

Biolight Life Sciences Ltd.

**Interim Consolidated
Financial Statements**

**As of June 30, 2018
(Unaudited)**

Interim Consolidated Statement of Financial Position

	June 30,		December 31,
	2018	2017	2017
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands		
Assets			
Current assets			
Cash and cash equivalents	38,790	25,093	15,355
Short-term deposits	387	382	412
Trade receivables	1,977	17	105
Other accounts receivable	1,067	1,086	1,142
Inventories	1,822	2,826	2,846
Total current assets	44,043	29,404	19,860
Non-current assets			
Operating lease deposits	62	63	71
Property and equipment	851	1,137	922
Goodwill and intangible assets	3,910	3,910	3,910
Total non-current assets	4,823	5,110	4,903
Total assets	48,866	34,514	24,763

Interim Consolidated Statement of Financial Position

	June 30,		December 31,
	2018	2017	2017
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands		
Liabilities and equity			
Current liabilities			
Trade payables	1,560	1,088	737
Other accounts payable	5,159	6,033	6,522
Total current liabilities	6,719	7,121	7,259
Non-current liabilities			
Liability for grants	9,902	10,105	9,161
Excess of losses over investment in company accounted for at equity method	132	73	112
Other long-term liabilities	200	1,475	200
Total non-current liabilities	10,234	11,653	9,473
Equity attributable to equity holders of the company			
Share capital, premium and reserves	265,862	253,890	254,850
Accumulated deficit	(254,367)	(240,569)	(248,750)
	11,495	13,321	6,100
Non-controlling interests	20,418	2,419	1,931
Total equity	31,913	15,740	8,031
Total liabilities and equity	48,866	34,514	24,763

Interim Consolidated Statements of Comprehensive loss

	Six months ended June 30,		Year ended
	2018	2017	December 31,
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands (except share and loss per share data)		
Revenues	3,529	574	1,209
Cost of revenues	2,889	433	759
Gross profit	640	141	450
Research and development expenses	4,399	7,310	14,794
Selling and marketing expenses, net	3,250	2,716	5,000
General and administrative expenses	3,818	3,748	7,775
Other income, net	-	(241)	(241)
	11,467	13,533	27,328
Operating loss	10,827	13,392	26,878
Finance (income) expense, net	1,350	1,733	(483)
Company's share of losses from a company accounted for at equity method	302	199	448
Net loss	12,479	15,324	26,843
Other comprehensive loss (income):			
Foreign currency translation adjustments	1	(24)	(22)
Total comprehensive loss	12,480	15,300	26,821
Total net loss attributable to:			
Shareholders of the Company	5,617	9,079	17,260
Non-controlling interests	6,862	6,245	9,583
	12,479	15,324	26,843
Total comprehensive loss attributable to:			
Shareholders of the Company	5,618	9,055	17,238
Non-controlling interests	6,862	6,245	9,583
	12,480	15,300	26,821
Loss per share attributable to shareholders of the Company (in NIS):			
Basic and diluted loss per share	1.44	3.34	5.34
Weighted number of shares used in the computation of loss per share	3,905,951	2,721,885	3,231,014

Interim Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company								
	Ordinary shares	Share premium	Share-based payment reserve	Transactions with non-controlling interests reserve	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS thousands								
Balance at January 1, 2018 (audited)	9,088	239,372	1,907	8,208	(248,750)	(3,725)	6,100	1,931	8,031
Net loss	-	-	-	-	(5,617)	-	(5,617)	(6,862)	(12,479)
Total other comprehensive loss	-	-	-	-	-	(1)	(1)	-	(1)
Total comprehensive loss	-	-	-	-	(5,617)	(1)	(5,618)	(6,862)	(12,480)
Issuance of shares, net	2,271	8,799	-	-	-	-	11,070	-	11,070
Share-based payment in subsidiaries	-	-	-	-	-	-	-	97	97
Share-based payment in the Company	-	-	5	-	-	-	5	-	5
Non-controlling interests in subsidiary	-	-	-	(853)	-	-	(853)	23,780	22,927
Issuance of shares and warrants in a subsidiary	-	-	-	330	-	-	330	1,933	2,263
Share options expiration in a subsidiary	-	-	-	461	-	-	461	(461)	-
Balance at June 30, 2018	11,359	248,171	1,912	8,146	(254,367)	(3,726)	11,495	20,418	31,913

Interim Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company									
	Ordinary shares	Share premium	Options and warrants	Share-based payment reserve	Transactions with non-controlling interests reserve	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS 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
Net 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 in the Company	-	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

Interim Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company									
	Ordinary shares	Share premium	Options and warrants	Share-based payment reserve	Transactions with non-controlling interests reserve	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	Audited									
	NIS thousands									
Balance at January 1, 2017	6,519	225,772	4,845	1,975	6,967	(231,490)	(3,747)	10,841	5,569	16,410
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	2,569	8,651	-	-	-	-	-	11,220	-	11,220
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 in subsidiaries	-	-	-	-	(60)	-	-	(60)	262	202
Share options and warrants expiration	-	4,949	(4,845)	(104)	(172)	-	-	(172)	172	-
Balance at December 31, 2017	9,088	239,372	-	1,907	8,208	(248,750)	(3,725)	6,100	1,931	8,031

Interim Consolidated Statements of Cash Flows

	Six months ended June 30,		Year ended
	2018	2017	December 31,
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands		
Cash flows from operating activities			
Net loss	(12,479)	(15,324)	(26,843)
Adjustments to reconcile loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Finance expenses, net	(279)	1,635	1,627
Adjustment of liabilities for grants	1,690	(228)	(1,153)
Depreciation	114	129	351
Share-based payment in the Company	5	35	36
Share-based payment in subsidiaries	97	151	217
Share of loss of an affiliate	302	199	448
	1,929	1,921	1,526
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(1,872)	631	543
Decrease in other accounts receivable	75	329	719
Decrease (increase) in inventories	1,024	(245)	(221)
Increase (decrease) in trade payable	823	(1,688)	(2,039)
Increase (decrease) in other accounts payable	(2,313)	1,564	2,291
Change in commitment for subsidiary's shares	-	(19)	(1,294)
	(2,263)	572	(1)
Net cash used in operating activities	(12,813)	(12,831)	(25,318)

Interim Consolidated Statements of Cash Flows

	Six months ended June 30,		Year ended
	2018	2017	December 31,
	(Unaudited)	(Unaudited)	2017
	NIS thousands		
Cash flows from investing activities			
Investment in an affiliate	(282)	(192)	(402)
Withdrawal of (investment in) short-term deposit, net	25	35	5
Purchase of property and equipment	(43)	(66)	(117)
Withdrawal of (investment in) long-term leasing deposit	9	22	14
Net cash used in investing activities	(291)	(201)	(500)
Cash flows from financing activities			
Exercise of options in a subsidiary	-	1	202
Proceeds from issuance of shares and warrants in a consolidated company, net	25,190	3,223	6,767
Issuance of shares, net	11,070	11,479	11,220
Deferred issuance expenses	-	-	(446)
Net cash provided by financing activities	36,260	14,703	17,743
Exchange differences on balances of cash and cash equivalents	279	(1,635)	(1,627)
Increase (decrease) in cash and cash equivalents	23,435	36	(9,702)
Cash and cash equivalents at the beginning of the period	15,355	25,057	25,057
Cash and cash equivalents at the end of the period	38,790	25,093	15,355
(a) Financing and investing activities not involving cash flows:			
Issuance expenses	-	(259)	-
Transfer from property and equipment to inventories	-	87	131