Convenience Translation

CollPlant Holdings Ltd.
Interim Financial Information
(Unaudited)
March 31, 2014

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Auditor's report to the shareholders of CollPlant Holdings Ltd.

Introduction

We have reviewed the accompanying financial information of CollPlant Holdings Ltd. and its subsidiary ("the Company"), including the condensed consolidated statement of financial position as at March 31, 2014 and the condensed consolidated statements of comprehensive loss, changes in equity and cash flows for the three months then ended. The board of directors and the management are responsible for preparation and presentation of the financial information for this interim period in accordance with IAS 34 - Interim Financial Reporting, and are also responsible for preparation of the interim financial information for this period 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.

Review scope

We conducted our review in accordance with Accounting Standard No. 1 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, established by the Institute of Certified Public Accountants in Israel. A review of interim financial information consists of making enquiries, 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 accounting principles 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 this financial information is not prepared, in all material respects, in accordance with IAS 34.

Additionally, based on our review, nothing has come to our attention that causes us to believe that this financial information is not prepared, in all material respects, in accordance with the disclosure requirements in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Without qualifying our conclusion, we draw attention to Note 1 C to the condensed consolidated financial statements, which describes the factors underlying the significant uncertainly regarding the Company's continued existence as a going concern. The management's plans regarding these factors are also described in this note. The financial statements do not include adjustments for assets and liabilities and their classification which may be required if the Company is unable to continue as a going concern.

Tel Aviv,
May 28, 2014

Kesselman & Kesselman
Certified Public Accountants
Member of PricewaterhouseCoopers International Limited

CollPlant Holdings Ltd.

Condensed consolidated statements of financial position
March 31, 2014

	March 31		December 31
	2014	2013	2013
	(Unaudited)		(Audited)
	NIS thousands		
Assets			
Current assets:			
Cash and cash equivalents	19,335	6,524	23,777
Other receivables	1,614	1,637	1,728
	20,949	8,161	25,505
Non-current assets			
Restricted deposit	506	580	503
Long term receivables	55		67
Property, plant and equipment	2,416	2,686	2,462
Intangible assets	1,734	1,747	1,736
	4,711	5,013	4,768
Total assets	25,660	13,174	30,273
Liabilities and equity			
Current liabilities			
Other payables			
Trade payables	1,305	1,007	1,856
Other	1,018	1,222	1,333
Total current liabilities	2,323	2,229	3,189
Equity			
Ordinary shares	2,369	1,517	2,369
Share premium	130,918	104,373	130,918
Retained loss	(109,950)	(94,945)	(106,203)
Total equity	23,337	10,945	27,084
Total liabilities and equity	25,660	13,174	30,273

Yaron Yaniv	**Yehiel Tal**	**Eran Rotem**
Chairman of the Board	**CEO**	**CFO**

The interim financial statements were approved by the Company's board of directors on May 28, 2014.

The accompanying notes are an integral part of the condensed financial statements

CollPlant Holdings Ltd.

Condensed consolidated statements of comprehensive loss
for the three months ended March 31, 2014

	Three months ended March 31		Year ended December 31
	2014	2013	2013
	(Unaudited)		(Audited)
	NIS thousands		
R&D expenses:			
R&D expenses	3,717	4,639	16,151
Participation in R&D expenses	(957)	(598)	(3,717)
R&D expenses, net	2,760	4,041	12,434
General and administrative and marketing expenses	1,066	819	3,747
Loss from operations	3,826	4,860	16,181
Financing income	31	21	25
Financing expenses	2	140	314
Financing expenses (income), net	(29)	119	289
Comprehensive loss for the period	3,797	4,979	16,470
Basic and diluted loss per share attributable to shareholders of the Company (NIS)	0.02	0.03	0.11

The accompanying notes are an integral part of the condensed financial statements

CollPlant Holdings Ltd.

Condensed consolidated statements of changes in equity
for the three months ended March 31, 2014

	Equity attributable to shareholders of the Company			
	Ordinary shares	**Premium and options**	**Retained loss**	**Total equity**
	NIS thousands			
Balance as at January 1, 2014 (audited)	2,369	130,918	(106,203)	27,084
Movement in the three months ended March 31, 2014 (unaudited):				
Comprehensive loss for the period			(3,797)	(3,797)
Benefit component in grant of options to employees and consultants			50	50
Balance as at March 31, 2014 (unaudited)	2,369	130,918	(109,950)	23,337
Balance as at January 1, 2013 (audited)	1,517	104,373	(90,195)	15,695
Movement in the three months ended March 31, 2013 (unaudited):				
Comprehensive loss for the period			(4,979)	(4,979)
Benefit component in grant of options to employees and consultants			229	229
Balance as at March 31, 2013 (unaudited)	1,517	104,373	(94,945)	10,945
Balance as at January 1, 2013 (audited)	1,517	104,373	(90,195)	15,695
Movement in 2013				
Comprehensive loss for the year			(16,470)	(16,470)
Benefit component in grant of options to employees and consultants			462	462
Proceeds from issuing shares, less expenses Issue amounting to NIS 668 thousand	169	7,871		8,040
Proceeds from issuing shares and options, less expenses Issue amounting to NIS 1,963 thousand	683	18,674		19,357
Balance as at December 31, 2013 (audited)	2,369	130,918	(106,203)	27,084

The accompanying notes are an integral part of the condensed financial statements

CollPlant Holdings Ltd.

Condensed consolidated statements of cash flows
for the three months ended March 31, 2014

	Three months ended March 31		Year ended December 31
	2014	2013	2013
	(Unaudited)		(Audited)
	NIS thousands		
Cash flows from operating activities:			
Net cash used for activities (see appendix)	(4,283)	(3,642)	(13,269)
Interest received	13	31	25
Net cash used for operating activities	(4,270)	(3,611)	(13,244)
Cash flows from investing activities:			
Purchase of property, plant and equipment	(192)	(30)	(474)
Restricted deposit in use	(3)		77
Net cash used for investment activities	(195)	(30)	(397)
Cash flow from financing activities:			
Proceeds from issue of shares and options, less issue expenses			27,397
Net cash from finance activities			27,397
Increase (decrease) in cash and cash equivalents	(4,465)	(3,641)	13,756
Cash and cash equivalents at the beginning of the period	23,777	10,308	10,308
Gains (losses) from exchange differences for cash	23	(143)	(287)
Cash and cash equivalents at the end of the period	19,335	6,524	23,777

The accompanying notes are an integral part of the condensed financial statements

CollPlant Holdings Ltd.

Condensed consolidated statements of cash flows
for the three months ended March 31, 2014

	Three months ended March 31		Year ended December 31
	2014	2013	2013
	(Unaudited)		(Audited)
	NIS thousands		
Appendix to the condensed consolidated statements of cash flow used for operating activities:			
Loss for the period	(3,797)	(4,979)	(16,470)
Adjustments for:			
Depreciation and amortization	240	272	951
Benefit component for options granted to employees and service providers	50	229	462
Interest received	(13)	143	(25)
Losses (gains) from exchange differences for cash and cash equivalents	(23)	(31)	287
	(3,543)	(4,366)	(14,795)
Changes in operating asset and liability items:			
Decrease in other long-term receivables	12	82	15
Decrease in other receivables	114	1,392	1,301
Increase (decrease) in trade payables	(551)	(676)	173
Increase (decrease) in other payables	(315)	(74)	37
	(740)	724	1,526
Net cash used for operating activities	(4,283)	(3,642)	(13,269)
Additional information –			
Taxes paid	4	6	24

CollPlant Holdings Ltd.

Notes to the Condensed Financial Statements
March 31, 2014
(Unaudited)

NOTE 1 - GENERAL

A. CollPlant Holdings Ltd. is a biotechnology medical device company. The Company operates through CollPlant Ltd., a wholly-owned subsidiary engaging in research, development, manufacture and marketing of collagen-based medical products (CollPlant Holdings Limited and CollPlant Ltd. will be referred to below as "the Company" or " CollPlant"). CollPlant products are based on recombinant human collagen produced from genetically-modified tobacco plants to produce human collagen. CollPlant uses collagen in the medical field in general and particularly in orthopedics and wound healing.

B. In accordance with Regulation 4 of the Regulations for Periodic and Immediate Reports, the Company has not attached separate financial information to its consolidated financial statements in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. The Company did not include separate financial information due to the negligible effect that the separate financial statements have on the consolidated financial statements and since the separate financial statement does not add material information to the consolidated statements.

C. The Company has not yet generated income from its operations and recognized losses of NIS 3.8 million in the three months ended March 31, 2014. The Company also has a negative cash flow of NIS 4.3 million from operating activities. The Company's plan for 2014 focuses on orthopedics, including soft tissue healing and wound healing. The Company's plans include clinical trials for two products in 2014: a syringe for wound treatment and a product for treating inflamed tendons. The Company also continues to streamline manufacturing processes of collagen protein. The Company plans to continue product research and development, production and marketing, supported by financing sources that include the Company's cash balances, government grants, and proceeds from strategic partners for development of products, and from strategic investors. Management believes that these financing sources will allow the Company's operations to continue at least until the end of the second quarter of 2015.

   The Company is taking steps to raise additional financing sources to allow the continuation of operations beyond this period. These sources include (1) signing and implementation of additional agreements with product-development companies, agreements that include full financing of development costs, and payments to the Company for a license to sell the Company's products in the future; (2) preparation for the sale of the Company's product, including clinical trials, filing for approval to sell products in Europe, and discussions and meetings with potential international distributors regarding distribution of the Company's products in Europe; and (3) raising finances from the public and/or from private investors and/or institutions in Israel and other countries in accordance with the development of sections (1) and (2) above. It is uncertain whether the Company is able to raise additional finances as aforesaid.
   These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The financial statements do not include adjustments for assets and liabilities and their classification, which may be required if the Company is unable to continue as a going concern.

NOTE 2 - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

A. The Company’s condensed consolidated financial information as at March 31, 2014 ("the Interim Financial Information") is prepared in accordance with IAS 34 - Interim Financial Reporting ("IAS 34") and includes additional disclosure in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. The Interim Financial Information does not include all the information and disclosures required for annual financial statements. The Interim Financial Information should be reviewed together with the annual financial statements for 2013 and their accompanying notes, which were prepared in conformity with International Financial Reporting Standards, the standards and interpretations issued by the International Accounting Standards Board ("IFRS"), and include the additional disclosure required in accordance with the Securities Regulations (Annual Financial Statements), 2010.

NOTE 2 - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD)

B. Estimates

Preparation of interim financial statements requires the Company's management to exercise judgment and requires the use of accounting estimates and assumptions that affect the application of the Company's accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual results may differ from these estimates.
When preparing these interim financial statements, significant judgments used by the management when applying the Company's accounting policies and the uncertainty in the principal assumptions underlying the estimates were similar to those in the Company's annual financial statements for the year ended December 31, 2013.

The significant accounting policies and calculation methods applied when preparing the Interim Financial Information are consistent with those used when preparing the Company's annual financial statements for 2013.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

As described in the Company's annual financial statements for 2013, amendments to some IFRSs came into effect and are mandatory for accounting periods beginning on January 1, 2014, however their initial application does not have a material effect on the Company's Interim Financial Information (including comparative information).

New IFRSs and amendments to existing IFRSs that are not yet effective and which the Company did not choose to adopt ahead of their effective date are described in the Company's annual financial statements for 2013.

NOTE 4 – SUBSEQUENT EVENTS

C. On April 24, 2014, the Chief Scientist of the Ministry of Industry, Trade and Labor approved CollPlant's 2014 R&D plan for development of medical products based on collagen produced from transgenic plants, including a product to treat inflamed tendons and a gel to treat chronic ulcers ("the Letter of Approval"). The Letter of Approval is in compliance with the Encouragement of Industrial Research and Development Law, 1984, and is subject to standard conditions, including royalties paid to the state out of CollPlant's total revenue. R&D expenses amounting to NIS 9.2 million have been approved, of which the approved grant amounts to NIS 4.4 million.

D. On May 15, 2014, the Company received approval from the Ministry of Health in Israel and the Tel Aviv Sourasky Medical Center Institutional Review Board (Helsinki Committee) for a clinical trial for Vergenix®FG, a gel being developed by the Company for treatment of wounds ("the Clinical Trial" and "the Gel" or "the Medical Product", as the case may be). The objective of the trial is to prove the safety of the Gel and to assess its performance in patients with chronic foot ulcers. In the clinical trial, which is expected to continue for several months in two prominent wound clinics in Israel, patients with chronic foot ulcers will be treated. In the single-arm trial, patients will receive one treatment of the Medical Product and will be monitored for four weeks. A number of parameters will be assessed to evaluate the effectiveness of the treatment, primarily the percentage of wound closure. The clinical trial will include 20 patients.