

**BioLight Life Sciences Ltd.**

**Consolidated Financial  
Statements  
As of December 31, 2017**

**Consolidated Statements of Financial Position**

	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	15,355	25,057
Short-term deposits	412	417
Trade receivables	105	648
Other accounts receivable	1,142	1,415
Inventories	2,846	2,494
<b>Total current assets</b>	<b>19,860</b>	<b>30,031</b>
<b>Non-current assets</b>		
Operating lease deposits	71	85
Property and equipment	922	1,287
Goodwill and intangible assets	3,910	3,910
<b>Total non-current assets</b>	<b>4,903</b>	<b>5,282</b>
<b>Total assets</b>	<b>24,763</b>	<b>35,313</b>

**Consolidated Statements of Financial Position**

	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>
<b>Current liabilities</b>		
Trade payables	737	2,776
Other accounts payable	<b>6,522</b>	4,212
<b>Total current liabilities</b>	<b>7,259</b>	6,988
<b>Non-current liabilities</b>		
Liability related to grants	<b>9,161</b>	10,355
Excess of losses over investment in company accounted for at equity	<b>112</b>	66
Other long-term liabilities	<b>200</b>	1,494
<b>Total non-current liabilities</b>	<b>9,473</b>	11,915
<b>Equity attributable to shareholders of the Company</b>		
Share capital, premium and reserves	<b>254,850</b>	242,331
Accumulated deficit	<b>(248,750)</b>	(231,490)
	<b>6,100</b>	10,841
Non-controlling interests	<b>1,931</b>	5,569
<b>Total equity</b>	<b>8,031</b>	16,410
<b>Total equity and liabilities</b>	<b>24,763</b>	35,313

**Consolidated Statements of Comprehensive Loss**

	Year ended December 31,		
	2017	2016	2015
	NIS thousands	NIS thousands	NIS thousands
	(except per share data)		
Revenues	<b>1,209</b>	2,111	1,391
Cost of revenues	<b>759</b>	996	734
<b>Gross profit</b>	<b>450</b>	1,115	657
Research and development, net	<b>14,794</b>	10,982	13,045
Selling and marketing	<b>5,000</b>	5,132	4,432
General and administrative	<b>7,775</b>	8,418	8,830
Other (income) expenses, net	<b>(241)</b>	6,985	907
	<b>27,328</b>	31,517	27,214
<b>Operating loss</b>	<b>26,878</b>	30,402	26,557
Finance (income) expenses, net	<b>(483)</b>	2,836	661
Company's share of losses of company accounted for at equity	<b>448</b>	372	364
<b>Net loss</b>	<b>26,843</b>	33,610	27,582
Other comprehensive loss:			
<b>Amounts that will be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations	<b>(22)</b>	5	11
<b>Total comprehensive loss</b>	<b>26,821</b>	33,615	27,593
Total net loss attributable to:			
Shareholders of the Company	<b>17,260</b>	21,824	19,259
Non-controlling interests	<b>9,583</b>	11,786	8,323
	<b>26,843</b>	33,610	27,582
Total comprehensive loss attributable to:			
Shareholders of the Company	<b>17,238</b>	21,829	19,270
Non-controlling interests	<b>9,583</b>	11,786	8,323
	<b>26,821</b>	33,615	27,593
Net loss per share attributable to shareholders of the Company (NIS):			
Basic and diluted loss per share	<b>5.35</b>	8.10	7.73
Weighted number of shares used in the computation of loss per share	<b>3,223,467</b>	2,692,691	2,491,682

### Consolidated Statements of Changes in Equity

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

### Consolidated Statements of Changes in Equity

#### Attributable to shareholders of the Company

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

## Consolidated Statements of Changes in Equity

### Attributable to shareholders of the Company

	Ordinary shares	Share premium	Options and warrants	Share-based payment reserve	Transactions with non- controlling interests reserve	Accumulated deficit	Foreign currency translation reserve	Total	Non- controlling interests	Total equity
	NIS thousands									
<b>Balance as of January 1, 2017</b>	<b>6,519</b>	<b>225,772</b>	<b>4,845</b>	<b>1,975</b>	<b>6,967</b>	<b>(231,490)</b>	<b>(3,747)</b>	<b>10,841</b>	<b>5,569</b>	<b>16,410</b>
Net loss	-	-	-	-	-	(17,260)	-	(17,260)	(9,583)	(26,843)
Total other comprehensive loss	-	-	-	-	-	-	22	22	-	22
Total comprehensive loss	-	-	-	-	-	(17,260)	22	(17,238)	(9,583)	(26,821)
Issuance of shares in the Company, net	<b>2,569</b>	<b>8,651</b>	-	-	-	-	-	<b>11,220</b>	-	<b>11,220</b>
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	217	217
Share-based payment in the Company	-	-	-	36	-	-	-	36	-	36
Non-controlling interests in subsidiary	-	-	-	-	(776)	-	-	(776)	776	-
Issuance and purchase of shares and warrants in a subsidiary	-	-	-	-	2,249	-	-	2,249	4,518	6,767
Share options exercise	-	-	-	-	(60)	-	-	(60)	262	202
Share options and warrants expiration	-	4,949	(4,845)	(104)	(172)	-	-	(172)	172	-
<b>Balance as of December 31, 2017</b>	<b>9,088</b>	<b>239,372</b>	<b>-</b>	<b>1,907</b>	<b>8,208</b>	<b>(248,750)</b>	<b>(3,725)</b>	<b>6,100</b>	<b>1,931</b>	<b>8,031</b>

**Consolidated Statements of Cash Flows**

	Year ended December 31,		
	2017	2016	2015
	NIS thousands	NIS thousands	NIS thousands
<b>Cash flows from operating activities</b>			
Comprehensive loss	<u>(26,843)</u>	<u>(33,610)</u>	<u>(27,582)</u>
Adjustments to reconcile loss to net cash used in operating activities:			
<u>Adjustments to the profit or loss items:</u>			
Finance (income) expenses, net	1,627	624	(243)
Adjustment of liabilities related to grants	(1,153)	1,346	1,462
Depreciation and amortization including impairment loss, net	351	3,190	1,306
Share-based payment in the Company	36	148	284
Share-based payment in subsidiaries	217	262	283
Share of loss of company accounted for at equity	448	372	364
	<u>1,526</u>	<u>5,942</u>	<u>3,456</u>
<u>Changes in asset and liability items:</u>			
Decrease (increase) in trade receivables	543	(572)	216
Decrease (increase) in other accounts receivable	719	1,929	(511)
Decrease (increase) in inventories	(221)	(1,908)	22
Increase (decrease) in trade payable	(2,039)	1,903	(70)
Increase (decrease) in other accounts payable	2,291	(1,434)	727
Decrease in employee benefit liabilities	-	-	(34)
Increase (decrease) in liability related to subsidiary's shares	(1,294)	807	(280)
	<u>(1)</u>	<u>725</u>	<u>70</u>
<u>Cash received during the year for:</u>			
Interest received	-	1	19
	-	1	19
<b>Net cash used in operating activities</b>	<u><u>(25,318)</u></u>	<u><u>(26,942)</u></u>	<u><u>(24,037)</u></u>



**Consolidated Statements of Cash Flows**

	Year ended December 31,		
	2017	2016	2015
	NIS thousands	NIS thousands	NIS thousands
<b>Cash flows from investing activities</b>			
Investment in an affiliate	(402)	(227)	(837)
Proceeds from (investment in) short-term deposits, net	5	(32)	6,023
Purchase of property and equipment	(117)	(370)	(182)
Proceeds from (investment in) long-term lease deposits	14	2	(10)
<b>Net cash provided by (used in) investing activities</b>	<b>(500)</b>	<b>(627)</b>	<b>4,994</b>
<b>Cash flows from financing activities</b>			
Exercise of options and warrants in a subsidiary	202	-	1
Proceeds from issuance of shares in a subsidiary, net	-	-	20,899
Proceeds from issuance of shares and warrants in a subsidiary, net	6,767	2,554	3,375
Proceeds from issuance of shares, net	11,220	-	24,453
Deferred issuance expenses	(446)	-	(1,408)
<b>Net cash provided by financing activities</b>	<b>17,743</b>	<b>2,554</b>	<b>47,320</b>
Exchange differences on balances of cash and cash equivalents	(1,627)	(625)	224
Increase (decrease) in cash and cash equivalents	(9,702)	(25,640)	28,501
Cash and cash equivalents at the beginning of the year	25,057	50,697	22,196
<b>Cash and cash equivalents at the end of the year</b>	<b>15,355</b>	<b>25,057</b>	<b>50,697</b>

**Consolidated Statements of Cash Flows**

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	Year ended December 31,		
	2017	2016	2015
	<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>
<b>A. Non-cash financing and investing activities:</b>			
Unpaid issuance expenses	-	-	35
Transfers from property and equipment to inventories	<b>131</b>	(405)	37