

BIOLIGHT LIFE SCIENCES LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2016

UNAUDITED

CONSOLIDATED BALANCE SHEETS

	March 31,		December 31,
	2016	2015	2015
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	42,220	17,462	50,697
Short-term deposits	370	6,417	385
Trade receivables	380	-	76
Other accounts receivable	1,435	1,047	1,290
Inventories	952	1,110	991
Asset held for sale	-	1,781	-
	<u>45,357</u>	<u>27,817</u>	<u>54,439</u>
NON-CURRENT ASSETS:			
Leasing deposits	145	78	2,141
Property and equipment, net	887	829	743
Investment in companies accounted for at equity	-	-	79
Goodwill and intangible assets, net	6,810	7,048	6,869
	<u>7,842</u>	<u>7,955</u>	<u>9,832</u>
	<u>53,199</u>	<u>35,772</u>	<u>63,271</u>

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

CONSOLIDATED BALANCE SHEETS

	March 31,		December 31,
	2016	2015	2015
	Unaudited		Audited
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	1,162	981	873
Other accounts payable	5,315	5,071	5,732
Liabilities related to asset held for sale	-	1,549	-
	<u>6,477</u>	<u>7,601</u>	<u>6,605</u>
NON-CURRENT LIABILITIES:			
Liability for grants	8,974	8,324	8,918
Excess of losses over investment in company accounted for at equity	68	-	-
Other long-term liabilities	683	518	687
	<u>9,725</u>	<u>8,842</u>	<u>9,605</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital, premium and reserves	243,542	218,896	244,310
Accumulated deficit	(218,068)	(194,861)	(209,666)
	<u>25,474</u>	<u>24,035</u>	<u>34,644</u>
Non-controlling interests	<u>11,523</u>	<u>(4,706)</u>	<u>12,417</u>
Total equity	<u>36,997</u>	<u>19,329</u>	<u>47,061</u>
	<u>53,199</u>	<u>35,772</u>	<u>63,271</u>

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended March 31,		Year ended December 31,
	2016	2015	2015
	Unaudited		Audited
	NIS in thousands (except per share data)		
Revenues	759	157	1,391
Cost of revenues	300	113	734
Gross profit	459	44	657
Research and development expenses, net	2,611	3,151	13,045
Selling and marketing expenses	1,336	779	4,432
General and administrative expenses	2,369	2,282	8,830
Other expenses, net	3,719	-	907
	10,035	6,212	27,214
Operating loss	9,576	6,168	26,557
Finance income	(4)	(31)	(543)
Finance expenses	1,414	486	1,204
Company's share of losses of company accounted for at equity	147	-	364
Net loss	11,133	6,623	27,582
Other comprehensive loss:			
Foreign currency translation adjustments	(4)	7	11
Total comprehensive loss	11,129	6,630	27,593
Total net loss attributable to:			
Equity holders of the Company	8,402	4,454	19,259
Non-controlling interests	2,731	2,169	8,323
	11,133	6,623	27,582
Total comprehensive loss attributable to:			
Equity holders of the Company	8,398	4,461	19,270
Non-controlling interests	2,731	2,169	8,323
	11,29	6,630	27,593
Loss per share attributable to equity holders of the Company (in NIS):			
Basic and diluted loss	3.22	2.50	7.98
Weighted number of shares used in the computation of loss per share	2,606,688	2,085,351	2,412,099

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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, 2016 (audited)	6,519	219,200	11,417	1,827	9,089	(209,666)	(3,742)	36,644	12,417	47,061
Loss	-	-	-	-	-	(8,402)	-	(8,402)	(2,731)	(11,133)
Total other comprehensive loss	-	-	-	-	-	-	4	4	-	4
Total comprehensive loss	-	-	-	-	-	(8,402)	4	(8,398)	(2,731)	(11,129)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	113	113
Share-based payment in the Company	-	-	-	59	-	-	-	59	-	59
Non-controlling interests in subsidiary	-	-	-	-	(65)	-	-	(65)	65	-
Issuance and purchase of shares and warrants in a subsidiary	-	-	-	-	(372)	-	-	(372)	1,265	893
Share options expiration	-	-	-	-	(394)	-	-	(394)	394	-
Balance at March 31, 2016	<u>6,519</u>	<u>219,200</u>	<u>11,417</u>	<u>1,886</u>	<u>8,258</u>	<u>(218,068)</u>	<u>(3,738)</u>	<u>25,474</u>	<u>11,523</u>	<u>36,997</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital	Share premium	Share options	Reserve for share-based payment	Reserve for transactions with non-controlling interests	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS in thousands									
Balance at January 1, 2015 (audited)	5,215	193,000	11,526	4,485	8,315	(190,407)	(3,731)	28,403	(2,665)	25,738
Loss	-	-	-	-	-	(4,454)	-	(4,454)	(2,169)	(6,623)
Total other comprehensive loss	-	-	-	-	-	-	(7)	(7)	-	(7)
Total comprehensive loss	-	-	-	-	-	(4,454)	(7)	(4,461)	(2,169)	(6,630)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	128	128
Share-based payment	-	-	-	93	-	-	-	93	-	-
Balance at March 31, 2015	<u>5,215</u>	<u>193,000</u>	<u>11,526</u>	<u>4,578</u>	<u>8,315</u>	<u>(194,861)</u>	<u>(3,738)</u>	<u>24,035</u>	<u>(4,706)</u>	<u>19,329</u>

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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		Accumulated deficit	Foreign currency translation reserve	Total	Non- controlling interests	Total equity
					interests	reserve					
					(Audited)						
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)	(27,583)	
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 expiration	-	3,051	(109)	(2,942)	145	-	-	145	(145)	-	
Balance at December 31, 2015	<u>6,519</u>	<u>219,200</u>	<u>11,417</u>	<u>1,827</u>	<u>9,089</u>	<u>(209,666)</u>	<u>(3,742)</u>	<u>34,644</u>	<u>12,417</u>	<u>47,061</u>	

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2016	2015	2015
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(11,133)	(6,623)	(27,582)
Adjustments to reconcile loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Finance (income) expenses, net	1,237	(12)	(243)
Adjustment of liabilities for grants	323	680	1,462
Depreciation and amortization	111	116	1,306
Share-based payment	59	93	284
Share-based payment in subsidiaries	113	128	283
Share of loss of an affiliate	147	-	364
	<u>1,990</u>	<u>1,005</u>	<u>3,456</u>
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(304)	292	216
Decrease (increase) in other accounts receivable	1,909	(218)	(511)
Decrease (increase) in inventories	39	(134)	22
Increase (decrease) in trade payable	120	38	(70)
Increase (decrease) in other accounts payable	(680)	1,025	727
Increase (decrease) in employee benefit liabilities	-	4	(34)
Change in commitment for subsidiary's shares	(4)	-	(280)
	<u>1,080</u>	<u>1,007</u>	<u>70</u>
Cash received during the period for:			
Interest received	-	12	19
	<u>-</u>	<u>12</u>	<u>19</u>
Net cash used in operating activities	<u>(8,063)</u>	<u>(4,599)</u>	<u>(24,037)</u>

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,		Year ended December 31,
	2016	2015	2015
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from investing activities:</u>			
Investment in an affiliate	-	-	(837)
Withdrawal of (investment in) short-term deposit, net	(30)	(9)	6,023
Purchase of property and equipment	(27)	(68)	(182)
Investment in long-term leasing deposit	(13)	(1)	(10)
Net cash provided by (used in) investing activities	(70)	(78)	4,994
<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
Proceeds from issuance of shares and warrants in a subsidiary, net	893	-	3,375
Proceeds from issuance of shares, net	-	-	24,453
Deferred issuance expenses	-	(50)	(1,408)
Net cash provided by (used in) financing activities	893	(50)	47,320
Exchange differences on balances of cash and cash equivalents	(1,237)	(7)	224
Increase (decrease) in cash and cash equivalents	(8,477)	(4,734)	28,501
Cash and cash equivalents at the beginning of the period	50,697	22,196	22,196
Cash and cash equivalents at the end of the period	42,220	17,462	50,697

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2016	2015	2015
	Unaudited		Audited
	NIS in thousands		
(a) <u>Financing and investing activities not involving cash flows:</u>			
Conversion of shareholders loan by non-controlling interest in a consolidated company	-	-	108
Purchase of property and equipment to inventories	169	-	-
Transfers from property and equipment to inventories	-	-	37

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