

**BIOLIGHT LIFE SCIENCES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2016**

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**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**


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	<b>December 31,</b>	
	<b>2015</b>	<b>2016</b>
	<b>NIS in thousands</b>	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	50,697	25,057
Short-term deposits	385	417
Trade receivables	76	648
Other accounts receivable	1,290	1,415
Inventories	991	2,494
	<u>53,439</u>	<u>30,031</u>
<b>NON-CURRENT ASSETS:</b>		
Other long-term assets	2,141	85
Property and equipment, net	743	1,287
Investment in companies accounted for at equity	79	-
Goodwill and intangible assets, net	6,869	3,910
	<u>9,832</u>	<u>5,282</u>
	<u><u>63,271</u></u>	<u><u>35,313</u></u>

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**


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	<b>December 31,</b>	
	<b>2015</b>	<b>2016</b>
	<b>NIS in thousands</b>	
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Trade payables	873	2,776
Other accounts payable	5,732	4,212
	<u>6,605</u>	<u>6,988</u>
<b>NON-CURRENT LIABILITIES:</b>		
Liability related to grants	8,918	10,355
Excess of losses over investment in company accounted for at equity	-	66
Other long-term liabilities	687	1,494
	<u>9,605</u>	<u>11,915</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:</b>		
Share capital, premium and reserves	244,310	242,331
Accumulated deficit	(209,666)	(231,490)
	<u>34,644</u>	<u>10,841</u>
Non-controlling interests	12,417	5,569
	<u>47,061</u>	<u>16,410</u>
Total equity	<u>63,271</u>	<u>35,313</u>

**BIOLIGHT LIFE SCIENCES LTD.**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

	Year ended December 31,		
	2014	2015	2016
	NIS in thousands		
	(except per share data)		
Revenues	941	1,391	2,111
Cost of revenues	538	734	996
Gross profit	403	657	1,115
Research and development expenses, net	18,560	13,045	10,982
Sales and marketing expenses	2,210	4,432	5,132
General and administrative expenses	10,203	8,830	8,418
Other expenses, net	3,036	907	6,985
	34,009	27,214	31,517
Operating loss	33,606	26,557	30,402
Finance income	(448)	(543)	(1)
Finance expenses	2,496	1,204	2,837
Other expenses, net	354	-	-
Company's share of losses of company accounted for at equity	-	364	372
Loss	36,008	27,582	33,610
Other comprehensive loss:			
<u>Amounts that will be reclassified subsequently to profit or loss:</u>			
Exchange differences on translation of foreign operations	19	11	5
Total comprehensive loss	36,027	27,593	33,615
Total loss attributable to:			
Equity holders of the Company	23,102	19,259	21,824
Non-controlling interests	12,906	8,323	11,786
	36,008	27,582	33,610
Total comprehensive loss attributable to:			
Equity holders of the Company	23,121	19,270	21,829
Non-controlling interests	12,906	8,323	11,786
	36,027	27,593	33,615
Loss per share attributable to equity holders of the Company:			
Basic and diluted loss per share	11.96	7.98	8.37
Weighted number of shares used in the computation of loss per share	1,931,632	2,412,099	2,606,688

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Ordinary shares	Share premium	Options and warrants	Share-based payment reserve	Transactions with non- controlling interests reserve	Accumulated deficit	Foreign currency translation reserve	Total	Non- controlling interests	Total equity
	NIS in thousands									
Balance at January 1, 2014	3,423	162,238	6,572	4,167	7,190	(167,305)	(3,712)	12,573	9,536	22,109
Loss	-	-	-	-	-	(23,102)	-	(23,102)	(12,906)	(36,008)
Total other comprehensive loss	-	-	-	-	-	-	(19)	(19)	-	(19)
Total comprehensive loss	-	-	-	-	-	(23,102)	(19)	(23,121)	(12,906)	(36,027)
Issuance of shares and warrants, net	1,792	30,640	5,076	-	-	-	-	37,508	-	37,508
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	1,255	1,255
Share-based payment in the Company	-	-	-	318	-	-	-	318	-	318
Issuance and purchase of shares and warrants in a subsidiary	-	-	-	-	1,125	-	-	1,125	(550)	575
Share options and warrants expiration	-	122	(122)	-	-	-	-	-	-	-
Balance at December 31, 2014	5,215	193,000	11,526	4,485	8,315	(190,407)	(3,731)	28,403	(2,665)	25,738

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Ordinary shares	Share premium	Options and warrants	Share-based payment reserve	Transactions with non-controlling interests	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
					reserve					
NIS in thousands										
Balance at January 1, 2015	5,215	193,000	11,526	4,485	8,315	(190,407)	(3,731)	28,403	(2,665)	25,738
Loss	-	-	-	-	-	(19,259)	-	(19,259)	(8,323)	(27,582)
Total other comprehensive loss	-	-	-	-	-	-	(11)	(11)	-	(11)
Total comprehensive loss	-	-	-	-	-	(19,259)	(11)	(19,270)	(8,323)	(27,593)
Issuance of shares, net	1,304	23,149	-	-	-	-	-	24,453	-	24,453
Transactions with non-controlling interest	-	-	-	-	36	-	-	36	72	108
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	283	283
Share-based payment in the Company	-	-	-	284	-	-	-	284	-	284
Non-controlling interests in subsidiary	-	-	-	-	(124)	-	-	(124)	124	-
Issuance and purchase of shares in a subsidiary	-	-	-	-	1,363	-	-	1,363	19,049	20,412
Issuance and purchase of shares and warrants in a subsidiary	-	-	-	-	(458)	-	-	(458)	3,833	3,375
Share options exercise in a subsidiary	-	-	-	-	(188)	-	-	(188)	189	1
Share options and warrants expiration	-	3,051	(109)	(2,942)	145	-	-	145	(145)	-
Balance at December 31, 2015	6,519	219,200	11,417	1,827	9,089	(209,666)	(3,742)	34,644	12,417	47,061

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Ordinary shares	Share premium	Options and warrants	Share-based payment reserve	Transactions with non-controlling interests reserve	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	NIS in thousands									
Balance at January 1, 2016	6,519	219,200	11,417	1,827	9,089	(209,666)	(3,742)	34,644	12,417	47,061
Loss	-	-	-	-	-	(21,824)	-	(21,824)	(11,786)	(33,610)
Total other comprehensive loss	-	-	-	-	-	-	(5)	(5)	-	(5)
Total comprehensive loss	-	-	-	-	-	(21,824)	(5)	(21,829)	(11,786)	(33,615)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	262	262
Share-based payment in the Company	-	-	-	148	-	-	-	148	-	148
Non-controlling interests in subsidiary	-	-	-	-	(818)	-	-	(818)	818	-
Issuance and purchase of shares and warrants in a subsidiary	-	-	-	-	(548)	-	-	(548)	3,102	2,554
Share options and warrants expiration	-	6,572	(6,572)	-	(756)	-	-	(756)	756	-
Balance at December 31, 2016	6,519	225,772	4,845	1,975	6,967	(231,490)	(3,747)	10,841	5,569	16,410

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended December 31,		
	2014	2015	2016
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(36,008)	(27,582)	(33,610)
Adjustments to reconcile loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Finance income, net	(136)	(243)	624
Adjustment of liabilities related to grants	2,072	1,462	1,346
Depreciation and amortization including impairment loss	3,884	1,306	3,190
Share-based payment in the Company	318	284	148
Share-based payment in subsidiaries	1,255	283	262
Share of loss of an affiliate	-	364	372
	<u>7,393</u>	<u>3,456</u>	<u>5,942</u>
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(244)	216	(572)
Decrease (increase) in other accounts receivable	1,226	(511)	1,929
Decrease (increase) in inventories	109	22	(1,908)
Increase (decrease) in trade payable	(422)	(70)	1,903
Increase (decrease) in other accounts payable	846	727	(1,434)
Decrease in employee benefit liabilities	(71)	(34)	-
Increase (decrease) in liability related to subsidiary's shares	48	(280)	807
	<u>1,492</u>	<u>70</u>	<u>725</u>
Cash received during the year for:			
Interest received	136	19	1
	<u>136</u>	<u>19</u>	<u>1</u>
Net cash used in operating activities	<u>(26,987)</u>	<u>(24,037)</u>	<u>(26,942)</u>



**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year ended December 31,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>NIS in thousands</b>		
<u>Cash flows from investing activities:</u>			
Investment in an affiliate	-	(837)	(227)
Proceeds from (investment in) short-term deposits, net	(6,223)	6,023	(32)
Purchase of property and equipment	(402)	(182)	(370)
Proceeds from (investment in) long-term lease deposits	28	(10)	2
Net cash provided by (used in) investing activities	<u>(6,597)</u>	<u>4,994</u>	<u>(627)</u>
<u>Cash flows from financing activities:</u>			
Exercise of options in a subsidiary	-	1	-
Proceeds from issuance of shares in a subsidiary, net	-	20,899	-
Purchase of shares in a subsidiary from non-controlling interests	(291)	-	-
Proceeds from issuance of shares and warrants in a subsidiary, net	866	3,375	2,554
Proceeds from issuance of shares and warrants, net	37,508	-	-
Proceeds from issuance of shares, net	-	24,453	-
Deferred issuance expenses	-	(1,408)	-
Net cash provided by financing activities	<u>38,083</u>	<u>47,320</u>	<u>2,554</u>
Exchange differences on balances of cash and cash equivalents	<u>(19)</u>	<u>224</u>	<u>(625)</u>
Increase (decrease) in cash and cash equivalents	4,480	28,501	(25,640)
Cash and cash equivalents at the beginning of the year	<u>17,716</u>	<u>22,196</u>	<u>50,697</u>
Cash and cash equivalents at the end of the year	<u><u>22,196</u></u>	<u><u>50,697</u></u>	<u><u>25,057</u></u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year ended December 31,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>NIS in thousands</b>		
(a) <u>Non-cash financing and investing activities:</u>			
Conversion of shareholders loan by non-controlling interest in a consolidated company	-	108	-
Deferred issuance expenses	141	-	-
Unpaid issuance expenses	35	-	-
Transfers from property and equipment to inventories	30	37	(405)