the GlucoTrack device with endocrinologists, nurses and educators;
- Meet with key opinion leaders in selected markets to raise awareness of the Company and the GlucoTrack device and maintain insights into our target markets;
- Ongoing discussions (at different stages) with distributors for the European, Asian and South American markets; and
- Training field engineers to be available to instruct and tutor distributors on proper use of the GlucoTrack mode DF-F and to be available as a resource to answer questions from distributors.

We have not yet generated any revenues from our operations and have incurred comprehensive losses of $18,381,815 from inception through September 30, 2013 and cumulative negative operating cash flow of $13,853,770. We are dependent upon external sources for financing our operations and there can be no assurance that we will succeed in obtaining the necessary financing to continue our operations. As a result, our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern.

Recent Corporate Developments

Private Placement

On March 13, 2013, we entered into a Securities Purchase Agreement with certain accredited investors (the "Unit Purchasers") pursuant to which, on March 13, 2013, we issued to the Unit Purchasers an aggregate of 6,300 units (the "Units"), each consisting of (a) one share of the Company's newly designated Series A 5% Convertible Preferred Stock (the "Preferred Stock"), convertible into shares of our common stock at an initial conversion price of $5.80 per share, and (b) a Warrant to purchase, at an exercise price of $6.96 per share, up to 100% of the shares of common stock issuable upon conversion of such share of Preferred Stock. The shares of Preferred Stock comprising the Units were convertible into an aggregate of 1,086,178 shares of common stock and the Warrants comprising the Units are exercisable for an aggregate of 1,086,178 shares of common stock, in each case subject to adjustment as described below.

The issuance and sale of the Units constituted the second and final closing of an offering of our securities in a private placement transaction. On November 19, 2012, we completed the first closing of the offering (the "First Closing"), pursuant to which we issued and sold an aggregate of 165,057 shares of common stock at a price of $7.00 per share to certain accredited investors (the "First Closing Purchasers"). As a result of the conversion of the offering from an offering of common stock to an offering of Units, we agreed with the placement agent for the offering that, following the closing of the sale of the Units, we would exchange the shares of common stock acquired by each First Closing Purchaser in the First Closing for such number of Units equal to the aggregate purchase price paid by such First Closing Purchaser in the First Closing, divided by $1,000, in each case subject to the execution by the First Closing Purchasers of a consent to such modification. Pursuant to this agreement, on May 13, 2013, we cancelled 162,907 of the 165,057 shares of common stock issued to the First Closing Purchasers and issued to such purchasers an aggregate of 1,140.35 Units. Such units include Preferred Stock convertible into an aggregate of 196,597 shares of common stock at a conversion price of $5.80 per share and warrants exercisable for 196,597 shares of common stock at an exercise price of $6.96 per share.

In addition, as previously disclosed, we also agreed with the placement agent for the offering that, following the closing of the sale of the Units, we would issue to the holders of the 1,295,535 shares of common stock issued by us at a price of $6.25 per share pursuant to seven closings of a private placement held on December 16, 2010, December 30, 2010, January 31, 2011, March 31, 2011, April 29, 2011, May 31, 2011 and July 29, 2011, respectively, such number of shares of common stock as would reduce the per share purchase price paid by such holders for such shares from $6.25 per share to $5.80 per share, in each case subject to the execution by the holder of a consent to such modification. As a result, upon the receipt of executed consents to modification from all such holders, the Company will issue to such holders an aggregate of 100,526 shares of Common Stock.

Pursuant to a placement agent agreement between us and Andrew Garrett, Inc., the placement agent for the offering of the Units, at the closing of the sale of the Units we paid Andrew Garrett, Inc., as a commission, an amount equal to 7% of the aggregate sales price of the Units, plus 3% of the aggregate sales price as a management fee plus a non-accountable expense allowance equal to 3% of the aggregate sales price of the Units. In addition, pursuant to the placement agent agreement, we issued to Andrew Garrett, Inc., as partial consideration for its services as placement agent for the offering, warrants to purchase up to 256,556 shares of common stock. Half of such warrants are exercisable at an exercise price of $5.80 per share, and the remainder of such warrants are exercisable at an exercise price of $6.96 per share. In addition, on May 13, 2013, we issued to Andrew Garrett, Inc. warrants to purchase an aggregate of 215 shares of common stock at an exercise price of $7.00 per share in partial consideration for its service as placement agent for the First Closing (representing 10% of the shares issued in the First Closing and not exchanged for Units).

Historical Note

On July 15, 2010, we completed a reverse triangular merger with Integrity Israel and Integrity Acquisition Corp. Ltd., an Israeli corporation and a wholly owned subsidiary of ours, pursuant to which Integrity Acquisition Corp. Ltd. merged with and into Integrity Israel and all of the stockholders and option holders of Integrity Israel became entitled to receive shares and options in us in exchange for their shares and options in Integrity Israel (the "Reorganization"). Following the Reorganization, the former equity holders of Integrity Israel received the same proportional ownership in us as they had in Integrity Israel prior to the Reorganization. As a result of the Reorganization, Integrity Israel became a wholly owned subsidiary of ours.

Significant Accounting Policies

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are described in Note 2, *Summary of Significant Accounting Policies*, of the Notes to Condensed Consolidated Financial Statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2012. Our management believes that, as for the financial statements for the periods included in this report, the going concern assessment and the measurement of the Preferred Stock and Warrants with Down-Round Protection are critical accounting policies (see Notes 2C-2F in the Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q). However, due to the early stage of operations of the Company, there are no other accounting policies that are considered to be critical accounting policies by management.

Going concern uncertainty

The development and commercialization of our product will require substantial expenditures. We have not yet generated any revenues and have incurred substantial accumulated losses and cumulative negative operating cash flows since inception. We currently have no sources of recurring revenue and are therefore dependent upon external sources for financing our operations. There can be no assurance that we will succeed in obtaining the necessary financing to continue our operations. As a result, our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern. Management's plans concerning these matters are described in Note 1B of the Notes to Condensed Consolidated Financial Statements appearing elsewhere in this report; however, management cannot give any assurance that its plans will be successful in addressing these issues. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Recently issued accounting pronouncements

1. ASC Topic 220, "Comprehensive Income"

Effective January 1, 2013, the Company adopted Accounting Standard Update (ASU) No. 2013-02 "Comprehensive Income (Topic 220) Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income". ASU 2013-02 requires an entity to provide information about amounts reclassified out of accumulated other comprehensive income.

According to ASU 2013-02, significant items that are required under U.S. GAAP to be reclassified to net income in their entirety shall be presented by the respective line items of net income either on the face of the financial statements or in the footnotes. Items that are not required under U.S. GAAP to be reclassified to net income in their entirety, will be required to be cross-referenced to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The standard became effective, prospectively, for interim and annual periods beginning after December 15, 2012.

The adoption of ASU 2013-02 did not have a material impact on the financial position or results of operations of the Company.

2. ASC Topic 210, “Balance Sheet”

Effective January 1, 2013, the Company adopted ASU No. 2011-11, “Balance Sheet (Topic 210) - Disclosures about Offsetting Assets and Liabilities” (ASU 2011-11). ASU 2011-11 enhances disclosures about financial instruments and derivative instruments that are either offset in accordance with the Accounting Standards Codification or are subject to an enforceable master netting arrangement or similar agreement.

The amended guidance became effective, in a retrospective manner to all comparative periods presented, for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods.

The adoption of ASU 2011-11 did not have a material impact on the financial position or results of operations of the Company.

Results of Operations

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012

Revenues

We did not have any revenues during the three months ended September 30, 2013 and 2012, as we have not yet commercialized our GlucoTrack product candidate.

Research and Development Expenses

Research and development expenses were $495,207 for the three months ended September 30, 2013, as compared to $469,836 for the prior-year period. The increase is primarily attributable to an increase in professional services and travel expenses offset by a decrease in materials and expenses related to receiving CE Mark approval and a decrease in stock-based compensation. Research and development expenses consist primarily of salaries and other personnel-related expenses, including stock-based compensation expenses, materials, travel expenses, clinical trials and other expenses. We expect research and development expenses to increase in 2013 and beyond in connection with our efforts to seek regulatory approval to market and sell the GlucoTrack DF-F in the United States and certain countries in Europe; conduct Post Market Clinical Follow-up (PMCF) trials in the European Union; improve the GlucoTrack DF-F model device; and develop a new model of the GlucoTrack (including clinical trials for that purpose).

General and Administrative Expenses

General and administrative expenses were $232,189 for the three months ended September 30, 2013, as compared to $216,190 for the prior-year period. The increase is primarily attributable to an increase in employees’ salaries as a result of hiring one additional employee and an increase in investor relations services. General and administrative expenses consist primarily of professional services, salaries and other related expenses for executive, finance and administrative personnel, including stock-based compensation expense. Other general and administrative costs and expenses include facility-related costs not otherwise included in research and development costs and expenses, and professional fees for legal and accounting services. We expect general and administrative expenses to increase in 2013 and beyond as we incur increased costs to comply with the reporting and other obligations applicable to public reporting companies and commence the marketing, sale and manufacture of the GlucoTrack DF-F (including post-market clinical follow-up studies and product liability insurance).

Financing (Income) Expense, net

Financing (income) expense, net was ($27,528) for the three months ended September 30, 2013, as compared to $14,530 for the prior-year period. The change in financing income is primarily attributable to an increase of $141,357 in financing income related to the fair value of warrants with down-round protection, offset by an increase in expenses related to foreign exchange loss for balances denominated in New Israeli Shekels.

Net Loss

Net loss was $699,868 for the three months ended September 30, 2013, as compared to $700,556 for the prior-year period.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Revenues

We did not have any revenues during the nine months ended September 30, 2013 and 2012, as we have not yet commercialized our GlucoTrack product candidate.

Research and Development Expenses

Research and development expenses were $1,460,755 for the nine months ended September 30, 2013, as compared to $1,423,364 for the prior-year period. The increase is primarily attributable to an increase in professional services and travel expenses, offset by a decrease in expenses related to receiving CE Mark approval. Research and development expenses consist primarily of salaries and other personnel-related expenses, including stock-based compensation expenses, materials, travel expenses, clinical trials and other expenses. We expect research and development expenses to increase in 2013 and beyond in connection with our efforts to seek regulatory approval to market and sell the GlucoTrack DF-F in the United States and certain countries in Europe; conduct Post Market Clinical Follow-up (PMCF) trials in the European Union; improve the GlucoTrack DF-F model device; and develop a new model of the GlucoTrack (including clinical trials for that purpose).

General and Administrative Expenses

General and administrative expenses were $786,259 for the nine months ended September 30, 2013, as compared to $664,738 for the prior-year period. The increase is primarily attributable to an increase in salary expenses and in professional services expenses as a result of the legal fees incurred in connection with an ongoing arbitration matter as well as investor relations services. General and administrative expenses consist primarily of professional services, salaries and other related expenses for executive, finance and administrative personnel, including stock-based compensation expense. Other general and administrative costs and expenses include facility-related costs not otherwise included in research and development costs and expenses, and professional fees for legal and accounting services. We expect general and administrative expenses to increase in 2013 and beyond as we incur increased costs to comply with the reporting and other obligations applicable to public reporting companies and commence the marketing, sale and manufacture of the GlucoTrack DF-F (including post-market clinical follow-up studies and product liability insurance).

Financing (Income) Expense, net

Financing expense (income), net was $373,046 for the nine months ended September 30, 2013, as compared to ($15,135) for the prior-year period. The increase in financing expense is primarily attributable to an increase of issuance costs of $249,571 allocated to issuance of warrants with down-round protection, an increase of $40,332 in foreign exchange loss for balances denominated in New Israeli Shekels and an increase in linkage difference on principal of loans from shareholders.

Net Loss

Net loss was $2,620,060 for the nine months ended September 30, 2013, as compared to $2,072,967 for the prior-year period. The increase is primarily attributable to an increase of $249,571 in the fair value of warrants with down-round protection.

Liquidity and Capital Resources

We currently have limited liquidity. As of December 31, 2012, cash on hand was approximately $0.5 million. On March 13, 2013, we received gross proceeds of $6.3 million from the sale of the Units. After giving effect to the payment of commissions to the placement agent for the offering and the payment of certain offering expenses, we received net proceeds of approximately $5.4 million from the sale of the Units. As of October 31, 2013 we had approximately $3.2 million cash on hand. Based on our current cash burn rate, strategy and operating plan, we believe that our cash and cash equivalents will enable us to operate for a period of approximately 9 months from the date of this Quarterly Report on Form 10-Q. In order to fund our anticipated liquidity needs beyond such 9 month period (or possibly earlier if our current cash burn rate, strategy or operating plan change in a way that accelerates or increases our liquidity needs), we will need to raise additional capital or to produce revenue, or both.

As of December 31, 2012, we had NIS 300,000 (approximately $80,000 at the exchange rate in effect on that date) available for borrowing under our line of credit with Bank HaPoalim. Borrowings under the line of credit are secured by our funds on deposit with the bank at the time of borrowing, which generally must be sufficient to cover the principal amount of the borrowings in full. As of October 31, 2013, we do not have any borrowings outstanding under the line of credit.

Integrity Israel is party to a loan and investment agreement dated February 18, 2003 with Y.H. Dimri Holdings ("Dimri") pursuant to which Dimri loaned Integrity Israel a principal amount of NIS 1,440,000 ($409,207 based on an exchange rate of 3.519 NIS/dollar as of October 31, 2013), subject to linkage differences in Israel. In addition, Messrs. Avner Gal and Zvi Cohen collectively loaned Integrity Israel NIS 176,000 ($50,014 based on the same exchange rate) in May 15, 2002 pursuant to a board approval. Messrs. Nir Tarlovsky, Yitzhak Fisher and Asher Kugler loaned Integrity Israel $75,000 on March 16, 2004. These loans, in addition to the loan from Dimri mentioned above, are not to be repaid until the first year in which we realize profits in our annual income statement (accounting profit). At such time, the loans are to be repaid on a quarterly basis in an amount equal to 10% of our total sales after deduction of VAT in the relevant quarter, beginning on the quarter following the first year in which we realize profits in our annual income statement. The total amount to be repaid by us to each lender shall be an amount equal to the aggregate principal amount loaned by such lender to us, plus an amount equal to the product of the amount of each payment made by us in respect of such loan multiplied by the percentage difference between the Israeli Consumer Price Index on the date on which the loan was made and the Israeli Consumer Price Index on the date of such payment. However, notwithstanding the above-mentioned mechanism, we will not be required to repay the loans during any time when such repayment would cause a deficit in our working capital. The Israeli Consumer Price Index was 177.6386, 178.5793 and 182.3521 as of the dates of the Gal/Cohen loan, Dimri loan and the Tarlovsky/Fisher/Kugler Loan, respectively. The Israeli Consumer Price Index as of September 30, 2013 was 224.85. Our board of directors is entitled to modify the repayment terms of these loans, so long as such modification does not discriminate against any particular lender, and provided that all payments must be allocated among the lenders on a pro-rata basis.

Integrity Israel is committed to pay royalties to the Office of the Chief Scientist of the State of Israel (the "OCS") on the proceeds from the sale of our systems resulting from research and development projects for which the OCS provided a grant. During the first three years of sales, we are required to pay royalties of 3% of the sales of such products. In the fourth, fifth and sixth years of sales, we are required to pay royalties of 4% of such sales and from the seventh year on we are required to pay royalties of 5% of such sales, in all cases up to 100% of the amount of grants received by Integrity Israel from the OCS plus interest at LIBOR. We do not have any other future performance obligations related to the OCS grants. As of the date of this prospectus, the contingent liabilities with respect to OCS grants subject to repayment under these royalty agreements equaled NIS 420,000 ($119,352 at the exchange rate of 3.519 NIS/dollar in effect as of October 31, 2013), not including interest.

Net Cash Used in Operating Activities for the Nine Month Periods Ended September 30, 2013 and September 30, 2012

Net cash used in operating activities was $ 2,282,455 and $ 1,744,465 for the nine month periods ended September 30, 2013 and 2012, respectively. Net cash used in operating activities primarily reflects the net loss for those periods of $2,620,060 and $2,072,967 respectively, which was reduced by issuance costs allocated to the warrants with down-round protection of $249,571 and $0, respectively, and in part by stock-based compensation of $18,792 and ($17,552), respectively, and by cash provided due to the adjustment to the net loss and changes in operating assets and liabilities in the amounts of $34,019 and $104,342 respectively.

Net Cash Used in Investing Activities for the Nine Month Periods Ended September 30, 2013 and September 30, 2012

Net cash used in investing activities was $91,700 and $13,336 for the nine month periods ended September 30, 2013 and 2012, respectively, and was used primarily to purchase equipment (such as computers, research and development and office equipment) of $51,777 and $ $6,969 respectively, and fund deposits in respect of employees rights upon retirement of $39,923 and $6,367 respectively.

Net Cash Provided (Used) by Financing Activities for the Nine Month Periods Ended September 30, 2013 and September 30, 2012

Net cash provided (used) by financing activities was $5,241,664 and $50,980 for the nine month periods ended September 30, 2013 and 2012, respectively. Net cash provided (used) by financing activities in 2013 reflects the proceeds of $3,960,958, net of issuance expenses allocated to the Preferred Stock issued as part of the Units and the proceeds of $1,421,983, net of issuance expenses, allocated to the warrants issued as part of the Units, offset by the payment of ($38,458) in repayment of outstanding balances under our line of credit with Bank HaPoalim and by a dividend of ($102,819) to the holders of our Preferred Stock.

Off-Balance Sheet Arrangements

As of September 30, 2013, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required for smaller reporting companies.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2013. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the "SEC"). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2013, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 6. Exhibits.

Exhibit No.	Description
3.1	Certificate of Incorporation of Integrity Applications, Inc. (1)
3.2	Certificate of Amendment to Certificate of Incorporation of Integrity Applications, Inc. (1)
3.3	Certificate of Designation of Preferences and Rights of Series A 5% Convertible Preferred Stock (2)
3.4	Bylaws of Integrity Applications, Inc. (1)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document (3)
101.SCH	XBRL Schema Document (3)
101.CAL	XBRL Calculation Linkbase Document (3)
101.LAB	XBRL Label Linkbase Document (3)
101.PRE	XBRL Presentation Linkbase Document (3)
101.DEF	XBRL Definition Linkbase Document (3)

(1) Previously filed as an exhibit to the Company's Registration Statement on Form S-1, as filed with the SEC on August 22, 2011, which exhibit is incorporated herein by reference.

(2) Previously filed as an exhibit to the Company's Current Report on Form 8-K, as filed with the SEC on March 18, 2013, which exhibit is incorporated herein by reference.

(3) Pursuant to Rule 406T of Regulation S-T, the interactive files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 14, 2013

INTEGRITY APPLICATIONS, INC.

By:	/s/ Avner Gal
Name:	Avner Gal
Title	Chairman of the Board and Chief Executive Officer
By:	/s/ Jacob Bar-Shalom
Name:	Jacob Bar-Shalom
Title	Chief Financial Officer (Principal Accounting Officer)

EXHIBIT INDEX

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<u>Exhibit 31.1</u>

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Avner Gal, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2013 of Integrity Applications, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2013

By: /s/ Avner Gal
Avner Gal
Chairman of the Board and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Jacob Bar-Shalom, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2013 of Integrity Applications, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2013

By: /s/ Jacob Bar-Shalom
Jacob Bar-Shalom
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Integrity Applications, Inc. (the "Company") for the quarterly period ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Avner Gal, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Avner Gal
Avner Gal
Chairman of the Board and Chief Executive Officer

Dated: November 14, 2013

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Integrity Applications, Inc. (the "Company") for the quarterly period ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jacob Bar-Shalom, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Jacob Bar-Shalom
Jacob Bar-Shalom
Chief Financial Officer

Dated: November 14, 2013