BioLight Israeli Life Sciences Investments Ltd.

Quarterly Report

As of June 30, 2015

Part A– Management's Discussion and Analysis of Financial Condition and Results of Operations

Part B – Interim Consolidated Financial Statements as of June 30, 2015

Part C– Separated Interim Financial Information as of June 30, 2015

The Company is a "small corporation", as this term is defined in the Amendment to the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "Amendment"). On March 13, 2014, the Company's Board of Directors resolved to adopt all the existing or future reliefs granted to small corporations' as included in regulation 5d of the Amendment, as follows: (a) Annulment of the obligation to publish a report on internal control and an auditors' report on internal control, thereby allowing the Company to attach only letters of representation that are limited in scope; (b) Raising the materiality threshold for attaching valuations; (c) Raising the threshold for attaching the financial statements of material consolidated companies to the interim reports to 40%; (d) Exemption from the implementation of the provisions of the Second Schedule of the Report Regulations (details of exposure to market risks and methods used to manage them - "the Galai Report") for small corporation whose exposure to market risks arising from financial instruments is immaterial, in accordance with material thresholds determined in the Amendment.

Part A

Management's Discussion and Analysis of Financial Condition and Results of Operations as of June 30, 2015

In accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970, Bio Light Israeli Life Sciences Investments Ltd. (the "**Company**") hereby respectfully submits the Board of Directors' Report on the state of affairs of the Company for the three and six month periods ended on June 30, 2015 (the "**Interim Period**" and the "**Board of Directors' Report for the Interim Period**", respectively). The Board of Directors' Report for the Interim Period is attached to the consolidated interim financial statements (the "**Interim Financial Statements**") under the assumption that said Interim Financial Statements are available to the readers thereof.

A. Summary Description of the Group

The Group operates in the field of research and development and commercialization of biomed solutions, implementing a new strategy for building and managing clusters of biomed companies grouped around a defined medical condition, while sharing knowhow and creating knowledge and cost, the combination of which is potentially conducive for accelerating innovation and maximizing value.

As of the report date, the Company has two operating clusters/portfolios, as follows:

The Eye Portfolio – as of the report date, the eye portfolio consists of four main technologies:

IOPtima Ltd. ("**IOPtima**") which develops and markets the IOPtiMate™, a non-penetrating CO_2 laser assisted filtration surgery technology for treating glaucoma[1]; **ViSci Ltd.** ("**Visci**") which is engaged in R&D of the Eye-D®, a sub-conjunctival drug insert technology for the controlled release of ophthalmic medications; **DiagnosTear Ltd.** ("**DiagnosTear**") which is developing the TeaRx™, a product for diagnosis, companion diagnostics and monitoring of dry eye syndrome[2] by examining the composition of the tear fluid; and **OphRx Ltd.** ("**OphRx**") that is engaged in the development of medications to treat eye diseases using a drug delivery technology platform for ocular uses developed at the Hebrew University[3].

IOPtima, ViSci, Diagnostear and OphRx are held via X L Vision Sciences Ltd., a wholly owned subsidiary of the Company, incorporated for the purpose of grouping the activity of the eye portfolio.

The Cancer Diagnostics Portfolio – the cancer diagnostics portfolio consists of the following main projects for developing medical solutions for cancer diagnostics. The companies operating in this segment include Micromedic Technologies Ltd. ("**Micromedic**")[4] and its subsidiaries: (a) **Zetiq, Technologies Ltd.** ("**Zetiq**") which has developed CellDetect®, a color differentiating diagnostic technology for the staining and detection of cancer and pre-cancer cells within several cancer indications; Micromedic also has two other activities which are not incorporated into subsidiaries:

---

1 A medical condition in which fluid pressure within the eye rises, causing damage to the optic nerve and leading to partial loss of vision or blindness.

2 A chronic condition caused by decreased tear production or increased tear film evaporation, leading to discomfort or even eye damage.

3 See the Company's immediate report dated January 12, 2015 [TASE reference: 2015-01-009352], incorporated herein by way of reference.

4 A public company whose share are traded on the Tel Aviv Stock Exchange Ltd.. The Company is the controlling shareholder of Micromedic, holding, as of the report date, 45.64% of its issued and outstanding share capital.

(b) one consisting of the development and commercialization of a predictive genetic (SNP) test for identification of individuals with Bisphosphonate Related Osteonecrosis of the Jaw (**BRONJ**), a devastating side effect caused by treatment with Bisphosphonate drugs, (c) the other consisting participation in the funding of the NCBI's **Nofar study** of predictive biochemical-markers for the development of brain metastases from lung cancer.

For further details, see paragraphs B.8 and B.9 below.

B.

The following is a description of the main developments in the Group's business in the Interim Period, and since the issuance of the Company's periodic report for the year ended 2014 (the "**Annual Report**")[5]. The description below includes references to additional reports issued by the Company, which are incorporated herein by reference.

1. In May 2015, the Company issued a shelf prospectus pursuant to a permit received from the Israel Securities Authority. The shelf prospectus shall be in effect for a two-year period, which may be extended (subject to compliance with certain conditions). The Company shall be entitled to issue various securities under the shelf prospectus, at such scope and under such terms as shall be determined in shelf offering reports, if and to the extent issued by the Company in the future[6].

2. Registration of the Company's securities in the United States. As part of the Company's plan to expand foreign investors' accessibility to the Company's activity and the technologies developed thereby, the Company completed, in 2014, a process of registering Level 1 American Depository Receipts (ADR1) which are traded over-the-counter in the OTCQX stock exchange in the U.S. Each ADR consists of 10 ordinary shares of the Company[7] which are under the symbol BLGTY. The Company is continuing its PR and IR activities within capital markets in Israel and abroad (mainly in the U.S.) and its efforts to examine additional means of registration and financing for its business development.

3. TASE indixes in which the Company's securities are included. The Company's securities are traded in the framework of the following main TASE indixes: TA Blue Tech and TA-Biomed.

4. In May 2015, the Company completed an upsized private placement as part of the strategic partnership with Rock-One International Holdings Ltd.[8] ("**Rock-One**"), which is, as of the date hereof, an interested party in the Company by virtue of its holdings therein, for aggregate gross proceeds of USD 6.2 million. The strategic partnership along with the private placement was previously announced on April 2, 2015. The Company also

---

5 For supplementary information published ancillary to the release of the Company's shelf prospectus, see the supplementary report dated May 28, 2015 [TASE reference 2015-01-031605] incorporated herein by reference.

6 The Company's shelf prospectus was published on May 28, 2015 [TASE reference 2015-01-033276].

7 Following the Company's Capital Consolidation as detailed in footnote 13.

8 See the Company's immediate report dated April 2, 2015 [TASE reference 2015-01-072487], and the Company's immediate reports dated May 12, 2015 [TASE reference 2015-01-017361, 2015-01-017373, 2015-01-017376, 2015-01-017385 and 2015-01-017397], incorporated herein by reference. For additional details regarding the private placement for the issuance of the consideration shares, see the Company's material private placement report dated April 8, 2015 [TASE reference 2015-01-076219], as amended on April 28, 2015 [TASE reference 2015-01-007683], incorporated herein by reference

announced that a new private investor participated in the private placement upon the same terms in the amount of $350 thousands[9].

Rock-One is a company focusing on investments in the high-tech and biomedical industries, engaged in introducing activities of foreign companies in such fields into the Chinese market. Rock-One's investment was made in accordance with a strategic agreement that it had entered with the Company on April 1, 2015 (in this Section, the "**Agreement**"). The parties further agreed upon the principles for the cooperation in China in the framework of a binding memorandum of understandings for the cooperation, which took effect upon the closing of the Agreement. The parties have agreed to act to enter into a detailed agreement for the cooperation, and currently continue to hold negotiations in such context.

As set forth above, the Agreement closed on May 11, 2015, all conditions precedent were fulfilled, and accordingly, the Company's Articles of Association were amended, a director was appointed on behalf of the Chinese investor, and the Company issued the shares to Rock One and, on August 12, 2015, to the additional private investor, in consideration for their respective investment amounts.

5. Investment in Micromedic in the Interim Period

(1) Further to the approval of Micromedic's general meeting of an investment therein which shall confer upon the Company more than 45% of the issued and outstanding share capital of Micromedic, the Company completed an investment of approx. NIS 1.4 million in Micromedic on April 2, 2015, in consideration for the issuance of Micromedic shares. [10]

(2) In May 25, 2015, the Company participated in Micromedic public offering for a total amount of approximately NIS 3 millions which represented the company's stake in Micromedic's equity out of the total offering size.

(3) As of the date of the report, the Company holds approx. 45.64% of Micromedic's issued and outstanding share capital (approx. 45.67% on a fully-diluted basis).

6. In August 2, 2015, following the Company's shareholder approval, a 1-for-10 reverse split for the Company's Ordinary shares and a change in the American Depository Receipts (ADS) from the ADS representing one hundred shares to one ADS representing 10 shares, and a corresponding change in all of the Company's share options. In accordance with IFRS, the loss per share data in consolidated statements of profit or loss and other comprehensive income was adjusted in the reported periods to the number of shares subsequently to the reverse share split.[11]

7. **General issues regarding the Company's overall business**

(1) In July 14, 2015, the annual and special general meeting of the Company's shareholders approved the reappointment of the auditors, the appointment of Ms.

---

9 See the Company's immediate report dated April 8, 2015 [TASE reference 2015-01-076219], as amended on April 28, 2015 [TASE reference 2015-01-007683], and dated August 12, 2015 [TASE reference 2015-01-095181], incorporated herein by reference.

10 See the Company's immediate report dated April 5, 2015 [TASE reference 2015-01-074353] incorporated herein by reference.

11 See the Company's immediate reports dated June 25, 2015 [TASE reference 2015-01-056412], as amended on July 6, 2015 [TASE reference 2015-01-066309] and July 31, 2015 [TASE reference 2015-01-086475], incorporated herein by reference.

Efrat Makov for an additional term of office as director, the appointment Mr. Ron Mayron as an independent director of the Company (instead of Mr. Ron Weissberg, whose office as director has ended), the issuance of options to the Company's CEO, and the 1-10 reverse share split.[12]

(2) Amendment of the Company's Articles of Association. Further to the approval of the shareholders' meeting and the completion of the Capital Consolidation, the Company's Articles of Association were amended to reflect the change in the nominal value of the Company's shares. [13][14]

8. The Eye Portfolio

(1) The IOPtiMate™ Technology

In the Interim Period and as of the date of this report, IOPtima continued to focus on supporting distributors and training physicians in selected target markets. IOPtima made first sales of the IOPtiMate™ system to medical centers in Hungary[15] and in Peru[16] and first sales of glaucoma surgery procedures to a private medical center in Romania[17]. . The sale of procedures to the private medical center in Romania also constitutes a first sale under the pay-per-procedure model, pursuant to which payment is made according to the number of procedures performed with the system by the physicians. The sale pursuant to a pay-per-procedure model was made at the request of the Romanian medical center, and includes a minimal quantity of procedures which the medical center in Romania undertook to perform with the system within a four-year period.

IOPtima market efforts are focused an emphasis on Asian developing markets, primarily China. in April 2015, a local sales and marketing manager 5] was recruited within China responsible for assisting the local distributor to comply with its annual sales targets. additional three IOPtiMate™ systems were sold to the local distributor for the purpose of promoting the sales and marketing activity of the system in China. The systems shall be supplied in September 2015. Thre IOPtiMate system is currently under clinical evaluation at several leading medical centers in Europe and Asia, further to which the system may be sold to such centers.

---

12 See the notice report for the meeting called on the Capital Consolidation dated June 8, 2015 [TASE reference 2015-01-043044] as amended on June 30, 2015 [TASE reference 2015-01-061557], incorporated herein by reference. For the meeting results, see the Company's immediate reports dated June 15, 2015 [TASE reference 2015-01-073095], incorporated herein by reference, and the Company's immediate report dated April 13, 2015 [TASE reference 2015-01-077146] incorporated herein by reference. Regarding the issuance of options to the Company's CEO and to an additional senior officer see the Company's immediate report dated August 13, 2015 [TASE reference 2015-01-096330], incorporated herein by reference.

13 The Company's immediate report dated July 31, 2015 [TASE reference 2015-01-086478], incorporated herein by reference.

14 For details regarding the issues on the agenda and further details see the Company's meeting's notice report dated April 2, 2015 [TASE reference 2015-01-074008], and the Company's immediate reports dated May 12, 2015 [TASE references 2015-01-017373, 2015-01-017376, 2015-01-017385 and 2015-01-017397], incorporated herein by reference.

15 The Company's immediate report dated April 13, 2015 (reference no. 2014-01-077173), incorporated herein by reference.

16 The Company's immediate report dated August 13, 2015 (reference no. 2014-01-095652), incorporated herein by reference

17 The Company's immediate report dated April 21, 2015 (reference no. 2014-01-003513), incorporated herein by reference.

IOPtima has engaged in binding memorandums of understandings for distribution agreements in Thailand, Great Britain and India with potential distributors for the purpose of promoting the sales and marketing activity of the system in such territories. The distributors have commenced commercial activity, mainly including try-outs by leading physicians. When and if the negotiations are fruitful, binding distribution agreements will be signed.

IOPtima is examining additional possibilities for engaging with distributors in other South American countries for the purpose of promoting further commercialization of the IOPtiMate™ system in such region.

In May 2015, IOPtima received a patent registration approval from the Japanese Patent Office regarding a "DEVICE AND METHOD FOR LASER ASSISTED DEEP SCLERECTOMY"[18]. The patent is intended to protect OPtima's core technology consisting of non-penetrating laser assisted filtration surgery technology for treating glaucoma. The patent that was approved for registration is owned by IOPtima. The patent shall expire on December 31, 2029. The registration of the patent in Japan supplements the registration of additional material patents of IOPtima in other territories worldwide, including in Israel, U.S., China and India, thus enhancing IOPtima's competitive position and its intellectual property.

For additional information regarding IOPtima see Section 4.2 of the Annual Report.

(2) The EyeD® Technology

As of the date of this report, ViSci continues to conduct a clinical trial in humans as part of a U.S FDA Phase I/IIa, in respect of the controlled release insert for treating glaucoma using Lataprost (the "**Insert**"). Visci expects the trial to be completed during the first half of 2016. This timeline for the completion of the trial was updated due to a slower than expected enrollment rate and optimizations of the Insert's structure and its insertion procedures.

For additional details regarding ViSci see Section 4.3 of the Annual Report.

(3) The TeaRx ™ Technology

In Q2-2015, Diagnostear initiated an additional clinical trial of the TeaRx™ technology in order to assess the effectiveness of the tests in tears of healthy subjects as well as patients with severe dry eye syndrome (DES), based on the FDA definitions as were used, to the Company's best knowledge, in previous FDA regulatory approval processes for other dry eye syndrome diagnostic products. This additional trial focused on end populations of healthy subjects and DES patients in accordance with accepted definitions as stated above, and the results thereof will be used by DiagnosTear to select the optimal composition of parameters which shall serve as a basis for discussion with the regulatory authorities regarding the product approval process. The Company completed subject enrollment for the trial at the beginning of Q3-2015 and estimates that the trial results will be reported during Q3-2015. Such projection was updated in relation to the projections presented in Q2-2015, due to a continuation of the trial beyond the initial estimation.

[18] Such patent refers to ordinal 6 of the second table in Section 4.2.10.2 of Chapter A (Description of the Corporation's Business) of the Annual Report. See the Company's immediate report dated June 1, 2015 [TASE reference 2015-01-036225], incorporated herein by reference.

In the course of Q2-2015, Diagnostear strengthened the patent protection by filing several patent application protecting the parameters included in the clinical trial.

Engagement in a collaboration agreement in respect of the TeaRx™ technology.[19] On June 12, 2015, DiagnosTear entered into a collaboration agreement with Ora, Inc., a world-leading independent, full-service ophthalmic contract research organization and product development firm (in this Section: "**Ora**" and the "**Collaboration Agreement**", respectively). The Collaboration Agreement expands the existing clinical activity between the parties, which included the provision of CRO services by Ora in the context of the first clinical trial completed by DiagnosTear in respect of the medical product developed thereby, in consideration for insignificant sums. In accordance with the provisions of the Collaboration Agreement, Ora and Diagnostear shall work together to advance the clinical, regulatory and commercial development of the developed product. In the context of the collaboration, Ora shall provide clinical and regulatory consulting services, including the participation in funding the clinical trials to be conducted by DiagnosTear and funding expenses related to receipt of a US 510K regulatory approval for marketing the product in the United States. DiagnosTear shall grant Ora an exclusive right to use the product in the context of the CRO services provided by Ora to third parties (the "**License**"), and it shall be entitled to half of the consideration payable to Ora by such third parties. In addition, DiagnosTear and Ora shall work together to commercialize the product to additional third parties, in consideration for single-digit royalties to Ora. It shall be clarified in connection with the clinical trials to be conducted in respect of the product by DiagnosTear, Ora and/or third parties, that the exclusive ownership in the intellectual property, the product and the technology deriving therefrom shall vest exclusively in DiagnosTear. The Collaboration Agreement shall be in effect for a five-year period, unless it shall have expired earlier in according with its terms. The Company estimates, based on DiagnosTear's estimates, that such collaboration shall substantially contribute to the development of the product and the reduction of its development costs, to the receipt of regulatory approvals and the formation of strategic collaborations.

For additional details regarding Diagnostear see Section 4.4 of the Annual Report.

[19] See the Company's immediate report dated June 14, 2015 [TASE reference 2015-01-046848], incorporated herein by reference.

(4) OphRx

OphRx was incorporated in March 2015. As of the date of this report, OphRx acts in accordance with the plan prescribed therefor, and is currently in the formulation development stage for the purpose of initiating pre-clinical trials.

Forward-looking statements ***– The information and estimations as aforesaid pertaining to the marketing of the IOPtiMate™ system and of projected sales, dates for obtaining regulatory approvals, engagement in distribution agreements in additional territories/countries, the purchase of the product by hospitals and/or medical centers, and the performance of pilots in additional countries, including the Company's forecasts, dates, estimations and/or plans in respect thereof, the information and estimations as aforesaid pertaining to the completion of the additional trial, including the Company's forecasts, dates, estimations and/or plans in respect of the TeaRx and the EYE-D thereof, constitute "forward-looking information" as such term is defined in the Securities Law, 5728-1968, that is based on data possessed by the Company and/or by IOPtima, DiagnosTear and ViSci, as of the date of this report, and there is no certainty that it shall materialize, and the materialization thereof is dependent upon several factors that are not under the control of the Company and/or IOPtima, DiagnosTear and ViSci, such as hospital policies, the physicians' reaction to using IOPtima DiagnosTear and ViSci products, successful reception of the products by the patients, policies of health maintenance organizations and health insurers regarding reimbursement and materialization of any of the risk factors specified in the Annual Report.***

9. The Cancer Diagnostics Portfolio

(1) The CellDetect® Technology Platform

General

In Q2-2015, Micromedic enhanced its intellectual property portfolio by receiving patent approvals worldwide, including an approval for registering an "umbrella" patent covering the core technology of the CellDetect® in Europe, as specified below, and well as additional patents, as further specified below.

In June 10, 2015, the Company announced that Micromedic informed it[20] that the European Patent Office issued Zetiq an "umbrella" patent, protecting the core technology of the CellDetect®, intended for the identification of cancer and pre-cancer cells using the differential staining of the CellDetect® technology in cell and tissue samples. The patent shall be valid through March 6, 2027. The registration of the patent in Europe supplements the registration of additional patents referring to the CellDetect® core technology in additional territories worldwide, including in U.S.A., Japan, Israel, Canada and Australia, all of which, to the Company's estimate, based on Micromedic's estimates, serve to enhance Micromedic's competitive position, Zetiq's CellDetect® technology and its intellectual property.

Kit for Monitoring the Recurrence of Bladder Cancer

Bladder cancer is the seventh most prevalent cancer among men worldwide and the fourth most prevalent among men in the U.S., and is among the most expensive to treat, mainly due to its high recurrence rate. As of the report date, Zetiq completed the development of a kit for monitoring the recurrence of bladder cancer, which conforms with the CE marking standard, based on the CellDetect® technology using urine samples of subjects with a history of this disease (in this Section, the "**Kit**").

Zetiq conducted a blinded, multi-center clinical trial (the "**Trial**"), which was held following a successful calibration study. The primary endpoint of the Trial was to test the CellDetect® technology's ability to monitor the recurrence of bladder cancer in subjects with a history of the disease, by identifying bladder cancer cells in urine samples. The Trial's secondary endpoint was to compare the performance of the CellDetect® technology with that of three other noninvasive tests existing in the market: urine cytology test, BTA stat and Bladder Check MNP22. In the framework of the Trial, the CellDetect® results were examined by 2-3 pathologists. The positive samples were compared to biopsies, and the negative samples were compared to cystoscopies or biopsies.

In February 2, 2015, the Company announced that Micromedic informed it[21] of the Trial results, following completion of the testing of the urine samples by the pathologists and the necessary statistical analysis. The Trial results indicate that the CellDetect® technology successfully identified cancer cells in urine samples, attesting to the recurrence of bladder cancer in subjects with a history of the disease,

---

[20] See the Company's immediate report dated June 10, 2015 [TASE reference 2015-01-044721] and Micromedic's immediate report dated June 10, 2015 [TASE reference 2015-01-044673], incorporated herein by reference.

[21] See the Company's immediate report dated February 2, 2015 [TASE reference 2015-01-022852] and Micromedic's immediate report dated February 2, 2015 [TASE reference 2015-01-022825], incorporated herein by reference.

at a sensitivity of 84.4% and a specificity of 82.7%. Such high sensitivity results were found among subjects suffering from all stages of the disease.

In June 30, 2015, the Company announced that Micromedic informed it[22] that the Kit is in conformity with the CE marking standard under Council Directive 98/79/EEC concerning in vitro diagnostic medical devices. Following the declaration regarding the conformity with the CE marking standard as aforesaid, Zetiq is permitted to market and sell the Kit under CE marking in all states that adopt the European regulatory standard. Such marketing and sales will necessitate engagements with local distributors, marketing activity and inclusion in reimbursement codes, to the extent required in the various territories.

In addition, the Company updated that at such date, Micromedic informed it that as a first step towards the marketing and commercialization of the Kit in Europe, Zetiq entered into a term sheet with Palex Medical, S.A. ("**Palex**"), with an intention to engage Palex as a distributor of the product in Spain and Portugal in the future. Pursuant to the term sheet, Palex shall perform demonstrations of the product during a period of up to 120 days at the facilities of several potential customers, in order to examine a future collaboration of the parties for marketing and distributing the product in Spain and Portugal. Subject to the results of such demonstrations, the parties shall act to enter into a binding distribution agreement with Palex, which shall afford Palex an exclusive right to market and sell the product in Spain and Portugal. As of the report date, Micromedic has informed the Company that Micromedic trained Palex and held demonstrations of the product at three hospitals in Spain. Micromedic further informed the Company that it is currently conducting negotiations with several potential distributors in order to market the product in additional countries.

In addition, Micromedic informed the Company that Micromedic intends to launch the product at the European Congress of Pathology (ECP) that will be held in the first week of September 2015, which is expected to be attended by thousands of participants, including pathologists and opinion leaders.

Further to the declaration regarding the conformity with CE marking requirements, Micromedic informed the Company that Micromedic/Zetiq is acting to receive the approval of the Medical Device Department (AMAR) at the Medical Technologies & Infrastructure Administration of the Israeli Ministry of Health for including the product in the AMAR register, for the purpose of selling and marketing the Kit in Israel. In addition, Micromedic informed the Company that it started to plan its steps for obtaining a sales and marketing approval for the Kit in the United States.

Kit for the Detection of Cervical Cancer

Cervical cancer is the fourth most prevalent cancer among women worldwide and is the leading cause of death from cancer among women in developing countries, More than 500,000 new cases of cervical cancer are discovered annually. Around 85% of

[22] See the Company's immediate report dated June 30, 2015 [TASE reference 2015-01-060108] and Micromedic's immediate report dated June 30, 2015 [TASE reference 2015-01-060075], incorporated herein by reference.

the cancer patients are in developing markets, where a lack of screening tests exists[23].

In July 22, 2015, the Company announced that Micromedic informed it[24] that the U.S. Patent Office issued Zetiq a patent in respect of the cervical cancer test intended to identify cancer cells using the differentiating staining of the CellDetect® technology in cell and tissue samples. The patent shall be valid through May 17, 2030.

In July 30, 2015, Micromedic informed the Company that the European Patent Office issued Zetiq a patent in respect of the cervical cancer test as aforesaid. The patent shall be validated in various European countries (as shall be selected by Zetiq) by November 26, 2015.

As of the report date, Micromedic informed the Company that it mainly focuses its activity in China. Furthermore, Micromedic notified the Company that it is conducting activity for locating and engaging additional business partners in order to penetrate additional target countries.

Activity in China

Micromedic informed the Company that Zetiq engaged with Biomics Biotechnologies Co. Ltd., a company incorporated under the laws of the People's Republic of China ("**Biomics**") in an agreement for the supply and distribution in China of Zetiq's CellDetect® product for detecting and identifying cervical cancer (in this Section, the "**Product**" or the "**Kit**"). Due to the need to increase market penetration of the Product, and due to the Company's evaluations as to the limited capabilities of Biomics and its inability, at this stage, to meet the sales targets determined in the agreement therewith, Micromedic is acting to expand its distribution network in China.

As a first step in the promotion of the penetration of the Product in the Chinese market, Micromedic informed the Company that two pilots of the Product were performed in two leading hospitals in Beijing. Micromedic reported that positive results have been received from such pilots, and that further to such pilots, two additional pilots are currently being conducted at two chains of leading laboratories in China, which, to the best of the Company's knowledge, based on information provided by Micromedic, each perform millions of tests a year. Micromedic further informed the Company that, as of the report date, Micromedic supports the pilots by sending the materials necessary for the completion thereof.

Kit for the Detection and Diagnosis of Cancerous Tumor Cells in the Bloodstream of Metastatic Cancer Patients

Circulating tumor cells (CTC) are solitary cancer cells that have shed into the bloodstream of cancer patients. Micromedic performed an initial proof of concept for an application of the CellDetect® technology in the CTC field which showed good sensitivity and specificity levels, and it intends to further advance in such proof of concept tests. This field consolidates methods and technologies for identifying

---

23 ACS: CancerFacts and Figures, 2013.

24 See Micromedic's immediate report dated July 22, 2015 (TASE reference 2015-01-079272incorporated herein by reference.

various cancer cells that originate from primary tumors such as breast, lung, prostate cancer etc. and which are located in the patient's bloodstream. The appearance of such cells is usually very rare, however, their existence and/or relative quantity may suggest recurrence of a tumor, diagnosis of the disease, a negative reaction to medication etc.

As of the report date, Micromedic informed the Company that it has commenced advanced proof of concept tests in collaboration with a leading company in the field.

Point of Care Kit for the Detection and Diagnosis of Cancerous Tumor Cells

The CellDetect® kits currently being developed by Micromedic (kits for bladder and cervical cancer, as specified above), are intended for laboratory use. However, Micromedic believes that there are advantages to performing some of the tests at the doctor's clinic. To such end, Micromedic notified the Company that in Q1-2015, Micromedic successfully performed initial proof of concept tests, and filed a patent application that will allow it to explore possible collaborations with third parties for developing the kit.

(2) **Genetic Test for Detecting Patients at Risk of Developing BRONJ**

BRONJ is a severe side effect from the use of Bisphosphonate drugs causing necrosis of the maxillary bone. Such drugs are mainly prescribed to metastatic cancer patients and osteoporosis patients. This side effect usually appears in patients that are treated with Bisphosphonates, mainly when administered by way of infusion, at a prevalence rate of up to 18.6% among multiple myeloma patients[25], 1.2-12% among breast cancer patients[26], 6.5-7% among prostate cancer patients[27] and up to 0.1% among osteoporosis patients treated orally[28]. To the best of the Company's knowledge, based on information provided by Micromedic, over 15 million prescriptions for Bisphosphonates, administered orally or by way of infusion, are issued in the United Stated alone[29]. Today, many patients are diagnosed in advanced stages of the condition, in which the only treatment is costly surgery. The cost of treatment of the condition ranges between $200 for a doctor's visit to $20,000 for hospitalization and surgery. Identifying the risk could save the health system significant expenses.

A kit for diagnosing a genetic profile which increases the risk of developing BRONJ by cancer and other patients, may offer an important tool for screening the population designated to be treated with Bisphosphonates, prior to receipt of treatment. To the best of the Company's knowledge, based on information provided by Micromedic, no efficient method currently exists for identifying the population which is at heightened risk of developing the condition. The BRONJ project is in the innovative field of developing personalized medicine, enabling efficacy of treatment and adaptation of drugs to specific patients by early detection of the drug's effects on a specific patient.

[25] Bamias, Kastritis et al. 2005; Durie, Katz et al. 2005; Zervas, Verrou et al. 2006; Hoff, Toth et al. 2008; Walter, Al-Nawas et al. 2008.
[26] Bamias, Kastritis et al. 2005; Durie, Katz et al. 2005; Hoff, Toth et al. 2008.
[27] Bamias, Kastritis et al. 2005; Migliorati, Siegel et al. 2006.
[28] ADACSA 2006; Mavrokokki, Cheng et al. 2007; Yarom and Elad 2008; Sedghizadeh, Stanley et al. 2009; Lo, O'Ryan et al. 2010.
[29] http://www.ncbi.nlm.nih.gov/pubmed/24063946.

The target market for collaborations is, international laboratory networks providing genetic test services, as well as international drug companies that market Bisphosphonate-related drugs.

Micromedic informed the Company that it intends to test the efficacy of genetic markers in multiple myeloma patients treated with Bisphosphonates, who may develop BRONJ in consequence of being treated by such drugs. As noted, BRONJ is a severe side effect causing necrosis of the maxillary bone and seriously detracting from the affected person's quality of life, (the "**Side Effect**" or "**BRONJ**").

Micromedic conducted a clinical trial at the Tel Hashomer Medical Center for myeloma patients, the results of which were received on May 27, 2014 (the "**Tel Hashomer Trial**")[30]. The findings of the Tel Hashomer Trial indicate that several new highly correlated genetic markers were identified, which, in the Company's estimation, have high potential in predicting the risk of developing the Side Effect.

In August 2014, Micromedic began a clinical continuity trial at the University of Florida and Tel Hashomer on an independent population (the "**Continuity Trial**"). The Continuity Trial was conducted on samples held by the University of Florida and among additional patients at Tel Hashomer. In addition, in the framework of the Continuity Trial, Micromedic included several samples of breast cancer patients treated with bisphosphonates, similar to multiple myeloma patients, and a small number of samples of patients suffering from different types of cancer.

Micromedic informed the Company, that in August 2014, it received a budget approval (the "**Approval**") for this project from the Office of the Chief Scientist. Pursuant to the Approval, participation shall be at a scope of 30% out of the approx. NIS 2.1 million budget, subject to the conditions of the Approval, including payment of royalties out of the Company's future revenues from the kit[31].

In August 27, 2015, Micromedic informed the Company that it has identified several new genetic markers with high potential to predict necrosis of the jawbone in patients treated with bisphosphonate drugs and was able to repeat findings from a previous study for one significant marker in a larger and more diversified group tested in a second trial.

The findings are based upon a trial that was designed to validate previous findings from a previous study conducted at the Tel Hashomer Medical Center, Israel, and reported in May 2014. The previous study was designed to identify the unique genetic profile that enables the assessment of risk among cancer patients to develop bisphosphonate-related osteonecrosis of the jaw, or BRONJ. The current trial was performed at the Florida University, USA, and at the Tel Hashomer Medical Center, Israel, using diverse patient populations from the U.S., Europe and Israel. The trial involved 125 samples, of which 108 were multiple myeloma patients, 13 were breast cancer patients, and four were patients suffering from other cancers ,that were treated with bisphosphonate drugs. The trial included 69 cancer patients that developed BRONJ and a control group of 56 cancer patients that didn't develop BRONJ. The

---

30 See the Company's immediate report dated May 27, 2014 (TASE 2014-01-074490) and Micromedic's immediate report dated May 27, 2014 (TASE reference 2014-01-074475, incorporated herein by reference.

31 See Micromedic's immediate report dated August 10, 2014 [TASE reference 2014-01-130146], incorporated herein by reference.

trial included paving the genes by using full exome sequencing and bioinformatics analysis method was applied for identifying genetic markers.

Statistical model with the use of six gene markers for the 125 trial subjects, provides sensitivity of 93% among cancer patients that developed BRONJ, and 68% specificity among cancer patients that didn't develop BRONJ. It should be noted that the underlying statistical method that was primarily used for these results is based on a threshold value calculated on the basis of a single set of data that contains an element of overestimation. In order to validate these statistical results, an alternative method, (leave-one-out cross validation) was applied and resulted in sensitivity of 84% and specificity of 68%.

Micromedic informed the Company that it believes that these study results represent a significant milestone in the ongoing development of Micromedic's assay for identifying risk in patients to develop BRONJ and that Based on these positive results, Micromedic intends to pursue strategic partnership opportunities for continuing the clinical and commercial development of the BRONH assay.

Forward-looking information disclaimer – The information, expectations and estimations of Micromedic and the Company as aforesaid pertaining to Micromedic's intentions as to the development and commercialization of the Kit and/or the enlargement of the sample and/or the continuation of clinical trials of the technology and the product and/or success in the development thereof and/or engagement in collaboration agreements and/or receipt of regulatory approvals in connection with the technology and the product, including the Company's forecasts, dates, estimations and/or plans in respect thereof, constitute "forward-looking information" as such term is defined in the Securities Law, based on the analysis of information and data possessed by the Company/Micromedic as of the date thereof, and there is no certainty that such estimations and expectations shall by realized at all or that they shall be realized in the manner initially estimated or expected, and the realization of which is contingent upon numerous factors and variables which are not controlled by the Company, inter alia, financing and liquidity difficulties for conducting the clinical trials and/or need to divert and allocate resources differently, difficulty to locate partners and/or investors for collaborations and/or raising capital, failure in clinical trials, failure to obtain regulatory approvals, failure to reach agreements and/or another decisions about the required regulatory outline for the continued development of the product, a toughening of the regulatory requirements and materialization of any of the risk factors specified in Section 5.13 of the 2014 Annual Report, the materialization of any of such risk factors may materially affect, jointly and severally, the estimations and intentions of the Company as aforesaid.

Micromedic informed the Company that it has determined to focus its efforts on the projects specified above, and thus, it decided to discontinue its activity in BioGene Ltd. in respect of a diagnostic kit for the identification of deleterious BRCA mutations, as well as its activity in respect of the location of strategic partners for the kit developed by BioMarCare Technologies Ltd.

C. Results of Operations – Consolidated Interim Financial Statements

1. The Company's Financial Position

1.1. Current Assets

The current assets as of June 30, 2015, amounted to approx. NIS 45,369 thousand compared to approx. NIS 45,675 thousand and approx. NIS 32,432 thousand as of June 30, 2014, and as of December 31, 2014, respectively - a decrease of approx. 1% and an increase of approx. 39.9%, respectively. The balance as of June 30, 2015, mainly includes cash and cash equivalents and short-term deposits of approx. NIS 43,035 thousand compared to cash and cash equivalents and short-term deposits of approx. NIS 41,182 thousand and of approx. NIS 28,604 thousand as of June 30, 2014, and as of December 31, 2014, respectively – an increase of approx. 4.5% and of approx. 50.5%, respectively. The increase in the balance of cash and cash equivalents results from the Company's capital raise of May 2015. For information see Note 3 to the consolidated financial statements.

1.2. Non-Current Assets

The balance of non-current assets as of June 30, 2015, amounted to approx. NIS 7,885 thousand, compared to approx. NIS 8,571 thousand as of June 30, 2014, and approx. NIS 8,002 thousand as of December 31, 2014 - a decrease of approx. 8% and of approx. 1.5%, respectively. The balance of non-current assets mainly includes a balance of goodwill and intangible assets, net, of approx. NIS 6,989 thousand as of June 30, 2015, compared to approx. NIS 7,226 thousand as of June 30, 2014, and approx. NIS 7,106 thousand as of December 31, 2014. The decrease in the balance of goodwill and intangible assets, net, in the six months ended on June 30, 2015, results from periodic amortizations of intangible assets.

1.3. Total Consolidated Balance Sheet

As of June 30, 2015, the total balance sheet amounted to approx. NIS 53,254 thousand, compared to approx. NIS 54,246 thousand as of June 30, 2014, and approx. NIS 40,434 thousand as of December 31, 2014.

1.4. Current Liabilities

The current liabilities as of June 30, 2015, amounted to approx. NIS 5,637 thousand compared to approx. NIS 6,458 thousand as of June 30, 2014, and approx. NIS 6,552 thousand as of December 31, 2014 – a decrease of approx. 12.7% and of approx. 14%, respectively. The decrease in current liabilities in the six months ended on June 30, 2015, mainly results from a liability write-off for an asset held for sale.

1.5. Non-Current Liabilities

The non-current liabilities as of June 30, 2015, amounted to approx. NIS 8,589 thousand compared to approx. NIS 6,970 thousand as of June 30, 2014, and approx. NIS 8,144 thousand as of December 31, 2014 – an increase of approx. 23.2% and of approx. 5.4%, respectively. The balance mainly includes liabilities for grants in consolidated companies. The balance of the liabilities for grants as of June 30, 2015, was approx. NIS 8,109 thousand, compared to a balance of approx. NIS 6,391 thousand as of June 30, 2014, and of approx. NIS 7,630 thousand as of December 31, 2014.

1.6. Working Capital

The working capital as of June 30, 2015, amounted to approx. NIS 39,732 thousand and the Company's current ratio is approx. 8.0, compared to June 30, 2014, on which the working capital amounted to approx. NIS 39,217 thousand, and the Company's current ratio was approx. 7.1, and compared to December 31, 2014, on which the working capital was approx. NIS 25,880 thousand and the current ratio was approx. 4.9.

1.7. Shareholders' Equity

The Company's shareholders equity as of June 30, 2015, was approx. NIS 39,028 thousand compared to approx. NIS 40,818 thousand as of June 30, 2014, and approx. NIS 25,738 thousand as of December 31, 2014 – a decrease of approx. 4.39% and an increase of approx. 51.6%, respectively. The increase in shareholders' equity in the six months ended on June 30, 2015, mainly results from the Company's capital raise - see Note 3 to the consolidated financial statements.

2. The Results of Operations

2.1. Summary of consolidated statements of comprehensive income - (NIS in thousands, except per share data)

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
Revenues	482	155	325	141	941
Cost of revenues	225	52	112	52	538
Gross profit	257	103	213	89	403
Research and development expenses, net	7,033	9,142	3,882	4,778	18,560
Selling and marketing expenses	2,164	991	1,385	570	2,210
General and administrative expenses	4,317	4,919	2,035	2,157	10,203
Impairment loss, net	895	3,036	895	3,036	3,036
	14,409	18,088	8,197	10,541	34,009

Operating loss	14,152	17,985	7,984	10,452	33,606
Finance income	(18)	(383)	(6)	(261)	(448)
Finance expenses	920	1,209	453	783	2,496
Other expenses, net	-	354	-	354	354
Net loss	15,054	19,165	8,431	11,328	36,008
Other comprehensive loss (profit):					
Foreign currency translation adjustments	3	38	(4)	31	19
Total comprehensive loss	15,057	19,203	8,427	11,359	36,027
Total net loss attributable to:					
Equity holders of the Company	10,239	11,574	5,785	6,170	23,102
Non-controlling interests	4,815	7,591	2,646	5,158	12,906
	15,054	19,165	8,431	11,328	36,008
Total comprehensive loss attributable to:					
Equity holders of the Company	10,242	11,612	5,781	6,201	23,121
Non-controlling interests	4,815	7,591	2,646	5,158	12,906
	15,057	19,203	8,427	11,359	36,027
Loss per share attributable to equity holders of the Company (in NIS):					
Basic and diluted loss *)	0.18	0.26	0.10	0.12	0.48
Weighted number of shares used in the computation of loss per share*)	55,492,155	44,300,622	58,850,541	52,133,770	48,290,809

*) See note 3a to the interim consolidated financial statements

2.2. Analysis of the Results of Operations

In the six and three-month periods ended June 30, 2015, the Company recorded a comprehensive loss of approx. NIS 15,057 thousand and approx. NIS 8,427 thousand, respectively (of which approx. NIS 10,310 thousand and approx. NIS 5,849 thousand, respectively, are attributed to the Company's shareholders), compared to a comprehensive loss of approx. NIS 19,203 thousand and approx. NIS 11,359 thousand, respectively (of which approx. NIS 11,612 thousand and approx. NIS 6,201 thousand, respectively, are attributed to the Company's shareholders) recorded by the Company in the same six and three-month periods last year – a decrease of approx. 21.6% and approx. 25.8%, respectively.

The decrease in comprehensive loss in the six and three months ended on June 30, 2015, compared to the same periods last year mainly results from a decrease in the research and development expenses, net, due to the completion of several clinical trials by the Group in course of Q1-2015 and due to a decrease in impairment loss, net, from an asset held for sale, in a consolidated company.

2.3. Revenues and Cost of Revenues

In the six-month period ended on June 30, 2015, the Group recorded revenues in the amount of approx. NIS 482 thousand compared to an amount of approx. NIS 155 thousand in the same period last year - an increase of approx. 211%. In the three-month period ended on June 30, 2015, the Group recorded revenues in the amount of approx. NIS 325 thousand compared to an amount of approx. NIS 141 thousand in the same period last year - an increase of approx. 130%. In the six-month period ended on June 30, 2015, the entire revenues are from sales of the IOPtimate system. For such revenues, the Group recorded, in the six and three-month periods ended on June 30, 2015, a cost of revenues of approx. NIS 225 thousand and approx. NIS 112 thousand, respectively.

2.4. Research and Development Expenses, net

In the six and three month-periods ended on June 30, 2015, the research and development expenses, net, amounted to approx. NIS 7,033 thousand (gross amount of NIS 7,111 thousand), and approx. NIS 3,882 thousand (gross amount of NIS 3,902 thousand), respectively, compared to approx. NIS 9,142 thousand (gross amount of NIS 9,743 thousand) and approx. NIS 4,778 thousand (gross amount of NIS 4,869 thousand), respectively in the same periods in 2014 - a decrease of approx. 23.1% and of approx. 18.8%, respectively. The decrease mainly results from a decrease in subcontractors and consulting expenses and salary and related expenses, against a decrease in Chief Scientist revenues from grants which were set-off from research and development expenses, mainly due to the completion of several clinical trials by the Group in the course of Q1-2015.

For the year ended December 31, 2014, research and development expenses, net, amounted to approx. NIS 18,560 thousands (gross amount of NIS 19,459 thousand).

2.5. Sales and Marketing Expenses

In the six and three-month periods ended on June 30, 2015, the sales and marketing expenses amounted to approx. NIS 2,164 thousand and approx. NIS 1,385 thousand, respectively, compared to approx. NIS 991 thousand and approx. NIS 570 thousand, respectively, in the same periods last year – an increase of approx. 118% and of approx. 143%. The sales and marketing expenses mainly resulted from salaries, participation in conferences, PR and IR activity in capital markets in Israel and abroad, marketing and business development activity, development of collaborations, and training sessions in medical centers.

For the year ended December 31, 2014, the marketing and sales expenses amounted to approx. NIS 2,210 thousands.

2.6. General and Administrative Expenses

In the six and three-month periods ended on June 30, 2015, the general and administrative expenses amounted to approx. NIS 4,317 thousand and approx. 2,035 thousand, respectively, compared to approx. NIS 4,919 thousand and approx. NIS 2,157 thousand, respectively, in the same periods last year - a decrease of approx. 12.2% and of approx. 5.7%, respectively, which mainly results from a decrease in salary and related expenses and professional services expenses.

For the year ended on December 31, 2014, the general and administrative expenses amounted to approx. NIS 10,203 thousands.

2.7. Finance Income/Expenses, net

In the six and three-month periods ended on June 30, 2015, the finance expenses amounted to approx. NIS 920 thousand and approx. NIS 453 thousand, respectively, compared to approx. NIS 1,209 thousand and approx. NIS 783 thousand, respectively, in the same periods last year. The finance expenses mainly resulted from a reevaluation of liabilities for grants in consolidated companies and changes in foreign currency rates.

The financing income in the six and three-month periods ended on June 30, 2015, amounted to approx. NIS 18 thousand and approx. NIS 6 thousand, respectively, compared to approx. NIS 383 thousand and approx. NIS 261 thousand, respectively, in the same periods last year. The finance income mainly resulted from interest on deposits.

3. Liquidity and Capital Resources

As of June 30, 2015, the Company has cash and short-term deposits of approx. NIS 43,035 thousand, compared to approx. NIS 41,182 thousand as of the same date last year.

In the six-month period ended on June 30, 2015, approx. NIS 13,223 thousand were used for current operations, approx. NIS 5,924 thousand resulted from investment activity (mainly redemption of deposits into cash), and approx. NIS 27,771 thousand resulted from financing activity. In the six-month period ended on June 30, 2014, approx. NIS 13,668 thousand were used for operations, approx. NIS 19,674 thousand were used for investment activity (investment of cash from the 2014 capital raise in deposits), and approx. NIS 37,508 resulted from financing activity.

In the three-month period ended on June 30, 2015, approx. NIS 8,624 thousand were used for operations, approx. NIS 6,002 thousand resulted from investment activity, and approx. NIS 27,821 thousand resulted from financing activity. In the three-month period ended on June 30, 2014, approx. NIS 6,957 thousand were used for operations, approx. NIS 19,380 thousand were used for investment activity (investment of cash from the 2014 capital raise in deposits), and approx. NIS 3,221 resulted from financing activity.

4. **Material events during the report period**

For details of material events which occurred during the report period see Section B above and Note 3 to the consolidated interim financial statements.

5. **Events which may indicate financial difficulties**

For information see Note 1 to the consolidated interim financial statements.

6. **An explanation regarding matters to which the Company's auditors drew attention in their review report**

In their opinion on the financial statements, the Company's auditors noted as follows: "Without disqualifying our conclusion, we draw attention to note 1 with respect to the group losses, negative cash flow from operations, the investment needed for the group operating activity and management assessment. Also we draw attention to a subsidiary auditors review report with respect to Micronedic going concern paragraph."

7. **Material changes in the corporation's activities and business compared to the description in the Annual Report**

None.

8. **Report on liabilities according to date of repayment**

See http://www.magna.isa.gov.il.

9. **Material changes in the relationship between the compensation paid to senior corporate officers and the contribution to the corporation of the person receiving the compensation**

No material changes noted.

In the period of the report, the Company granted options under its option plan to a number of officers and employees, further to resolutions of the Company's relevant organs (the Compensation Committee, Board of Directors and/or shareholders meeting, as the case may be).

Corporate Governance Aspects

10. Directors with Accounting and Financial Expertise

In its determination dated May 3, 2011, the Board of Directors determined that the minimal required number of directors with accounting and financial expertise in Company (the "**Minimal Number**") shall be one. In the Interim Period and as of the date hereof, the number of directors with accounting and financial expertise did not decrease below the Minimal Number. As of the date of the report, the Company's directors with accounting and financial expertise are *Messrs.* Efrat Makov, Rina Shafir, Ron Mayron and Zhang James Jian Yuan.

11. Independent Directors

In Article 84A of its Articles of Association, the Company adopts provisions pertaining to the rate of independent directors therein. In the Interim Period, an additional independent director was appointed to the Board, and as of the date hereof, the rate of independent directors in the Company complies with the rate prescribed by Section 84A of the Company's Articles.

12. The Corporations' Internal Auditor

There is no change in the details provided in the Company's Annual Report for 2014.

13. The Approval Procedure of the Financial Statements

The Board of Directors of the Company is the corporate organ in charge of the approval of the Company's financial statements. As of the date of the report, the Board consists of the following seven members: *Messrs.* Israel Makov (Chairman), Efrat Makov (regular director), Eliahu Shohet (independent director), Rina Shafir (external director), Dr. Rachel Adato (external director), Zhang James Jian Yuan (regular director) and Ron Mayron (independent director).

The Company's audit Committee serves also as its financial statements review committee (the "**Committee**") in accordance with the Companies Regulations (Terms and Conditions Regarding the Approval Procedure of the Financial Statements), 5770-2010 (the "**Financial Statements Approval Regulations**"). The Committee consists of three members: *Messrs.* Rina Shafir (external director and Chairman of the Committee), Eliahu Shohet (independent director) and Dr. Rachel Adato (external director). For details of the qualifications, education, experience and knowledge of the members of the Committee, on the basis of which the Company views them as having the ability to read and understand financial statements, see Regulation 26 of Chapter D of the Annual Report. The members of the Committee were appointed after undergoing fitness examinations and have filled out appropriate declarations, as required by law.

The Company's Interim Financial Statements (as well as the Company's standalone interim financial information) (collectively in this Section, the "**Financial Statements**") were deliberated at the Committee's meeting held on August 27, 2015. All of the members of the Committee participated in the meeting, except Eliahu Shohet. In addition, the Company's CEO, the Company's CFO, the Company's Controller, the Company's auditors and the Company's legal counsels were summoned to present the data included in the interim financial statements and render explanations. Prior to the Committee's meeting, the Committee was delivered draft interim financial statements for its review. Such materials were sent to the members of the Committee for review approximately 2 business days prior to the meeting. During the Committee's meeting, the participants were presented the following issues: (1) presentation of the Financial Statements; (2) the evaluations and estimates made in connection with the Financial Statements; (3) the internal controls related to the financial reporting; (4) the completeness and fairness of the disclosure in the Financial Statements; (5) the accounting policy adopted and the accounting methods implemented in material issues of the corporation.

The members of the Committee held a detailed discussion in respect of the accounting policy implemented in the Financial Statements and changes which occurred in such policy during the relevant period. In addition, the members of the Committee were presented with the auditors' position in respect of such accounting policy and evaluations, including a presentation of the various alternatives that were available to the Company.

The participants were presented with the information accompanying the data included in the Financial Statements, including information in respect of the Company's financial position and operating status, and information regarding the corporate governance of the audit and of risk management undertaken by the Company. The members of the Committee inquired about the manner of adoption of decisions by the Company, and held a detailed discussion regarding the estimates and accounting measures on which the financial statements were based, while investigating the accounting policy applied to different matters and examining the discretion used by management in the different matters. In addition, and with the assistance of the auditors, the Committee examined material issues in the financial reporting, the estimations made and discretion used within the framework of preparing the financial statements, the internal reports etc., and those were found by the Committee to be reasonable and appropriate.

After a detailed discussion on the matter, the members of the Committee reached the conclusion that the Company implemented an appropriate accounting policy, and used appropriate estimates and evaluations. In addition, the members of the Committee regarded the disclosure in the statements to be complete and fair, and that it correctly analyses the Company's main risks and exposures. In view of all of the above, the members of the Committee resolved to recommend the Board of Directors to approve the Financial Statements.

The Interim Financial Statements of the Company were discussed and approved by the Board of Directors at its meeting held on August 31, 2015, after receipt of the recommendations of the Financial Statements Review Committee, according to the provisions of the Financial Statements Approval Regulations. Within the framework of the Board meeting, the recommendations of the Committee were presented to the Board members, and a review and analysis was presented by the Company's CEO and the Company's CFO, who presented in detail a summary of the Financial Statements, including results of operations, cash flow and the Company's financial position. Among others, material matters in the financial reporting, material evaluations and critical estimates implemented within the framework of the financial statements were reviewed. All of the Board members participated at the Board meeting.

Disclosure Provisions in respect of the Financial Reporting of the Corporation

14. Subsequent events

See Part B above.

Also, see Note 3 to the consolidated interim financial statements.

15. Critical accounting estimates

During the report period, no changes transpired in the critical accounting estimates detailed in the 2014 Annual Report, other than as specified below:

Valuation subject	**Estimate of the liability of the consolidated company Zetiq Technologies Ltd. to the Office of the Chief Scientist (OCS)**
Valuation date	June 30, 2015
Value of the valuation subject prior to the valuation date	The estimate of the liability of the consolidated company Zetiq Technologies Ltd. to the OCS as of December 31, 2014 was NIS 4,263 thousand
Value of the valuation subject	NIS 4,309 thousand
Valuators	Company management – internal valuation
Valuation model	DCF method
Assumptions underlying the valuation	The valuation of the cash flow by the Company as royalties to the OCS is based on management assumptions as to its income in the following years and on the payment of royalties at a rate of 3% of its income.
Capitalization rate	26%

Subject of valuation	**Estimate of the liability of the consolidated company IOPtima Ltd. to the OCS**
Valuation date	June 30, 2015
Value of the valuation subject prior to the valuation date	The estimate of the liability of the consolidated company IOPtima Ltd. to the OCS as of December 31, 2014 was NIS 3,056 thousand
Value of the valuation subject	NIS 3,265 thousand
Valuators	Company management – internal valuation
Valuation model	DCF method
Assumptions underlying the valuation	The valuation of the cash flow by the Company as royalties to the OCS is based on management assumptions as to its income in the following years and on the payment of royalties at a rate of 3.5% of its income. The management's assumptions as to its income in the following years include, *inter alia*, several different possible scenarios of future income estimates, including a possible external investment in the company's share capital, which may enable an acceleration of the actions for obtaining regulatory approvals in the various markets of activity and for expanding marketing and sales activities.
Capitalization rate	22%

Repurchases

16. **Repurchase plan**

The Company does not have plans for the repurchase of the Company's securities, within the meaning of the term "purchase" in Regulation 10(b)(2)(i) of the Regulations.

The Company's Board of Directors wishes to thank the Company's employees and managers for their contribution to the advancement of the Group's business.

Suzana Nahum Zilberberg CEO	Israel Makov Chairman

Tel Aviv, August 31, 2015

BIOLIGHT ISRAELI LIFE SCIENCES INVESTMENTS LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

UNAUDITED

INDEX

- - - - - - - - - - -

Building a better working world

Kost Forer Gabbay & Kasierer
3 Aminadav St.
Tel-Aviv 6706703, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

Auditors' Review Report to the Shareholders of BioLight Israeli Life Sciences Investments Ltd.

Introduction

We have reviewed the accompanying financial information of BioLight Israeli Life Sciences Investments Ltd. ("the Company") and its subsidiaries ("the Group"), which comprises the condensed consolidated statement of financial position as of June 30, 2015 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the periods of six and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Without disqualifying our conclusion, we draw attention to note 1 with respect to the group losses, negative cash flow from operations, the investment needed for the group operating activity and management assessment. Also we draw attention to a subsidiary auditors review report with respect to Micronedic going concern paragraph.

Tel-Aviv, Israel
August 31, 2015

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,		December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	42,665	21,844	22,196
Short-term deposits	370	19,338	6,408
Trade receivables	129	117	292
Other accounts receivable	1,134	(*1,540	(*779
Inventories	1,071	1,055	976
Asset held for sale	-	(*1,781	(*1,781
	45,369	45,675	34,432
NON-CURRENT ASSETS:			
Leasing deposits	86	98	77
Property and equipment, net	810	1,247	819
Goodwill and intangible assets, net	6,989	7,226	7,106
	7,885	8,571	8,002
	53,254	54,246	40,434

*) Reclassified, see note 3f

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,		December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	1,504	(*1,443	943
Other accounts payable	4,133	(*3,070	(*4,059
Liabilities related to asset held for sale	-	(*1,945	(*1,550
	5,637	6,458	6,552
NON-CURRENT LIABILITIES:			
Liability for grants	8,109	6,391	7,630
Other long-term liabilities	480	579	514
	8,589	6,970	8,144
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital, premium and reserves	243,005	217,440	218,810
Accumulated deficit	(200,646)	(178,879)	(190,407)
	42,359	38,561	28,403
Non-controlling interests	(3,331)	2,257	(2,665)
Total equity	39,028	40,818	25,738
	53,254	54,246	40,434

*) Reclassified, see note 3f

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

August 31, 2015			
Date of approval of the financial statements	Israel Makov Chairman of the Board	Suzana Nahum-Zilberberg Chief Executive Officer	Itai Bar-Natan Chief Financial Officer

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands (except share and loss per share data)				
Revenues	482	155	325	141	941
Cost of revenues	225	52	112	52	538
Gross profit	257	103	213	89	403
Research and development expenses, net	7,033	9,142	3,882	4,778	18,560
Selling and marketing expenses	2,164	991	1,385	570	2,210
General and administrative expenses	4,317	4,919	2,035	2,157	10,203
Impairment loss, net	895	3,036	895	3,036	3,036
	14,409	18,088	8,197	10,541	34,009
Operating loss	14,152	17,985	7,984	10,452	33,606
Finance income	(18)	(383)	(6)	(261)	(448)
Finance expense	920	1,209	453	783	2,496
Other expenses, net	-	354	-	354	354
Loss	15,054	19,165	8,431	11,328	36,008
Other comprehensive loss (income):					
Amounts that will be reclassified subsequently to profit or loss:					
Adjustments arising from translating financial statements	3	38	(4)	31	19
Total comprehensive loss	15,057	19,203	8,427	11,359	36,027
Total loss attributable to:					
Equity holders of the Company	10,239	11,574	5,785	6,170	23,102
Non-controlling interests	4,815	7,591	2,646	5,158	12,906
	15,054	19,165	8,431	11,328	36,008
Total comprehensive loss attributable to:					
Equity holders of the Company	10,242	11,612	5,781	6,201	23,121
Non-controlling interests	4,815	7,591	2,646	5,158	12,906
	15,057	19,203	8,427	11,359	36,027
Loss per share attributable to equity holders of the Company (in NIS):					
Basic and diluted loss per share *)	0.18	0.26	0.10	0.12	0.48
Weighted number of shares used in the computation of loss per share*)	55,492,155	44,300,622	58,850,541	52,133,770	48,290,809

*) See note 3a

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

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	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, 2014 (audited)	3,423	162,238	6,572	4,167	7,190	(167,305)	(3,712)	12,573	9,536	22,109
Loss	-	-	-	-	-	(11,574)	-	(11,574)	(7,591)	(19,165)
Total other comprehensive loss	-	-	-	-	-	-	(38)	(38)	-	(38)
Total comprehensive loss	-	-	-	-	-	(11,574)	(38)	(11,612)	(7,591)	(19,203)
Share-based payment in consolidated companies	-	-	-	-	-	-	-	-	312	312
Share-based payment	-	-	-	92	-	-	-	92	-	92
Issuance of shares and share options, net	1,792	30,640	5,076	-	-	-	-	37,508	-	37,508
Expiration of options	-	109	(109)	-	-	-	-	-	-	-
Balance at June 30, 2014	5,215	192,987	11,539	4,259	7,190	(178,879)	(3,750)	38,561	2,257	40,818

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									
	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 April 1, 2014	5,215	192,878	11,648	4,198	7,190	(172,709)	(3,719)	44,701	7,230	51,931
Loss	-	-	-	-	-	(6,170)	-	(6,170)	(5,158)	(11,328)
Total other comprehensive loss	-	-	-	-	-	-	(31)	(31)	-	(31)
Total comprehensive loss	-	-	-	-	-	(6,170)	(31)	(6,201)	(5,158)	(11,359)
Share-based payment in consolidated companies	-	-	-	-	-	-	-	-	185	185
Costs of share-based payment	-	-	-	61	-	-	-	61	-	61
Expiration of options	-	109	(109)	-	-	-	-	-	-	-
Balance at June 30, 2014	5,215	192,987	11,539	4,259	7,190	(178,879)	(3,750)	38,561	2,257	40,818

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	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
	NIS in thousands									
Balance at January 1, 2014 (audited)	3,423	162,238	6,572	4,167	7,190	(167,305)	(3,712)	12,573	9,536	22,109
Net 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 options, net	1,792	30,640	5,076	-	-	-	-	37,508	-	37,508
Share-based payment in consolidated companies	-	-	-	-	-	-	-	-	1,255	1,255
Share-based payment	-	-	-	318	-	-	-	318	-	318
Purchase of shares in a consolidated companies	-	-	-	-	1,125	-	-	1,125	(550)	575
Expiration of options	-	122	(122)	-	-	-	-	-	-	-
Balance at December 31, 2014 (audited)	5,215	193,000	11,526	4,485	8,315	(190,407)	(3,731)	28,403	(2,665)	25,738

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,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands				
Cash flows from operating activities:					
Loss	(15,054)	(19,165)	(8,431)	(11,328)	(36,008)
Adjustments to reconcile loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Finance income	(18)	(63)	(6)	(39)	(136)
Adjustment of long-term and short-term liabilities for grants	467	730	(213)	873	2,072
Depreciation, amortization and impairment loss, net	1,079	3,486	963	3,260	3,884
Share-based payment	167	92	74	61	318
Share-based payment in subsidiaries	244	312	116	185	1,255
	1,939	4,557	934	4,340	7,393
Changes in asset and liability items:					
Increase in trade receivables	163	(69)	(129)	(117)	(244)
Decrease (increase) in other accounts receivable	(298)	471	(80)	662	1,226
Decrease (increase) in inventories	(95)	-	39	-	109
Increase (decrease) in trade payable	561	161	523	(64)	(422)
Increase (decrease) in other accounts payable	(423)	272	(1,448)	(505)	846
Increase in employee benefit liabilities	(34)	42	(38)	16	(71)
Change in commitment for subsidiary's shares	-	-	-	-	48
	(126)	877	(1,133)	(8)	1,492
Cash received during the period for:					
Interest received	18	63	6	39	136
	18	63	6	39	136
Net cash used in operating activities	(13,223)	(13,668)	(8,624)	(6,957)	(26,987)

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,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands				
Cash flows from investing activities:					
Investment in short-term deposit, net	6,038	(19,153)	6,047	(19,153)	(6,223)
Purchase of property and equipment	(105)	(528)	(37)	(227)	(402)
Withdrawal of (investment in) long-term leasing deposit	(9)	7	(8)	-	28
Net cash provided by (used in) investing activities	5,924	(19,674)	6,002	(19,380)	(6,597)
Cash flows from financing activities:					
Purchase of shares in subsidiary from non-controlling interests	-	-	-	-	(291)
Proceeds from issuance of shares and options in a consolidated company, net	3,375		3,375		866
Proceeds from issuance of shares and options, net	-	37,508	-	3,221	37,508
Proceeds from issuance of shares, net	23,091	-	23,091	-	-
Receipt on account of shares	1,362	-	1,362	-	-
Deferred issuance expenses	(57)	-	(7)	-	-
Net cash provided by financing activities	27,771	37,508	27,821	3,221	38,083
Exchange differences on balances of cash and cash equivalents	(3)	(38)	4	(31)	(7)
Increase (decrease) in cash and cash equivalents	20,469	4,128	25,203	(23,147)	4,480
Cash and cash equivalents at the beginning of the period	22,196	17,716	17,462	44,991	17,716
Cash and cash equivalents at the end of the period	42,665	21,844	42,665	21,844	22,196

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,
	2015	2014	2015	2014	2014
	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	108	-	108	-	-
Deferred issuance expenses	-	-	-	-	(141)
Unpaid issuance expenses	-	-	-	-	(35)
Transfer from property and equipment to inventories	-	-	-	-	30

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL

Bio Light Israeli Life Sciences Investments Ltd. ("the Company"), invests in, manages and commercializes biomedical innovations in ophthalmology and cancer diagnostics operates in the field of research, development and commercialization of medical solutions through the application of a new strategy for building and managing clusters of biomed companies operating in common areas while sharing knowhow and creating synergies whose combination is potentially conducive to enhancing innovation and generating value (the Company and the its consolidated companies, collectively, "the Group").

The Group incurred total losses of approximately NIS 15 million, NIS 8.4 million and NIS 36 million for the six and three months period ended June 30, 2015, and the year ended December 31, 2014, respectively, and negative cash flows from operating activities of approximately NIS 13.2 million, NIS 8.6 million and NIS 26.9 million for the six and three months period ended June 30, 2015 and the year ended December 31, 2014, respectively.

The investment needed for the Group's operating activity as well as the sources necessary to realize the clusters strategy is conditional upon the successful fundraising by the Company and the commercialization of the technologies.

See Note 3c regarding funds raised by the Company during the year 2015. Due to such equity fund raising management and the board of directors believe that the group has sufficient funds to finance its liabilities in the foreseeable future.

The auditors' review report of Micromedic Technologies Ltd. ("Micromedic"), a consolidated company which accounts for approximately 14% of total consolidated assets of the Company as of June 30, 2015, and for approximately 36% and 33% of total comprehensive loss for the six and three months period then ended, included an emphasis of matter paragraph regarding conditions that cast significant doubt about Micromedic existence as a going concern. The financial statements of Micromedic do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if Micromedic was unable to continue to operate as a going concern.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. These financial statements have been prepared in a condensed format as of June 30, 2015, and for the periods of six and three months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2014, and for the year then ended and accompanying notes ("annual consolidated financial statements").

b. The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The significant accounting policies and methods of computation adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

a. In July 2015, following the Company's shareholder approval, a 1-for-10 reverse split for the Company's Ordinary shares and a change in the American Depository Receipts (ADS) from the ADS representing one hundred shares to one ADS representing 10 shares, and a corresponding change in all of the Company's share options. In accordance with IFRS, the loss per share data in consolidated statements of profit or loss and other comprehensive income was adjusted in the reported periods to the number of shares subsequently to the reverse share split.

b. In May 2015, 2,421,382 non-traded options which are exercisable into 2,421,382 Ordinary shares of the Company's of NIS 0.01 par value that were granted to the Company's CEO, CFO and to several other employees pursuant to the Company's option plan. The options are subject to further reconciliations due to the capital consolidation, see (a) above.

Each option is exercisable into one Ordinary share for the exercise price of NIS 0.213 in cash. The options vest over three years in three equal annual installments.

The options expire at the earlier of the dates specified below: (a) ten years after the grant date (b) ninety days after the termination of employment relationship for any reason, except as described in c and d below, (c) twelve months after ending the employment of the optionees due to death or the optionees' disability or (d) immediately upon termination of employment relationship for "cause" as defined in the Company's option plan.
The fair value of each option at the date of grant was NIS 0.056 and the total fair value of all options is approximately NIS 136 thousand.

The fair value of the options was calculated using the "Black & Scholes" model based on the following assumptions:

a) Share price - NIS 0.19;
b) Exercise price per option - NIS 0.213;
c) Standard deviation applied to return of share 49.5%, based on the expected-term of the option; and
d) Annual discount rate - 0.21%, based on the life of the option.

The Company recorded in its financial statements as of June 30, 2015, share-based payments expenses of approximately NIS 7 thousand with a corresponding adjustment of capital reserve.

c. In May 2015, the Company completed an upsized private placement for the issuance of 130,334,426 Ordinary shares of the Company's NIS 0.01 par value each, as part of the strategic partnership with Rock-One International Holdings Ltd. and a new private investor that has participated in this equity round. The proceeds received were approximately NIS 24.4 million, net of issuance expenses. 6,965,174 Ordinary shares were issued to the new private investor in August 2015.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

d. In April 2015, Micromedic issued to the Company 5,253,486 ordinary shares of NIS 1.00 par value for NIS 0.27 per share pursuant to a private placement for a total consideration of approximately NIS 1.4 million. After this private placement the Company held 46% of the issued and outstanding share of Micromedic.

In May 2015, Micromedic completed a public offering of 24,732,000 ordinary shares of NIS 1.00 par value each and 12,366,000 traded warrants. The Company purchased 11,111,000 ordinary shares and 5,555,000 traded warrants for a total consideration of approximately NIS 3 million. After this public equity offering the Company holds 46% of the issued and outstanding share of Micromedic.

e. In January 2015, the Company's subsidiary XL Vision, entered into agreement with several parties, including Integra Holdings, to invest in a private Israeli company that will act to develop a more efficient and safer drug delivery of eye drops. According to the agreement, the new company will be granted a worldwide exclusive license to use the drug delivery technology platform for ophthalmic uses, in return for royalties from future sales of the developed products. XL Vision investment in the new company will be approximately $ 500 thousand with a simultaneous similar investment amount by Integra, and will be carried out in stages, in accordance with the milestones set in the agreement. After the investment, XL Vision is expected to hold 40% of the issued and outstanding shares of the new company on a fully diluted basis.

f. During the year 2014, BioMarCare (a consolidated company of the consolidated company Micromedic) board of directors resolved to focus on business development in order to locate an acquirer to the remaining technology developed by BioMarCare. Since during 2014, the co-operation between BioMarCare and an additional company to develop another product has ended and a project was stopped following the Bird Foundation announcement on ending the support in the work plan of the mentioned co-operation. Therefore, as of June 30, 2014, and since then, BioMarCare assets and liabilities, are classified as asset held for sale and liabilities related to asset held for sale in the balance sheets.

Micromedic's management estimated that the expected cash flow from selling the asset held for sale in order to determine the asset value in accordance with the GAAP is lower than the current book value and accordingly recorded impairment loss.

The results of the impairment during the three months ended June 30, 2015, NIS 1,781 thousands impairment for the asset-held-for-sale netted by a liability for a grant in the amount of approximately NIS 933 thousand, in accordance to the GAAP and management expectations.

g. The Company estimated that the liability for grants approximate its fair value of as at June 30, 2015.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- RESEARCH AND DEVELOPMENT EXPENSES, NET

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands				
Research and development expenses	7,111	9,743	3,902	4,869	19,459
Less - grants	(78)	(601)	(20)	(91)	(899)
Research and development expenses, net	7,033	9,142	3,882	4,778	18,560

NOTE 5:- OPERATING SEGMENTS

a. Description of the segments:

The Company operates through subsidiaries and Micromedic and its subsidiaries in various areas related to the development of biomed products and medications:

1. **Ophthalmology** - IOPtima develops and markets a laser-based non-invasive surgical treatment for glaucoma. DiagnosTear develops a point-of-care multi-parameter diagnostic test for dry-eye syndrome. ViSci develops a controlled release drug-delivery insert platform. A forth company develops a more efficient and safer drug delivery of eye drops.

2. **Cancer cell diagnostics** - Micromedic, through its subsidiaries, is engaged in the development of diagnostics technology for the detection of cancer cells.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments:

	Six months ended June 30, 2015		
	Ophthalmology	Cancer cell diagnostics	Total
	Unaudited		
	NIS in thousands		
Revenues	482	-	482
Segment loss	5,833	4,557	10,390
Unallocated corporate expenses, net (mainly general and administrative expenses of the Company)			3,762
Operating loss			14,152
Finance expenses, net			902
Loss			15,054
Foreign currency translation adjustments			3
Comprehensive loss			15,057

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- OPERATING SEGMENTS (Cont.)

	Six months ended June 30, 2014		
	Ophthalmology	Cancer cell diagnostics	Total
	Unaudited		
	NIS in thousands		
Revenues	38	117	155
Segment loss	6,214	8,346	14,560
Unallocated corporate expenses, net (mainly general and administrative expenses of the Company)			3,425
Operating loss			17,985
Finance expenses, net			826
Other expenses			354
Loss			19,165
Foreign currency translation adjustments			38
Comprehensive loss			19,203

	Three months ended June 30, 2015		
	Ophthalmology	Cancer cell diagnostics	Total
	Unaudited		
	NIS in thousands		
Revenues	325	-	325
Segment loss	3,542	2,149	5,691
Unallocated corporate expenses, net (mainly general and administrative expenses of the Company)			2,293
Operating loss			7,984
Finance expenses, net			447
Loss			8,431
Foreign currency translation adjustments			(4)
Comprehensive loss			8,427

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- OPERATING SEGMENTS (Cont.)

	Three months ended June 30, 2014		
	Ophthalmology	Cancer cell diagnostics	Total
	Unaudited		
	NIS in thousands		
Revenues	24	117	141
Segment results	3,098	5,917	9,015
Unallocated corporate expenses, net (mainly general and administrative expenses of the Company)			1,437
Operating loss			10,452
Finance expenses, net			522
Other expenses			354
Loss			11,328
Foreign currency translation adjustments			31
Comprehensive loss			11,359

	Year ended December 31, 2014		
	Ophthalmology	Cancer cell diagnostics	Total
	Audited		
	NIS in thousands		
Revenues	824	117	941
Segment loss	13,490	13,005	26,495
Unallocated corporate expenses, net (mainly general and administrative expenses of the Company)			7,111
Operating loss			33,606
Finance expenses, net			2,048
Other expenses			354
Loss			36,008
Foreign currency translation adjustments			19
Comprehensive loss			36,027

BIOLIGHT ISRAELI LIFE SCIENCES INVESTMENTS LTD.

PRESENTATION OF FINANCIAL INFORMATION FROM

THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

UNAUDITED

INDEX

- - - - - - - - - - -

Building a better working world

Kost Forer Gabbay & Kasierer
3 Aminadav St.
Tel-Aviv 6706703, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

Special Report to the Review of the Separate Interim Financial Information in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information disclosed in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 of BioLight Israeli Life Sciences Investments Ltd. ("the Company") as of June 30, 2015 and for the three months period then ended. The Company's board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion on the separate interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of the separate interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the separate interim financial information is not prepared, in all material respects, in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
August 31, 2015

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Special Report in accordance with Regulation 38d

Financial Information and Financial Data from the

Interim Consolidated Financial Statements Attributable to the Company

Below is separate financial information and financial data attributable to the Company from the Group's interim consolidated financial statements as of June 30, 2015, published as part of the periodic reports ("consolidated financial statements") presented in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Financial Information from the Consolidated Balance Sheets
Attributable to the Company

	June 30,		December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	35,575	15,444	18,056
Short-term deposits	225	19,193	6,263
Accounts receivable	695	1,038	568
	36,495	35,675	24,887
NON-CURRENT ASSETS:			
Investments in consolidated companies	10,488	4,651	7,087
Leasing deposits	18	12	31
Loan to related company	2,121	1,739	1,531
Property and equipment, net	129	168	140
	12,756	6,570	8,789
	49,251	42,245	33,676
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	274	386	298
Other accounts payable	958	861	1,260
	1,232	1,247	1,558
NON-CURRENT LIABILITIES:			
Other long-term liabilities	480	525	480
Excess of losses over investments in consolidated companies	5,180	1,912	3,235
	5,660	2,437	3,715
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital, premium and reserves	243,005	217,440	218,810
Accumulated deficit	(200,646)	(178,879)	(190,407)
Total equity	42,359	38,561	28,403
	49,251	42,245	33,676

The accompanying additional information is an integral part of the separate financial data and financial information.

August 31, 2015			
Date of approval of the financial statements	Israel Makov Chairman of the Board	Suzana Nahum-Zilberberg Chief Executive Officer	Itai Bar-Natan Chief Financial Officer

Financial Information from the Consolidated Statements of Comprehensive Income Attributable to the Company

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands				
Revenues	974	1,071	484	535	2,163
General, administrative and other expenses	3,500	3,843	1,767	1,648	8,234
Operating loss	(2,526)	(2,772)	(1,283)	(1,113)	(6,071)
Finance income	6,289	4,781	3,900	2,505	10,036
Finance expenses	(622)	(8)	(620)	(4)	(327)
Income before Company's share of losses in consolidated companies	3,141	2,091	1,997	1,388	3,638
Company's share of losses in consolidated companies	(13,383)	(13,703)	(7,778)	(7,589)	(26,759)
loss	(10,242)	(11,612)	(5,781)	(6,201)	(23,121)

The accompanying additional information is an integral part of the separate financial data and financial information.

Financial Information from the Consolidated Statements of Cash Flows Attributable to the Company

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands				
Cash flows from operating activities of the Company:					
Loss attributable to the Company	(10,242)	(11,612)	(5,781)	(6,201)	(23,121)
Adjustments to reconcile loss to net cash used in operating activities of the Company:					
Adjustments to the profit or loss items of the Company:					
Finance income, net	(5,699)	(4,513)	(3,277)	(2,258)	(9,539)
Depreciation and amortization	11	36	5	16	73
Cost of share-based payment	167	92	74	61	318
Company's share of losses in consolidated companies	13,383	13,703	7,778	7,589	26,759
	7,862	9,318	4,580	5,408	17,611
Changes in asset and liability items of the Company:					
Decrease (increase) in accounts receivable	(127)	(241)	(88)	(363)	229
Increase (decrease) in loan to related company	(590)	(182)	(501)	(94)	26
Increase (decrease) in trade payable	(24)	14	94	(148)	(55)
Increase (decrease) in other accounts payable	(302)	41	(635)	(489)	440
Increase in employee benefit liabilities	-	30	-	-	(63)
Commitment to issue shares in subsidiary	-	-	-	-	48
	(1,043)	(338)	(1,130)	(1,094)	625
Cash received during the period by the Company for:					
Interest received	18	43	6	32	108
	18	43	6	32	108
Net cash used in operating activities of the Company	(3,405)	(2,589)	(2,325)	(1,855)	(4,777)

The accompanying additional information is an integral part of the separate financial data and financial information.

Financial Information from the Consolidated Statements of Cash Flows Attributable to the Company

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands				
Cash flows from investing activities of the Company:					
Purchase of property and equipment	-	-	-	-	(9)
Investment in short-term deposits, net	6,038	(19,008)	6,047	(19,008)	(6,078)
Change in long-term leasing deposit, net	13	-	(9)	-	(19)
Investment in consolidated companies	(9,580)	(5,480)	(8,146)	(2,907)	(13,582)
Net cash used in investing activities of the Company	(3,529)	(24,488)	(2,108)	(21,915)	(19,688)
Cash flows from financing activities of the Company:					
Proceeds from issuance of shares, net	23,091	-	23,091	-	-
Receipt on account of shares	1,362	-	1,362	-	-
Proceeds from issuance of shares and options, net	-	37,508	-	3,221	37,508
Net cash provided by financing activities of the Company	24,453	37,508	24,453	3,221	37,508
Increase (decrease) in cash and cash equivalents	17,519	10,431	20,020	(20,549)	13,043
Cash and cash equivalents at the beginning of the period	18,056	5,013	15,555	35,993	5,013
Cash and cash equivalents at the end of the period	35,575	15,444	35,575	15,444	18,056

The accompanying additional information is an integral part of the separate financial data and financial information.

NOTE 1:- GENERAL

a. This separate financial information has been prepared in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be read in conjunction with the annual financial statements as of December 31, 2014 and for the year then ended and the accompanying notes.

b. The Company incurred losses of NIS 10,242 thousand and negative cash flows from operating activities of NIS 2,325 thousand for the three months period ended June 30, 2015. The Company has accumulated deficit of NIS 200,646 thousand as of that date.

See Note 3 to the interim consolidated Financial Statements as of June 30, 2015 regarding funds raised by the Company and in the Company's consolidated company.

The auditors' review report of Micromedic Technologies Ltd. ("Micromedic"), a consolidated company, included an emphasis of matter paragraph regarding conditions about significant doubt about Micromedic existence as a going concern. The financial statements of Micromedic do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Micromedic was unable to continue to operate as a going concern.

_____