SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2011

BioLineRx Ltd.

(Translation of Registrant's name into English)

P.O. Box 45158
19 Hartum Street
Jerusalem 91450, Israel
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F x **Form 40-F o**

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes o **No x**

On November 29, 2011, the Registrant will issue a press release announcing its financial results for the three-month and nine-month periods ended September 30, 2011. The Registrant is also publishing its unaudited interim consolidated financial statements, as well as its operating and financial review, as of September 30, 2011, and for the three-month and nine-month periods then ended. Attached hereto are the following exhibits:

Exhibit 1: Registrant's press release dated November 29, 2011;

Exhibit 2: Registrant's condensed consolidated interim financial statements as of September 30, 2011, and for the three-month and nine-month periods then ended;

Exhibit 3 - Registrant's operating and financial review as of September 30, 2011, and for the three-month and nine-month periods then ended.

This report on Form 6-K is being incorporated by reference into all effective registration statements filed by us under the Securities Act of 1933.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BioLineRx Ltd.

By: /s/ Philip Serlin
Philip Serlin
Chief Financial and Operating Officer

Dated: November 28, 2011

Exhibit 1

For immediate release

BioLineRx Reports Third Quarter 2011 Financial Results

Jerusalem, November 29, 2011 - BioLineRx Ltd. (NASDAQ: BLRX) (TASE: BLRX), a biopharmaceutical development company, today reported its results for the third quarter ending September 30, 2011.

"During the third quarter, we continued to advance and expand our pipeline, while focusing on the development of products in advanced clinical stages. We are pleased with the continued development of BL-1020, a first in class, orally available, GABA-enhanced antipsychotic for the treatment of schizophrenia. In June of this year, we commenced the phase 2/3 CLARITY trial for BL-1020 in Romania, with cognition as a primary endpoint. We are authorized to perform the trial at 14 clinical sites in Romania, and a few days ago, following approval from the Indian regulatory authorities and the Indian local ethics committees, we initiated the trial in India, where we have received authorization to conduct the trial at 18 additional sites. In addition, we are planning to apply for approval to perform the trial at four sites in Israel. The CLARITY trial is progressing well and according to plan, and we look forward to the results from the trial, expected in early 2013," stated Kinneret Savitsky, Ph.D., CEO of BioLineRx. "Regarding BL-1040, our collaboration with Ikaria continues, and we look forward to commencement of the first pivotal clinical trial by the end of 2011."

Dr. Savitsky added, "We have also continued to advance our other clinical stage products, including BL-1021 for the treatment of neuropathic pain, which has shown positive preliminary results in a phase 1a clinical trial. Final results are expected in December 2011. In addition, during the third quarter, we announced the confirmation from the European regulatory authorities of the regulatory classification pathway to develop BL-5010 as a medical device, which will enable us to reduce the time and resources required for developing this product. BL-5010, a novel formulation for the non-surgical removal of benign skin lesions, has successfully completed a phase 1/2 clinical trial, and we are currently designing the plan for next clinical study, as well as evaluating the most advantageous ways to progress with this therapeutic candidate from a business perspective."

"In accordance with our business strategy, we continue to screen, evaluate and in-license the most promising novel therapeutic candidates. During the third quarter of 2011, we added BL-7050, a novel orally available treatment for neuropathic and inflammatory pain, to our product pipeline, which currently includes 14 compounds, five of which are in various stages of clinical development."

"In October, we hired Mr. David Malek as our new Vice President of Business Development. We view this appointment as critical in our efforts to enhance our business development strategies and accelerate our commercialization efforts. David joins BioLineRx from Sanofi, where he served as Director of Oncology - New Products and Business Development.

"As part of our strategy to establish a presence in the U.S., in July, we listed our American Depositary Shares on the NASDAQ Capital Market. We have accompanied this listing with efforts to enhance our exposure to U.S. investors, including, among other things, hiring KCSA Strategic Communications, a well-known New York-based communications firm, to direct the Company's investor relations program," concluded Dr. Savitsky.

Highlights of the third quarter of 2011:

- *ADR listing on NASDAQ:* In July, BioLineRx listed its ADRs for trading on NASDAQ. Each BioLineRx ADR represents 10 ordinary shares and trades on NASDAQ under the symbol "BLRX." The Bank of New York Mellon has been appointed as the Company's depositary bank.

- *BL-1021:* In July, the Company announced enrollment of the first participant in a phase 1a clinical trial on healthy subjects for BL-1021, a new chemical entity for the treatment of neuropathic pain. Studies in several animal models have shown that BL-1021 is effective for acute and neuropathic pain. Pre-clinical studies suggest that the drug has higher efficacy and a better safety profile than anti-depressants from the same family (TCAs).

  In September, BioLineRx announced positive preliminary results from the phase 1a clinical trial of BL-1021. Study results demonstrated that a single administration of BL-1021 was safe and well tolerated. In addition, preliminary modeling of the pharmacokinetic data collected in this trial predicts that a once daily administration of BL-1021 at the dose levels assessed in the trial will enable reaching effective doses in patients. Final results are expected to be announced in December 2011.

- *BL-7050:* In September, BioLineRx announced the addition of a new project to its portfolio, BL-7050, a novel, orally available treatment for neuropathic and inflammatory pain. Pre-clinical trials in cell culture and in animal models of neuropathic and inflammatory pain have shown that the molecule is effective at reducing neuronal activity and pain levels. BL-7050 also has an improved safely profile.

- *BL-5010:* In September, the Company announced that BL-5010, a novel formulation for the non-surgical removal of benign skin lesions, has received European confirmation from the British Standards Institution Notified Body (BSI) in the UK, of the regulatory pathway classification as a medical device Class IIa. This considerably reduces the time and resources required for marketing authorization for the product in comparison to the drug approval process. BL-5010 has completed a phase 1/2 clinical trial in which it demonstrated efficacy in complete removal of benign skin lesions and safety. BL-5010 is applied topically on the lesion for a few minutes and causes the lesion to gradually dry out and shed from the skin within 1-3 weeks.

- *New VP BD:* In October, the Company hired Mr. David Malek as its new Vice President of Business Development in order to enhance the Company's business development strategies and accelerate its commercialization efforts. Mr. Malek joins BioLineRx from Sanofi, where he served as Director of Oncology - New Products and Business Development.

Summary of financial results for the third quarter and first nine months of 2011:

Revenues for the three months and nine months ended September 30, 2010 reflected an upfront payment of $30.0 million received in connection with the out-licensing agreement signed with Cypress Bioscience in 2010 in respect of BL-1020. No revenues were recorded during the nine months ended September 30, 2011.

Research and development expenses for the three months ended September 30, 2011 were NIS 13.2 million ($3.6 million) compared to NIS 6.7 million ($1.8 million) for the three months ended September 30, 2010. The increase resulted primarily from the commencement of the CLARITY clinical trial in respect of BL-1020 at the end of June 2011, along with a ramp-up in spending on a number of other existing projects, including new projects introduced during the second half of 2010 and the first nine months of 2011. Research and development expenses for the nine months ended September 30, 2011 were NIS 30.0 million ($8.1 million) compared to NIS 43.8 million ($11.8 million) for the nine months ended September 30, 2010. Research and development expenses for the 2010 period included non-recurring payments to the Israeli Office of the Chief Scientist (OCS) of NIS 17.4 million ($4.7 million), relating to funds previously received from the OCS in respect of BL-1020, which had been previously reflected in prior periods as a reduction in research and development expenses. Without regard to these non-recurring payments, research and development expenses for the nine months ended September 30, 2011 increased by NIS 3.7 million ($1.0 million), or 14%, over the comparable 2010 period. The increase resulted primarily from the commencement of the CLARITY clinical trial in respect of BL-1020 at the end of June 2011.

Sales and marketing expenses for the three months ended September 30, 2011 were NIS 0.4 million ($0.1 million), a decrease of NIS 0.9 million ($0.3 million), or 73%, compared to NIS 1.3 million ($0.4 million) for the three months ended September 30, 2010. Sales and marketing expenses for the nine months ended September 30, 2011 were NIS 2.4 million ($0.7 million), a decrease of NIS 1.1 million ($0.2 million), or 31%, compared to NIS 3.5 million ($0.9 million) for the nine months ended September 30, 2010. The decrease resulted primarily from the strategic partnering efforts in connection with BL-1020 during 2010, as well as the transfer of our business development activities from the U.S. to Israel during the first half of 2011 and the resulting closure of our U.S. office. Sales and marketing expenses are expected to increase in the foreseeable future, as we continue to increase our business development efforts in respect of BL-1020, as well as some of our other clinical stage assets.

General and administrative expenses for the three months ended September 30, 2011 were NIS 3.3 million ($0.9 million), an increase of NIS 0.6 million ($0.2 million), or 22%, compared to NIS 2.7 million ($0.7 million) for the three months ended September 30, 2010. General and administrative expenses for the nine months ended September 30, 2011 were NIS 9.5 million ($2.6 million), an increase of NIS 0.6 million ($0.2 million), or 7%, compared to NIS 8.9 million ($2.4 million) for the nine months ended September 30, 2010. The increase resulted primarily from professional fees relating to the listing of our ADRs on NASDAQ in July 2011.

The Company's operating loss for the third quarter of 2011 amounted to NIS 16.9 million ($4.5 million), compared with operating profit of NIS 76.8 million ($20.7 million) for the third quarter of 2010. Operating loss in the first nine months of 2011 totaled NIS 42.0 million ($11.3 million), compared with operating profit of NIS 31.4 million ($8.5 million) in the first nine months of 2010.

Net loss for the third quarter of 2011 was NIS 7.9 million ($2.1 million), compared with net profit of NIS 73.1 million ($19.7 million) for the corresponding quarter of 2010. Net loss for the first nine months of 2011 amounted to NIS 35.9 million ($9.7 million), compared with net profit of NIS 29.5 million ($7.9 million) for the corresponding period in 2010.

Cash flows used for operating activities in the first nine months of 2011 totaled NIS 26.9 million ($7.2 million), compared with cash flows provided by operating activities of NIS 48.8 million ($13.1 million) in the corresponding nine months of 2010.

As of September 30, 2011, BioLineRx had NIS 112.4 million ($30.3 million) in cash, cash equivalents and short-term bank deposits, compared with NIS 139.8 million ($37.7 million) as of December 31, 2010. The decrease in cash, cash equivalents and short-term deposits is mainly due to cash outflows for the Company's operating activities during the period.

(Tables follow)

About BioLineRx

BioLineRx Ltd. is a publicly-traded biopharmaceutical development company. BioLineRx is dedicated to building a portfolio of products for unmet medical needs or with advantages over currently available therapies. BioLineRx's current portfolio consists of five clinical stage candidates: BL-1020 for schizophrenia is in phase 2/3 clinical trials; BL-1040 for prevention of cardiac remodeling in patients following a myocardial infarction has completed a phase 1/2 study and has been out-licensed to Ikaria Inc. for a total deal value of $282.5 million, in addition to sales royalties; BL-5010 for non-surgical removal of skin lesions has completed a phase 1/2 study; BL-1021 for neuropathic pain is in phase 1 trials; and BL-7040 for treating Inflammatory Bowel Disease (IBD) has completed phase 1. In addition, BioLineRx has nine products in various pre-clinical development stages for a variety of indications, including central nervous system diseases, oncology, infectious diseases, cardiovascular and autoimmune diseases.

BioLineRx's business model is based on acquiring molecules mainly from biotechnological incubators and academic institutions. The Company performs feasibility assessment studies and development through pre-clinical and clinical stages, with partial funding from the Israeli Government's Office of the Chief Scientist (OCS). The final stage includes partnering with medium and large pharmaceutical companies for advanced clinical development (phase 3) and commercialization. For more information on BioLineRx, please visit www.biolinerx.com.

U.S. dollar amounts herein (other than amounts that were originally receivable or payable in dollars) have been translated for the convenience of the reader from the original NIS amounts at the representative rate of exchange as of September 30, 2011 ($1 = NIS 3.712). The dollar amounts presented should not be construed as representing amounts that are receivable or payable in dollars or convertible into dollars, unless otherwise indicated.

The estimates and judgments with respect to the projects included in this release are considered forward-looking statements, which involve certain risks and uncertainties, and are based on information available to the Company at the time of this release. Such estimates may not be realized or may be only partially realized, due to the significant uncertainty characterizing research and development activities in general, particularly those of drug development, including changes in regulation or uncertainty relating to the application of regulation, unexpected delays in obtaining regulatory approval, unexpected delays in patient recruitment for clinical trials, unexpected delays in other clinical trial preparatory activities, inefficiencies, inability to manufacture, toxicity, a high level of risk/reward in comparison to current treatments available, as well as new information regarding intellectual property rights which may affect the economic viability of continued product development. The Company assumes no responsibility for updating forward-looking statements made herein or otherwise.

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BioLineRx Ltd.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	December 31, 2010	September 30, 2011	Convenience translation into USD September 30, 2011
	NIS in thousands		In thousands
Assets			
CURRENT ASSETS			
Cash and cash equivalents	111,746	33,895	9,131
Short-term bank deposits	28,037	78,564	21,165
Prepaid expenses	46	317	85
Other receivables	6,313	2,113	569
Total current assets	146,142	114,889	30,950
NON-CURRENT ASSETS			
Restricted deposits	2,414	3,401	916
Long-term prepaid expenses	196	195	53
Property and equipment, net	4,509	4,076	1,098
Intangible assets, net	1,352	1,178	317
Total non-current assets	8,471	8,850	2,384
Total assets	154,613	123,739	33,334
Liabilities and equity			
CURRENT LIABILITIES			
Current maturities of long-term bank loan	307	307	83
Accounts payable and accruals:			
Trade	3,849	5,551	1,495
OCS	5,993	5,993	1,614
Licensors	1,491	-	-
Other	10,551	12,948	3,488
Total current liabilities	22,191	24,799	6,680
LONG-TERM LIABILITIES			
Long-term bank loan, net of current maturities	432	191	51
Retirement benefit obligations	30	30	8
Total non-current liabilities	462	221	59
Total liabilities	22,653	25,020	6,739
EQUITY			
Ordinary shares	1,236	1,236	333
Warrants	6,549	6,549	1,764
Share premium	414,435	414,780	111,740
Capital reserve	27,623	30,023	8,088
Accumulated deficit	(317,883)	(353,869)	(95,330)
Total equity	131,960	98,719	26,595
Total liabilities and equity	154,613	123,739	33,334

BioLineRx Ltd.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE PROFIT (LOSS)
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,		Convenience translation into USD	
					Three months ended September 30,	Nine months ended September 30,
	2010	2011	2010	2011	2011	2011
	NIS in thousands				In thousands	
NET SALES	113,160	-	113,160	-	-	-
COST OF SALES	(25,571)	-	(25,571)	-	-	-
GROSS PROFIT	87,589	-	87,589	-	-	-
RESEARCH AND DEVELOPMENT EXPENSES, NET	(6,737)	(13,255)	(43,769)	(30,044)	(3,571)	(8,094)
SALES AND MARKETING EXPENSES	(1,322)	(358)	(3,506)	(2,431)	(96)	(655)
GENERAL AND ADMINISTRATIVE EXPENSES	(2,690)	(3,272)	(8,914)	(9,546)	(881)	(2,572)
OPERATING PROFIT (LOSS)	76,840	(16,885)	31,400	(42,021)	(4,548)	(11,321)
FINANCIAL INCOME	178	8,965	3,056	10,785	2,415	2,906
FINANCIAL EXPENSES	(3,869)	(18)	(4,931)	(4,750)	(5)	(1,279)
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	73,149	(7,938)	29,525	(35,986)	(2,138)	(9,694)
	NIS				USD	
PROFIT (LOSS) PER ORDINARY SHARE - BASIC	0.59	(0.06)	0.24	(0.29)	(0.02)	(0.08)

Exhibit 2

BIOLINERX LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AS OF SEPTEMBER 30, 2011

BIOLINERX LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AS OF SEPTEMBER 30, 2011

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BioLineRx Ltd.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	December 31, 2010	September 30, 2011	Convenience translation into USD (Note 1b) September 30, 2011
	NIS in thousands		In thousands
Assets			
CURRENT ASSETS			
Cash and cash equivalents	111,746	33,895	9,131
Short-term bank deposits	28,037	78,564	21,165
Prepaid expenses	46	317	85
Other receivables	6,313	2,113	569
Total current assets	146,142	114,889	30,950
NON-CURRENT ASSETS			
Restricted deposits	2,414	3,401	916
Long-term prepaid expenses	196	195	53
Property and equipment, net	4,509	4,076	1,098
Intangible assets, net	1,352	1,178	317
Total non-current assets	8,471	8,850	2,384
Total assets	154,613	123,739	33,334
Liabilities and equity			
CURRENT LIABILITIES			
Current maturities of long-term bank loan	307	307	83
Accounts payable and accruals:			
Trade	3,849	5,551	1,495
OCS	5,993	5,993	1,614
Licensors	1,491	-	-
Other	10,551	12,948	3,488
Total current liabilities	22,191	24,799	6,680
LONG-TERM LIABILITIES			
Long-term bank loan, net of current maturities	432	191	51
Retirement benefit obligations	30	30	8
Total non-current liabilities	462	221	59
Total liabilities	22,653	25,020	6,739
EQUITY			
Ordinary shares	1,236	1,236	333
Warrants	6,549	6,549	1,764
Share premium	414,435	414,780	111,740
Capital reserve	27,623	30,023	8,088
Accumulated deficit	(317,883)	(353,869)	(95,330)
Total equity	131,960	98,719	26,595
Total liabilities and equity	154,613	123,739	33,334

The accompanying notes are an integral part of these condensed financial statements.

BioLineRx Ltd.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE PROFIT (LOSS)
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,		Convenience translation into USD (Note 1b) Three months ended September 30,	Convenience translation into USD (Note 1b) Nine months ended September 30,
	2010	2011	2010	2011	2011	2011
	NIS in thousands				In thousands	
NET SALES	113,160	-	113,160	-	-	-
COST OF SALES	(25,571)	-	(25,571)	-	-	-
GROSS PROFIT	87,589	-	87,589	-	-	-
RESEARCH AND DEVELOPMENT EXPENSES, NET	(6,737)	(13,255)	(43,769)	(30,044)	(3,571)	(8,094)
SALES AND MARKETING EXPENSES	(1,322)	(358)	(3,506)	(2,431)	(96)	(655)
GENERAL AND ADMINISTRATIVE EXPENSES	(2,690)	(3,272)	(8,914)	(9,546)	(881)	(2,572)
OPERATING PROFIT (LOSS)	76,840	(16,885)	31,400	(42,021)	(4,548)	(11,321)
FINANCIAL INCOME	178	8,965	3,056	10,785	2,415	2,906
FINANCIAL EXPENSES	(3,869)	(18)	(4,931)	(4,750)	(5)	(1,279)
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	73,149	(7,938)	29,525	(35,986)	(2,138)	(9,694)
	NIS				USD	
PROFIT (LOSS) PER ORDINARY SHARE - BASIC	0.59	(0.06)	0.24	(0.29)	(0.02)	(0.08)

The accompanying notes are an integral part of these condensed financial statements.

BioLineRx Ltd.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

	Ordinary shares	Warrants	Share premium	Capital reserve	Accumulated deficit	Total
	NIS in thousands					
BALANCE AT JANUARY 1, 2011	1,236	6,549	414,435	27,623	(317,883)	131,960
CHANGES FOR NINE MONTHS ENDED SEPTEMBER 30, 2011:						
Share based compensation				2,744		2,744
Expiration of options			113	(113)		
Employee stock options exercised	*		232	(231)		1
Comprehensive loss for the period					(35,986)	(35,986)
BALANCE AT SEPTEMBER 30, 2011	1,236	6,549	414,780	30,023	(353,869)	98,719

	Ordinary shares	Warrants	Share premium	Capital reserve	Accumulated deficit	Total
	NIS in thousands					
BALANCE AT JANUARY 1, 2010	1,235	6,549	412,513	22,963	(325,323)	117,937
CHANGES FOR NINE MONTHS ENDED SEPTEMBER 30, 2010:						
Share based compensation				4,870		4,870
Expiration of options			110	(110)		
Employee stock options exercised	*		1,631	(1,631)		
Comprehensive profit for the period					29,525	29,525
BALANCE AT SEPTEMBER 30, 2010	1,235	6,549	414,254	26,092	(295,798)	152,332

	Ordinary shares	Warrants	Share premium	Capital reserve	Accumulated deficit	Total
	Convenience translation into USD thousands (Note 1b)					
BALANCE AT JANUARY 1, 2011	333	1,764	111,647	7,442	(85,636)	35,550
CHANGES FOR NINE MONTHS ENDED SEPTEMBER 30, 2011:						
Share based compensation				739		739
Expiration of options			30	(30)		
Employee stock options exercised			63	(63)		
Comprehensive loss for the period					(9,694)	(9,694)
BALANCE AT SEPTEMBER 30, 2011	333	1,764	111,740	8,088	(95,330)	26,595

* Less than 1,000

The accompanying notes are an integral part of these condensed financial statements.

BioLineRx Ltd.
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS
(UNAUDITED)

	Nine months ended September 30,		Convenience translation into USD (Note 1b) Nine months ended September 30,
	2010	2011	2011
	NIS in thousands		In thousands
CASH FLOWS - OPERATING ACTIVITIES			
Comprehensive profit (loss) for the period	29,525	(35,986)	(9,694)
Adjustments required to reflect net cash provided by (used in) operating activities (see appendix below)	19,283	9,092	2,449
Net cash provided by (used in) operating activities	48,808	(26,894)	(7,245)
CASH FLOWS - INVESTING ACTIVITIES			
Investment in short-term deposits	-	(76,351)	(20,569)
Investment in restricted deposits	(206)	(1,000)	(269)
Maturities of short-term deposits		27,463	7,398
Maturities of restricted deposits	1,353		
Purchase of property and equipment	(1,310)	(716)	(193)
Purchase of intangible assets	(95)	(131)	(35)
Net cash used in investing activities	(258)	(50,735)	(13,668)
CASH FLOWS - FINANCING ACTIVITIES			
Proceeds from bank loan	1,020	-	-
Repayments of bank loan	(202)	(230)	(62)
Proceeds from exercise of employee stock options	-	1	-
Net cash provided by (used in) financing activities	818	(229)	(62)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,368	(77,858)	(20,975)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	105,890	111,746	30,104
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	(2,925)	7	2
CASH AND CASH EQUIVALENTS - END OF PERIOD	152,333	33,895	9,131

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

BioLineRx Ltd.
APPENDIX TO CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS
(UNAUDITED)

	Nine months ended September 30,		Convenience translation into USD (Note 1b) Nine months ended September 30,
	2010	2011	2011
	NIS in thousands		In thousands
Adjustments required to reflect net cash used in operating activities:			
Income and expenses not involving cash flows:			
Depreciation and amortization	1,371	1,170	315
Impairment of intangible assets	1,550	80	22
Long-term prepaid expenses	(24)	1	*
Exchange differences on cash and cash equivalents	2,925	(7)	(2)
Share-based compensation	4,870	2,744	739
Interest and exchange differences on short-term deposits	-	(1,639)	(442)
Interest and linkage on bank loan	-	(11)	(3)
Interest and exchange differences on restricted deposits	151	13	4
	10,843	2,351	633
Changes in operating asset and liability items:			
Decrease in trade accounts receivable and other receivables	28,903	3,929	1,058
Increase (decrease) in accounts payable and accruals	(20,463)	2,812	758
	8,440	6,741	1,816
	19,283	9,092	2,449
Supplementary information on interest received in cash	593	1,334	359

* Less than 1,000

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

NOTE 1 – GENERAL INFORMATION

a. General

BioLineRx Ltd. (the "Company") was incorporated and commenced operations in April 2003.

Since incorporation, the Company has been engaged, both independently and through its consolidated entities (collectively, the "Group"), in the development of therapeutics, from early-stage development to advanced clinical trials, for a wide range of medical needs.

In December 2004, the Company registered a limited partnership, BioLine Innovations Jerusalem L.P. (the "Partnership"), which commenced operations in January 2005. The Company holds a 99% interest in the Partnership, with the remaining 1% held by a wholly owned subsidiary of the Company, BioLine Innovations Ltd. The Partnership was established to operate a biotechnology incubator located in Jerusalem under an agreement with the State of Israel.

In February 2007, the Company listed its securities on the Tel Aviv Stock Exchange (TASE) and they have been traded on the TASE since that time. Since July 2011, the Company's American Depositary Receipts (ADRs) are also traded on the NASDAQ Capital Market.

In January 2008, the Company established a wholly owned subsidiary, BioLineRx USA Inc., which served as the Group's business development arm in the United States. During 2011, the Company transferred its business development activities to Israel, and BioLineRx USA is no longer active.

The Company has been engaged in drug development since its incorporation. Although the Company has generated revenues from two out-licensing transactions, the Company cannot determine with reasonable certainty if and when the Company will have sustainable profits.

b. Convenience translation into U.S. dollars ("dollars", "USD" or "$")

For the convenience of the reader, the reported New Israeli Shekel ("NIS") amounts as of September 30, 2011 have been translated into dollars, at the representative rate of exchange on September 30, 2011 ($1 = NIS 3.712). The dollar amounts presented in these financial statements should not be construed as representing amounts that are receivable or payable in dollars or convertible into dollars, unless otherwise indicated.

c. The condensed consolidated interim financial statements of the Company for the three months and nine months ended September 30, 2011 were approved by the Board of Directors of the Company on November 24, 2011, and signed on its behalf by the Chairman of the Board, by the Company's CEO, and the Company's CFO.

NOTE 2 – BASIS OF PREPARATION

The Group's condensed consolidated interim financial statements as of September 30, 2011 and for the three and nine months then ended (hereinafter – the interim financial statements) have been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" (hereinafter – IAS 34). These interim financial statements, which are unaudited, do not include all disclosures necessary for a complete presentation of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements as of December 31, 2010 and for the year then ended and their accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The results of operations for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the entire fiscal year or for any other interim period.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and calculation methods applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the annual financial statements as of December 31, 2010 and for the year then ended.

NOTE 4 – INTANGIBLE ASSETS

The Group wrote off intangible assets in the aggregate amount of NIS 80,000 during the nine months ended September 30, 2011, relating to a project (BL-4040) that was terminated.

NOTE 5 – RESEARCH AND DEVELOPMENT

Research and development expenses are reflected net of research grants received from a related party, pursuant to a research funding arrangement for early development stage projects, as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2011	2010	2011
	NIS in thousands		NIS in thousands	
Grants received from related party, offset against research and development expenses	513	1,014	2,149	2,522

NOTE 6 – SUBSEQUENT EVENTS

On November 2, 2011, the Company's shareholders rejected a proposal to extend the exercise period of the Company's outstanding Series 2 warrants, which will expire, if unexercised, on December 28, 2011.

On November 24, 2011, the Company's Board of Directors approved the re-pricing of approximately 3,700,000 outstanding "underwater" employee stock options (out of a total of approximately 6,200,000 stock options outstanding). The weighted average remaining vesting period of the options subject to re-pricing was 1.1 years, with a weighted average exercise price of NIS 4.07 per share. Terms of the re-pricing are as follows: (i) the exercise price of the options will be reduced to NIS 1.80 per share and (ii) one additional year of vesting will be added to the remaining vesting period of the options. The re-pricing is not applicable to options already vested, and it does not apply to options held by Directors or consultants. With respect to each eligible optionee, the re-pricing terms will only apply if the eligible optionee consents to the new terms. Without such consent, the terms will remain unchanged (in respect of that optionee). The total compensation cost associated with the re-pricing is approximately NIS 900,000, which will be recorded as an expense over the new vesting period of the re-priced options.

Exhibit 3

OPERATING AND FINANCIAL REVIEW

You should read the following discussion of our operating and financial condition and prospects in conjunction with the financial statements and the notes thereto included elsewhere in this 6-K, as well as in our Form 20-F registration statement filed on July 15, 2011.

U.S. dollar amounts herein (other than amounts that were originally receivable or payable in dollars) have been translated for the convenience of the reader from the original NIS amounts at the representative rate of exchange as of September 30, 2011 ($1 = NIS 3.712). The dollar amounts presented should not be construed as representing amounts that are receivable or payable in dollars or convertible into dollars, unless otherwise indicated.

Forward Looking Statements

The following discussion contains "forward-looking statements", including statements regarding expectations, beliefs, intentions or strategies for the future. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms including "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions, and are subject to risks and uncertainties. You should not put undue reliance on any forward-looking statements. Unless we are required to do so under U.S. federal securities laws or other applicable laws, we do not intend to update or revise any forward-looking statements.

Factors that could cause our actual results to differ materially from those expressed or implied in such forward-looking statements include, but are not limited to:

- the initiation, timing, progress and results of our preclinical studies, clinical trials, and other therapeutic candidate development efforts;
- our ability to advance our therapeutic candidates into clinical trials or to successfully complete our preclinical studies or clinical trials;
- our receipt of regulatory approvals for our therapeutic candidates, and the timing of other regulatory filings and approvals;
- the clinical development, commercialization, and market acceptance of our therapeutic candidates;
- our ability to establish and maintain corporate collaborations;
- the interpretation of the properties and characteristics of our therapeutic candidates and of the results obtained with our therapeutic candidates in preclinical studies or clinical trials;
- the implementation of our business model, strategic plans for our business and therapeutic candidates;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our therapeutic candidates and our ability to operate our business without infringing the intellectual property rights of others;

- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- competitive companies, technologies and our industry; and
- statements as to the impact of the political and security situation in Israel on our business.

Overview

We are a clinical stage biopharmaceutical development company dedicated to identifying, in-licensing and developing therapeutic candidates that have advantages over currently available therapies or address unmet medical needs. Our current development pipeline consists of five clinical therapeutic candidates, BL-1020, BL-1021, BL-1040, BL-5010 and BL-7040. In addition, we have nine therapeutic candidates in pre-clinical development. We generate our pipeline by systematically identifying, rigorously validating and in-licensing therapeutic candidates that we believe exhibit a relatively high probability of therapeutic and commercial success. We also operate, with substantial financial support of the Office of the Chief Scientist of the Israeli Ministry of Trade and Industry (OCS), a biotechnology incubator to evaluate therapeutic candidates. As of September 30, 2011, we have received approximately NIS 45.7 million ($12.3 million) in grants in the form of loans from the OCS to operate the incubator, which does not include NIS 21.4 million ($5.8 million) we have received from the OCS outside of the incubator agreement as of that date. Such amounts include loans equal to approximately NIS 32.9 million ($8.9 million) for terminated programs. We are not required to repay loans for terminated programs. Our strategy includes commercializing our therapeutic candidates through out-licensing arrangements with biotechnology and pharmaceutical companies and evaluating, on a case by case basis, the commercialization of our therapeutic candidates independently.

The following is a description of our five clinical therapeutic candidates:

- BL-1020 is a new chemical entity in development for the treatment of schizophrenia. In September 2009, we announced positive topline results from a phase 2b clinical trial of BL-1020. In June 2011, we commenced the phase 2/3 CLARITY trial of BL-1020, with cognition as a primary endpoint. We are authorized to perform the trial at 14 clinical sites in Romania and at 18 additional sites in India. We are also planning to apply for authorization to perform the trial at 4 sites in Israel.
- BL-1040 is a novel polymer solution for use in the prevention of cardiac remodeling that may occur in patients who have suffered an acute myocardial infarction (AMI). BL-1040 is being developed as a medical device. In March 2010, we announced positive results from a phase 1/2 clinical trial. We have entered into an exclusive, worldwide, royalty-bearing out-licensing arrangement with Ikaria with respect to the development, manufacture and commercialization of BL-1040. Ikaria is planning to commence one of two pivotal trials for BL-1040 by the end of 2011.
- BL-5010 is a novel therapeutic candidate for the non-surgical removal of skin lesions. In December 2010, we announced positive results from a phase 1/2 clinical trial of BL-5010. In September 2011 we announced receipt of European confirmation from the British Standards Institution Notified Body (BSI) in the UK of the regulatory pathway classification as a medical device Class IIa. This considerably reduces the time and resources required for marketing authorization for the product in comparison to the drug approval process. We are currently designing the clinical plan for next clinical study, as well as evaluating the most advantageous ways to progress with this therapeutic candidate from a business perspective.
- BL-1021 is a new chemical entity in development for the treatment of neuropathic pain. In June 2011, we commenced a phase 1a clinical trial of BL-1021 in Israel, and reported positive preliminary results from the trial in September 2011. The clinical trial was designed to study the safety and pharmacokinetic profile of BL-1021 in 32 healthy subjects. Preliminary study results demonstrated that a single administration of BL-1021 was safe and well tolerated. We are expecting to announce final results of the trial during the fourth quarter of 2011.

- BL-7040 is a synthetic oligonucleotide which we intend to develop for the treatment of inflammatory bowel disease (IBD). It is an orally-available molecule with unique dual activity on both the nervous and immune systems, rendering it highly suitable for treating both neurological diseases and immune system related conditions such as inflammatory or autoimmune diseases. We anticipate commencing a phase 2a study in Israel to evaluate the effectiveness of BL-7040 for the treatment of IBD during 2012.

In July 2009, we entered into an exclusive, worldwide, royalty-bearing licensing arrangement with Ikaria which was amended and restated in August 2009. Under the agreement, we granted Ikaria an exclusive, worldwide license to develop, manufacture and commercialize BL-1040 for use in the prevention, mitigation and treatment of injuries to the myocardial tissue of the heart. Under the arrangement, Ikaria is obligated to use commercially reasonable efforts to complete clinical development of, and to commercialize, BL-1040 or products related thereto. We received an upfront payment of $7.0 million upon the execution of the license agreement. Upon successful completion of the phase 1/2 clinical trial, Ikaria paid us a milestone payment of $10.0 million in March 2010, and we are entitled to receive additional milestone and royalty payments upon the occurrence of certain events.

In June 2010, we entered into an exclusive, royalty-bearing out-licensing arrangement with Cypress Bioscience with regard to BL-1020, covering the United States, Canada and Mexico, which became effective in August 2010. We received an upfront fee of $30.0 million from Cypress Bioscience upon the effectiveness of the agreement. In May 2011, following the acquisition of Cypress Bioscience by Royalty Pharma earlier in the year, we reacquired all of the rights to develop and commercialize BL-1020 from Cypress Bioscience and currently hold full global rights to the product. We are continuing to develop BL-1020, and commenced the phase 2/3 CLARITY trial in June 2011. We have the financial resources to complete the trial, but we are seeking additional funding sources to cover the remaining cost of the trial, in a manner that will not delay development of BL-1020, and that will allow us to continue to develop the rest of our product portfolio without any significant change in our current operating plan. In addition, concurrent with the conduct of the trial and in accordance with our business strategy, we have renewed our efforts to seek an out-licensing partner for the continued development and commercialization of BL-1020 at its more advanced stages.

We have funded our operations primarily through the sale of equity securities (both in private placements and in three public offerings on the TASE), funding received from the OCS, payments received under the licensing arrangements with Ikaria and Cypress Bioscience, and interest earned on investments. We expect to continue to fund our operations over the next several years through our existing cash resources, potential future milestone payments that we expect to receive from Ikaria, interest earned on our investments and additional capital to be raised through public or private equity offerings or debt financings. As of September 30, 2011, we held approximately $30.3 million of cash, cash equivalents and short-term bank deposits, based on the exchange rate reported by the Bank of Israel as of September 30, 2011.

Recent Company Developments

In July 2011, we listed our American Depositary Shares on the NASDAQ Capital Market. In connection with our listing on NASDAQ, and in an effort to enhance our exposure to U.S. investors, we hired KCSA Strategic Communications, a well-known New York-based communications firm, to direct our investor relations program.

In September 2011, we signed a worldwide, exclusive license agreement with Ramot at Tel Aviv University Ltd., the technology transfer company of Tel Aviv University, for the development and commercialization of BL-7050, a novel, orally-available treatment for neuropathic and inflammatory pain. BL-7050 acts by inhibiting the activity of pain-transmitting neurons, using a novel mechanism of action. Pre-clinical trials in cell culture and in animal models of neuropathic and inflammatory pain have shown that the molecule is effective at reducing neuronal activity and pain levels. In addition, it has an improved safely profile.

In October 2011, we hired Mr. David Malek as our new Vice President of Business Development in order to enhance our business development strategies and accelerate our commercialization efforts. Mr. Malek previously worked at Sanofi, where he served as Director of Oncology - New Products and Business Development.

In November 2011, our shareholders rejected a proposal to extend the exercise period of our outstanding Series 2 warrants. The Series 2 warrants will expire, if unexercised, on December 28, 2011.

In November 2011, our Board of Directors approved the re-pricing of approximately 3,700,000 outstanding "underwater" employee stock options (out of a total of approximately 6,200,000 stock options outstanding). The weighted average remaining vesting period of the options subject to re-pricing was 1.1 years, with a weighted average exercise price of NIS 4.07 per share. Terms of the re-pricing are as follows: (i) the exercise price of the options will be reduced to NIS 1.80 per share and (ii) one additional year of vesting will be added to the remaining vesting period of the options. The re-pricing is not applicable to options already vested, and it does not apply to options held by Directors or consultants. With respect to each eligible optionee, the re-pricing terms will only apply if the eligible optionee consents to the new terms. Without such consent, the terms will remain unchanged (in respect of that optionee). The total compensation cost associated with the re-pricing is approximately NIS 0.9 million ($0.2 million), which will be recorded as an expense over the new vesting period of the re-priced options.

Revenues

Our revenues to date have been generated primarily from milestone payments under our licensing arrangements with Ikaria and the amounts we have received to date from Cypress Bioscience. We entered into a license and collaboration agreement with Ikaria in July 2009, which was amended and restated in August 2009. Ikaria subsequently paid us an up-front payment of $7.0 million. In addition, upon successful completion of the phase 1/2 clinical trial, Ikaria paid us a milestone payment of $10.0 million, which was subject to a 15% withholding tax in the United States. We received a full refund of the tax withheld from the U.S. Internal Revenue Service in the third quarter of 2011. In June 2010, we entered into a license agreement with Cypress Bioscience. Under the terms of the license agreement, we received an upfront fee of $30.0 million. The license agreement with Cypress Bioscience was terminated, effective as of May 31, 2011.

Under the terms of our agreement with Ikaria, in addition to the payments mentioned above, the maximum future development-related payments to which we are entitled is $115.5 million. We are also entitled to maximum commercialization milestone payments of $150.0 million, subject to the terms and conditions of the license agreement. Certain payments we have received from Ikaria have been subject to a 15% withholding tax in the United States, and certain payments we may receive in the future, if at all, may also be subject to a 15% withholding tax in the United States. Receipt of any milestone payment under the Ikaria agreement depends on many factors, some of which are beyond our control. We cannot assure you that we will receive any of these future payments. We believe that we may be entitled to a refund of withholding taxes paid in connection with future payments from the U.S. government but there can be no assurance that we will be able to obtain such a refund. In addition, we may be able to use U.S. taxes withheld from future payments to us as credits against Israeli corporate income tax when we have income, if at all, but there can be no assurance that we will be able to realize the credits. Our payments to our in-licensors are to be made from the net consideration received from our out-licensees.

We expect our revenues for the next several years to be derived primarily from payments under our current agreement with Ikaria, as well as additional collaborations that we may enter into in the future, including with regard to BL-1020, BL-1021, BL-5010, BL-7040 or other therapeutic candidates. Furthermore, we may receive future royalties on product sales, if any, under our agreement with Ikaria, as well as under any future agreement relating to BL-1020, BL-1021, BL-5010, BL-7040 or other compounds.

Research and Development

Our research and development expenses consist primarily of salaries and related personnel expenses, fees paid to external service providers, up-front and milestone payments under our license agreements, patent-related legal fees, costs of preclinical studies and clinical trials, drug and laboratory supplies and costs for facilities and equipment. We primarily use external service providers to manufacture our product candidates for clinical trials and for the majority of our preclinical and clinical development work. We charge all research and development expenses to operations as they are incurred. We expect our research and development expense to remain our primary expense in the near future as we continue to develop our therapeutic candidates.

The following table identifies our current major research and development projects:

Project	**Status**	**Expected or Recent Near Term Milestone**
BL-1020	Completed phase 2b	CLARITY trial focusing on cognitive function commenced in June 2011
BL-1040	Completed phase 1/2	First pivotal clinical trial expected to commence by the end of 2011, followed by a second pivotal clinical trial
BL-5010	Completed phase 1/2	We received European confirmation from the British Standards Institution Notified Body (BSI) in the UK of the regulatory pathway classification as a medical device Class IIa. We are currently designing the clinical plan for next clinical study, as well as evaluating the most advantageous ways to progress with this therapeutic candidate from a business perspective
BL-1021	Commencing phase 1	Phase 1a clinical trial commenced in June 2011; preliminary results reported in September 2011. Final results expected in December 2011
BL-7040	Completed phase 1	Phase 2a study to evaluate the effectiveness of BL-7040 for the treatment of IBD expected to commence during 2012

In addition to the projects set forth above, the following table identifies our current portfolio of projects that are in the preclinical stages of development. Such projects have significantly lower costs due to their stage of development.

Project	**Description**	**Indication**	**Status**
BL-5040	Protein	Inflammatory bowel disease/cachexia	Preclinical studies
BL-6010	Small molecule	Type 2 diabetes	Preclinical studies
BL-6020	Small molecule	Cancer cachexia	Preclinical studies
BL-6030	Small molecule	Bacterial infection	Preclinical studies
BL-6040	Small molecule	Rheumatoid arthritis	Preclinical studies
BL-7010	Polymer	Celiac disease	Preclinical studies
BL-7020	Protein	Psoriasis	Preclinical studies
BL-7030	Small molecule	Cancer	Preclinical studies
BL-7050	Small molecule	Neuropathic pain	Preclinical studies

Set forth below is a summary of the gross direct costs allocated to our main projects on an individual basis, as well as the gross direct costs allocated to our less significant projects on an aggregate basis, for the years ended December 31, 2008, 2009 and 2010; for the nine months ended September 30, 2011; and on an aggregate basis since project inception. Certain of such costs are covered by OCS funding, although OCS funds received have not been deducted from the direct project costs in the table.

	Year Ended December 31,			Nine Months Ended September 30,	Total Costs Since Project Inception
	2008	2009	2010	2011	
	(in thousands of U.S. dollars)				
BL-1020	14,090	11,820	450	1,304	42,649
BL-1040	3,340	2,050	167	3	10,227
BL-5010	670	860	384	90	2,000
BL-1021	3,580	1,010	924	314	6,907
BL-7040	-	-	-	92	92
Other projects	7,220	1,240	1,704	2,447	21,069
Total gross direct project costs (1)	28,900	16,980	3,629	4,250	82,944

(1) Does not include indirect project costs and overhead, including payroll and related expenses (including stock-based compensation), facilities, depreciation and impairment of intellectual property, which are included in total research and development expenses in our financial statements. Certain of such costs are also covered by OCS funding.

As indicated in the above table, a significant portion of our research and development costs have been incurred in connection with our BL-1020 project. We expect to continue to incur significant additional costs on the BL-1020 project through 2013, as a result of the phase 2/3 CLARITY study that we are currently conducting.

From our inception through September 30, 2011, we have incurred research and development expense of approximately NIS 437.2 million ($117.8 million). We expect that a large percentage of our research and development expense in the future will be incurred in support of our current and future preclinical and clinical development projects. Due to the inherently unpredictable nature of preclinical and clinical development processes and given the early stage of our preclinical product development projects, we are unable to estimate with any certainty the costs we will incur in the continued development of the therapeutic candidates in our pipeline for potential commercialization. Clinical development timelines, the probability of success and development costs can differ materially from expectations. We expect to continue to test our product candidates in preclinical studies for toxicology, safety and efficacy, and to conduct additional clinical trials for each product candidate. If we are not able to enter into an out-licensing arrangement with respect to any therapeutic candidate prior to the commencement of later stage clinical trials, we may fund the trials for the therapeutic candidate ourselves.

While we are currently focused on advancing each of our product development projects, our future research and development expenses will depend on the clinical success of each therapeutic candidate, as well as ongoing assessments of each therapeutic candidate's commercial potential. In addition, we cannot forecast with any degree of certainty which therapeutic candidates may be subject to future out-licensing arrangements, when such out-licensing arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

As we obtain results from clinical trials, we may elect to discontinue or delay clinical trials for certain therapeutic candidates or projects in order to focus our resources on more promising therapeutic candidates or projects. Completion of clinical trials by us or our licensees may take several years or more, but the length of time generally varies according to the type, complexity, novelty and intended use of a therapeutic candidate.

The cost of clinical trials may vary significantly over the life of a project as a result of differences arising during clinical development, including, among others:

- the number of sites included in the clinical trials;
- the length of time required to enroll suitable patients;
- the number of patients that participate in the clinical trials;
- the duration of patient follow-up;
- whether the patients require hospitalization or can be treated on an out-patient basis;
- the development stage of the therapeutic candidate; and
- the efficacy and safety profile of the therapeutic candidate.

We expect our research and development expenses to increase in the future from current levels as we continue the advancement of our clinical trials and preclinical product development projects and place significant emphasis on in-licensing new product candidates. The lengthy process of completing clinical trials and seeking regulatory approval for our product candidates requires expenditure of substantial resources. Any failure or delay in completing clinical trials, or in obtaining regulatory approvals, could cause a delay in generating product revenue and cause our research and development expenses to increase and, in turn, have a material adverse effect on our operations. Because of the factors set forth above, we are not able to estimate with any certainty when we would recognize any net cash inflows from our projects.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of compensation for employees in business development and marketing functions. Other significant sales and marketing costs include costs for marketing and communication materials, professional fees for outside market research and consulting, legal services related to partnering transactions and travel costs.

General and Administrative Expenses

General and administrative expenses consist primarily of compensation for employees in executive and operational functions, including accounting, finance, legal, investor relations, information technology and human resources. Other significant general and administration costs include facilities costs, professional fees for outside accounting and legal services, travel costs, insurance premiums and depreciation.

Financial Expense and Income

Financial expense and income consists of interest earned on our cash, cash equivalents and short-term bank deposits; bank fees and other transactional costs; and expense or income resulting from fluctuations of the dollar and other currencies, in which a portion of our assets and liabilities are denominated, against the NIS (our functional currency).

Critical Accounting Policies and Estimates

We describe our significant accounting policies more fully in Note 2 to our consolidated financial statements for the year ended December 31, 2010.

The discussion and analysis of our financial condition and results of operations is based on our financial statements, which we prepare in accordance with IFRS. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Results of Operations – Overview

Revenues

In August 2010, we received a payment of $30.0 million in connection with our out-licensing arrangement with Cypress Bioscience, which was recorded as revenue in the third quarter of 2010. We have not recorded any revenue during the nine months ended September 30, 2011.

Cost of revenues

Cost of revenues in for the three and nine months ended September 30, 2010 consists of payments due to the licensors under the in-licensing agreement related to BL-1020. We did not record any cost of revenues during the nine months ended September 30, 2011.

Research and development expenses

At December 31, 2009, our drug development pipeline consisted of 12 therapeutic candidates. We added four new compounds to our pipeline, and discontinued the development of six compounds from the pipeline, during the year ended December 31, 2010, so that our pipeline consisted of 10 therapeutic candidates at December 31, 2010. We added five new compounds to our pipeline and discontinued the development of one compound from the pipeline, during the first nine months of 2011, and our drug development pipeline as of September 30, 2011 consisted of 14 therapeutic candidates.

Operating Results Comparison between Periods

Revenues and cost of revenues

See discussion under “Results of Operations - Overview” above.

Research and development expenses

	Three months ended September 30,			Nine months ended September 30,		
	2010	2011	Increase (decrease)	2010	2011	Increase (decrease)
			(in thousands of NIS)			
Research and development expenses, net	6,737	13,255	6,518	43,769	30,044	(13,725)
Non-recurring payments to OCS in respect of BL-1020	-	-	-	17,400	-	(17,400)
Ongoing research and development expenses, net	6,737	13,255	6,518	26,369	30,044	3,675

Comparison of three-month periods ending September 30, 2011 and 2010

Research and development expenses for the three months ended September 30, 2011 were NIS 13.2 million ($3.6 million), an increase of NIS 6.5 million ($1.8 million), or 97%, compared to NIS 6.7 million ($1.8 million) for the three months ended September 30, 2010. The increase resulted primarily from the commencement of the CLARITY clinical trial in respect of BL-1020 at the end of June 2011, along with a ramp-up in spending on a number of other existing projects, including new projects introduced during the second half of 2010 and the first nine months of 2011.

Comparison of nine-month periods ending September 30, 2011 and 2010

Research and development expenses for the nine months ended September 30, 2011 were NIS 30.0 million ($8.1 million), a decrease of NIS 13.8 million ($3.7 million), or 31%, compared to NIS 43.8 million ($11.8 million) for the nine months ended September 30, 2010. Research and development expenses for the 2010 period included payments to the OCS of NIS 17.4 million ($4.7 million), relating to funds previously received from the OCS in respect of BL-1020, which had been previously reflected in prior periods as a reduction in research and development expenses. Without regard to these non-recurring payments, research and development expenses for the nine months ended September 30, 2011 increased by NIS 3.7 million ($1.0 million), or 14%, over the comparable 2010 period. The increase resulted primarily from the commencement of the CLARITY clinical trial in respect of BL-1020 at the end of June 2011.

Sales and marketing expenses

	Three months ended September 30,			Nine months ended September 30,		
	2010	2011	Increase (decrease)	2010	2011	Increase (decrease)
			(in thousands of NIS)			
Sales and marketing expenses	1,322	358	(964)	3,506	2,431	(1,075)

Comparison of three-month periods ending September 30, 2011 and 2010

Sales and marketing expenses for the three months ended September 30, 2011 were NIS 0.4 million ($0.1 million), a decrease of NIS 0.9 million ($0.3 million), or 73%, compared to NIS 1.3 million ($0.4 million) for the three months ended September 30, 2010. The decrease resulted primarily from the strategic partnering efforts in connection with BL-1020 during 2010, as well as the transfer of our business development activities from the U.S. to Israel during the first half of 2011 and the resulting closure of our U.S. office.

Comparison of nine-month periods ending September 30, 2011 and 2010

Sales and marketing expenses for the nine months ended September 30, 2011 were NIS 2.4 million ($0.7 million), a decrease of NIS 1.1 million ($0.2 million), or 31%, compared to NIS 3.5 million ($0.9 million) for the nine months ended September 30, 2010. The decrease resulted from the same factors set forth in the three-month comparison above. Sales and marketing expenses are expected to increase in the foreseeable future, as we continue to increase our business development efforts in respect of BL-1020, as well as some of our other clinical stage assets.

General and administrative expenses

	Three months ended September 30,			Nine months ended September 30,		
	2010	2011	Increase (decrease)	2010	2011	Increase (decrease)
			(in thousands of NIS)			
General and administrative expenses	2,690	3,272	582	8,914	9,546	632

Comparison of three-month periods ending September 30, 2011 and 2010

General and administrative expenses for the three months ended September 30, 2011 were NIS 3.3 million ($0.9 million), an increase of NIS 0.6 million ($0.2 million), or 22%, compared to NIS 2.7 million ($0.7 million) for the three months ended September 30, 2010. The increase resulted primarily from professional fees relating to the listing of our ADRs on NASDAQ in July 2011.

Comparison of nine-month periods ending September 30, 2011 and 2010

General and administrative expenses for the nine months ended September 30, 2011 were NIS 9.5 million ($2.6 million), an increase of NIS 0.6 million ($0.2 million), or 7%, compared to NIS 8.9 million ($2.4 million) for the nine months ended September 30, 2010. The increase resulted from the same factors set forth in the three-month comparison above.

Financial income (expenses), net

	Three months ended September 30,			Nine months ended September 30,		
	2010	2011	Increase (decrease)	2010	2011	Increase (decrease)
			(in thousands of NIS)			
Financial income	178	8,965	8,787	3,056	10,785	7,729
Financial expenses	(3,869)	(18)	(3,851)	(4,931)	(4,750)	(181)
Net financial income (expenses)	(3,691)	8,947	12,638	(1,875)	6,035	7,910

Comparison of three-month periods ending September 30, 2011 and 2010

We recognized net financial income of NIS 8.9 million ($2.4 million) for the three months ended September 30, 2011, an increase of NIS 12.6 million ($3.4 million), compared to net financial expense of NIS 3.7 million ($1.0 million) for the three months ended September 30, 2010. The increase in net financial income resulted primarily from the increase in the average exchange rate of foreign currencies in relation to the NIS during the three months ended September 30, 2011, which had a positive effect on our net assets denominated in such foreign currencies during that period.

Comparison of nine-month periods ending September 30, 2011 and 2010

We recognized net financial income of NIS 6.0 million ($1.6 million) for the nine months ended September 30, 2011, an increase of NIS 7.9 million ($2.1 million), compared to net financial expense of NIS 1.9 million ($0.5 million) for the nine months ended September 30, 2010. The increase in net financial income resulted from the same factors set forth in the three-month comparison above.

Liquidity and Capital Resources

Since inception, we have funded our operations primarily through public (in Israel) and private offerings of our equity securities, grants and loans from the OCS, and payments received under our strategic licensing arrangements. At September 30, 2011, we held approximately NIS 112.4 million ($30.3 million) in cash, cash equivalents and short-term bank deposits.

Net cash used in operating activities was NIS 26.9 million ($7.2 million) for the nine months ended September 30, 2011, compared with cash provided by operating activities of NIS 48.8 million ($13.1 million) for the comparable 2010 period. The NIS 75.7 million ($20.3 million) decrease in net cash provided by operating activities during the nine-month period in 2011, compared to the nine-month period in 2010, was primarily the result of the upfront payment we received in 2010 in connection with BL-1020, net of the amounts paid to the licensors under the in-licensing agreement related to BL-1020, as well as payments to the OCS.

Net cash used in investing activities for the nine months ended September 30, 2011 was NIS 50.7 million ($13.7 million), compared to net cash used in investing activities of NIS 0.3 million ($0.1 million) for comparable period in 2010. The use of cash flows for investing activities relates primarily to a net increase in our investments in short-term bank deposits.

Cash flows from financing activities were not significant for the respective 2011 and 2010 periods.

Developing drugs, conducting clinical trials and commercializing products is expensive and we will need to raise substantial additional funds to achieve our strategic objectives. Although we believe our existing cash resources will be sufficient to fund our approved operating plan through the first quarter of 2013, we will require significant additional financing in the future to fund our operations. Our future capital requirements will depend on many factors, including:

- the progress and costs of our preclinical studies, clinical trials and other research and development activities;
- the scope, prioritization and number of our clinical trials and other research and development programs;
- the amount of revenues we receive under our collaboration or licensing arrangements;
- the costs of the development and expansion of our operational infrastructure;
- the costs and timing of obtaining regulatory approval of our therapeutic candidates;
- the ability of our collaborators to achieve development milestones, marketing approval and other events or developments under our collaboration agreements;
- the costs of filing, prosecuting, enforcing and defending patent claims and other intellectual property rights;
- the costs and timing of securing manufacturing arrangements for clinical or commercial production;
- the costs of establishing sales and marketing capabilities or contracting with third parties to provide these capabilities for us;
- the costs of acquiring or undertaking development and commercialization efforts for any future product candidates;
- the magnitude of our general and administrative expenses;
- any cost that we may incur under current and future licensing arrangements relating to our therapeutic candidates; and
- payments to the OCS.

Until we can generate significant continuing revenues, we expect to satisfy our future cash needs through payments received under our collaborations, debt or equity financings, or by out-licensing other product candidates. We cannot be certain that additional funding will be available to us on acceptable terms, or at all.

If funds are not available, we may be required to delay, reduce the scope of, or eliminate one or more of our research or development programs or our commercialization efforts.

Off-Balance Sheet Arrangements

Since inception, we have not entered into any transactions with unconsolidated entities whereby we have financial guarantees, subordinated retained interests, derivative instruments or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or any other obligations under a variable interest in an unconsolidated entity that provides us with financing, liquidity, market risk or credit risk support.