

BIOLIGHT LIFE SCIENCES LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2017

UNAUDITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u>		<u>December 31,</u>
	<u>2017</u>	<u>2016</u>	<u>2016</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	25,093	36,279	25,057
Short-term deposits	382	375	417
Trade receivables	17	85	648
Other accounts receivable	1,086	1,160	1,415
Inventories	2,826	1,131	2,494
	<u>29,404</u>	<u>39,030</u>	<u>30,031</u>
NON-CURRENT ASSETS:			
Other long-term assets	63	137	85
Property and equipment, net	1,137	881	1,287
Goodwill and intangible assets, net	3,910	6,751	3,910
	<u>5,110</u>	<u>7,769</u>	<u>5,282</u>
	<u><u>34,514</u></u>	<u><u>46,799</u></u>	<u><u>35,313</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,		December 31,
	2017	2016	2016
	Unaudited		Audited
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	1,088	1,104	2,776
Other accounts payable	6,033	4,447	4,212
	<u>7,121</u>	<u>5,551</u>	<u>6,988</u>
NON-CURRENT LIABILITIES:			
Liability for grants	10,105	9,246	10,355
Excess of losses over investment in company accounted for at equity	73	12	66
Other long-term liabilities	1,475	683	1,494
	<u>11,653</u>	<u>9,941</u>	<u>11,915</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital, premium and reserves	253,890	243,305	242,331
Accumulated deficit	(240,569)	(221,501)	(231,490)
	<u>13,321</u>	<u>21,804</u>	<u>10,841</u>
Non-controlling interests	<u>2,419</u>	<u>9,503</u>	<u>5,569</u>
Total equity	<u>15,740</u>	<u>31,307</u>	<u>16,410</u>
	<u><u>34,514</u></u>	<u><u>46,799</u></u>	<u><u>35,313</u></u>

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended		Year ended
	June 30,		December 31,
	2017	2016	2016
	Unaudited		Audited
	NIS in thousands (except share and loss per share data)		
Revenues	574	849	2,111
Cost of revenues	433	316	996
Gross profit	141	533	1,115
Research and development expenses, net	7,310	5,086	10,982
Selling and marketing expenses	2,716	2,702	5,132
General and administrative expenses	3,748	4,370	8,418
Other (income) expenses, net	(241)	3,719	6,985
	13,533	15,877	31,517
Operating loss	13,392	15,344	30,402
Finance income	(41)	(5)	(1)
Finance expense	1,774	1,245	2,837
Company's share of losses from a company accounted for at equity	199	318	372
Net loss	15,324	16,902	33,610
Other comprehensive loss (income):			
Foreign currency translation adjustments	(24)	(2)	5
Total comprehensive loss	15,300	16,900	33,615
Total loss attributable to:			
Shareholders of the Company	9,079	11,835	21,824
Non-controlling interests	6,245	5,067	11,786
	15,324	16,902	33,610
Total comprehensive loss attributable to:			
Shareholders of the Company	9,055	11,833	21,829
Non-controlling interests	6,245	5,067	11,786
	15,300	16,900	33,615
Loss per share attributable to equity holders of the Company (in NIS):			
Basic and diluted loss per share *)	3.34	4.40	8.10
Weighted number of shares used in the computation of loss per share *)	2,715,528	2,692,691	2,692,691

*) Adjusted retroactive to reflect a benefit to shareholders of the company in rights offering

STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Ordinary shares	Share premium	Options and warrants	Share-based payment reserve	Transactions with non-controlling interests reserve	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS in thousands									
Balance at January 1, 2017 (audited)	6,519	225,772	4,845	1,975	6,967	(231,490)	(3,747)	10,841	5,569	16,410
Loss	-	-	-	-	-	(9,079)	-	(9,079)	(6,245)	(15,324)
Total other comprehensive loss	-	-	-	-	-	-	24	24	-	24
Total comprehensive loss	-	-	-	-	-	(9,079)	24	(9,055)	(6,245)	(15,300)
Issuance of shares, net	2,569	8,651	-	-	-	-	-	11,220	-	11,220
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	151	151
Share-based payment in the Company	-	-	-	35	-	-	-	35	-	35
Non-controlling interests in subsidiary	-	-	-	-	(874)	-	-	(874)	874	-
Issuance of shares and warrants in a subsidiary	-	-	-	-	1,284	-	-	1,284	1,939	3,223
Share options exercise in a subsidiary	-	-	-	-	(130)	-	-	(130)	131	1
Share options expiration	-	4,845	(4,845)	-	-	-	-	-	-	-
Balance at June 30, 2017	9,088	239,268	-	2,010	7,247	(240,569)	(3,723)	13,321	2,419	15,740

STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Ordinary shares	Share premium	Options and warrants	Share-based payment reserve	Transactions with non-controlling interests reserve	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS in thousands									
Balance at January 1, 2016 (audited)	6,519	219,200	11,417	1,827	9,089	(209,666)	(3,742)	36,644	12,417	47,061
Loss	-	-	-	-	-	(11,835)	-	(11,835)	(5,067)	(16,902)
Total other comprehensive loss	-	-	-	-	-	-	2	2	-	2
Total comprehensive loss	-	-	-	-	-	(11,835)	2	(11,833)	(5,067)	(16,900)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	151	151
Share-based payment in the Company	-	-	-	102	-	-	-	102	-	102
Non-controlling interests in subsidiary	-	-	-	-	(356)	-	-	(356)	356	-
Issuance and purchase of shares and warrants in a subsidiary	-	-	-	-	(372)	-	-	(372)	1,265	893
Share options expiration	-	6,572	(6,572)	-	(381)	-	-	(381)	381	-
Balance at June 30, 2016	6,519	225,772	4,845	1,929	7,980	(221,501)	(3,740)	21,804	9,503	31,307

STATEMENTS OF CHANGES IN EQUITY

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended		Year ended
	June 30,		December 31,
	2017	2016	2016
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(15,324)	(16,902)	(33,610)
Adjustments to reconcile loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Finance expenses, net	1,635	541	624
Adjustment of liabilities for grants	(228)	867	1,346
Depreciation, amortization and impairment loss, net	129	218	3,190
Share-based payment	35	102	148
Share-based payment in subsidiaries	151	151	262
Share of loss of an affiliate	199	318	372
	1,921	2,197	5,942
Changes in asset and liability items:			
Decrease (increase) in trade receivables	631	(9)	(572)
Decrease in other accounts receivable	329	2,184	1,929
Increase in inventories	(245)	(140)	(1,908)
Increase (decrease) in trade payable	(1,688)	231	1,903
Increase (decrease) in other accounts payable	1,564	(1,822)	(1,434)
Change in commitment for subsidiary's shares	(19)	(4)	807
	572	440	725
Cash received during the period for:			
Interest received	-	1	1
	-	1	1
Net cash used in operating activities	(12,831)	(14,264)	(26,942)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Year ended December 31,
	2017	2016	2016
	Unaudited	Unaudited	Audited
	NIS in thousands		
<u>Cash flows from investing activities:</u>			
Investment in an affiliate	(192)	(227)	(227)
Withdrawal of (investment in) short-term deposit, net	35	(35)	(32)
Purchase of property and equipment	(66)	(238)	(370)
Withdrawal of (investment in) long-term leasing deposit	22	(5)	2
Net cash provided by (used in) investing activities	(201)	(505)	(627)
<u>Cash flows from financing activities:</u>			
Exercise of options in a subsidiary	1	-	-
Proceeds from issuance of shares and warrants in a consolidated company, net	3,223	893	2,554
Issuance of shares, net	11,479	-	-
Net cash provided by financing activities	14,703	893	2,554
Exchange differences on balances of cash and cash equivalents	(1,635)	(542)	(625)
Increase (decrease) in cash and cash equivalents	36	(14,418)	(25,640)
Cash and cash equivalents at the beginning of the period	25,057	50,697	50,697
Cash and cash equivalents at the end of the period	25,093	36,279	25,057
 (a) Financing and investing activities not involving cash flows:			
Issuance expenses	(259)	-	-
Transfer from property and equipment to inventories	87	-	(405)