EDGAR Submission Header Summary

Submission Form Type	10-Q
XBRL Filing	On
Use External XBRL	On
Period of Report	09-30-2017
Filer	Integrity Applications, Inc
CIK	0001506983
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Smaller Reporting Company (Non-Investment Companies Only)	On
Emerging Growth Company	Off
Ex Transition Period	Off
Exchanges	NONE
Co-Registrants	
Submission Contact	Yaron Kleiner
Contact Phone Number	972-54-2233-054
Documents	11

Notification Emails

Emails	edgar@z-k.co.il

Documents

10-Q	zk1720759.htm
Description	10-Q
EX-31.1	exhibit_31-1.htm
Description	Exhibit 31.1
EX-31.2	exhibit_31-2.htm
Description	Exhibit 31.2
EX-32.1	exhibit_32-1.htm
Description	Exhibit 32.1
EX-32.2	exhibit_32-2.htm
Description	Exhibit 32.2
EX-101.INS	igap-20170930.xml
Description	XBRL Instance Document
EX-101.SCH	igap-20170930.xsd
Description	XBRL Taxonomy Extension Schema
EX-101.CAL	igap-20170930_cal.xml
Description	XBRL Taxonomy Extension Calculation Linkbase
EX-101.DEF	igap-20170930_def.xml
Description	XBRL Taxonomy Extension Definition Linkbase
EX-101.LAB	igap-20170930_lab.xml
Description	XBRL Taxonomy Extension Label Linkbase
EX-101.PRE	igap-20170930_pre.xml
Description	XBRL Taxonomy Extension Presentation Linkbase

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, 2017

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.)

19 Ha'Yahalomim Street P.O. Box 12163 Ashdod, Israel L3 7760049
(Address of Principal Executive Offices) (Zip Code)

Telephone: 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, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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, 2017, 6,521,993 shares of the Company's common stock, par value $0.001 per share, were outstanding.

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INTEGRITY APPLICATIONS, INC.

PART I - FINANCIAL INFORMATION

Item 1. **Financial Statements.**

CONDENSED CONSOLIDATED BALANCE SHEETS

	US dollars (except share data)	
	September 30, 2017	December 31, 2016
	(unaudited)	
ASSETS		
Current Assets		
Cash and cash equivalents	461,708	148,836
Accounts receivable, net	119,123	92,061
Inventories	1,494,208	1,419,604
Other current assets	122,038	356,994
Total current assets	2,197,077	2,017,495
Property and Equipment, Net	230,309	240,452
Long-Term Restricted Cash	38,868	35,673
Funds in Respect of Employee Rights Upon Retirement	182,309	167,326
Total assets	2,648,563	2,460,946
LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable	1,985,797	1,634,642
Other current liabilities	958,065	713,549
Total current liabilities	2,943,862	2,348,191
Long-Term Liabilities		
Long-Term Loans from Stockholders	176,870	162,034
Liability for Employee Rights Upon Retirement	182,310	176,719
Warrants with down-round protection	767,887	681,970
Total long-term liabilities	1,127,067	1,020,723
Total liabilities	4,070,929	3,368,914
Temporary Equity		
Convertible Preferred Stock of $ 0.001 par value ("Preferred Stock"):		
10,000,000 shares of Preferred Stock authorized as of September 30, 2017 and December 31, 2016; 376 shares of Series A Preferred Stock issued and outstanding as of June 30, 2017 and December 31, 2016	221,152	221,152
15,031 shares of Series B Preferred Stock issued and outstanding as of September 30, 2017 and December 31, 2016	6,715,844	6,715,844
12,004 and 5,829 shares of Series C Preferred Stock issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	6,484,337	3,104,466
Total temporary equity	13,421,333	10,041,462
Stockholders' Deficit		
Common Stock of $ 0.001 par value ("Common Stock"):		
40,000,000 shares authorized as of September 30, 2017 and December 31, 2016; 6,521,993 and 6,026,527 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	6,525	6,028
Additional paid in capital	29,310,432	24,586,142
Accumulated other comprehensive income	114,936	62,576
Accumulated deficit	(44,275,592)	(35,604,176)
Total stockholders' deficit	(14,843,699)	(10,949,430)
Total liabilities, temporary equity and stockholders' deficit	2,648,563	2,460,946

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

INTEGRITY APPLICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	US dollars (except share data)			
	Nine-month period ended September 30,		Three-month period ended September 30,	
	2017	2016	2017	2016
	(unaudited)		(unaudited)	
Revenues	125,881	482,177	20,900	11,299
Research and development expenses	1,833,841	2,226,833	635,478	695,437
Selling and marketing expenses	1,064,048	939.264	465,814	325,143
General and administrative expenses	5,124,048	1,650,240	1,567,970	477,052
Total operating expenses	8,021,937	4,816,337	2,669,262	1,497,632
Operating loss	7,896,056	4,334,160	2,648,362	1,486,333
Financing income, net	223,790	63,654	63,622	31,589
Loss for the period	7,672,266	4,270,506	2,584,740	1,454,744
Other comprehensive (income) loss:				
Foreign currency translation loss (income)	(52,360)	10,383	12,076	(19,656)
Comprehensive loss for the period	7,619,906	4,280,889	2,596,816	1,435,088
Loss per share (Basic and Diluted)	(1.40)	(0.84)	(0.44)	(0.30)
Common shares used in computing loss per share (Basic and Diluted)	6,207,844	5,746,838	6,386,772	5,806,724

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

INTEGRITY APPLICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT

	US dollars (except share data) (unaudited)					
	Number of shares	**Common Stock Amount**	**Additional paid in capital**	**Accumulated other comprehensive income**	**Accumulated deficit**	**Total Stockholders' deficit**
Balance as of January 1, 2017	6,026,527	6,028	24,586,142	62,576	(35,604,176)	(10,949,430)
Loss for the period of nine months					(7,672,266)	(7,672,266)
Other comprehensive income				52,360		52,360
Amounts allocated to Series C-1 and Series C-2 Warrants, net			1,672,766			1,672,766
Stock dividend on Series C Preferred Stock	154,869	156	370,169		(370,325)	
Stock dividend on Series B Preferred Stock	256,450	257	609,325		(609,582)	
Cash dividend on Series A Preferred Stock					(19,243)	(19,243)
Stock-based compensation	84,147	84	2,072,030			2,072,114
Balance as of September 30, 2017	6,521,993	6,525	29,310,432	114,936	(44,275,592)	(14,843,699)

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

INTEGRITY APPLICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	US dollars	
	Nine-month period ended September 30,	
	2017	2016
	(unaudited)	
Cash flows from operating activities:		
Loss for the period	(7,672,266)	(4,270,506)
Adjustments to reconcile loss for the period to net cash used in operating activities:		
Depreciation	50,341	41,951
Stock-based compensation	2,072,030	55,405
Remeasurement adjustment of warrants issued to placement agent	-	211,077
Change in the fair value of Warrants with down-round protection	(240,613)	(110,498)
Linkage difference on principal of loans from stockholders	373	27
Changes in assets and liabilities:		
(Increase) in accounts receivable	(18,748)	(51,356)
Decrease in inventory	49,255	170,274
Decrease in other current assets	256,997	157,149
(Decrease) increase in accounts payable	235,138	(815,795)
Increase in other current liabilities	170,632	265,983
Decrease in liability for employee rights upon retirement	(10,148)	-
Net cash used in operating activities	(5,107,009)	(4,346,289)
Cash flows from investing activities:		
Purchase of property and equipment	(19,467)	(75,269)
Net cash used in investing activities	(19,497)	(75,269)
Cash flows from financing activities:		
Cash dividend on Series A Preferred Stock	(5,143)	(13,529)
Proceeds allocated to Series C Preferred Stock, net of cash issuance expenses	3,598,254	3,021,063
Proceeds allocated to Series C Warrants, net of cash issuance expenses	1,780,963	1,496,077
Net cash provided by financing activities	5,374,074	4,503,611
Effect of exchange rate changes on cash and cash equivalents	65,274	5,405
Increase in cash and cash equivalents	312,872	87,458
Cash and cash equivalents at beginning of the period	148,836	608,701
Cash and cash equivalents at end of the period	461,708	696,159

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

Supplementary information on financing activities not involving cash flows (unaudited):

During the nine-month period ended September 30, 2017, $609,852 and $370,325, representing the fair value of the shares of Common Stock issued to owners of Series B Preferred Stock and owners of Series C Preferred Stock, respectively, were accounted for as stock dividends in the statement of changes in stockholders' deficit and was charged to accumulated deficit against additional paid in capital and Common Stock therein.

During the three months ended September 30, 2017, the Company accrued a cash dividend in the amount of $4,700, in the aggregate, to be paid to holders of its Series A Preferred Stock and a stock dividend in the amount of $211,665, in the aggregate, representing the fair value of the shares of Common Stock to be issued to owners of Series B Preferred Stock and of Series C Preferred Stock, in lieu of cash dividends. The Company has not paid such dividends, plus interest at a rate of 9% per annum, as of the date of this filing.

During the nine-month period ended September 30, 2017, $359,650, representing the fair value of warrants issued as consideration for placement agent services, was accounted for as Warrants with down-round protection within long-term liabilities. Of these direct issuance expenses, $141,267 was allocated to the Series C-1 and Series C-2 Warrants and was recorded as a reduction of additional paid in capital, and $218,383 was allocated to the Series C Preferred Stock and recorded as a reduction of temporary equity.

The accompanying notes are an integral part of these condensed 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, which was established on May 23, 2010, completed a merger with A.D. Integrity Applications Ltd. (hereinafter: "Integrity Israel"), an Israeli corporation. Pursuant to the merger, all equity holders of Integrity Israel received the same proportional ownership in the Company as they had in Integrity Israel prior to the merger. 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. 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 use by people with diabetes and pre-diabetes.

B. Going concern uncertainty

Since its incorporation, the Company did not conduct any material 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 (collectively, the "Group") have not yet generated significant revenues from operations, and therefore they are dependent upon external sources for financing their operations. As of September 30, 2017, the Group has incurred an accumulated deficit of $44,275,592, a stockholder's deficit of $14,843,699 and negative operating cash flows. Management considered the significance of such conditions in relation to the Group's ability to meet its current and future obligations and determined that these conditions raise substantial doubt about the Group'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. To fund its operations the Company has raised funds through the issuance of its equities, which include the offering of (a) Series A Units, consisting of shares of Series A Convertible Preferred Stock and Series A Warrants to purchase shares of the Company's Common Stock; (b) Series B Units, consisting of shares of Series B Convertible Preferred Stock, Series B-1 Warrants to purchase shares of Common Stock, and Series B-2 Warrants to purchase shares of Common Stock; and (c) Series C Units, consisting of shares of Series C Convertible Preferred Stock, Series C-1 Warrants to purchase shares of Common Stock, and Series C-2 Warrants to purchase shares of Common Stock.

Until such time as the Group generates sufficient revenue to fund its operations (if ever), the Group plans to finance its operations through the sale of equity or equity-linked securities and/or debt securities and, to the extent available, short term and long-term loans. There can be no assurance that the Group will succeed in obtaining the necessary financing to continue its operations as a going concern.

C. Risk factors

As described in Note 1A and Note 1B above, the Group has a limited operating history and faces a number of risks and uncertainties, including risks and uncertainties regarding continuation 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 and the availability of necessary financing. In addition, the Group expects to continue incurring significant operating costs and losses in connection with the development of its products and marketing efforts. The Group has not yet generated material revenues from its operations to fund its activities and therefore is dependent on the receipt of additional funding from its stockholders and/ or new investors in order to continue its operations.

NOTE 1 – GENERAL (cont.)

D. Use of estimates in the preparation of financial statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S. 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 dates 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 (i) the fair value estimate of the Warrants with down-round protection, (ii) the allocation of the proceeds and the related issuance costs of the Series C Units, and (iii) the going concern assumptions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

Accounting Principles

The accompanying unaudited condensed consolidated financial statements and related notes should be read in conjunction with our consolidated financial statements and related notes contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. The unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") related to interim financial statements. As permitted under those rules, certain information and footnote disclosures normally required or included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The financial information contained herein is unaudited; however, management believes all adjustments have been made that are considered necessary to present fairly the results of the Company's financial position and operating results for the interim periods. All such adjustments are of a normal recurring nature.

The results for the three and nine months ended September 30, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017 or for any other interim period or for any future period.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. Significant intercompany balances and transactions have been eliminated in consolidation.

B. Warrants with down-round protection

The Company has determined its derivative warrant liability with respect to the remaining Series A Warrants and warrants issued to Andrew Garrett, Inc., ("AGI") as part of the Series A Unit offering, the Series B Unit offering and the Series C Unit offering to be a Level 3 fair value measurement and has used the Binomial trees pricing model to calculate its fair value. Because the warrants contain a down round protection feature, the probability that the exercise price of the warrants would decrease as the stock price decreased was incorporated into the valuation calculations.

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

The changes in the fair value of the Level 3 liability are as follows (in US dollars):

	Warrants with down-round Protection September 30,	
	2017	**2016**
	(unaudited)	
Balance, Beginning of the period	681,970	321,695
Warrants issued as consideration for placement services	359,650	282,221
Amount classified out of stockholders' deficit and presented as Warrants with down-round protection	-	341,662
Change in fair value Warrants with down-round protection	(273,733)	(110,498)
Balance, End of period	767,887	835,080

The key inputs used in the fair value calculations were as follows:

	September 30,	
	2017	**2016**
Dividend yield (%)	-	-
Expected volatility (%) (*)	56.59	62.16
Risk free interest rate (%)	0.92	0.72-1.21
Expected term of options (years)	0.45-4.83	1.45-5.00
Exercise price (US dollars)	4.50, 7.75	4.50, 7.75
Share price (US dollars) (**)	2.38	2.38
Fair value (US dollars) (***)	0.02-0.74	0.26-0.60

(*) Due to the low trading volume of the Company's Common Stock, the expected volatility was based on the historical volatility of the share price of other public companies that operate in the same industry sector as the Company.

(**) The Common Stock price, per share reflects the Company's management's estimation of the fair value per share of Common Stock as of September 30, 2017 and 2016. In reaching its estimation for such periods, management considered, among other things, a valuation prepared by a third-party valuation firm following the issuance of the Series C Units.

(***) The below chart reflects the Fair Value for each of the Warrants with down-round Protection that were outstanding as of September 30, 2017 in US dollars.

Investors	AGI– Series A	AG- - Series B	AGI – Series C	AGI – Series C
			Minimum	Maximum
0.02	0.36	0.36	0.29	0.74

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

C. Recently issued accounting pronouncements

1. Accounting Standards Update 2014-09, "Revenue from Contracts with Customers"

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09").

ASU 2014-09 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 also requires entities to disclose sufficient information, both quantitative and qualitative, to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

An entity should apply the amendments in ASU 2014-09 using one of the following two methods: 1. Retrospectively to each prior reporting period presented with a possibility to elect certain practical expedients, or, 2. Retrospectively with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application. If an entity elects the latter transition method, it also should provide certain additional disclosures.

During 2016, the FASB issued several Accounting Standards Updates ("ASUs") that focus on certain implementation issues of the new revenue recognition guidance including Narrow-Scope Improvements, Practical Expedients and technical corrections.

In accordance with an amendment to ASU 2014-09, introduced by Accounting Standard 2015-14, "Revenue from contracts with Customers – Deferral of the Effective Date", for a public entity, the amendments in ASU 2014-09 are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period (the first quarter of fiscal year 2018 for the Company). Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

The Company intends to adopt ASU 2014-09 as of January 1, 2018.

The Company is in the process of evaluating the impact of ASU 2014-09 on its revenue streams and selling contracts, if any, and on its financial reporting and disclosures. Management is expecting to complete the evaluation of the impact of the accounting and disclosure changes on the business processes, controls and systems during 2017.

Since the company did not report significant revenues, management believes that the adoption of ASU 2014-09 will not have a significant impact on its consolidated financial statements.

2. Accounting Standards Update 2015-11, "Simplifying the Measurement of Inventory"

Effective January 1, 2017, the Group adopted ASU No. 2015-11, Simplifying the Measurement of Inventory (Topic 330) ("ASU 2015- 11").

ASU 2015-11 outlines that inventory within the scope of its guidance be measured at the lower of cost and net realizable value. Inventory measured using last-in, first-out (LIFO) and the retail inventory method (RIM) are not impacted by the new guidance. Prior to the issuance of ASU 2015-11, inventory was measured at the lower of cost or market (where market was defined as replacement cost, with a ceiling of net realizable value and floor of net realizable value less a normal profit margin).

The adoption of ASU 2015-11 did not have a significant effect on the consolidated financial statements.

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

C. Recently issued accounting pronouncements (cont.)

3. Accounting Standard Update (ASU) No. 2017-11, "Earnings Per Share"

In July 2017, the FASB issued ASU No. 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception ("ASU 2017-11").

Among others, Part I of ASU 2017-11 simplifies the accounting for certain financial instruments with down round features, which is a provision in an equity-linked financial instrument (or embedded feature) that provides a downward adjustment of the current exercise price based on the price of future equity offerings. Current accounting guidance creates cost and complexity for organizations that issue financial instruments with down round features by requiring, on an ongoing basis, fair value measurement of the entire instrument or conversion option.

ASU 2017-11 require companies to disregard the down round feature when assessing whether the instrument is indexed to its own stock, for purposes of determining liability or equity classification. Companies that provide earnings per share (EPS) data will adjust their basic EPS calculation for the effect of the feature when triggered (i.e., when the exercise price of the related equity-linked financial instrument is adjusted downward because of the down round feature) and will also recognize the effect of the trigger within equity.

ASU 2017-11 also addresses navigational concerns within the FASB Accounting Standards Codification related to an indefinite deferral available to private companies.

The provisions of the new ASU related to down rounds are effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018 (fiscal 2019 for the Company). Early adoption is permitted for all entities.

The Company is evaluating the impact of ASU 2017-11 on its financial statements. Although this process has not been completed, managements believes that its provisions might impact the accounting of the financial instruments issued by the Company that include down-round protection.

D. Reclassified Amounts

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications did not have material effect on the reported results of operations, shareholder's deficit or cash flows.

NOTE 3 – RECENT EVENTS

1. On June 7, 2017, the Board of Directors (the "Board") of Integrity Applications, Inc. (the "Company") appointed David Podwalski as the Chief Commercial Officer of the Company, effective as of June 26, 2017 (the "Effective Date").

   On June 7, 2017, the Company entered into an employment agreement (the "Employment Agreement") with Mr. Podwalski to serve as Chief Commercial Officer of the Company. Under the Employment Agreement, Mr. Podwalski will (1) receive a base salary of $240,000 per year ("Base Salary"); (2) receive a sign-on bonus of $25,000, payable on the six month anniversary of the Effective Date, subject to his continued employment through and on such payment date; (3) be eligible to receive an annual performance bonus, having a minimum bonus opportunity equal to 20% of his current Base Salary based upon 80% achievement of performance criteria (the "Minimum Performance Goal"), a target bonus opportunity equal to 25% of his current Base Salary based upon 100% achievement of performance criteria, and a maximum bonus opportunity equal to 37.5% of his current Base Salary based upon 150% achievement of performance criteria (the "Maximum Performance Goal"), provided, however, that such performance bonus will be determined using straight-line interpolation of the level of achievement between the Minimum Performance Goal and the Maximum Performance Goal; and (4) receive an initial stock option grant to purchase shares of common stock, par value $0.001 per share, of the Company ("Common Stock") equal to 1% of the total fully diluted shares of Common Stock as of the Effective Date, with an exercise price of $4.50 per share or the fair market value of a share of Common Stock on the grant date, whichever is greater, vesting monthly over a three year period commencing on the Effective Date, subject to his continued employment through and on each such vesting date (the total fair value of the grant as of the effective date is approximately 270 thousand).

   The Employment Agreement is terminable by the Company on 90 days written notice and by Mr. Podwalski on 30 days written notice. The Employment Agreement is immediately terminable by the Company for Cause (as defined in the Employment Agreement) without the payment of severance. The Employment Agreement contains non-compete obligations applicable during the term of the agreement and for one year thereafter and confidentiality obligations that survive the termination of the agreement indefinitely.

Non-Executive Director and Interim Officer Compensation

2. On May 23, 2017, the Board approved the following compensation for all non-employee directors and interim officers serving on the Board:

   an annual cash payment to each non-employee director and interim officer of the Company in the amount of $35,000, payable in four equal quarterly installments of $8,750 each on the last day of each calendar quarter commencing with the fourth quarter of 2017, subject to their continued service as of each such date;

   an additional annual cash payment to each member of a Board committee in the amount of $5,000, payable in four equal quarterly installments of $1,250 each on the last day of each calendar quarter commencing with the second quarter of 2017, subject to their continued service as of each such date;

   an additional annual cash payment to the chairperson of a Board committee in the amount of $12,500, payable in four equal quarterly installments of $3,125 each on the last day of each calendar quarter commencing with the second quarter of 2017, subject to their continued service as of each such date;

   the grant to each non-employee director and each interim officer of the Company of a one-time award of options to purchase up to an aggregate of 14,894 shares of the Company's common stock, par value $0.001 per share ("Common Stock"), at an exercise price of $4.50, under and pursuant to the Company's 2010 Incentive Compensation Plan, as amended (the "Plan"), which options vest in 12 equal monthly increments commencing as of June 1, 2017 (subject to their continued service as of each such date) and have a term of 10 years (the "Director Option Awards")

NOTE 3 – RECENT EVENTS (cont.)

the grant to each non-employee director and each interim officer of the Company of an award of Restricted Stock Units ("RSUs"), to be granted on June 1, 2017 and vesting on June 1, 2018, with a cash value of $45,000 based on the 30-day volume weighted average price of the Company's Common Stock on June 1, 2017, subject to their continued service on and through such date, and settled on such date as they elect or upon termination of their service with the Company; and

An additional annual cash payment to the vice chairperson of the Board in the amount of $20,000, payable in RSUs under the same vesting terms

3. On May 4, 2017, the Board of Directors unanimously voted to appoint Angela Strand, a member of the Board of Directors, as the interim Chief Strategy Officer of the Company, effective as of May 1, 2017 through September 30, 2017.

4. On May 5, 2017, the Company entered into a letter agreement (the "Strand Employment Agreement") with Ms. Angela Strand confirming her appointment as interim Chief Strategy Officer of the Company during the Term. Pursuant to the terms of the Strand Employment Agreement, Ms. Strand will receive compensation of $150,000 for the Term, paid monthly on the schedule mutually agreed upon by the parties.

5. Effective April 7, 2017 (the "Gal Effective Date"), the Company and Integrity Israel entered into a letter agreement with Avner Gal whereby Mr. Gal separated from his employment and directorship at the Company and act as a part time consultant to the Company (the "Gal Agreement"). Pursuant to the terms of the Gal Agreement, and as consideration for Mr. Gal's separation from employment and services as a consultant, the Company agreed, among other things, to (a) pay Mr. Gal an amount equal to his Salary (as defined in the Gal Employment Agreement) and other financial benefits Mr. Gal was entitled to receive under the Employment Agreement entered into by and between Integrity Israel and Mr. Gal in October 2010 (the "Gal Employment Agreement"), that would have been paid to Mr. Gal during the Notice Period (as defined in the Gal Employment Agreement), in lieu of such prior notice; (b) modify the Adjustment Period, pursuant to section 19 of the Gal Employment Agreement, to 24 Salaries (as defined in the Gal Employment Agreement), including all the benefits mentioned in the Gal Employment Agreement, provided Mr. Gal does not work or provide services to a company in direct competition with the Company; (c) accelerate the vesting of 88,259 outstanding unvested options to purchase Common Stock, at an exercise price per share equal to $6.25, held by Mr. Gal as of the Gal Effective Date, as the original performance conditions was not expected to be satisfied as of the date modification of the terms, the fair value of such grant was measured based on the fair value of the modified award at the modification date. Such amount was measured as approximately 51 thousand. (d) extend the term of all outstanding options (vested and unvested) held by Mr. Gal to be exercisable for five years from the Gal Effective Date, with respect to all vested options, at the modification date the company recognized compensation cost in an amount equal to the excess amount of the fair value of the modified award as of the modification date over the fair value of the original award immediately Before the terms were modified. and (e) grant Mr. Gal an option to purchase up to 300,000 shares of Common Stock of the Company having an exercise price per share equal to $4.50 and an option to purchase up to an additional 50,000 shares of common stock of the Company having an exercise price per share equal to $7.75 (collectively, the "Options"). The Options vest monthly over a 24 months period following the date of grant.

NOTE 3 – RECENT EVENTS (cont.)

6. Effective April 7, 2017, the Company entered into an amendment to the employment agreement (the "Graham Employment Amendment") with John Graham, whom the Company appointed as Chief Executive Officer on March 20, 2017, to modify the base compensation provision and the equity compensation provision under that certain Employment Agreement, dated March 20, 2017 (the "Graham Effective Date"), by and between the Company and Mr. Graham.

   Pursuant to the terms of the Graham Employment Amendment, (a) Mr. Graham's base compensation was modified such that he receives a base salary of $500,000 per year, as well as a one-time payment of $375,000 paid to Mr. Graham upon commencement of Mr. Graham's employment with the Company which amount was recognized as an expense as of the employment commencement date, and (b) the vesting periods of Mr. Graham's options to purchase Common Stock were modified whereby (1) 307,754 shares of Common Stock underlying Mr. Graham's option to purchase Common Stock at an exercise price of $4.50 per share (the "$4.50 Options") vested immediately, (2) 923,262 of the $4.50 Options shall vest on the six month anniversary of the Graham Effective Date, and (3) the remaining 442,980 of the $4.50 Options as well as Mr. Graham's remaining unvested options granted pursuant to the Graham Employment Amendment shall vest on the two (2) year anniversary of the Graham Effective Date.

7. Effective April 7, 2017, Integrity Israel entered into an amended and restated personal employment agreement (the "Malka Employment Agreement") with David Malka for his continued service as Vice President of Operations of the Company and Integrity Israel, effective as of March 20, 2017 (the "Malka Effective Date"). Pursuant to the terms of the Malka Employment Agreement, Mr. Malka (a) receives a base monthly salary of NIS 20,000 (approximately $5,480 based on an exchange rate of 3.65 NIS / 1 USD in effect on April 7, 2017), which may increase to NIS 35,000 per month (approximately $9,590 using the same exchange rate) in the event certain performance milestones are met (the "Malka Base Salary"); (b) will be eligible to earn an annual performance bonus between 420-864% of the Malka Base Salary, subject to certain performance criteria to be established by the Board of Directors within the first ninety (90) days of each fiscal year; (c) will be eligible to earn a retention bonus equal to 60% of the aggregate Malka Base Salary earned through the one-year anniversary of the Malka Effective Date, payable thirty days following the one-year anniversary of the Malka Effective Date and provided that Mr. Malka remains employed with Integrity Israel through and on the one-year anniversary of the Malka Effective Date; (d) received a modification to the terms of his option to purchase Common Stock at an exercise price per share equal to $6.25 whereby the unvested portion of such options will accelerate and will be immediately exercisable, effective as of the Malka Effective Date, as the original performance conditions was not expected to be satisfied as of the date modification of the terms, the fair value of such grant was measured based on the fair value of the modified award at the modification date. And (e) received certain additional equity awards (pursuant to the Company's 2010 Incentive Compensation Plan, as amended) under the terms and conditions as set forth in the Malka Employment Agreement. In addition, the Malka Employment Agreement provides for the payment of certain social benefits and the use of a company car. The Malka Employment Agreement is terminable by Integrity Israel and Mr. Malka on 90 days' prior written notice (the "Malka Notice Period"), without Cause, or immediately by Integrity Israel for Cause (as defined in the Malka Employment Agreement). Integrity Israel may terminate Mr. Malka's employment without Cause prior to the expiration of the Malka Notice Period, but will be required to pay Mr. Malka a severance fee equal to the Malka Base Salary plus the financial value of all other benefits Mr. Malka would have been entitled to receive in respect of the portion of the Malka Notice Period which was forfeited.

8. On April 7, 2017, the Board of Directors approved an amendment to the 2010 Incentive Compensation Plan of the Company (the "Plan") to increase the number of shares of the Company's Common Stock reserved for issuance under the Plan from 1,000,000 shares to 5,625,000 shares.

NOTE 3 – RECENT EVENTS (cont.)

9. On July 31, 2017, the Company, entered into a securities purchase agreement with certain accredited investors pursuant to which, the Company issued to the Purchasers an aggregate of 1,000 Series C Units. The shares of Series C Preferred Stock comprising the Units are convertible into an aggregate of 222,236 shares of Common Stock, and the Series C-1 Warrants and Series C-2 Warrants (collectively, the "Series C Warrants") comprising the Units are exercisable for an aggregate of 444,472 shares of Common Stock, in each case subject to certain adjustments. The Company received aggregate gross proceeds of $1,000,000 from the sale of the Units.

The sale of the Units pursuant to the securities purchase agreement was the twelfth closing of an offering of Units by the Company. The first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth and eleventh closings, involving the sale by the Company of an aggregate of 1,133 Units, 1,351 Units, 890.5 Units, 1,050.65 Units, 540 Units, 357.75 Units, 506 Units, 403.9 Units, 2,560 Units, 1,551 Units and 660 Units, respectively (collectively, the "Prior Issuances"), were disclosed by the Company in Current Reports on Form 8-K filed by the Company with the SEC on April 14, 2016, May 4, 2016, June 6, 2016, July 7, 2016, September 7, 2016, October 7, 2016, December 5, 2016, January 9, 2017, March 14, 2017, May 3, 2017 and June 23, 2017, respectively (collectively, the "Prior 8-Ks"), each of which is incorporated herein by reference.

Between April 2016 and December 31, 2016, and during the first nine months of 2017, the Company received aggregate net proceeds of approximately $4.9 million and $5.4 million, respectively (net of related cash expenses), from the issuance and sale in a private placement transaction, at a price of $1,000 per unit, of 12,003.80 Series C Units. As of September 30, 2017, the shares of Series C Preferred Stock comprising the Series C Units are convertible into an aggregate of 2,667,539 shares of Common Stock, and the Series C Warrants comprising the Series C Units are exercisable for an aggregate of 5,335,079 shares of Common Stock, in each case subject to adjustment in certain circumstances.

Pursuant to a placement agent agreement (the "Placement Agent Agreement") with AGI, at the initial closing of the sale of the Series C Units, the Company paid AGI, as a commission, an amount equal to 6% of the aggregate sales price of the Series C Units, plus 4% 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 Series C Units. At the end of the second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth, eleventh and twelfth closings of the sale of the Series C Units, the Company paid AGI, as a commission, an amount equal to 10% of the aggregate sales price of the Series C Units sold in such closing, plus a non-accountable expense allowance equal to 3% of the aggregate sales price of the Series C Units sold in such closing. In addition, pursuant to the Placement Agent Agreement, the Company is required to issue to AGI: (a) 5-year warrants to purchase up to 533,509 shares of Common Stock at an exercise price of $4.50 per share and (b) 5-year warrants to purchase up to 266,753 shares of Common Stock at an exercise price of $7.75 per share. The terms of such warrants are substantially similar to the Series C Warrants except that the warrants issued to AGI are exercisable on a cashless basis and include full ratchet anti-dilution protection.

Following below is a summary of the entire series C issuances:

	Year ended December 31, 2016	Nine-month period ended September 30, 2017
	Thousands of U.S. $ (except units sold) (unaudited)	
Number of units sold	5,828.9	6,174.9
Gross amount	5,829	6,175
Net of related cash expenses	4,951	5,379
Net amount	4,642	5,019

Based on the terms of the purchase agreements relating to the issuance and sale of the Series A Units and the Series B Units, respectively, so long as any initial purchaser of Series A Units or Series B Units, as applicable, holds any shares of Series A Preferred Stock or Series B Preferred Stock, respectively, if (a) the Company sells any shares of Common Stock or other securities convertible into, or rights to acquire, Common Stock and (b) a purchaser then holding Series A or Series B Preferred Stock or Warrants 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).

NOTE 3 – RECENT EVENTS (cont.)

Pursuant to the purchase agreements relating to the issuance and sale of the Series A Units and the Series B Units, the Company was required to and did notify the holders of the Series A Preferred Stock and Series B Preferred Stock of the closing of the sale of the Series C Units, and following receipt thereof such holders of Series A Preferred Stock and Series B Preferred Stock will be entitled, pursuant to the "most favored nation" provisions contained in their respective purchase agreements (as described above), to elect to amend the terms of their purchase of Series A Units and Series B Units, respectively, to match the terms of the Series C Units. The Company is obligated to amend the terms of any of Series A Units or Series B Units who timely makes such election and tenders its Series A Units or Series B Units for exchange.

As of September 30, 2017, none of the remaining Series A or B Unit holders asked the company to amend the terms of their Units to series c units.

Upon their initial recognition, the Series C Preferred (classified as temporary equity) and the detachable Series C Warrants (classified as equity) were measured based on the relative fair value basis and were presented net of the direct issuance expenses that were allocated to them.

The Company has determined that, due to the economic characteristics and risks of the Series C Preferred Stock, based on their stated or implied substantive terms and features, such Preferred Stock are considered as more akin to equity than debt. Accordingly, it was determined that the economic characteristics and the risks of the embedded conversion option to Common Stock and those of the Series C Preferred Stock themselves (the 'host contract') are clearly and closely related. As a result, the embedded conversion feature was not required to be bifurcated.

Since at each of the issuances dates of the Series C Preferred Stock the exercise price of the conversion feature (based on the effective conversion rate of the Series C Preferred Stock into Common Stock) was higher than the estimated fair value of the Company's Common Stock, it was determined that given the current market price, conversion at the conversion price was not a beneficial transaction. Also, due to the liquidation preference and certain redemption rights for the benefit of the holders of the Series C Preferred Stock, upon the occurrence of certain contingent events, which are not considered as solely within the Company's control management determined that the Series C Preferred Stock were to be presented as temporary equity. On each balance sheet date, the Company's management assesses the probability of redemption of the outstanding Preferred Stock. In the event that management determines such redemption to be probable as of an applicable balance sheet date, the Company will reclassify the amount allocated to the preferred stock from temporary equity to liability. In addition, upon such determination, the difference between the amount that was allocated to the Preferred Stock (after deduction of issuance expenses) and the aggregate redemption amount of the Preferred Stock will be accreted over the period beginning on the date that it becomes probable that the instrument will become redeemable and ending on the earliest redemption date.

10. In September 2017, the Compensation Committee and the Board of Directors approved an increase of Sami Sassoun (C.F.O) and Eugene Naidis's (VP R&D) base salaries to NIS 47,250 per month (approximately US$161,513 annually) and NIS 43,200 (US$147,660 annually), respectively, which shall only start to take effect after the Company has completed the next round of financing and has sufficient funds to finance operations. The Compensation Committee and the Board of Directors also approved certain on-target performance bonus at 35% of Mr. Sassoun and Mr. Naidis's respective annual base salary and grant of stock options (pursuant to the Company's 2010 Incentive Compensation Plan, as amended) equating to 1% of the fully diluted number of shares of the Company after the closing of the offering of Series C Units, with a strike price of US$4.50, with three-year monthly vesting commencing on the first month after the effective date.

NOTE 4 – INVENTORIES

	US dollars	
	September 30, 2017	December 31, 2016
	(unaudited)	
Raw materials	661,609	735,201
Work in process	828,146	633,132
Finished products	4,453	51,271
	1,494,208	1,419,604

NOTE 5 – OTHER CURRENT LIABILITIES

	US dollars	
	September 30, 2017	December 31, 2016
	(unaudited)	
Employees and related institutions	337,377	363,738
Accrued expenses	607,595	261,651
Other current liabilities	13,093	88,160
	958,065	713,549

NOTE 6 – FINANCING INCOME, NET

	US dollars		US dollars	
	Nine-month period ended September 30,		Three-month period ended September 30,	
	2017	2016	2017	2016
	(unaudited)		(unaudited)	
Israeli CPI linkage difference on principal of loans from stockholders	373	27	347	666
Exchange rate differences	30,154	33,329	12,960	9,118
Change in fair value of Warrants with down-round protection	(273,733)	(110,498)	(82,658)	(46,286)
Interest expenses on credit from banks and other	19,416	13,488	5,729	4,913
	(223,790)	(63,654)	(63,622)	(31,589)

NOTE 7 – 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 dividends 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, 2017 and 2016 are as follows:

	US dollars		US dollars	
	Nine-month period ended September 30,		Three-month period ended September 30,	
	2017	2016	2017	2016
	(unaudited)		(unaudited)	
Loss for the period	(7,672,266)	(4,270,506)	(2,584,740)	(1,454,744)
Cash dividend on Series A Preferred Stock	(19,243)	(13,529)	(12,529)	(4,076)
Stock dividend on Series B Preferred Stock	(609,582)	(449,051)	(117,914)	(194,950)
Stock dividend on Series C Preferred Stock	(370,325)	(80,082)	(93,751)	(59,727)
Loss for the period attributable to common stockholders	(8,671,416)	(4,813,168)	(2,808,934)	(1,713,497)

	Number of shares		Number of shares	
	Nine-month period ended September 30,		Three-month period ended September 30,	
	2017	2016	2017	2016
Number of shares:				
Common shares used in computing basic income (loss) per share	6,207,844	5,746,838	6,386,772	5,806,724
Common shares used in computing diluted income (loss) per share	6,207,844	5,746,838	6,386,772	5,806,724
Total weighted average number of common shares related to outstanding convertible Preferred Stock, options and warrants excluded from the calculations of diluted income (loss) per share (*)	20,304,950	12,125,368	23,378,950	13,915,740

(*) 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, because the effect of the common shares issuable as a result of the exercise or conversion of these instruments was determined to be 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 and 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, capital raising and financing, product development, clinical trials, regulatory approval, 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," "anticipate," "intend," "estimate," "plan," "may," "will," "could," "would," "should" 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, 2016. 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 is a medical device company focused on the design, development and commercialization of non- invasive glucose monitoring devices for use by people with diabetes and pre-diabetics. 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 glucose monitor, the GlucoTrack® model DF-F glucose monitoring device, which is designed to help people with diabetes and individuals with pre-diabetics obtain glucose level readings without the pain, inconvenience, cost and difficulty of conventional (invasive) spot finger stick devices. The GlucoTrack® model DF-F utilizes a patented combination of ultrasound, electromagnetic and thermal technologies to obtain 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 or interstitial fluid.

In June 2013, we received initial CE Mark (marking the Company's declaration that the product meets the requirements of the applicable European Union directives) approval for the GlucoTrack® model DF-F non-invasive glucose monitoring device from DEKRA Certification B.V., our European notified body (the "Notified Body"). This original approval required that the device be re-calibrated every 30 days, with each such re- calibration taking between 2.5 and 3 hours to complete. In March 2014, we received CE Mark approval for six months' calibration validity of the same device. This approval eliminates the need for monthly re-calibrations, and enables the calibration process to be conducted only when the sensor is replaced, once every 6 months. We believe that this is a significant feature of the GlucoTrack® model DF-F. Receipt of the CE Mark allows us to market and sell the GlucoTrack® model 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. However, although the MDD is applicable throughout the EU, in practice it does not ensure uniform regulation throughout the EU. Accordingly, member countries may apply and enforce the MDD's terms differently, and certain EU member countries may request or require performance and/or safety data in addition to the MDD's requirements 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.

On August 31, 2015, we received approval from the Notified Body for improvements to the GlucoTrack® model DF-F to simplify and shorten (from approximately 2.5 hours to approximately half an hour) the initial calibration process for the device. These improvements are intended to reduce the backlog created as purchasers of the device await calibration. In addition, we received approval from the Notified Body on the updated intended use for the device, which expands the intended user population to include not only Type 2 diabetics, but also people suffering from pre-diabetes conditions as well, which we believe represents a material expansion of the potential market for the device. In December 2015, we received approval from the Notified Body for further improvements to the GlucoTrack® model DF-F that increase the accuracy and efficacy of the device. On February 19, 2016, we received an extension of our ISO 13485:2003 certificate and Annex II certification from the EU. The ISO 13485:2003 certification signifies that we have met the standards required for company-wide implementation of device quality management system(s). The scope of the certification is design, development, manufacture and service of non-invasive glucose monitoring systems for home use. Annex II also addresses quality control systems. The certification allows us to self-certify certain modifications and changes and simplifies some of the reporting to and review by the relevant Notified Body. This can shorten the CE-mark review process of future GlucoTrack® model DF-F enhancements or revisions, including software updates and other improvements of the device that do not affect the intended use and/or safety performance. Without an Annex II certification, each new device enhancement or modified version would be subject to the full EU CE-mark review process. The ISO 13485:2003 and Annex II certifications enable us to potentially reduce the time to market for product sales on new, enhanced or modified GlucoTrack® model DF-F devices.

The GlucoTrack® model DF-F has not yet been approved for commercial sale in the United States. On August 10, 2015, we submitted pre-submission documents to the FDA in connection with our proposed future application for FDA approval of our U.S. clinical trial protocol. The pre-submission documentation was submitted to the FDA in order to obtain the FDA's guidance regarding the U.S. regulatory pathway for the GlucoTrack® model DF-F, the proper approach to refining the trial protocol and preparing the pre-marketing application. On October 19, 2015, we met with the FDA to discuss the pre-submission documents, including the approach to and details of the clinical trial protocol for the GlucoTrack® model DF-F. On May 10, 2016, we submitted a pre-submission supplement (including clinical trial protocol) to the FDA which reflects the feedback received from the FDA at our October 2015 meeting. On July 18, 2016, we completed a teleconference with the FDA to further discuss our pre-submission supplement. At the end of this discussion, we received verbal confirmation from the FDA that clinical trials of the GlucoTrack® model DF-F constitute non-significant risk device studies, which allows the trials to proceed without an Investigational Device Exemption (IDE) application. Such trials are assessed by the FDA and not considered to present a potential for serious risk to the health, safety or the welfare of subjects. We have identified and are currently negotiating agreements with two diabetes and endocrinology institutions in the United States, as well as prominent endocrinologists to conduct the clinical trials as primary investigators. Subject to finalizing these agreements and raising adequate financing to do so, we expect to begin clinical trials in the United States in the second half of 2018.

We are continuing to work to improve certain features of the GlucoTrack® model DF-F, such as further simplifying the calibration process and improving the accuracy of the device. Clinical trials conducted in Germany by Pfutzner Science & Health Institute, GmbH, headed by Prof. Dr. Andreas Pfutzner, on subjects with Type 2 diabetes and pre-diabetics, as well as at Soroka University Medical Center, Beer-Sheva, Israel, demonstrated favorable results, which were presented on November 10, 2016 by the Company at the 16th annual Diabetes Technology Meeting (DTM), Bethesda, MD in an invited presentation. Most notably, the presentation included data validating that GlucoTrack's accuracy has increased significantly. Results from the trials show 99.7% of the study data points within the clinically accepted A and B zones of the Consensus Error Grid (Type 2), 99.3% of the study data points were within the clinically accepted A and B zones of the Clarke Error Grid, 17.0% Mean Absolute Relative Difference, and 12.9% Median Absolute Relative Difference. In addition, the German trial concluded that the data confirms the performance of the GlucoTrack® among its intended users, including pre-diabetic patients.

In addition, we are developing a wireless module ("WLM") with embedded Bluetooth Low-Energy (BLE) and Wi-Fi technologies, which we expect will enable transmission of measurement data captured by the GlucoTrack® model DF-F to a cloud based server. We expect this module and the related applications, if successfully developed, to facilitate sharing, viewing and analysis of GlucoTrack® model DF-F glucose measurements and profile by clinicians and others.

Since receiving CE Mark approval for our GlucoTrack® model DF-F glucose monitoring device, we have expanded our primary focus to include, in addition to research and development activities, preparation for anticipated future mass-production and distribution of the GlucoTrack® model DF-F in EU member countries and other countries that have an MDD Mutual Recognition Agreement with the EU, as well as other countries which consider the CE Mark as a reference for their regulatory or registration requirements. We have entered into exclusive distribution agreements with more than 15 distributors, and we are continuing negotiations with distributors in additional territories. The effectiveness of these agreements, in many cases, is subject to the receipt of local regulatory approval or registration, if required, for the commencement of sales of the GlucoTrack® model DF-F in the subject territory. We cannot provide any assurance that we will receive the required local regulatory approvals in any of the countries in which such approvals are required, and therefore we may never be permitted to commence commercial sales of our products in such territories. Additional discussions with other potential distributors are also in progress. Among other jurisdictions, we are in the process of seeking regulatory approval for the GlucoTrack® model DF-F in China where we are in the process of re-negotiating our distribution agreement and are awaiting local regulatory approval. In the event that our re-negotiation with the distributor in China is successful, we expect to receive the regulatory approval in China in the first half of 2018. If the renegotiation is unsuccessful, we plan to seek another distributor in China which may further significantly delay the process of obtaining regulatory approval in China. We currently are not seeking regulatory approval in Japan. We may also seek regulatory approval to market the GlucoTrack® devices in other foreign countries that do not rely on the CE Mark. To the extent that we seek to market our devices in other non-CE Mark countries in the future, we will be required to comply with the applicable regulatory requirements in each such country. Such regulatory requirements vary by country and may be onerous. As a result, no assurance can be given that we will be able to satisfy the regulatory requirements to sell our products in any such country.

On May 4, 2016 we received regulatory approval from the Korean Ministry of Food and Drug Safety (KMFDS, formerly KFDA) for the GlucoTrack® model DF-F. In October 2016, we received the final approval from South Korea, which enables us to commence sales of the GlucoTrack® model DF-F in South Korea. Following the official approval, our local distributor placed an initial order for 100 units of GlucoTrack® model DF-F, which were fully paid for and delivered during the fourth quarter of 2016. In South Korea, the GlucoTrack® device is sold with 2 personal ear-clips ("PECs"), so the consumer does not need to incur further expenses to use the device in the first year. This marketing model may be adopted by other distributors as well.

The territories covered by our signed distribution agreements currently represent a potential market opportunity of up to approximately 141 million diagnosed diabetics (inclusive of both Type 1 and Type 2 diabetes patients). This represents approximately 34% of the potential worldwide market of approximately 414 million people, based on estimates included in the International Diabetes Federation's (IDF) Diabetes Atlas, 7th edition, 2015. Of these territories, the territories in which the GlucoTrack® model DF-F has been approved for sale currently represent a potential market opportunity of up to approximately 23 million diagnosed diabetics (inclusive of both Type 1 and Type 2 diabetes patients), or 5.6% of the potential worldwide market. While we do not have reliable statistics that bifurcate the market opportunity among Type 1 and Type 2 diabetics, we believe that on average approximately 87% of all people suffering from diabetes have Type 2 diabetes. Apart from the diagnosed patients, approximately 192 million people are estimated to suffer from diabetes that has not yet been diagnosed. Based on estimates included in the International Diabetes Federation's (IDF) Diabetes Atlas, 7th edition, 2015, the market opportunity for undiagnosed diabetics is 71 million people in the territories covered by our signed distribution agreements, of which 11 million people are in the territories in which the GlucoTrack® model DF-F has been approved for sale. Based on the IDF Diabetes Atlas, 7th edition, 2015, the world prevalence of pre-diabetics was 6.4% of the worldwide population, while the prevalence of diagnosed people with diabetes was 7.7%.

We do not own commercial manufacturing facilities and do not intend to build commercial manufacturing facilities of our own in the foreseeable future. We currently utilize a third-party manufacturer in Israel to manufacture the GlucoTrack® model DF-F. In July 2014, we entered into a manufacturing agreement with Wistron Corp. ("Wistron"), a Taiwanese entity and the manufacturing arm of Acer Inc. Pursuant to such agreement, Wistron has agreed to mass produce and service, on a non-exclusive basis, the GlucoTrack® model DF-F and any future products, if any, introduced by us. Pursuant to such agreement, Wistron has also agreed to provide full turn-key manufacturing services for the GlucoTrack® model DF- F, including components procurement, unit assembly, device integration, testing, packaging and delivery to customers (distributors). In November 2015, we sent a delegation to Wistron's main production facility in Taiwan to, among other things, inspect the readiness of Wistron's production line for the GlucoTrack® model DF-F. Wistron has produced a small pilot batch and recently produced a second pilot batch of the GlucoTrack® model DF-F device. A GMP (Good Manufacturing Practice) audit by the local regulatory authorities in Taiwan was conducted in September 2016 and successfully completed. The production line for the GlucoTrack® model DF-F is now ready and we expect to receive an official clearance from the Taiwanese authorities shortly. We intend to utilize the services of both Wistron and the Israeli third-party manufacturer to produce the GlucoTrack® model DF-F.

In support of the commercialization effort, we intend to conduct further post-market clinical trials, as well as publish scientific and clinical studies, case studies, and white papers. To that end, we have engaged with a leading clinic in Germany, Pfutzner Science & Health Institute, GmbH, headed by Prof. Dr. Andreas Pfutzner, to conduct additional clinical trials on subjects with Type 2 diabetes and pre-diabetics. We are in negotiations with another site in Israel and anticipate adding additional sites in Europe.

The Company is also seeking and is already engaged in discussions with potential strategic partners, to assist in expanding the Company's presence and penetration in various markets throughout the world. In connection with the foregoing, we have approached certain leading companies in the field of diabetes and glucose monitoring, as well as other relevant companies that may have an interest in expanding their fields of interest. We cannot guarantee that such activities will conclude in positive results to the Company, if any.

In addition to the improvements to the GlucoTrack® model DF-F described previously, we have also continued to work on additional incremental improvements to the device and the development of new devices and, subject to our raising sufficient funds to do so, intend to continue these efforts throughout 2017.

As part of our commercialization activities, in September 2016, we had a booth at the EASD (European Association for Study of Diabetes) 52nd annual conference in Munich.

In December 2016, we had a poster at the 9th Annual World Congress on Prevention of Diabetes and its Complications (WCPD, Atlanta, GA). This Congress provided the Company with an opportunity to showcase GlucoTrack® model DF-F as a tool to fight diabetes and its complications, as well as using GlucoTrack® model DF-F as a tool to assist pre-diabetics.

In February 2017, the Company presented at the 10th International Conference on Advanced Technologies & Treatments for Diabetes (ATTD 2017) in Paris, France. The Company presented key findings including (1) the latest generation GlucoTrack® algorithm, which compensates for the tissue-lagging effect relative to blood glucose changes post-meal intake, significantly improves GlucoTrack® accuracy at different post-prandial (post- meal) states, and equalizes accuracy for pre- and post-meal glucose readings; (2) GlucoTrack® clinical accuracy as measured by Consensus Error Grid (CEG) showed 100% of the pre-prandial readings in the A+B zones, and 98.2% of the post-prandial readings in the A+B zones; (3) GlucoTrack® Model DF-F demonstrates consistent glucose measurement repeatability between different GlucoTrack® devices and on each earlobe of the same subject; (4) the repeatability of different GlucoTrack® devices is similar at all tested glucose ranges and post-prandial time periods; and (5) the GlucoTrack® mean precision absolute relative difference (PARD) of 8.2% is equivalent or better than the independently reported PARD values of commercially available continuous glucose monitoring systems.

On June 12, 2017, we announced new data demonstrating the clinical performance of GlucoTrack®, further supporting its suitability for people with type 2 diabetes across various medication regimes. The data was recently presented at the American Diabetes Association's (ADA) 77th Scientific Sessions in San Diego, CA.

The study evaluated GlucoTrack's accuracy in 172 adults with type 2 diabetes who were prescribed one or more medications for major medical conditions associated with diabetes. The experiment stratified participants into five medication groups, focusing on anti-cholesterolemia, anti-hypertension, anti-thrombotic, and anti-diabetic (prolonged duration and short and mixed duration) medications.

We were incorporated in Delaware in May 2010. 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 were entitled to 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. We operate primarily through Integrity Israel.

Our principal offices are located at 19 Ha'Yahalomim St., Ashdod, Israel 7760049 and our telephone number is 972-8-675-7878. Our website address is http://www.integrity-app.com; the reference to such website address does not constitute incorporation by reference of the information contained on the website and such information should not be considered part of this report. There is no relationship between us and Integrity Applications, Incorporated, the engineering and software services company based in Chantilly, Virginia.

We have six members on our Board, four of whom are independent. The Board of Directors has an Audit Committee, Compensation Committee and a Nominating and Corporate Governance Committee, each consisting solely of independent directors. We are continuing to consider expansion of the Board of Directors and the establishment of additional appropriate Board of Directors committees to support the Company.

During 2016 we expanded our advisory board to include renowned key opinion leaders, in order to support the Company's global clinical, regulatory and commercialization efforts. The advisory board now comprises seven experts: Prof. Dr. Lutz Heinemann (Chairman): CEO, Science & Co, Düsseldorf, Germany; Prof. Irl B. Hirsch: University of Washington, School of Medicine, WA, USA; Prof. Dr. Michael Heise: University of Applied Science of South-Westphalia, Iserlohn, Germany; Prof. Jan Bolinder: Professor of Clinical Diabetes Research at the Department of Medicine, Huddinge, Sweden; Prof. Katharine Barnard: Health Psychologist, Bournemouth University, Faculty of Health and Social Science, England; Dr. Barry H. Ginsberg: Diabetes Consultant, DMTC, NJ, USA; and Avner Gal, co-founder and former CEO of the Company.

We have not yet generated any material revenues from our operations and, as of September 30, 2017, have incurred an accumulated deficit of $44,275,592, stockholders' deficit of $14,843,699 and negative operating cash flows. We currently have no material sources of recurring revenue and therefore are 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, substantial doubt exists regarding our ability to continue as a going concern.

Recent Developments

On July 31, 2017, the Company, entered into a securities purchase agreement with certain accredited investors pursuant to which, the Company issued to the purchasers an aggregate of 1,000 Series C Units. The shares of Series C Preferred Stock comprising the Units are convertible into an aggregate of 222,236 shares of Common Stock, and the Series C-1 Warrants and Series C-2 Warrants comprising the Units are exercisable for an aggregate of 444,472 shares of Common Stock, in each case subject to certain adjustments. The Company received aggregate gross proceeds of $1,000,000 from the sale of the Series C Units.

The sale of the Series C Units pursuant to the securities purchase agreement was the twelfth closing of an offering of Series C Units by the Company. The first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth and eleventh closings, involving the sale by the Company of an aggregate of 1,133 Units, 1,351 Units, 890.5 Units, 1,050.65 Units, 540 Units, 357.75 Units, 506 Units, 403.9 Units, 2,560 Units, 1,551 Units and 660 Units, respectively (collectively, the "Prior Issuances"), were disclosed by the Company in Current Reports on Form 8-K filed by the Company with the Securities and Exchange Commission (the "SEC") on April 14, 2016, May 4, 2016, June 6, 2016, July 7, 2016, September 7, 2016, October 7, 2016, December 5, 2016, January 9, 2017, March 14, 2017, May 3, 2017 and June 23, 2017, respectively (collectively, the "Prior 8-Ks"), each of which is incorporated herein by reference.

Pursuant to a placement agent agreement (the "Placement Agent Agreement") with Andrew Garrett, Inc. ("AGI"), the placement agent for the offering of the Series C Units,, at the closing of the sale of the Series C Units the Company paid AGI, as a commission, an amount (payable in cash and Common Stock) equal to 10% of the aggregate sales price of the Series C Units, plus a non-accountable expense allowance equal to 3% of the aggregate sales price of the Series C Units. In addition, pursuant to the Placement Agent Agreement, the Company is required to issue to AGI: (a) 5 year warrants to purchase up to 44,445 shares of Common Stock at an exercise price of $4.50 per share and (b) 5 year warrants to purchase up to 22,223 shares of Common Stock at an exercise price of $7.75 per share. The terms of these warrants will be substantially similar to the warrants issued to the investors except that the AGI warrants will also be exercisable on a cashless basis and will include full ratchet anti-dilution protection.

As a result of the initial issuance and sale of the Series C Units, pursuant to the terms of the warrants issued by us to purchasers of units consisting of shares of its Series A 5% Convertible Preferred Stock (the “Series A Preferred Stock”) and warrants to purchase shares of Common Stock (the “Series A Warrants”), on April 8, 2016, the exercise price per share of the Series A Warrants decreased from $5.80 per share to $4.50 per share and the number of shares of Common Stock issuable upon exercise of each of the Series A Warrants, in the aggregate, increased such that the aggregate exercise price payable thereunder, after taking into account the decrease in the exercise price, will be equal to the aggregate exercise price prior to such adjustment. Also as a result of the initial issuance and sale of the Series C Units, pursuant to the terms of the certificates of designations for our Series A Preferred Stock and Series B 5.5% Convertible Preferred Stock (the “Series B Preferred Stock”), on April 8, 2016, the conversion price per share of Series A Preferred Stock and Series B Preferred Stock decreased to $4.50 per share.

In September 2017, the Compensation Committee and the Board of Directors approved an increase of Sami Sassoun and Eugene Naidis’s base salaries to NIS 47,250 per month (approximately US$161,513 annually) and NIS 43,200 (US$147,660 annually), respectively, which shall only start to take effect after the Company has completed the next round of financing and has sufficient funds to finance operations. The Compensation Committee and the Board of Directors also approved certain on-target performance bonus at 35% of Mr. Sassoun and Mr. Naidis’s respective annual base salary and grant of stock options

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 the Consolidated Financial Statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2016. Our management believes that, as for the financial statements for the interim periods included in this report, the estimates and assumptions relating to (i) the fair value estimate of the Warrants with down-round protection, (ii) the allocation of the proceeds and the related issuance costs of the Series C Units, and (iii) the going concern assumption are considered critical accounting policies. 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 material revenues and have incurred a substantial accumulated deficit and negative operating cash flows. 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. Management’s plans concerning these matters are described in Note 1B to our Annual Report on Form 10-K for the year ended December 31, 2016. As a result, our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Recently Issued Accounting Pronouncements

1. Accounting Standards Update 2014-09, “Revenue from Contracts with Customers”

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”).

ASU 2014-09 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 also requires entities to disclose sufficient information, both quantitative and qualitative, to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

An entity should apply the amendments in ASU 2014-09 using one of the following two methods: 1. Retrospectively to each prior reporting period presented with a possibility to elect certain practical expedients, or, 2. Retrospectively with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application. If an entity elects the latter transition method, it also should provide certain additional disclosures.

During 2016, the FASB issued several Accounting Standards Updates (“ASUs”) that focus on certain implementation issues of the new revenue recognition guidance including Narrow-Scope Improvements, Practical Expedients and technical corrections.

In accordance with an amendment to ASU 2014-09, introduced by Accounting Standard 2015-14, “Revenue from contracts with Customers – Deferral of the Effective Date”, for a public entity, the amendments in ASU 2014-09 are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period (the first quarter of fiscal year 2018 for the Company). Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

The Company intends to adopt ASU 2014-09 as of January 1, 2018.

The Company is in the process of evaluating the impact of ASU 2014-09 on its revenue streams and selling contracts, if any, and on its financial reporting and disclosures. Management is expecting to complete the evaluation of the impact of the accounting and disclosure changes on the business processes, controls and systems during 2017.

Since the company did not report significant revenues, management believes that the adoption of ASU 2014-09 will not have a significant impact on its consolidated financial statements.

2. Accounting Standards Update 2015-11, “Simplifying the Measurement of Inventory”

Effective January 1, 2017, the Group adopted ASU No. 2015-11, Simplifying the Measurement of Inventory (Topic 330) (“ASU 2015- 11”).

ASU 2015-11 outlines that inventory within the scope of its guidance be measured at the lower of cost and net realizable value. Inventory measured using last-in, first-out (LIFO) and the retail inventory method (RIM) are not impacted by the new guidance. Prior to the issuance of ASU 2015-11, inventory was measured at the lower of cost or market (where market was defined as replacement cost, with a ceiling of net realizable value and floor of net realizable value less a normal profit margin).

The adoption of ASU 2015-11 did not have a significant effect on the consolidated financial statements.

3. Accounting Standard Update (ASU) No. 2017-11, "Earnings Per Share"

In July 2017, the FASB issued ASU No. 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480);Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception ("ASU 2017-11").

Among others, Part I of ASU 2017-11 simplifies the accounting for certain financial instruments with down round features, which is a provision in an equity-linked financial instrument (or embedded feature) that provides a downward adjustment of the current exercise price based on the price of future equity offerings. Current accounting guidance creates cost and complexity for organizations that issue financial instruments with down round features by requiring, on an ongoing basis, fair value measurement of the entire instrument or conversion option.

ASU 2017-11 require companies to disregard the down round feature when assessing whether the instrument is indexed to its own stock, for purposes of determining liability or equity classification. Companies that provide earnings per share (EPS) data will adjust their basic EPS calculation for the effect of the feature when triggered (i.e., when the exercise price of the related equity-linked financial instrument is adjusted downward because of the down round feature) and will also recognize the effect of the trigger within equity.

ASU 2017-11 also addresses navigational concerns within the FASB Accounting Standards Codification related to an indefinite deferral available to private companies.

The provisions of the new ASU related to down rounds are effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018 (fiscal 2019 for the Company). Early adoption is permitted for all entities.

The Company is evaluating the impact of ASU 2017-11 on its financial statements. Although this process has not been completed, managements believes that its provisions might impact the accounting of the financial instruments issued by the Company that include down-round protection.

Results of Operations

The following discussion of our operating results explains material changes in our results of operations for the three and nine-month periods ended September 30, 2017 compared with the same period ended September 30, 2016. The discussion should be read in conjunction with the financial statements and related notes included elsewhere in this report.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Revenues

During the nine-month period ended September 30, 2017, we had revenues of $125,881 from orders for our GlucoTrack® model DF-F glucose monitoring device and personal ear-clip ("PEC") that are replaced every six months, as compared with $482,177 for the prior-year period. The decrease in revenues is due primarily to the fact that during the nine-month period ended September 30, 2016 we had revenues which resulted from the approval of the Notified Body in late 2015.

We recognize revenues from sales of the GlucoTrack® model DF-F and PECs when delivery has occurred, persuasive evidence of an agreement exists, the fee is fixed and determinable, collectability is reasonably assured and no further obligations exist.

Research and development expenses

Research and development expenses were $1,833,841 for the nine-month period ended September 30, 2017, as compared to $2,226,833 for the prior-year period. The decrease is attributable primarily to the decrease in our cost of revenues, which is in line with the decrease in revenues. Additionally, during the nine-month period ended September 30, 2016 the Company had higher materials expenses primarily as a result of the engagement of research and development in the initial manufacturing of the GlucoTrack DF-F, and higher regulation related expenses relating primarily to our efforts in seeking regulatory approval for the GlucoTrack® model DF-F in China.

Research and development expenses consist primarily of salaries and other personnel-related expenses, including materials, travel expenses, clinical trials and other expenses. Subject to the receipt of additional funds to finance our operations (of which there can be no assurance), we expect research and development expenses to increase during the remainder of 2017 and beyond, primarily due to hiring additional personnel and developing our product line, as well as improvement of the GlucoTrack® model DF-F; however, we may adjust or allocate the level of our research and development expenses based on available financial resources and based on our commercial needs including specific requirements from customers, development of new GlucoTrack® models and others.

Selling and marketing expenses

Selling and marketing expenses were $1,064,048 for the nine-month period ended September 30, 2017, as compared to $939,264 for the prior-year period. The increase is attributable to the addition our Chief Commercialization Officer and the related stock based compensation which he received.

Selling and marketing expenses consist primarily of salaries, travel expenses and other related expenses. Subject to the receipt of additional funds to finance our operations (of which there can be no assurance), we expect selling and marketing expenses to increase during the remainder of 2017 and beyond as we continue our focus on marketing and sales of the GlucoTrack® model DF-F; however, we may adjust or allocate the level of our marketing based on available financial resources and based on our commercial needs including the FDA registration process, specific requirements from customers, development of new GlucoTrack® models and others.

General and administrative expenses

General and administrative expenses were $5,124,048 for the nine-month period ended September 30, 2017, as compared to $1,650,240 for the prior-year period. The increase is primarily attributable to severance paid to our former Chairman and CEO of approximately $162,000 as well as stock-based compensation in the amount of $152,000. In addition, the increase is attributable to a one time signing bonus of $412,500 including employer payroll taxes and stock-based compensation in the amount of approximately $1,939,000 paid to our new Chairman and CEO, recruiting fees of $195,000 and the related professional fees associated with the changes in management. The company also incurred approximately $245,000 related to stock-based compensation and fees paid to our Board members.

General and administrative expenses consist primarily of professional services, salaries, travel expenses and other related expenses for executive, finance and administrative personnel, including stock-based compensation expenses. 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. Subject to the receipt of additional funds to finance our operations (of which there can be no assurance), we expect selling, general and administrative expenses to increase during the remainder of 2017 and beyond.

Financing income, net

Financing income, net was $223,790 for the nine-month period ended September 30, 2017, as compared to $63,654 for the prior-year period. The change is primarily attributable to changes in fair market value adjustments relating to our warrants which all include down-round protection. In accordance with U.S. GAAP, we mark the warrants to market on a quarterly basis based on the fair value estimate derived by using a binomial pricing model, with the changes in fair value recognized as finance expense or income, as applicable, in our consolidated statement of operations. The decrease in the estimated fair value of our warrants during the nine-month period ended September 30, 2017 and 2016 amounted to $273,733 and $110,498, respectively, resulting primarily from the decrease in the expected term of warrants and the changes in the estimated expected volatility.

Net Loss

Net loss was $7,672,266 for the nine-month period ended September 30, 2017, as compared to $4,270,506 for the prior-year period. The increase in net loss is attributable primarily to the increase in our general and administrative expenses, as described above.

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Revenues

During the three-month period ended September 30, 2017, we had revenues of $20,900 from orders for our GlucoTrack® model DF-F glucose monitoring device and PECs that are replaced every six months, as compared with $11,299 for the prior-year period.

We recognize revenues from sales of the GlucoTrack® model DF-F and PECs when delivery has occurred, persuasive evidence of an agreement exists, the fee is fixed and determinable, collectability is reasonably assured and no further obligations exist.

Research and development expenses

Research and development expenses were $635,478 for the three-month period ended September 30, 2017, as compared to $695,437 for the prior-year period. The decrease is attributable to the fact that during the three-month period September 30, 2016 the Company had higher materials expenses primarily as a result of the engagement of research and development in the initial manufacturing of the GlucoTrack DF-F, and higher regulation related expenses relating primarily to our efforts in seeking regulatory approval for the GlucoTrack® model DF-F in China.

Research and development expenses consist primarily of salaries and other personnel-related expenses, including materials, travel expenses, clinical trials and other expenses. Subject to the receipt of additional funds to finance our operations (of which there can be no assurance), we expect research and development expenses to increase during the remainder of 2017 and beyond, primarily due to hiring additional personnel and developing our product line, as well as improvement of the GlucoTrack® model DF-F; however, we may adjust or allocate the level of our research and development expenses based on available financial resources and based on our commercial needs including the FDA registration process, specific requirements from customers, development of new GlucoTrack® models and others.

Selling and marketing expenses

Selling and marketing expenses were $465,814 for the three-month period ended September 30, 2017, as compared to $325,143 for the prior-year period. The increase is attributable to the addition our Chief Commercialization Officer and the related stock based compensation which he received

Selling and marketing expenses consist primarily of salaries, travel expenses and other related expenses. Subject to the receipt of additional funds to finance our operations (of which there can be no assurance), we expect selling and marketing expenses to increase during the remainder of 2017 and beyond as we continue our focus on marketing and sales of the GlucoTrack® model DF-F; however, we may adjust or allocate the level of our marketing based on available financial resources and based on our commercial needs including the FDA registration process, specific requirements from customers, development of new GlucoTrack® models and others.

General and administrative expenses

General and administrative expenses were $1,567,970 for the three-month period ended September 30, 2017, as compared to $477,052 for the prior-year period. The increase is primarily attributable to compensation and stock-based compensation paid to our current Chairman and CEO of approximately $724,345 during the three-month period ended September 30, 2017. In addition, we incurred an increase of our legal fees of approximately $212,000 during the three-month period ended September 30, 2017.

General and administrative expenses consist primarily of professional services, salaries, travel expenses and other related expenses for executive, finance and administrative personnel, including stock-based compensation expenses. 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. Subject to the receipt of additional funds to finance our operations (of which there can be no assurance), we expect selling, general and administrative expenses to increase during the remainder of 2017 and beyond.

Financing income.net

Financing income, net was $63,622 for the three-month period ended September 30, 2017, as compared to a loss of $31,589 for the prior-year period. The change is primarily attributable to changes in fair market value adjustments relating to our warrants. In accordance with U.S. GAAP, we mark the warrants to market on a quarterly basis based on the fair value estimate derived by using a binomial pricing model, with the changes in fair value recognized as finance expense or income, as applicable, in our consolidated statement of operations. The decrease in the estimated fair value of our warrants during the three-month period ended September 30, 2017 and 2016 amounted to $82,658 and $46,286, respectively, resulting primarily from the decrease in the expected term of warrants and the changes in the estimated expected volatility.

Net Loss

Net loss was $2,584,740 for the three-month period ended September 30, 2017, as compared to $1,454,744 for the prior-year period. The increase in net loss is attributable primarily to the increase in our general and administrative expenses, as described above.

Liquidity and Capital Resources

As of September 30, 2017, cash on hand was approximately $462,000. During the first nine months of 2017 we received aggregate net proceeds of approximately $5.4 million (net of related cash expenses) from the issuance and sale of Series C Units. During the first nine months of 2017, we did not collect a material amount in cash proceeds from the fulfillment of orders for our improved GlucoTrack® model DF-F. While we expect to generate additional cash from sales, we do not anticipate that our income from operations will be sufficient to sustain our operations in the next 12 months. 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 less than three months from the date of this report. In order to fund our anticipated liquidity needs beyond such 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.

We have a credit line with Bank HaPoalim of NIS 150,000 (approximately $42,505 based on the exchange rate of 3.529 NIS/dollar as of September 30, 2017). 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.

Messrs. Avner Gal and Zvi Cohen collectively loaned Integrity Israel NIS 176,000 ($49,872 based on the same exchange rate) on May 15, 2002 pursuant to Board approval. Messrs. Nir Tarlovsky, Yitzhak Fisher and Asher Kugler loaned Integrity Israel NIS 336,300 ($95,296 based on the same exchange rate) on March 16, 2004. These loans are not required to be repaid until the first year in which we realize profits in our annual statement of operations (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 in the relevant quarter, beginning on the quarter following the first year in which we realize profits in our annual statement of operations. 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. Our Board 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 required to pay royalties to the Office of the Chief Scientist of the Ministry of Industry, Trade and Labor of the State of Israel at a rate ranging between 3-5% of the proceeds from the sale of the Company's products arising from the development plan up to an amount equal to $93,300, plus interest at LIBOR from the date of grant. As of September 30, 2017, the contingent liability with respect to royalty payment on future sales equaled approximately $52,453, excluding interest.

Net Cash Used in Operating Activities for the Nine-Month Periods Ended September 30, 2017 and September 30, 2016

Net cash used in operating activities was $5,107,009 and $4,346,289 for the nine-month periods ended September 30, 2017 and 2016, respectively. Net cash used in operating activities primarily reflects the net loss for those periods of $7,672,266 and $4,270,506, respectively, increased by non-cash changes in fair value of warrants of $240,613 and $110,498, respectively and partially offset by the decrease of $2,072,052 related to stock-based compensation as described above in general and administrative expenses. Net cash used in operating activities was also partially offset by changes in operating assets and liabilities in the aggregate amounts of $683,125 and $273,745 respectively.

Net Cash Used in Investing Activities for the Nine-Month Periods Ended September 30, 2017 and September 30, 2016

Net cash used in investing activities was $19,469 and $75,269 for the nine-month periods ended September 30, 2017, and 2016, respectively, and was used to purchase equipment (such as computers, R&D and office equipment).

Net Cash Provided by Financing Activities for the Nine-Month Periods Ended September 30, 2017 and September 30, 2016

Net cash provided by financing activities was $5,374,074 and $4,503,611 for the nine-month period ended September 30, 2017 and 2016, respectively. Cash provided by financing activities for the nine-month period ended September 30, 2017 and 2016 reflected net capital raised from the issuance of Series C Units.

Off-Balance Sheet Arrangements

As of September 30, 2017, 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, 2017. 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, or persons performing similar functions, 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 June 30, 2017, 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	Bylaws of Integrity Applications, Inc. (1)
3.4	Certificate of Designation of Preferences and Rights of Series A 5% Convertible Preferred Stock (2)
3.5	Certificate of Designation of Preferences and Rights of Series B 5.5% Convertible Preferred Stock (3)
3.6	Certificate of Designation of Preferences and Rights of Series C 5.5% Convertible Preferred Stock (4)
4.1	Form of Securities Purchase Agreement (4)
4.2	Form of Series C-1 Common Stock Purchase Warrant (4)
4.3	Form of Series C-2 Common Stock Purchase Warrant (4)
4.4	Form of Registration Rights Agreement (4)
10.1 *	Letter Agreement, effective as of April 7, 2017, among Integrity Applications, Inc., A.D. Integrity Applications Ltd., and Avner Gal (6)
10.2 *	First Amendment to Employment Agreement, effective as of April 7, 2017, between Integrity Applications, Inc. and John Graham (6)
10.3 *	Amended and Restated Personal Employment Agreement, effective as of April 7, 2017, between A.D. Integrity Applications Ltd. and David Malka (6)
10.4 *	Amendment No. 2 to Integrity Applications, Inc. 2010 Incentive Compensation Plan (6)
10.5*	Personal Employment Agreement between Integrity Applications, Inc. and David Podwalski (7)
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 (8)
101.SCH	XBRL Schema Document (8)
101.CAL	XBRL Calculation Linkbase Document (8)
101.LAB	XBRL Label Linkbase Document (8)
101.PRE	XBRL Presentation Linkbase Document (8)
101.DEF	XBRL Definition Linkbase Document (8)

(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) Previously filed as an exhibit to the Company’s Current Report on Form 8-K, as filed with the SEC on September 5, 2014, which exhibit is incorporated herein by reference.
(4) Previously filed as an exhibit to the Company’s Current Report on Form 8-K, as filed with the SEC on April 14, 2016, which exhibit is incorporated herein by reference.
(5) Previously filed as an exhibit to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC on March 31, 2017, which exhibit is incorporated herein by reference.
(6) Previously filed as an exhibit to the Company’s Current Report on Form 8-K, as filed with the SEC on April 13, 2017, which exhibit is incorporated herein by reference.
(7) Previously filed as an exhibit to the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2017, as filed with the SEC on August 14, 2017, which exhibit is incorporated herein by reference.
(8) 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.
* Compensation Plan or Arrangement or Management Contract.

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, 2017

INTEGRITY APPLICATIONS, INC.

By: /s/ John Graham
Name: John Graham
Title: Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Sami Sassoun
Name: Sami Sassoun
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

**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, John Graham, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2017 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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.

Dated: November 14, 2017

By:	/s/ John Graham
Name:	John Graham
Title:	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, Sami Sassoun, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2017 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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.

Dated: November 14, 2017

By: /s/ Sami Sassoun
Name: Sami Sassoun
Title: 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 six-month period ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Graham, 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, to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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/ John Graham
Name: John Graham
Title: Chairman of the Board and Chief Executive Officer
Dated: November 14, 2017

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 six-month period ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sami Sassoun, 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, to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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/ Sami Sassoun
Name:	Sami Sassoun
Title:	Chief Financial Officer
Dated:	November 14, 2017