BioLight Israeli Life Sciences Investments Ltd.

Quarterly Report

As of September 30, 2015

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

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

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Part D – Management Declarations

As of the date of this report, 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"). According to the Company's Board of Directors resolution, the Company is adopting and implementing existing or future reliefs granted in the Amendment (as such implementation is relevant or will be relevant to the Company), a summary of which is follows:

(a) Very material valuations are attached only above a materiality threshold of 20%;
(b) Financial statements of material consolidated companies will be attached to interim financial statements only above a materiality threshold of 40% (the materiality threshold to annual financial statements is (remained) 20%);
(c) Exemption from the implementation of the provisions of the Second Schedule of the Regulations (details regarding exposure to market risks and methods employed in the management thereof (the Galai Report));
(d) Non-publication of a report on internal control and an auditors' report on internal control, while only attaching managers' declarations that are limited in scope.

Part A

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

Part A

Management's Discussion and Analysis of Financial Condition and Results of Operations as of September 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 nine month periods ended on September 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

Bio Light Israeli Life Sciences Investments Ltd. ("the Company"), is engaged in the discovery, development and commercialization of breakthrough products and product candidates which address ophthalmic conditions, including glaucoma, dry eye syndrome, or DES, and age-related macular degeneration, or AMD. In addition the Company is invested in Micromedic Technologies Ltd. ("Micromedic"), and owns 46% of its issued and outstanding share capital. Micromedic owns a pipeline of products and product candidates focusing on in vitro diagnostics of cancer, particularly the early detection, recurrence (monitoring) and identification of cancer cells in the pre-cancer stage.

The Ophthalmic Pipeline – as of the report date, the ophthalmic unit consists of four main technologies:

(a) **IOPtima Ltd.** ("**IOPtima**"), a commercialized, novel surgical system that enables a non-penetrating, CO2 laser-assisted procedure known as CLASS (CO2 Laser-Assisted Sclerotomy Surgery) to reduce elevated intraocular pressure, or IOP. CLASS is an, automated, easy-to-perform procedure which requires only a short learning curve and provides a safer and more precise alternative to the currently complex and risky glaucoma surgeries.

(b) **ViSci Ltd.** ("**Visci**") which is engaged in R&D of the Eye-D™, an in-office insertable platform that provides for controlled release of ophthalmic medications over time, thereby resolving poor compliance with eye-drop treatments and permitting 100% patient compliance with drug therapy.

(c) **DiagnosTear Ltd.** ("**DiagnosTear**") which is developing the TeaRx™, a diagnostic solution that provides a multi-parameter, objective, rapid, simple, semi-quantitative analysis of tear film in order to identify one or more underlying causes of DES.

(d) **OphRx Ltd.** ("**OphRx**"), a joint venture which licensed in a non-invasive topical drug delivery technology utilizing lipotropic liquid crystals, or LLC, administered through eye drops as an alternative to the current delivery modalities, such as

intravitreal injections, used to treat diseases at the back of the eye. This platform technology can also be used for front of the eye treatments.

IOPtima, ViSci, Diagnostear and OphRx are held via XL Vision Sciences Ltd. ("**XL Vision**"), a wholly owned subsidiary of the Company, incorporated for the purpose of grouping the activity of the ophtalmic pipeline.

The Cancer Diagnostics Pipeline – the cancer diagnostics pipeline includes: (a) **Zetiq, Technologies Ltd.** ("**Zetiq**")[1] which has developed CellDetect®, a color differentiating diagnostic technology for the staining and detection of cancer and pre-cancer cells within several cancer indications; (b) 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.

B. Material changes and innovations which occurred in the Company's business

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**")[2]. The description below includes references to additional reports issued by the Company, which are incorporated herein by reference.

1. Capital Market Activities

a. 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 Shares (ADS Level 1) which are traded over-the-counter in the OTCQX stock exchange in the U.S. Each ADS Level 1 consists of 10 ordinary shares of the Company[3] which are traded 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.

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

2. Investments in the Company's and affiliates company's share capital

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1 Micromedic is holding 100% out of Zetiq outstanding share capital

2 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.

3 Following the Company's 1-for-10 reverse split.

a. Reverse Share Split. On August 2, 2015, the 1-for-10 reverse share split of the Company's Ordinary Shares was finalized. Convertible securities of the Company are subject to reverse split adjustment in accordance with their terms. [4][5] Accordingly, each American Depository Shares Level 1 (ADS Level 1) representing one hundred shares changed into one ADS Level 1 representing 10 shares, and a corresponding change was applied to all of the Company's share options. In accordance with IFRS, the loss per share data in the consolidated statements of comprehensive Loss was adjusted in the reported periods to the number of shares subsequent to the reverse share split.

3. General issues regarding the Company's overall business

a. Annual and special general meeting. On July 14, 2015, the annual and special general meeting of the Company's shareholders approved the reappointment of the auditors (and authorization of the board to determine their fees), the appointment of Ms. Efrat Makov for an additional term of office as director, the appointment of Mr. Ron Mayron as an independent director of the Company (instead of Mr. Ron Weissberg, whose office has ended), the issuance of share options to the Company's CEO[6], and the1-10 reverse share split.[7]

b. Amendment of the Company's Articles of Association. Further to the approval of the shareholders' meeting and the completion of the 1-for-10 reverse share split, the Company's Articles of Association were amended to reflect the change in the nominal value of the Company's shares. [8][9],

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4 See the Company's immediate reports dated June 1, 2015 [TASE reference 2015-01-036255], and 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. See also the notice report for the meeting summoned in regards of the share reverse split dated June 8, 2015 [TASE reference 2015-01-043044] as amended on June 30, 2015 [TASE reference 2015-01-061557], incorporated herein by reference as amended on June 30, 2015 [TASE reference 2015-01-061557], incorporated herein by reference.

5 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.

6 See the granting of the Company share options to the Company's CEO, as detailed in section 3(3) below

7 See the notice report for the meeting summoned in regards of the share reverse split 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. 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.

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

9 For details regarding the issues on the agenda and further details see the Company's meeting's notice report dated June 8, 2015 [TASE reference 2015-01-043044], as amended on June 30, 2015 [TASE reference 2015-01-061557] and the Company's immediate report dated June 15, 2015 [TASE references 2015-01-073095], incorporated herein by reference.

c. Share options awards. On August 9, 2015, following the approval of the Board of Directors and the Compensation Committee the Company, the Company granted 2,421,382 non traded share options, exercisable into 242,138 ordinary shares of the Company par value NIS 0.1 each, according to the Company's option plan, to an executive officer and a number of employees of the Company[10]. The share options are subject to adjustments to the reverse share split in accordance with their terms[11] and accordingly every 10 options are exercisable into 1 ordinary share against cash exercise price of NIS 2.13. The options were granted under the option plan and the Company compensation policy.[12]

d. Letters of indemnification to several senior officers of the Company. On August 31, 2015, the Company's Board of Directors approved the issuance of letters of indemnification to a number of officers of the Company, as customary in respect of the Company's officers and in accordance with the Company's compensation policy.[13]

e. D&O insurance. On August 31, 2015, the Company's Board of Directors approved the renewal of the Company's directors' and officers' liability insurance policy in accordance with the framework terms and conditions approved by the Company's shareholders' meetings as required by law, and as part of the Company's compensation policy. [14]

4. The Ophthalmic Pipeline

(1) The IOPtiMate™

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.

As part of these efforts, IOPtima made a first sale of the IOPtiMate™ system to a leading medical center that specializes in ophthalmology in Peru[15].

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10 The granted options include the Company's CEO's option, further to the approval detailed in section 3(a) to the report. The options will be adjusted the number of shares corresponding to the Company's reverse split at the time of their realization.

11 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.

12 The Company's immediate report dated August 9, 2015 [TASE reference 2015-01-092118], as amended on August 13, 2015 [TASE reference 2015-01-096330], incorporated herein by reference.

13 The Company's immediate report dated August 31, 2015 [TASE reference 2015-01-110004], incorporated herein by reference.

14 The Company's immediate report dated September 9, 2015 [TASE reference 2015-01-117108], incorporated herein by reference.

15 The Company's immediate report dated August 13, 2015 [TASE reference 2015-01-095652], incorporated herein by reference.

As reported in the past, IOPtima's marketing efforts are focused on Asian developing markets, primarily China. Consequently, in April 2015, a local sales and marketing manager was recruited within China, who is responsible for assisting the local distributor to comply with its annual sales targets. In such context, three additional IOPtiMate™ systems were sold to the local distributor for the purpose of promoting the marketing, clinical and commercial activity in China. The IOPtiMate system is currently under clinical evaluations at several leading medical centers in Europe and Asia, further to which the system may be sold to such centers.

Further to the reporting in Q2-2015 regarding the examination of additional possibilities for engaging with additional distributors in other South American counties, and in addition to the signing of a distribution agreement in Portugal, IOPtima entered, immediately after the Reporting Period, into a distribution agreement in Argentina with a distributor specializing in selling ophthalmic equipment. The agreements in Portugal and Argentina are for three-year periods each, and include extension options. Such agreements include undertakings on the part of the distributors for marketing activity and actual sales of a specified number of systems to end-clients.

In addition to the signing of a binding MOU for a distribution agreement in Thailand, IOPtima engaged in binding MOUs for distribution agreements in Italy and Germany with potential distributors for the purpose of promoting the sales and marketing activity of the system in such territories. The distributors have commenced marketing activity, mainly including try-outs by leading physicians. If and when conditions shall permit, binding distribution agreements will be signed.

In September 2015, IOPtima received a patent registration approval from the Israeli Patent Registrar, protecting the core technology of the IOPtiMate™ system and its mode of operation on the eye, consisting of non-penetrating laser assisted filtration surgery technology for treating glaucoma.[16] The patent that was approved for registration is owned by IOPtima, and has a priority date of December 31, 2009. The patent shall expire on December 30, 2029. The registration of the patent in Israel supplements the registration thereof in other territories worldwide, including the U.S., Japan, India, and South Africa, thus enhancing IOPtima's competitive position and its intellectual property.

On November 24, 2015, IOPtima entered into an agreement with two Asia-based venture capital funds from China and Taiwan, that are unrelated to the Company and/or IOPtima (the "**New Investors**", and together with the Company, the "**Investors**"), for an equity investment in IOPtima (the "**Agreement**"). The total anticipated investment amount by the New Investors at the closing of the

[16] The Company's immediate report dated September 30, 2015 [TASE reference 2015-01-1266996], incorporated herein by reference.

Agreement is approx. $6 million, in consideration for approx. 29% of the issued and outstanding and fully-diluted share capital of IOPtima (post-money).

As part of the investment round in IOPtima, the Company is expected to participate via XL Vision and invest an amount of approx. $1.2 million in IOPtima's share capital, such that the total anticipated investment amount in IOPtima by the Investors in the investment round is approx. $7.2 million (the "**Investment Amount**" and the "**Investment Round**", respectively). Prior to the closing of the transaction, the Company shall purchase minority shareholding in IOPtima for approx. $325 thousand and IOPtima shall repay a $1 million shareholders loan it had received from the Company through XL Vision for the financing of its activity from the beginning of 2015 and until the closing date of the Investment Round. IOPtima shall repay the loan to the Company in cash.

Should IOPtima fail to generate within three years of the Agreement's closing date, revenues in an aggregate amount of U.S. $13.7 million from sales of IOPtima's entire product line; and/or fail to file a regulatory application with the FDA for receiving an approval in respect of one of IOPtima's products within two years of the Agreement's closing date, then the Investors shall be issued additional shares for no additional consideration, according to a mechanism specified in the Agreement.[17]

In addition, should IOPtima fail to obtain an FDA approval within five years of the Agreement's closing date; or to accumulate revenues in an aggregate amount of U.S.$13.7 million from sales of all of IOPtima's products within 3 years of the Agreement's closing date, then the New Investors will be entitled to effect a forced sale and offer their holdings in IOPtima to the highest bidding third party, provided that IOPtima's valuation in such transaction shall not be lower than U.S.$37 million, subject to a right of first refusal afforded to the Company according to a mechanism specified in the Agreement.

Upon the closing of the Investment Round, the Company is expected to hold (through XL Vision) approx. 70% of IOPtima's issued and outstanding share capital (69% on a fully diluted basis). The closing of the Investment Round is contingent upon several conditions precedent as customary in such agreements, including the purchase of minority shares as aforesaid. In the Company's best evaluation, should all of such conditions be fulfilled as aforesaid, the closing of the Investment Round is expected to take place in the next few weeks.

In the Company's evaluation, the Agreement constitutes a validation of the quality and potential of IOPtima's technology by an external and independent party. In the evaluation of the Company's Board of Directors, the Agreement, which has a strategic value for both IOPtima and the Company, is expected to

[17] Should such additional issuance take place, the Company shall hold (through XL Vision) at least 61% of the issued and outstanding and fully-diluted share capital of IOPtima and the New Investors shall hold, at the very most, approx. 39% of the issued and outstanding and fully diluted share capital of IOPtima.

contribute, *inter alia*, to IOPtima's penetration and sales activity in global markets, as well as to the registration process of the product and receipt of FDA approval for its marketing in the U.S. and the commercialization thereof in this significant market. Agreements of such nature between any of the Group companies and unrelated third parties are one of the Company's business objectives, in line with the Company's business strategy[18].

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

(2) The EyeD ™

As of the date of this report, ViSci continues to conduct clinical trials in humans as part of a U.S FDA Phase 1/2a, for the controlled release insert for treating glaucoma (the "**Insert**"). Visci expects the trial to be completed during the first half of 2016.

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

(3) The TeaRx ™

In Q3-2015, Diagnostear initiated an additional clinical trial of the TeaRx™ technology in order to assess the effectiveness of the tests to differentiate between tears of healthy subjects and tears of 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 focuses on 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 during Q3-2015 and estimates that the trial results will be reported during Q4-2015. Such projection was updated in relation to the projections presented in Q2-2015, due to a continuation of the trial beyond the initial estimation.

In the course of Q3-2015, Diagnostear strengthened the patent protection by filing several patent applications protecting the parameters included in the clinical trial.

In October 2015, Diagnostear received approval for an additional grant from the Office of the Chief Scientist (OCS) (the "**Approval**") for the method for diagnosing the dry eye syndrome developed thereby.[19] According to the

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[18] The Company's immediate report dated November 25, 2015 [TASE reference 2015-01-162906], incorporated herein by reference.

[19] The Company's immediate report dated October 21, 2015 [TASE reference 2015-01-138681], incorporated herein by reference.

Approval, the participation of the OCS shall consist of 40% from the NIS 1,378,000 budget. Royalties shall be paid from Diagnostear's revenues from sales, if any, as specified in the Approval. The Approval was issued further to and in addition to grants approved by the OCS in 2013 and 2014. [20]

In October 2015, Diagnostear and the Company, through XL Vision, signed an agreement for an additional investment in Diagnostear, according to which the Company will invest approx. $200 thousand. Following the investment, the Company's holdings in Diagnostear will increase to approx. 74% of the issued and outstanding share capital of Diagnostear (approx. 73.53% on a fully diluted basis). In addition, under the investment agreement, the Company has a right to invest an additional $500 thousand in Diagnostear under similar terms (the "**Right**"). Should the Company exercise the Right, the Company's holdings in Diagnostear shall increase to approx. 80% of the issued and outstanding share capital of Diagnostear (approx. 78.48% on a fully diluted basis).

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

(4) OphRx

OphRx was incorporated in March 2015. As of the date of this report, OphRx acts in accordance with the plan prescribed therefore, and is currently in the formulation development stage and the performance of pre-clinical trials. On November 2015, in accordance with the first milestone determined in the agreement, XL Vision and Integra invested the aggregate amount of approx. 430 thousands USD in OphRx (each part invested the amount of approx. 215 thousands USD)

For additional details regarding OphRx, see Section 4.5 of the Annual Report.

***Forward-looking disclaimer** – The information and estimations included herein, inter alia, pertaining to the marketing of the IOPtiMate™ system and of dates for obtaining regulatory approvals, engagement in distribution agreements in additional territories/countries, the purchase of the product by hospitals and/or medical centers, including in connection with the dates for completing the current clinical phase of the Eye-d™ technology, including the Company's forecasts, dates, estimations and/or plans in respect thereof, which involve a high level of uncertainty and are based, inter alia, on third parties and numerous variables which the Company does not necessarily control, and in connection with the dates for completing the additional trial of the TeaRx™ technology, and in connection with the expectations and evaluations pertaining to the continuation of clinical trials in Diagnostear's technology and product*

[20] For information regarding such grants, see the Company's immediate reports dated May 28, 2014 [TASE reference 2014-01-075618], and October 13, 2013 [TASE reference 2013-01-163587), incorporated. herein by reference.

and/or additional clinical trials in its products and/or advancements in the development of the technology and product developed and/or receipt of regulatory approvals in connection with the technology and the product as aforesaid, 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, 5728-1968, that is based on data possessed by the Company and/or by any of its subsidiaries 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 the subsidiaries, 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, a decrease in the enrollment rate of patients who are eligible to participate in the trial, failure to receive positive results in the context of the clinical trial, failure to complete the subjects required for completion of the clinical trial at such dates or at all, 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 to raise capital, failure in conducting 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 the Annual Report. It shall be further expressed that there is no certainty that the trials shall be successful, and a failure to successfully complete trials may require an updating of the R&D plans, budgets and schedules and that the Company is also exposed to additional risk factors as specified in the Annual Report, which may materially affect, jointly and severally, the information and evaluations as aforesaid.

5. **The Cancer Diagnostics Portfolio**

Forward-looking disclaimer. ***This report, inter alia, with connection to the Cancer Diagnostics Portfolio, contains forward-looking information as such term is defined in the Securities Law, 5728-1968. Forward-looking information is uncertain information regarding the future that is based on data possessed by Micromedic and reported to the Company at the date of this report, and includes estimations of Micromedic or its intentions as of the date of this report. The results in practice differ substantially from the estimated results or as may be implied from such information. In some cases, there paragraphs containing forward looking disclaimer may be identified by the appearance of the following wording: "the Company, based on Micromedic estimations..", " the Company, based on Micromedic's belief..", "it is expected" and so on, however the appearance of forward looking information may appear in other wording 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/Micromedic.***

(1) **The CellDetect® Technology Platform Kit for Monitoring the Recurrence of Bladder Cancer**

Micromedic informed the Company that following its completion of the development of a kit for monitoring the recurrence of bladder cancer, which conforms with the CE marking standard, based on the CellDetect® technology (the "**Kit**"), it intended to initially focus on countries that adopt the European regulatory standard, in which the prevalence of the disease and the number of patients is high. It is noted, that such marketing and sales will require engagements with local distributors, marketing activity and inclusion in reimbursement codes, to the extent required in the various territories.

During the interim period and until the date of submission of the report, Micromedic notified the Company that it commercially launched the innovative kit for monitoring bladder cancer in Europe and advanced the promotion of the product in additional significant territories, focusing on the United States and China. The activities included:

(a) Engagement in 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. Micromedic informed the Company that, it is conducting negotiations with Palex on the terms of the distribution agreement, but that there is no certainty that a binding agreement will be signed[21].

(b) Signature of an exclusive distribution agreement of the Kit in Italy (the "**Italy Distribution Agreement**") with Arrow Diagnostics Srl, ("**Arrow**"). Micromedic notified the Company, that concurrently with the signing of the

[21] Micromedic's quarterly report dated November 26, 2015 [TASE reference 2015-01-165540], incorporated herein by reference.

Italy Distribution Agreement, Arrow placed a purchase order for 200 tests using the Kit, in consideration for a non-material amount, in addition to the 200 tests that Zetiq undertook to supply without consideration for the purpose of demonstrating the Kit in two hospitals in Italy.[22]

(c) On November 29, 2015, the Company announced that Micromedic informed it of an engagement in a collaboration agreement to carry out clinical research organization services ("**CRO Services**") and regulatory activity by Axella Research LLC ("**Axella**") and funding by Axella CD Investors LLC (" **Axella Investors**" and the "**Collaboration Agreement**", respectively) in order to obtain regulatory approvals to market and sell the Kit in the US.
The necessary funding that shall be provided by Axella Investors, whose budget is estimated as of this date of this report to approximately US $ 1.1 million, can be changed with the consent of the parties to the Collaboration Agreement (the "**Funding**"), depending on the scope of services to be granted in practice. Axella Investors will pay Axella the Funding up to and including obtaining approvals, depending on the costs listed in the budget. In exchange for the Funding and CRO Services, Zetiq will pay royalties from future U.S.-based net sales of the Kit by Zetiq and/or third parties on behalf of Zetiq [23]

(d) In the context of promoting the activities in China, Micromedic informed the Company that Zetiq collaborated with a leading chain of laboratories in China and submitted to the Office of the Chief Scientist at the Ministry of Economy an application for a budget approval for participation in a bi-national project, with a parallel application being simultaneously submitted in China (the "**Project**"). In the framework of the Project, the parties shall collaborate with a view to develop a kit for the initial diagnosis (rather than monitoring) of bladder cancer in subjects with suspected signs of the disease. In addition, Micromedic informed the Company that as of the date of the report, the application is under the review of the Chief Scientist.

(e) In the context of Micromedic's efforts to market and commercialize the Kit in Israel, Micromedic informed the Company that it is conducting advanced negotiations for signing a distribution agreement of the Kit in Israel with the Israeli company.

Micromedic informed the Company, that further to its announcement regarding the conformity of the Kit with CE marking requirements, it has filed in the course of Q3-2015 an application to receive the approval of the Medical

[22] See the Company's immediate report dated September 3, 2015 [TASE reference 2015-01-112689] and Micromedic's immediate report dated September 3, 2015 [TASE reference 2015-01-112671], incorporated herein by reference.

[23] See the Company's immediate report dated November 29, 2015 [TASE reference 2015-01-166578] and Micromedic's immediate report dated November 29, 2015 [TASE reference 2015-01-166527, incorporated herein by reference.

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. As of the date of this report, Micromedic informed the Company that there is no certainty that the agreement with the aforesaid Israeli distribution company shall be signed or that the aforesaid AMAR approval shall be obtained.

(2) **Kit for the Detection of Cervical Cancer**

As of the report date, Micromedic announced that it is mainly focusing its efforts in this field in identifying and engaging with business partners in order to penetrate developing target countries:

(a) In order to penetrate the Chinese market and make the required regulatory registration for the distribution in China of the kit for detecting and identifying cervical cancer (in this section (2) the "Kit"), Micromedic informed the Company that due to its estimations as to the limited capabilities of Biomics Biotechnologies Co. Ltd. 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.

This activity includes two pilots of the Kit that 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, it initiated two additional pilots in two chains of leading laboratories in China, (one of these chains is the laboratory chain that Zetiq is collaborating with in the context of the binational project described above). Micromedic further informed the Company that, as of the report date, Micromedic supports the pilots by sending the materials necessary for the completion thereof.

(b) Micromedic informed the Company that its activity in India is conducted at a low scale, and that the penetration of the Kit in this market is delayed.

(c) In addition, Micromedic informed the Company that as of the date of this report , it is negotiating with several additional distributors for marketing the Kit in additional countries.

(d) On July 22, 2015, [24] the Company announced that Micromedic informed it 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.

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

On 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.

(3) **Kit for the Detection and Diagnosis of Prostate Cancer**

In addition, Micromedic informed the Company that in Q3, it advanced the expansion of the CellDetect® technology in additional indications.

(a) On September 6, 2015,[25] the Company announced that it was informed by Micromedic that Zetiq received the approval of the Helsinki Committee and of the "Kaplan" Medical Center for conducting a clinical trial for diagnosing prostate cancer in urine samples using the CellDetect® technology. In the Company's evaluation, based on the evaluations of Micromedic and Zetiq, the clinical trial is expected to end in Q1-2016.

(b) Micromedic informed the Company that in the course of Q3-2015, it has commenced proof-of-concept tests in collaboration with a US leading company in the field for the development of a kit for the Detection and Diagnosis of Cancerous Tumor Cells in the Bloodstream of Metastatic Cancer Patients.

For additional information regarding the CellDetect® technology, see Section 4.7 of the Annual Report.

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

To the best of the Company's knowledge, based on information provided by Micromedic, no efficient test currently exists for evaluating the risk of developing BRONJ as a consequence of treatment with Bisphosphonate drugs and Micromedic is acting to develop such a test in collaboration with the University of Florida.

Micromedic informed the Company that its objective is to test the efficacy of genetic markers in multiple myeloma and other cancer patients treated with Bisphosphonates, who may develop BRONJ in consequence of being treated by such drugs, and that in such context, 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**"). The findings of the Tel Hashomer Trial indicate that several new highly correlated genetic markers were identified, which, in the Company's estimation based on Micromedic's

[25] See Micromedic's immediate report dated September 6, 2015 [TASE reference 2015-01-113865], included herein by reference

estimation, have high potential in predicting the risk of developing the Side Effect. [26]

In August 2014, Micromedic began a clinical continuity trial at the University of Florida and the Sheba Medical Center at "Tel Hashomer" on a diverse population of 125 subjects from the U.S., Europe and Israel (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 and a small number of samples of patients suffering from different types of cancer.

On August 30, 2015, the Company announced that it was informed by Micromedic of the results of the Continuity Trial, the main results of which are as follows

(a) In the context of the trial, several new genetic markers were identified (embedded in 8 genes) which indicate high potential to predict necrosis of the jawbone and development of BRONJ

(b) In addition, the results in respect of one of the leading genetic markers in the Tel Hashomer Trial, were repeated significantly as part of the Continuity Trial. This marker belongs to a family of genes involved in bone and teeth development .The remaining markers showed no significant in the Continuity Trial

(c) 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%.

Out of 125 samples in the Continuity Trial, 108 were multiple myeloma patients, 13 were breast cancer patients, and 4 were patients suffering from other cancers. The Continuity Trial included 69 cancer patients that developed BRONJ and a control group of 56 cancer patients that didn't develop BRONJ. The Continuity Trial included paving the genes by using full exome sequencing and bioinformatics analysis method was applied for identifying genetic markers.

The positive results of the Continuity Trial represent a significant milestone in the development of a kit for identifying unique genetic profile for the assessment of the risk in patients to develop BRONJ (the "**Kit**"). Based on the positive results of the Continuity

[26] For additional information regarding the results of the clinical trial see the Micromedic's immediate report dated May 27, 2014 (TASE 2014-01-074475), incorporated herein by reference.

Trial, Micromedic informed the Company that it intends to pursue strategic partnership opportunities for continuing the clinical and commercial development of the Kit.

In addition, Micromedic informed the Company that it considered additional strengthening of the result by analyzing samples of additional patients that are at the University of Florida.

For additional information regarding the BRONJ technology, see Section 4.8 of the Annual Report.

For additional information regarding Micromedic, see Section 4.6-4.8 of the Annual Report.

Results of Operations – Consolidated Interim Financial Statements

1. The Company's Financial Position

1.1. Current Assets

The current assets as of September 30, 2015, amounted to approx. NIS 40,160 thousand compared to approx. NIS 39,261 thousand and approx. NIS 32,432 thousand as of September 30, 2014, and as of December 31, 2014, respectively – an increase of approx. 2.3% and of approx. 23.8%, respectively. The balance as of September 30, 2015, mainly includes cash and cash equivalents and short-term deposits of approx. NIS 37,079 thousand compared to cash and cash equivalents and short-term deposits of approx. NIS 35,323 thousand and of approx. NIS 28,604 thousand as of September 30, 2014, and as of December 31, 2014, respectively – an increase of approx. 4.9% and of approx. 29.6%, 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 September 30, 2015, amounted to approx. NIS 7,791 thousand, compared to approx. NIS 8,259 thousand as of September 30, 2014, and approx. NIS 8,002 thousand as of December 31, 2014 - a decrease of approx. 5.7% and of approx. 2.6%, respectively. The balance of non-current assets mainly includes a balance of goodwill and intangible assets, net, of approx. NIS 6,929 thousand as of September 30, 2015, compared to approx. NIS 7,166 thousand as of September 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 nine months ended on September 30, 2015, results from periodic amortizations of intangible assets.

1.3. Total Consolidated Balance Sheet

As of September 30, 2015, the total balance sheet amounted to approx. NIS 47,951 thousand, compared to approx. NIS 47,520 thousand as of September 30, 2014, and approx. NIS 40,434 thousand as of December 31, 2014.

1.4. Current Liabilities

The current liabilities as of September 30, 2015, amounted to approx. NIS 5,662 thousand compared to approx. NIS 7,190 thousand as of September 30, 2014, and approx. NIS 6,552 thousand as of December 31, 2014 – a decrease of approx. 21.3% and of approx. 13.6%, respectively. The decrease in current liabilities in the nine months ended on September 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 September 30, 2015, amounted to approx. NIS 8,700 thousand compared to approx. NIS 7,701 thousand as of September 30, 2014, and approx. NIS 8,144 thousand as of December 31, 2014 – an increase of approx. 13% and of approx. 6.8%, respectively. The balance mainly includes liabilities for grants in consolidated companies. The balance of the liabilities for grants as of September 30, 2015, was approx. NIS 8,500 thousand, compared to a balance of approx. NIS 7,100 thousand as of September 30, 2014, and of approx. NIS 7,630 thousand as of December 31, 2014.

1.6. Working Capital

The working capital as of September 30, 2015, amounted to approx. NIS 34,498 thousand and the Company's current ratio is approx. 7.1, compared to September 30, 2014, on which the working capital amounted to approx. NIS 32,071 thousand, and the Company's current ratio was approx. 5.5, 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 September 30, 2015, was approx. NIS 33,589 thousand compared to approx. NIS 32,629 thousand as of September 30, 2014, and approx. NIS 25,738 thousand as of December 31, 2014 – an increase of approx. 2.9% and of approx. 30.5%, respectively. The increase in shareholders' equity in the nine months ended on September 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)

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
Revenues	1,138	173	656	18	941
Cost of revenues	565	52	340	-	538
Gross profit	573	121	316	18	403
Research and development expenses, net	10,178	13,373	3,145	4,231	18,560
Sales and marketing expenses	3,289	1,617	1,125	626	2,210
General and administrative expenses	6,441	7,632	2,124	2,713	10,203
Impairment loss, net	895	3,036	-	-	3,036
	20,803	25,658	6,394	7,570	34,009
Operating loss	20,230	25,537	6,078	7,552	33,606
Finance income	(598)	(522)	(1,277)	(139)	(448)
Finance expense	965	1,804	742	595	2,496
Other expenses, net	-	354	-	-	354
Company's share of losses of companies accounted for at equity	63	-	63	-	-
Loss	20,660	27,173	5,606	8,008	36,008
Other comprehensive loss:					
Amounts that will be reclassified subsequently to profit or loss:					
Adjustments arising from translating financial statements	14	45	11	7	19
Total comprehensive loss	20,674	27,218	5,617	8,015	36,027
Total loss attributable to:					
Equity holders of the Company	13,943	17,115	3,704	5,541	23,102
Non-controlling interests	6,717	10,058	1,902	2,467	12,906
	20,660	27,173	5,606	8,008	36,008
Total comprehensive loss attributable to:					
Equity holders of the Company	13,957	17,160	3,995	5,548	23,121
Non-controlling interests	6,717	10,058	1,875	2,467	12,906

	20,674	27,218	5,617	8,015	36,027
Loss per share attributable to equity holders of the Company (in NIS):					
Basic and diluted loss per share *)	0.24	0.36	0.06	0.11	0.48
Weighted number of shares used in the computation of loss per share*)	58,657,051	46,960,746	64,857,650	52,133,770	48,290,809

*) See Note 3 to the interim consolidated financial statements

2.2. Analysis of the Results of Operations

In the nine and three-month periods ended September 30, 2015, the Company recorded a comprehensive loss of approx. NIS 20,674 thousand and approx. NIS 5,617 thousand, respectively (of which approx. NIS 13,957 thousand and approx. NIS 3,715 thousand, respectively, are attributed to the Company's shareholders), compared to a comprehensive loss of approx. NIS 27,218 thousand and approx. NIS 8,015 thousand, respectively (of which approx. NIS 17,160 thousand and approx. NIS 5,548 thousand, respectively, are attributed to the Company's shareholders) recorded by the Company in the same nine and three-month periods last year – a decrease of approx. 24% and approx. 29.9%, respectively.

The decrease in comprehensive loss in the nine and three months ended on September 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 nine-month period ended on September 30, 2015, the Group recorded revenues in the amount of approx. NIS 1,138 thousand compared to an amount of approx. NIS 173 thousand in the same period last year - an increase of approx. 558%. In the three-month period ended on September 30, 2015, the Group recorded revenues in the amount of approx. NIS 656 thousand compared to an amount of approx. NIS 18 thousand in the same period last year - an increase of approx. 3,544%. In the nine-month period ended on September 30, 2015, the entire revenues are from sales of the consolidated company IOPtima. For such revenues, the Group recorded, in the nine and three-month periods ended on September 30, 2015, a cost of revenues of approx. NIS 565 thousand and approx. NIS 340 thousand, respectively.

2.4. Research and Development Expenses, net

In the nine and three month-periods ended on September 30, 2015, the research and development expenses, net, amounted to approx. NIS 10,178 thousand (gross amount of NIS 10,281 thousand), and approx. NIS 3,145 thousand (gross amount of NIS 3,170 thousand), respectively, compared to approx. NIS 13,373 thousand (gross amount of NIS 14,129 thousand) and approx. NIS 4,231 thousand (gross amount of NIS 4,386 thousand), respectively in the same periods in 2014 - a decrease of approx. 23.9% and of approx. 25.7%, 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. Marketing and Sales Expenses

In the nine and three-month periods ended on September 30, 2015, the sales and marketing expenses amounted to approx. NIS 3,289 thousand and approx. NIS 1,125 thousand, respectively, compared to approx. NIS 1,617 thousand and approx. NIS 626 thousand, respectively, in the same periods last year – an increase of approx. 103% and of approx. 80%. 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 nine and three-month periods ended on September 30, 2015, the general and administrative expenses amounted to approx. NIS 6,441 thousand and approx. 2,124 thousand, respectively, compared to approx. NIS 7,632 thousand and approx. NIS 2,713 thousand, respectively, in the same periods last year - a decrease of approx. 15.6% and of approx. 21.7%, 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 nine and three-month periods ended on September 30, 2015, the finance expenses amounted to approx. NIS 965 thousand and approx. NIS 742 thousand, respectively, compared to approx. NIS 1,804 thousand and approx. NIS 595

thousand, respectively, in the same periods last year. The finance expenses mainly resulted from a reevaluation of liabilities for grants in consolidated companies.

The financing income in the nine and three-month periods ended on September 30, 2015, amounted to approx. NIS 598 thousand and approx. NIS 1,277 thousand, respectively, compared to approx. NIS 522 thousand and approx. NIS 139 thousand, respectively, in the same periods last year. The finance income mainly resulted from changes in currency exchange rates, revaluation of other long-term liabilities and interest on deposits.

3. Liquidity and Capital Resources

As of September 30, 2015, the Company has cash and short-term deposits of approx. NIS 37,079 thousand, compared to approx. NIS 35,323 thousand as of the same date last year.

In the nine-month period ended on September 30, 2015, approx. NIS 18,939 thousand were used for current operations, approx. NIS 5,872 thousand resulted from investment activity (mainly redemption of deposits into cash), and approx. NIS 27,600 thousand resulted from financing activity. In the nine-month period ended on September 30, 2014, approx. NIS 19,357 thousand were used for operations, approx. NIS 19,580 thousand were used for investment activity (investment of cash from the 2014 capital raise in deposits), and approx. NIS 37,217 resulted from financing activity.

In the three-month period ended on September 30, 2015, approx. NIS 5,716 thousand were used for operations, approx. NIS 52 thousand were used for investment activity, and approx. NIS 171 thousand were used for financing activity. In the three-month period ended on September 30, 2014, approx. NIS 5,528 thousand were used for operations, approx. NIS 67 thousand were used for investment activity, and approx. NIS 291 were used for 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 Micromedic's 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.

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 November 30, 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

According to section 8a/8b to the Securities Regulations (Periodic and Immediate Reports), 5730-1970, the critical accounting estimates as defined in this section as of September 30, 2015 are as 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	September 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 4,751 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%

Valuation subject	**Estimate of the liability of the consolidated company IOPtima Ltd. to the OCS**
Valuation date	September 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 3,456 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, November 30, 2015

Part B

Interim Consolidated Financial Statements as of September 30, 2015

BIOLIGHT ISRAELI LIFE SCIENCES INVESTMENTS LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2015

UNAUDITED

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Building a better working world

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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 September 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 nine 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
November 30, 2015

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	36,715	15,951	22,196
Short-term deposits	364	19,372	6,408
Trade receivables	574	-	292
Other accounts receivable	1,477	(*1,102	(*779
Inventories	1,030	1,055	976
Asset held for sale	-	(*1,781	(*1,781
	40,160	39,261	34,432
NON-CURRENT ASSETS:			
Leasing deposits	87	116	77
Property and equipment, net	775	977	819
Goodwill and intangible assets, net	6,929	7,166	7,106
	7,791	8,259	8,002
	47,951	47,520	40,434

*) Reclassified, see note 3i

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	1,074	1,814	943
Other accounts payable	4,588	3,572	(*4,059
Liabilities related to asset held for sale	-	1,804	(*1,550
	5,662	7,190	6,552
NON-CURRENT LIABILITIES:			
Liability for grants	8,500	7,100	7,630
Other long-term liabilities	200	601	514
	8,700	7,701	8,144
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital, premium and reserves	242,884	217,406	218,810
Accumulated deficit	(204,350)	(184,420)	(190,407)
	38,534	32,986	28,403
Non-controlling interests	(4,945)	(357)	(2,665)
Total equity	33,589	32,629	25,738
	47,951	47,520	40,434

*) Reclassified, see note 3i

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

November 30, 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 COMPREHENSIVE LOSS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands (except share and loss per share data)				
Revenues	1,138	173	656	18	941
Cost of revenues	565	52	340	-	538
Gross profit	573	121	316	18	403
Research and development expenses, net	10,178	13,373	3,145	4,231	18,560
Sales and marketing expenses	3,289	1,617	1,125	626	2,210
General and administrative expenses	6,441	7,632	2,124	2,713	10,203
Impairment loss, net	895	3,036	-	-	3,036
	20,803	25,658	6,394	7,570	34,009
Operating loss	20,230	25,537	6,078	7,552	33,606
Finance income	(598)	(522)	(1,277)	(139)	(448)
Finance expense	965	1,804	742	595	2,496
Other expenses, net	-	354	-	-	354
Company's share of losses of companies accounted for at equity	63	-	63	-	-
Loss	20,660	27,173	5,606	8,008	36,008
Other comprehensive loss:					
Amounts that will be reclassified subsequently to profit or loss:					
Adjustments arising from translating financial statements	14	45	11	7	19
Total comprehensive loss	20,674	27,218	5,617	8,015	36,027
Total loss attributable to:					
Equity holders of the Company	13,943	17,115	3,704	5,541	23,102
Non-controlling interests	6,717	10,058	1,902	2,467	12,906
	20,660	27,173	5,606	8,008	36,008
Total comprehensive loss attributable to:					
Equity holders of the Company	13,957	17,160	3,995	5,548	23,121
Non-controlling interests	6,717	10,058	1,875	2,467	12,906
	20,674	27,218	5,617	8,015	36,027
Loss per share attributable to equity holders of the Company (in NIS):					
Basic and diluted loss per share *)	0.24	0.36	0.06	0.11	0.48
Weighted number of shares used in the computation of loss per share*)	58,657,051	46,960,746	64,857,650	52,133,770	48,290,809

*) See note 3d

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									
	Ordinary shares	Share premium	Share options and warrants	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	-	-	-	-	-	(13,943)	-	(13,943)	(6,717)	(20,660)
Total other comprehensive loss	-	-	-	-	-	-	(14)	(14)	-	(14)
Total comprehensive loss	-	-	-	-	-	(13,943)	(14)	(13,957)	(6,717)	(20,674)
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	-	-	-	-	-	-	-	-	343	343
Share-based payment in the Company	-	-	-	245	-	-	-	245	-	245
Purchase of shares and warrants in a subsidiary	-	-	-	-	(458)	-	-	(458)	3,833	3,375
Exercise of options in a subsidiary	-	-	-	-	(188)	-	-	(188)	189	1
Share options expiration	-	111	(109)	(2)	-	-	-	-	-	-
Balance at September 30, 2015	6,519	216,260	11,417	4,728	7,705	(204,350)	(3,745)	38,534	(4,945)	33,589

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									
	Ordinary shares	Share premium	Share options and warrants	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	-	-	-	-	-	(17,115)	-	(17,115)	(10,058)	(27,173)
Total other comprehensive loss	-	-	-	-	-	-	(45)	(45)	-	(45)
Total comprehensive loss	-	-	-	-	-	(17,115)	(45)	(17,160)	(10,058)	(27,218)
Purchase of shares in subsidiaries	-	-	-	-	(79)	-	-	(79)	(212)	(291)
Share-based payment in a subsidiary	-	-	-	-	-	-	-	-	377	377
Share-based payment in the Company	-	-	-	144	-	-	-	144	-	144
Issuance of shares and warrants, net	1,792	30,640	5,076	-	-	-	-	37,508	-	37,508
Share options expiration	-	109	(109)	-	-	-	-	-	-	-
Balance at September 30, 2014	5,215	192,987	11,539	4,311	7,111	(184,420)	(3,757)	32,986	(357)	32,629

STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Ordinary shares	Share premium	Receipt on shares	Share options and warrants	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 July 1, 2015	6,449	214,966	1,362	11,417	4,652	7,893	(200,646)	(3,734)	42,359	(3,331)	39,028
Loss	-	-	-	-	-	-	(3,704)	-	(3,704)	(1,902)	(5,606)
Total other comprehensive loss	-	-	-	-	-	-	-	(11)	(11)	-	(11)
Total comprehensive loss	-	-	-	-	-	-	(3,704)	(11)	(3,715)	(1,902)	(5,617)
Issuance of shares, net	70	1,292	(1,362)	-	-	-	-	-	-	-	-
Exercise of options in a subsidiary	-	-	-	-	-	(188)	-	-	(188)	189	1
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	-	99	99
Share-based payment in the Company	-	-	-	-	78	-	-	-	78	-	78
Share options expiration	-	2	-	-	(2)	-	-	-	-	-	-
Balance at September 30, 2015	6,519	216,260	-	11,417	4,728	7,705	(204,350)	(3,745)	38,534	(4,945)	33,589

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									
	Ordinary shares	Share premium	Share options and warrants	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 July 1, 2014	5,215	192,987	11,539	4,259	7,190	(178,879)	(3,750)	38,561	2,257	40,818
Loss	-	-	-	-	-	(5,541)	-	(5,541)	(2,467)	(8,008)
Total other comprehensive loss	-	-	-	-	-	-	(7)	(7)	-	(7)
Total comprehensive loss	-	-	-	-	-	(5,541)	(7)	(5,548)	(2,467)	(8,015)
Purchase of shares in subsidiaries	-	-	-	-	(79)	-	-	(79)	(212)	(291)
Share-based payment in consolidated companies	-	-	-	-	-	-	-	-	65	65
Share-based payment in the Company	-	-	-	52	-	-	-	52	-	52
Balance at September 30, 2014	5,215	192,987	11,539	4,311	7,111	(184,420)	(3,757)	32,986	(357)	32,629

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									
	Ordinary shares	Share premium	Share options and warrants	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 warrants, net	1,792	30,640	5,076	-	-	-	-	37,508	-	37,508
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	1,255	1,255
Share-based payment in the Company	-	-	-	318	-	-	-	318	-	318
Purchase of shares in a subsidiary	-	-	-	-	1,125	-	-	1,125	(550)	575
Share options expiration	-	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

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands				
Cash flows from operating activities:					
Loss	(20,660)	(27,173)	(5,859)	(8,008)	(36,008)
Adjustments to reconcile loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Finance income	(18)	(112)	-	(49)	(136)
Adjustment of long-term and short-term liabilities for grants	1,224	1,439	757	709	2,072
Depreciation, amortization and impairment loss, net	1,231	3,676	152	190	3,884
Share-based payment in the Company	245	144	78	52	318
Share-based payment in subsidiaries	343	377	99	65	1,255
Company's share of losses of companies accounted for at equity	63	-	63	-	-
	3,088	5,524	1,149	967	7,393
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(282)	48	(445)	117	(244)
Decrease (increase) in other accounts receivable	(469)	903	(171)	432	1,226
Decrease (increase) in inventories	(54)	-	41	-	109
Increase (decrease) in trade payable	131	462	(430)	462	(422)
Increase (decrease) in other accounts payable	(406)	703	17	431	846
Increase (decrease) in employee benefit liabilities	(34)	64	-	22	(71)
Change in commitment for subsidiary's shares	(271)	-	(271)	-	48
	(1,385)	2,180	(1,259)	1,464	1,492
Cash received during the period for:					
Interest received	18	112	-	49	136
Net cash used in operating activities	(18,939)	(19,357)	(5,716)	(5,528)	(26,987)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 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	6,044	(19,187)	6	(34)	(6,223)
Purchase of property and equipment	(162)	(382)	(57)	(15)	(402)
Proceeds from (investment in) long-term leasing deposit	(10)	(11)	(1)	(18)	28
Net cash provided by (used in) investing activities	5,872	(19,580)	(52)	(67)	(6,597)
Cash flows from financing activities:					
Exercise of options in a subsidiary	1	-	1	-	-
Purchase of shares in subsidiary from non-controlling interests	-	(291)	-	(291)	(291)
Proceeds from issuance of shares and warrants in a subsidiary, net	3,375	-	-	-	866
Proceeds from issuance of shares and warrants, net	-	37,508	-	-	37,508
Proceeds from issuance of shares, net	24,453	-	-	-	-
Deferred expenses	(229)	-	(172)	-	-
Net cash provided by financing activities	27,600	37,217	(171)	(291)	38,083
Exchange differences on balances of cash and cash equivalents	(14)	(45)	(11)	(7)	(7)
Increase (decrease) in cash and cash equivalents	14,519	(1,765)	(5,950)	(5,893)	4,480
Cash and cash equivalents at the beginning of the period	22,196	17,716	42,665	21,844	17,716
Cash and cash equivalents at the end of the period	36,715	15,951	36,715	15,951	22,196

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 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 shareholders loan by non-controlling interest in a consolidated company	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") is focused primarily on the discovery, development and commercialization of breakthrough ophthalmic diagnostics and therapeutics through companies. The Company has also invested in biomedical innovations in cancer diagnostics, including proprietary tests that are designated for bladder, cervical, multiple myeloma and other cancers. The Company and its subsidiaries, collectively, "the Group".

The Group incurred total losses of approximately NIS 20.6 million, NIS 5.6 million and NIS 36 million for the nine and three months period ended September 30, 2015, and the year ended December 31, 2014, respectively, and negative cash flows from operating activities of approximately NIS 18.9 million, NIS 5.7 million and NIS 26.9 million for the nine and three months period ended September 30, 2015 and the year ended December 31, 2014, respectively.

The finance needed for the Group's operating activity as well as the sources necessary to realize the Group business strategy are conditional upon the successful fundraising by the Company and the commercialization of its products.

See Note 3f regarding funds raised by the Company during 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, included an emphasis of matter paragraph regarding conditions that raise significant doubt about Micromedic’s 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.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. These financial statements have been prepared in a condensed format as of September 30, 2015, and for the periods of nine and three months then ended ("interim consolidated financial statements"). These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated 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.

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

a. In November 2015, the Company, through XL Vision, IOPtima, signed s joint investment agreement ("the Joint Investment Agreement") in IOPtima with two Asia-based venture capital firms ("the Investors"). The total expected investment amount on closing from the two Asia-based venture capital firms is approximately $6 million for approximately 29% of IOPtima issued and outstanding shares on a fully diluted basis. As part of the Joint Investment Agreement, the Company is expected to participate, through XL Vision, and invest in IOPtima additional approximately $1.2 million, leading to an aggregated investment amount of $7.2 million in IOPtima shares in this investment round. In addition, the Company, through XL Vision, will purchase shares from the minority for the total consideration of $325 thousands and after closing, IOPtima will repay a shareholders loan in the amount of approximately $1 million that were provided to IOPtima, through XL Vision, to finance its operating activity during 2015. According to the Investment Agreement, following closing of the investment the Company, through XL Vision, is expected to hold approximately 70% of IOPtima issued and outstanding shares. In addition, according to the Investment Agreement, an additional allotment of shares to the Investors for no consideration and a right to trigger a "drag along mechanism" was set, subject to certain terms agreed in the Investment Agreement.

b. In October 2015, DiagnosTear obtained an approval for receiving another grant from the Office of the Chief Scientist ("the OCS") for the method for diagnosing the dry eye syndrome. According to the approval, the grant participation will be at a rate of 40% from a budget of approximately NIS 1.4 million, subject to the terms of the approval, including the payment of royalties from revenues, if any.

c. In October 2015, the Company, through XL Vision, entered into an additional investment agreement with DiagnosTear. According to the investment agreement, XL Vision has invested an aggregate amount of approximately $200,000 for approximately 4% of DiagnosTear’s issued and outstanding shares. After the allotment the Company will hold approximately 74% of DiagnosTear issued and outstanding capital. In addition, XL Vision has a righ to invest an additional $500,000 in DiagnosTear ("the Right"). In case XL Vision will exercise the Right the Company will hold approximately 80% of the issued and outstanding share of DiagnosTear.

d. In July 2015, following the Company's shareholder approval, a 1-for-10 reverse share 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 ten shares, and a corresponding change in all of the Company's share options and warrants. In accordance with IFRS, the loss per share data in consolidated statements of Comprehensive Loss was adjusted in all the reported periods to the number of shares reflecting the reverse share split.

e. In May 2015, 2,421,382 share options which are exercisable into 242,138 Ordinary shares of the Company's of NIS 0.1 par value that were granted to the Company's CEO, CFO and to several other employees pursuant to the Company's option plan. The share options and the amounts above are adjusted after the reverse share split, see (d) above.

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

Each ten share options are exercisable into one Ordinary share for an exercise price of NIS 2.13 in cash. The share options vest over three years in three equal annual installments.

The share 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 the following (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 ten share options at the date of grant was NIS 0.56 and the total fair value of all share 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) Ordinary share price - NIS 1.9;
b) Exercise price of each ten share options - NIS 2.13;
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 expected life of the option.

The Company recorded in its consolidated Statements of Comprehensive Loss as of September 30, 2015, share-based payments expenses of approximately NIS 28 thousand with a corresponding adjustment of capital reserve.

f. In May 2015, the Company completed an upsized private placement for the issuance of 13,033,442 Ordinary shares of the Company's NIS 0.1 par value each (the number of shares is following the reverse share split), 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 total proceeds were approximately NIS 24.4 million, net of issuance expenses.

g. In April 2015, Micromedic issued to the Company 5,253,486 ordinary shares of NIS 1.00 par value (after Micromedic's share split, capital reduction and reverse split in November 2015, the number of ordinary shares is 525,349 NIS 0.1 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 holds approximately 46% of the issued and outstanding shares 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 (after Micromedic's share split, capital reduction and reverse split in November 2015, the number of ordinary shares is 2,473,200 NIS 0.1 par value and the number of warrants is 1,236,600). The Company purchased 11,111,000 ordinary shares and 5,555,000 traded warrants for a total consideration of approximately NIS 3 million (after Micromedic's share split, capital reduction and reverse split in November 2015, the number of ordinary shares is 1,111,100 NIS 0.1 par value and the number of warrants is 555,500). After this public offering the Company holds 46% of the issued and outstanding shares of Micromedic.

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

h. In January 2015, the Company, through XL Vision, entered into agreement with several parties, including Integra Holdings, to invest in a private Israeli company ("OphRx") that will act to develop a more efficient and safer drug delivery of eye drops. According to the agreement, OphRx 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 OphRx 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 OphRx on a fully diluted basis. In November 2015, and in accordance with the first milestone set in the agreement, both the Company, through X L Vision, and Integra, have invested an aggregate amount of approximately $ 430 thousands in OphRx (with each invested approximately $ 215 thousands).

i. During 2014, BioMarCare (a consolidated company of the subsidiary 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 candidate has ended and the 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 loss during the three months ended June 30, 2015, that are included in the consolidated Statements of Comprehensive Loss for the nine months period ended September 30, 2015, amounted to NIS 1,781 thousands impairment loss 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.

j. The Company believes that the liabilities related to grants approximate their fair value of as at September 30, 2015.

NOTE 4:- RESEARCH AND DEVELOPMENT EXPENSES, NET

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands				
Research and development expenses	10,281	14,129	3,170	4,386	19,459
Less - grants	(103)	(756)	(25)	(155)	(899)
Research and development expenses, net	10,178	13,373	3,145	4,231	18,560

NOTE 5:- OPERATING SEGMENTS

a. Description of the segments:

The Company operates through its subsidiaries and the subsidiary, Micromedic and its subsidiaries, as follows:

1. **Ophthalmology** - The Company, through XL Vision, manages IOPtima who develops and markets a laser-based non-invasive surgical treatment for glaucoma. DiagnosTear develops a multi-parameter diagnostic test for dry-eye syndrome. ViSci develops a controlled release drug-delivery insert platform. OphRx develops a more efficient and safer delivery of eye drops.

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

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments:

	Nine months ended September 30, 2015		
	Ophthalmology	Cancer diagnostics	Total
	Unaudited		
	NIS in thousands		
Revenues	1,138	-	1,138
Segment loss	8,621	6,500	15,121
Unallocated corporate expenses, net (mainly general and administrative expenses of the Company)			5,109
Operating loss			20,230
Finance expenses, net			367
Company's share of losses of companies accounted for at equity			63
Loss			20,660
Foreign currency translation adjustments			14
Comprehensive loss			20,674

NOTE 5:- OPERATING SEGMENTS (Cont.)

	Nine months ended September 30, 2014		
	Ophthalmology	Cancer diagnostics	Total
	Unaudited		
	NIS in thousands		
Revenues	56	117	173
Segment loss	9,591	10,569	20,160
Unallocated corporate expenses, net (mainly general and administrative expenses of the Company)			5,377
Operating loss			25,537
Finance expenses, net			1,282
Other expenses			354
Loss			27,173
Foreign currency translation adjustments			45
Comprehensive loss			27,218

	Three months ended September 30, 2015		
	Ophthalmology	Cancer diagnostics	Total
	Unaudited		
	NIS in thousands		
Revenues	656	-	656
Segment loss	2,788	1,943	4,731
Unallocated corporate expenses, net (mainly general and administrative expenses of the Company)			1,347
Operating loss			6,078
Finance income, net			(535)
Company's share of losses of companies accounted for at equity			63
Loss			5,606
Foreign currency translation adjustments			11
Comprehensive loss			5,617

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- OPERATING SEGMENTS (Cont.)

	Three months ended September 30, 2014		
	Ophthalmology	Cancer diagnostics	Total
	Unaudited		
	NIS in thousands		
Revenues	18	-	18
Segment results	3,377	2,223	5,600
Unallocated corporate expenses, net (mainly general and administrative expenses of the Company)			1,952
Operating loss			7,552
Finance expenses, net			456
Loss			8,008
Foreign currency translation adjustments			7
Comprehensive loss			8,015

	Year ended December 31, 2014		
	Ophthalmology	Cancer 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

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Part C

Separated Interim Financial Information as of September 30, 2015

BIOLIGHT ISRAELI LIFE SCIENCES INVESTMENTS LTD.

PRESENTATION OF FINANCIAL INFORMATION FROM

THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2015

UNAUDITED

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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 September 30, 2015 and for the nine and 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
November 30, 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 September 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

	September 30,		December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	32,717	12,510	18,056
Short-term deposits	219	19,227	6,263
Accounts receivable	969	587	568
	33,905	32,324	24,887
NON-CURRENT ASSETS:			
Investments in consolidated companies	8,822	4,741	7,087
Leasing deposits	18	30	31
Loan to related company	2,255	1,840	1,531
Property and equipment, net	127	150	140
	11,222	6,761	8,789
	45,127	39,085	33,676
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	233	455	298
Other accounts payable	897	1,342	1,260
	1,130	1,797	1,558
NON-CURRENT LIABILITIES:			
Other long-term liabilities	480	567	480
Excess of losses over investments in consolidated companies	5,263	3,735	3,235
	5,743	4,302	3,715
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital, premium and reserves	242,884	217,406	218,810
Accumulated deficit	(204,630)	(184,420)	(190,407)
Total equity	38,254	32,986	28,403
	45,127	39,085	33,676

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

November 30, 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

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands				
Revenues	1,481	1,619	507	548	2,163
General, administrative and other expenses	5,196	6,115	1,696	2,272	8,234
Operating loss	(3,715)	(4,496)	(1,189)	(1,724)	(6,071)
Finance income	9,365	7,551	4,004	2,680	10,036
Finance expenses	(9)	(31)	(315)	(23)	(327)
Income before Company's share of losses in consolidated companies	5,641	3,024	2,500	933	3,638
Company's share of losses in consolidated companies	(19,878)	(20,184)	(6,495)	(6,481)	(26,759)
loss	(14,237)	(17,160)	(3,995)	(5,548)	(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

	Nine months ended September 30,		Three months ended September 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	(14,237)	(17,160)	(3,995)	(5,548)	(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	(8,385)	(7,067)	(2,686)	(2,554)	(9,539)
Depreciation and amortization	16	60	5	24	73
Cost of share-based payment	245	144	78	52	318
Company's share of losses in consolidated companies	19,878	20,184	6,495	6,481	26,759
	11,754	13,321	3,892	4,003	17,611
Changes in asset and liability items of the Company:					
Decrease (increase) in accounts receivable	(188)	210	(61)	451	229
Increase (decrease) in loan to related company	(724)	(283)	(134)	(101)	26
Increase (decrease) in trade payable	(65)	76	(41)	62	(55)
Increase (decrease) in other accounts payable	(363)	522	(61)	481	440
Increase in employee benefit liabilities	-	72	-	42	(63)
Commitment to issue shares in subsidiary	-	-	-	-	48
	(1,340)	597	(297)	935	625
Cash received during the period by the Company for:					
Interest received	18	84	-	41	108
	18	84	-	41	108
Net cash used in operating activities of the Company	(3,805)	(3,158)	(400)	(569)	(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

	Nine months ended September 30,		Three months ended September 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	(3)	(6)	(3)	(6)	(9)
Investment in short-term deposits, net	6,044	(19,042)	6	(34)	(6,078)
Change in long-term leasing deposit, net	13	(18)	-	(18)	(19)
Investment in consolidated companies	(11,828)	(7,787)	(2,248)	(2,307)	(13,582)
Net cash used in investing activities of the Company	(5,774)	(26,853)	(2,245)	(2,365)	(19,688)
Cash flows from financing activities of the Company:					
Proceeds from issuance of shares, net	24,453	-	-	-	-
Proceeds from issuance of shares and options, net	-	37,508	-	-	37,508
Deferred issuance expenses	(213)	-	(213)	-	-
Net cash provided by financing activities of the Company	24,240	37,508	(213)	-	37,508
Increase (decrease) in cash and cash equivalents	14,661	7,497	(2,858)	(2,934)	13,043
Cash and cash equivalents at the beginning of the period	18,056	5,013	35,575	15,444	5,013
Cash and cash equivalents at the end of the period	32,717	12,510	32,717	12,510	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 3,995 thousand and negative cash flows from operating activities of NIS 400 thousand for the three months period ended September 30, 2015. The Company has accumulated deficit of NIS 204,630 thousand as of that date.

See Note 3 to the interim consolidated Financial Statements as of September 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.

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Part D – Management Declarations

Declaration of the Chief Executive Officer

I, Suzana Nahum-Zilberberg, CEO, hereby declare that:

1. I have examined the periodic report of BioLight Israeli Life Sciences Investments Ltd. ("**the Company**") for the period ending on September 30, 2015 ("**the reports**").

2. To my knowledge, the reports do not include any incorrect presentation of a material fact and no material fact has been left out of them that would be necessary for the presentation in them, in light of the circumstances in which those representations were included, not to be misleading with regard to the reporting period.

3. To my knowledge, the financial reports and other financial information included in the reports accurately reflect, from all material perspectives, the financial situation, the results of activity and the cash flow of the Company as of the dates and for the periods of the reports.

4. I have disclosed the to the Company's auditor, Board of Directors and audit committee, any fraud, whether material or not, in which the CEO or someone directly under him was involved or in which other employees who have a significant function in the internal auditing of financial reporting and disclosure were involved.

There is nothing in the aforesaid to derogate from my responsibility or the responsibility of anyone else, pursuant to any law.

November 30, 2015

Date	Suzana Nahum-Zilberberg, CEO

Declaration of the Senior Company's Financial Officer

I, Itai Bar Natan, CFO, hereby declare that:

1. I have examined the financial statements and other financial information included BioLight Israeli Life Sciences Investments Ltd. ("**the Company**") reports for the period ending on September 30, 2015 ("**the reports**").

2. To my knowledge, the financial statements and other financial information included in the reports do not include any incorrect presentation of a material fact and no material fact has been left out of them that would be necessary for the presentations in them, in light of the circumstances in which those representations were included, not to be misleading with regard reporting period.

3. To my knowledge, the financial statements and any other financial information included in the reports accurately reflect, from all material perspectives, the financial situation, the results of activity and the cash flow of the Company as of the dates and for the periods of the reports.

4. I have disclosed to the Company's auditor, Board of Directors and the audit committee, any fraud, whether material or not, in which the CEO or someone directly under him was involved or in which other employees who have a significant function in internal auditing of financial reporting and disclosure were involved.

There is nothing in the aforesaid to derogate from my responsibility or the responsibility of anyone else, pursuant to any law.

November 30, 2015

Date	Itai Bar Natan, CFO