

BIOLIGHT LIFE SCIENCES LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2016

UNAUDITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u>		<u>December 31,</u>
	<u>2016</u>	<u>2015</u>	<u>2015</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	36,279	42,665	50,697
Short-term deposits	375	370	385
Trade receivables	85	129	76
Other accounts receivable	1,160	1,134	1,290
Inventories	1,131	1,071	991
	<u>39,030</u>	<u>45,369</u>	<u>53,439</u>
NON-CURRENT ASSETS:			
Other long-term assets	137	86	2,141
Property and equipment, net	881	810	743
Investment in companies accounted for at equity	-	-	79
Goodwill and intangible assets, net	6,751	6,989	6,869
	<u>7,769</u>	<u>7,885</u>	<u>9,832</u>
	<u><u>46,799</u></u>	<u><u>53,254</u></u>	<u><u>63,271</u></u>

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,		December 31,
	2016	2015	2015
	Unaudited		Audited
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	1,104	1,504	873
Other accounts payable	4,447	4,133	5,732
	<u>5,551</u>	<u>5,637</u>	<u>6,605</u>
NON-CURRENT LIABILITIES:			
Liability for grants	9,246	8,109	8,918
Excess of losses over investment in company accounted for at equity	12	-	-
Other long-term liabilities	683	480	687
	<u>9,941</u>	<u>8,589</u>	<u>9,605</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital, premium and reserves	243,305	243,005	244,310
Accumulated deficit	(221,501)	(200,646)	(209,666)
	<u>21,804</u>	<u>42,359</u>	<u>34,644</u>
Non-controlling interests	<u>9,503</u>	<u>(3,331)</u>	<u>12,417</u>
Total equity	<u>31,307</u>	<u>39,028</u>	<u>47,061</u>
	<u><u>46,799</u></u>	<u><u>53,254</u></u>	<u><u>63,271</u></u>

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended		Three months ended		Year ended
	June 30,		June 30,		December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands (except share and loss per share data)				
Revenues	849	482	90	325	1,391
Cost of revenues	316	225	16	112	734
Gross profit	533	257	74	213	657
Research and development expenses, net	5,086	7,033	2,475	3,882	13,045
Selling and marketing expenses	2,702	2,164	1,366	1,385	4,432
General and administrative expenses	4,370	4,317	2,001	2,035	8,830
Other expenses, net	3,719	895	-	895	907
	15,877	14,409	5,842	8,197	27,214
Operating loss	15,344	14,152	5,768	7,984	26,557
Finance income	(5)	(18)	(684)	(6)	(543)
Finance expense	1,245	920	514	453	1,204
Company's share of losses of company accounted for at equity	318	-	171	-	364
Net loss	16,902	15,054	5,769	8,431	27,582
Other comprehensive loss (income):					
Foreign currency translation adjustments	(2)	3	2	(4)	11
Total comprehensive loss	16,900	15,057	5,771	8,427	27,593
Total loss attributable to:					
Equity holders of the Company	11,835	10,239	3,433	5,785	19,259
Non-controlling interests	5,067	4,815	2,336	2,646	8,323
	16,902	15,054	5,769	8,431	27,582
Total comprehensive loss attributable to:					
Equity holders of the Company	11,833	10,242	3,435	5,781	19,270
Non-controlling interests	5,067	4,815	2,336	2,646	8,323
	16,900	15,057	5,771	8,427	27,593
Loss per share attributable to equity holders of the Company (in NIS):					
Basic and diluted loss per share	4.54	4.61	1.32	2.46	7.98
Weighted number of shares used in the computation of loss per share	2,606,688	2,219,686	2,606,688	2,354,022	2,412,099

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

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
	Unaudited									
	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	-	-	-	-	-	(11,835)	-	(11,835)	(5,067)	(16,902)
Total other comprehensive loss	-	-	-	-	-	-	2	2	-	2
Total comprehensive loss	-	-	-	-	-	(11,835)	2	(11,833)	(5,067)	(16,900)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	151	151
Share-based payment in the Company	-	-	-	102	-	-	-	102	-	102
Non-controlling interests in subsidiary	-	-	-	-	(356)	-	-	(356)	356	-
Issuance and purchase of shares and warrants in a subsidiary	-	-	-	-	(372)	-	-	(372)	1,265	893
Share options expiration	-	6,572	(6,572)	-	(381)	-	-	(381)	381	-
Balance at June 30, 2016	6,519	225,772	4,845	1,929	7,980	(221,501)	(3,740)	21,804	9,503	31,307

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

STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital	Share premium	Receipt on shares	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	-	-	-	-	-	-	(10,239)	-	(10,239)	(4,815)	(15,054)
Total other comprehensive loss	-	-	-	-	-	-	-	(3)	(3)	-	(3)
Total comprehensive loss	-	-	-	-	-	-	(10,293)	(3)	(10,242)	(4,815)	(15,057)
Issuance of shares, net	1,234	21,857	-	-	-	-	-	-	23,091	-	23,091
Receipt on account of shares	-	-	1,362	-	-	-	-	-	1,362	-	1,362
Transactions with non-controlling interest	-	-	-	-	-	36	-	-	36	72	108
Share-based payment in consolidated companies	-	-	-	-	-	-	-	-	-	244	244
Share-based payment	-	-	-	-	167	-	-	-	167	-	167
Purchase of shares in a consolidated company	-	-	-	-	-	(458)	-	-	(458)	3,833	3,375
Expiration of options	-	109	-	(109)	-	-	-	-	-	-	-
Balance at June 30, 2015	6,449	214,966	1,362	11,417	4,652	7,893	(200,646)	(3,734)	42,359	(3,331)	39,028

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
	Unaudited									
	NIS in thousands									
Balance at April 1, 2016	6,519	219,200	11,417	1,886	8,258	(218,068)	(3,738)	25,474	11,523	36,997
Loss	-	-	-	-	-	(3,433)	-	(3,433)	(2,336)	(5,769)
Total other comprehensive loss	-	-	-	-	-	-	(2)	(2)	-	(2)
Total comprehensive loss	-	-	-	-	-	(3,433)	(2)	(3,435)	(2,336)	(5,771)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	38	38
Share-based payment in the Company	-	-	-	43	-	-	-	43	-	43
Non-controlling interests in subsidiary	-	-	-	-	(291)	-	-	(291)	291	-
Share options expiration	-	6,572	(6,572)	-	13	-	-	13	(13)	-
Balance at June 30, 2016	<u>6,519</u>	<u>225,772</u>	<u>4,845</u>	<u>1,929</u>	<u>7,980</u>	<u>(221,501)</u>	<u>(3,740)</u>	<u>21,804</u>	<u>9,503</u>	<u>31,307</u>

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

STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital	Share premium	Receipt on shares	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 April 1, 2015	5,215	193,000	-	11,526	4,578	8,315	(194,861)	(3,738)	24,035	(4,706)	19,329
Loss	-	-	-	-	-	-	(5,785)	-	(5,785)	(2,646)	(8,431)
Total other comprehensive loss	-	-	-	-	-	-	-	4	4	-	4
Total comprehensive loss	-	-	-	-	-	-	(5,785)	4	(5,781)	(2,646)	(8,427)
Issuance of shares, net	1,234	21,857	-	-	-	-	-	-	23,091	-	23,091
Receipt on account of shares	-	-	1,362	-	-	-	-	-	1,362	-	1,362
Transactions with non-controlling interest	-	-	-	-	-	36	-	-	36	72	108
Share-based payment in consolidated companies	-	-	-	-	-	-	-	-	-	116	116
Share-based payment	-	-	-	-	74	-	-	-	74	-	74
Purchase of shares in a consolidated companies	-	-	-	-	-	(458)	-	-	(458)	3,833	3,375
Expiration of options	-	109	-	(109)	-	-	-	-	-	-	-
Balance at June 30, 2015	6,449	214,966	1,362	11,417	4,652	7,893	(200,646)	(3,734)	42,359	(3,331)	39,028

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

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
	(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>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
<u>Cash flows from operating activities:</u>					
Loss	(16,902)	(15,054)	(5,769)	(8,431)	(27,582)
Adjustments to reconcile loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Finance (income) expenses, net	541	(18)	(696)	(6)	(243)
Adjustment of liabilities for grants	867	467	544	(213)	1,462
Depreciation, amortization and impairment loss, net	218	1,079	107	963	1,306
Share-based payment	102	167	43	74	284
Share-based payment in subsidiaries	151	244	38	116	283
Share of loss of an affiliate	318	-	171	-	364
	2,197	1,939	207	934	3,456
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(9)	163	295	(129)	216
Decrease (increase) in other accounts receivable	2,184	(298)	275	(80)	(511)
Decrease (increase) in inventories	(140)	(95)	(179)	39	22
Increase (decrease) in trade payable	231	561	111	523	(70)
Increase (decrease) in other accounts payable	(1,822)	(423)	(1,142)	(1,448)	727
Increase in employee benefit liabilities	-	(34)	-	(38)	(34)
Change in commitment for subsidiary's shares	(4)	-	-	-	(280)
	440	(126)	(640)	(1,133)	70
Cash received during the period for:					
Interest received	1	18	1	6	19
	1	18	1	6	19
Net cash used in operating activities	(14,264)	(13,223)	(6,201)	(8,624)	(24,037)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
<u>Cash flows from investing activities:</u>					
Investment in an affiliate	(227)	-	(227)	-	(837)
Investment in short-term deposit, net	(35)	6,038	(5)	6,047	6,023
Purchase of property and equipment	(238)	(105)	(211)	(37)	(182)
Withdrawal of (investment in) long-term leasing deposit	(5)	(9)	8	(8)	(10)
Net cash provided by (used in) investing activities	(505)	5,924	(435)	6,002	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 consolidated company, net	893	3,375	-	3,375	3,375
Proceeds from issuance of shares, net	-	23,091	-	23,091	24,453
Receipt on account of shares	-	1,362	-	1,362	-
Deferred issuance expenses	-	(57)	-	(7)	(1,408)
Net cash provided by financing activities	893	27,771	-	27,821	47,320
Exchange differences on balances of cash and cash equivalents	(542)	(3)	695	4	224
Increase (decrease) in cash and cash equivalents	(14,418)	20,469	(5,941)	25,203	28,501
Cash and cash equivalents at the beginning of the period	50,697	22,196	42,220	17,462	22,196
Cash and cash equivalents at the end of the period	36,279	42,665	36,279	42,665	50,697

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
(a) Financing and investing activities not involving cash flows:					
Conversion of loan by non- controlling interest in a consolidated company	<u>-</u>	<u>108</u>	<u>-</u>	<u>108</u>	<u>108</u>
Transfer from property and equipment to inventories	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37</u>

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