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 August 2012

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 ☑ 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 ☑

On August 15, 2012, the Registrant will issue a press release announcing its financial results for the three months and six months ended June 30, 2012. The Registrant is also publishing its unaudited interim consolidated financial statements, as well as its operating and financial review, as of June 30, 2012, and for the three months and six months then ended. Attached hereto are the following exhibits:

Exhibit 1: Registrant’s press release dated August 15, 2012;
Exhibit 2: Registrant’s condensed consolidated interim financial statements as of June 30, 2012, and for the three months and six months then ended;
Exhibit 3 - Registrant’s operating and financial review as of June 30, 2012, and for the three months and six months then ended.

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: August 15, 2012

Exhibit 1

BioLineRx Reports Second Quarter 2012 Results

JERUSALEM – August 15, 2012 - BioLineRx Ltd. (NASDAQ: BLRX) (TASE: BLRX), a biopharmaceutical development company, today reported its results for the quarter ended June 30, 2012.

Kinneret Savitsky, Ph.D., CEO of BioLineRx, remarked, “During the second quarter, we continued to see progress in the development of our clinical stage compounds. We believe the market potential for BL-1020, our lead product for the treatment of schizophrenia, has increased over the past few months as potentially competing high-profile schizophrenia therapies being developed by large pharmaceutical companies have failed during late-stage clinical trials, including compounds for cognition improvement in schizophrenia working on mechanisms of action different than that of BL-1020. We currently expect to receive results from the Phase 2/3 CLARITY study in the second half of 2013, which is extended from our previous targeted timeframe of mid-2013. This extension reflects a recent unanticipated delay in the enrollment of participants. We are taking steps to mitigate this delay as much as possible, including the opening of an additional number of sites. The PRESERVATION I clinical trial, a pivotal CE Mark registration trial for BL-1040 (BCM) led by Ikaria, is continuing according to plan and we look forward to the results of this trial during 2013. Another promising clinical compound is BL-7040, an orally available oligonucleotide for the treatment of Inflammatory Bowel Disease (IBD), which is currently in a Phase 2a proof-of-concept clinical trial at three sites in Israel, with a fourth site expected to be opened shortly. The IBD therapeutics market represents a very substantial opportunity for BioLineRx. According to a 2011 study by Visiongain, ‘the IBD therapeutics market was estimated at $5 billion in 2009, and is expected to grow to $7 billion in 2015.’ We look forward to the results of the BL-7040 Phase 2a clinical trial, which we hope to announce by the end of this year or early next year."

“We remain excited about the clinical progress of BL-5010 for the non-surgical removal of skin lesions. We have begun development of a unique applicator, which will be an important component of the final BL-5010 product. The applicator is scheduled to be completed by the end of this year, and we expect to commence a pivotal CE Mark registration trial for this product, with the new applicator, in the first half of 2013.”

Dr. Savitsky added, “We are also very pleased with the progression of our next generation of compounds. BL-7010, an orally-available treatment for celiac disease, is moving forward with pre-clinical phase toxicity and safety testing. Celiac disease, a real unmet medical need affecting approximately 2.2 million Americans and about 1% of the world’s population, is generally under-diagnosed throughout the world. BL-7010 has a unique mechanism of action and we believe it has the potential to be a breakthrough compound in this therapeutic area. Another pre-clinical compound, BL-5040, a biologic for the treatment of cachexia, has recently passed feasibility testing and is now expected to rapidly advance through pre-clinical development. Cachexia, or “wasting syndrome”, which results in significant weight loss, muscle atrophy, fatigue, weakness and a significant loss of appetite, all of which cannot be reversed nutritionally, is associated with certain debilitating diseases such as cancer and chronic kidney disease (CKD). It is also an unmet medical need. We are specifically focusing on CKD cachexia, which represents a potential $500-$700 million market. We have also initiated discussions on co-development collaborations for this product, and we are seeing a lot of interest from potential collaboration partners. A third pre-clinical compound, BL-8020, for the treatment of the Hepatitis C virus (HCV), is currently undergoing feasibility testing in an accelerated development program. BL-8020 is orally available, and works on the host rather than directly on the virus itself, which suggests pan-genotypic efficacy and the ability to be combined with different drug groups. These two characteristics make BL-8020 attractive as an adjunct therapy to other oral cocktail therapies, therefore not directly competing with currently approved therapies or those under development.”

Philip Serlin, Chief Financial Officer of BioLineRx, concluded, “We are excited to celebrate the one-year anniversary of our listing on NASDAQ in July 2011. We have made significant efforts to reach out to the U.S. investor community over the last year, which we believe is reflected in the fact that U.S. investors now comprise over 40% of our shareholder base - a considerable improvement since our ADRs listed on NASDAQ just one year ago.”

Financial Results for Three Months and Six Months Ending June 30, 2012:

During the three and six months ended June 30, 2012 and 2011, no revenues were recorded.

Research and development expenses for the quarter ended June 30, 2012 were NIS 16.0 million ($4.1 million), an increase of NIS 5.6 million ($1.4 million), or 54%, compared to NIS 10.4 million ($2.7 million) for the quarter ended June 30, 2011. The increase resulted primarily from expenses associated with the CLARITY clinical trial in respect of BL-1020, which commenced at the end of June 2011. Research and development expenses for the six months ended June 30, 2012 were NIS 30.7 million ($7.8 million), an increase of NIS 13.9 million ($3.5 million), or 83%, compared to NIS 16.8 million ($4.3 million) for the comparable period in 2011. The increase resulted primarily from expenses associated with the CLARITY clinical trial in respect of BL-1020, as well as a ramp-up in spending on several new projects introduced during the second half of 2011 and the first six months of 2012.

Sales and marketing expenses for the quarter ended June 30, 2012 were NIS 1.0 million ($0.2 million), a decrease of NIS 0.4 million ($0.1 million), or 28%, compared to NIS 1.3 million ($0.3 million) for the quarter ended June 30, 2011. The decrease resulted primarily from efficiencies realized this year due to the reorganization of the Company’s business development team, including the relocation of business development activities back to Israel, as well as professional services incurred in the three-month period last year related to the reacquisition of the rights to BL-1020. Sales and marketing expenses for the six months ended June 30, 2012 were NIS 1.7 million ($0.4 million), a decrease of NIS 0.4 million ($0.1 million), or 17%, compared to NIS 2.1 million ($0.5 million) for comparable period in 2011. The reasons for the decrease are similar to those discussed above in the three-month comparison.

General and administrative expenses for the quarter ended June 30, 2012 were NIS 2.9 million ($0.8 million), a decrease of NIS 0.4 million ($0.1 million), or 12%, compared to NIS 3.3 million ($0.9 million) for the quarter ended June 30, 2011. The decrease resulted primarily from one-time professional services incurred in the three-month period last year associated with the Company’s initial listing on NASDAQ in July 2011. General and administrative expenses for the six months ended June 30, 2012 were NIS 6.5 million ($1.7 million), an increase of NIS 0.2 million ($0.1 million), or 3%, compared to NIS 6.3 million ($1.6 million) for the comparable period in 2011. The small increase resulted primarily from ongoing professional services and travel expenses associated with the Company being listed on NASDAQ, partially offset by the one-time professional services discussed above in the three-month comparison.

The Company’s operating loss for the quarter ended June 30, 2012 amounted to NIS 19.9 million ($5.1 million), compared with an operating loss of NIS 15.1 million ($3.8 million) for the quarter ended June 30, 2011. The Company’s operating loss for the six months ended June 30, 2012 amounted to NIS 38.9 million ($9.9 million), compared with an operating loss of NIS 25.1 million ($6.4 million) for the comparable period in 2011.

Non-operating income for the quarter ended June 30, 2012 results from a NIS 2.7 million ($0.7 million) fair-value adjustment of derivative liabilities on account of the warrants issued in the private placement conducted in February 2012. Non-operating income for the six months ended June 30, 2012 results from a NIS 6.7 million ($1.7 million) fair-value adjustment of derivative liabilities on account of the warrants, offset by issuance expenses in the amount of NIS 1.2 million ($0.3 million) related to the warrants.

Net financial income of NIS 5.9 million ($1.5 million) was recorded for the quarter ended June 30, 2012, a change of NIS 7.2 million ($1.8 million), compared to net financial expenses of NIS 1.3 million ($0.3 million) for the quarter ended June 30, 2011. The change in net financial income resulted primarily from an increase in the average exchange rate of foreign currencies in relation to the NIS during the three months ended June 30, 2012, which had a positive effect on the Company's net assets denominated in such foreign currencies during that period. Net financial income amounted to NIS 4.1 million ($1.0 million) for the six months ended June 30, 2012, a change of NIS 7.0 million ($1.8 million), compared to net financial expenses of NIS 3.0 million ($0.8 million) for the comparable period in 2011. The reasons for the change in net financial income are similar to those discussed above in the three-month comparison.

Net loss for the quarter ended June 30, 2012 amounted to NIS 11.3 million ($2.9 million), compared with a net loss of NIS 16.4 million ($4.2 million) for the quarter ended June 30, 2011. Net loss for the six months ended June 30, 2012 amounted to NIS 29.2 million ($7.4 million), compared with a net loss of NIS 28.0 million ($7.1 million) for the comparable period in 2011.

As of June 30, 2012, BioLineRx had NIS 119.9 million ($30.6 million) in cash, cash equivalents and short-term bank deposits, compared with NIS 98.8 million ($25.2 million) as of December 31, 2011. The increase in cash, cash equivalents and short-term deposits is mainly due to the private placement completed in February 2012, less cash outflows for the Company's operating activities during the period.

Net cash used in operating activities was NIS 36.4 million ($9.3 million) for the six months ended June 30, 2012, compared with net cash used in operating activities of NIS 21.3 million ($5.4 million) for the six months ended June 30, 2011. The NIS 15.1 million ($3.9 million) increase in net cash used in operating activities during the six-month period in 2012, compared to the six-month period in 2011, was primarily the result of increased research and development spending.

Net cash provided by investing activities for the six months ended June 30, 2012 was NIS 9.9 million ($2.5 million), compared to net cash used in investing activities of NIS 52.0 million ($13.2 million) for the six months ended June 30, 2011. The cash flows provided by investing activities relate primarily to a net increase in the amount of short-term bank deposits that matured during the period.

Net cash provided by financing activities for the six months ended June 30, 2012 was NIS 52.3 million ($13.3 million), compared to an insignificant amount of net cash used in financing activities for the six months ended June 30, 2011. This increase relates to the private placement completed in February 2012.

Conference Call and Webcast Information

BioLineRx will hold a conference call to discuss its second quarter 2012 results today, August 15, 2012, at 10:00 a.m. EDT. To access the conference call, please dial 1-888-668-9141 from the U.S. or +972-3-918-0609 internationally. The call will also be available via live webcast through BioLineRx's website. A replay of the conference call will be available approximately two hours after completion of the live conference call. To access the replay, please dial 1-888-782-4291 from the U.S. or +972-3-9255901 internationally. The replay will be available through August 18, 2012.

(Tables follow)

About BioLineRx

BioLineRx 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 currently undergoing a Phase 2/3 study; BL-1040, for prevention of pathological cardiac remodeling following a myocardial infarction, which has been out-licensed to Ikaria Inc., is currently undergoing a pivotal CE-Mark registration trial; 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 development and BL-7040 for treating Inflammatory Bowel Disease (IBD) has commenced a Phase 2 trial. In addition, BioLineRx has nine products in various pre-clinical development stages for a variety of indications, including central nervous system diseases, 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.

Various statements in this release concerning BioLineRx's future expectations, plans and prospects, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include words such as "may," "expects," "anticipates," "believes," and "intends," and describe opinions about future events. These forward-looking statements involve known and unknown risks and uncertainties that may cause the actual results, performance or achievements of BioLineRx to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Some of these risks are: changes in relationships with collaborators; the impact of competitive products and technological changes; risks relating to the development of new products; and the ability to implement technological improvements. These and other factors are more fully discussed in the "Risk Factors" section of BioLineRx's Form 20-F filed with the Securities and Exchange Commission on March 22, 2012. In addition, any forward-looking statements represent BioLineRx's views only as of the date of this release and should not be relied upon as representing its views as of any subsequent date. BioLineRx does not assume any obligation to update any forward-looking statements unless required by law.

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

	December 31, 2011	June 30, 2012	Convenience translation into USD (Note 1b) June 30, 2012
	NIS in thousands		In thousands
Assets			
CURRENT ASSETS			
Cash and cash equivalents	33,061	63,819	16,268
Short-term bank deposits	65,782	56,084	14,296
Prepaid expenses	687	1,081	276
Other receivables	3,825	1,765	450
Total current assets	103,355	122,749	31,290
NON-CURRENT ASSETS			
Restricted deposits	2,746	2,777	708
Long-term prepaid expenses	204	211	54
Property and equipment, net	4,211	3,647	930
Intangible assets, net	1,144	1,091	278
Total non-current assets	8,305	7,726	1,970
Total assets	111,660	130,475	33,260
Liabilities and equity			
CURRENT LIABILITIES			
Current maturities of long-term bank loan	307	254	65
Accounts payable and accruals:			
Trade	11,275	10,978	2,798
OCS	6,233	6,427	1,638
Other	7,894	7,659	1,953
Total current liabilities	25,709	25,318	6,454
NON-CURRENT LIABILITIES			
Long-term bank loan, net of current maturities	110	-	-
Retirement benefit obligations	83	83	21
Derivative liability on account of warrants	-	11,255	2,869
Total non-current liabilities	193	11,338	2,890
COMMITMENTS AND CONTINGENT LIABILITIES			
Total liabilities	25,902	36,656	9,344
EQUITY			
Ordinary shares	1,236	1,760	449
Share premium	421,274	456,774	116,434
Capital reserve	31,317	32,600	8,310
Accumulated deficit	(368,069)	(397,315)	(101,277)
Total equity	85,758	93,819	23,916
Total liabilities and equity	111,660	130,475	33,260

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

	Three months ended June 30,		Six months ended June 30,		Convenience translation into USD (Note 1b) Three months ended June 30,	Six months ended June 30,
	2011	2012	2011	2012	2012	2012
	NIS in thousands				In thousands	
RESEARCH AND DEVELOPMENT EXPENSES, NET	(10,405)	(16,000)	(16,789)	(30,675)	(4,079)	(7,819)
SALES AND MARKETING EXPENSES	(1,323)	(948)	(2,073)	(1,714)	(242)	(437)
GENERAL AND ADMINISTRATIVE EXPENSES	(3,348)	(2,956)	(6,274)	(6,481)	(754)	(1,652)
OPERATING LOSS	(15,076)	(19,904)	(25,136)	(38,870)	(5,075)	(9,908)
NON-OPERATING INCOME, NET	-	2,712	-	5,531	691	1,410
FINANCIAL INCOME	637	6,050	1,820	6,496	1,542	1,656
FINANCIAL EXPENSES	(1,965)	(172)	(4,732)	(2,403)	(44)	(612)
COMPREHENSIVE LOSS FOR THE PERIOD	(16,404)	(11,314)	(28,048)	(29,246)	(2,886)	(7,454)
	NIS				USD	
LOSS PER ORDINARY SHARE - BASIC AND DILUTED	(0.14)	(0.06)	(0.23)	(0.18)	(0.02)	(0.04)

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

	Six months ended June 30,		Convenience translation into USD (Note 1b) Six months ended June 30,
	2011	2012	2012
	NIS in thousands		In thousands
CASH FLOWS - OPERATING ACTIVITIES			
Comprehensive loss for the period	(28,048)	(29,246)	(7,454)
Adjustments required to reflect net cash used in operating activities (see appendix below)	6,772	(7,178)	(1,830)
Net cash used in operating activities	(21,276)	(36,424)	(9,284)
CASH FLOWS - INVESTING ACTIVITIES			
Investment in short-term deposits	(74,940)	(54,462)	(13,883)
Investment in restricted deposits	(1,000)	-	-
Maturity of short-term deposits	24,620	64,801	16,518
Purchase of property and equipment	(532)	(431)	(110)
Purchase of intangible assets	(110)	(18)	(4)
Net cash provided by (used in) investing activities	(51,962)	9,890	2,521
CASH FLOWS - FINANCING ACTIVITIES			
Repayments of bank loan	(152)	(149)	(38)
Issuance of share capital and warrants, net of issuance expenses	-	52,453	13,371
Proceeds from exercise of employee stock options	1	*	*
Net cash provided by (used in) financing activities	(151)	52,304	13,333
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(73,389)	25,770	6,570
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	111,746	33,061	8,427
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	(482)	4,988	1,271
CASH AND CASH EQUIVALENTS - END OF PERIOD	37,875	63,819	16,268

* Less than 1,000

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

	Six months ended June 30,		Convenience translation into USD (Note 1b) Six months ended June 30,
	2011	2012	2012
	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	790	812	207
Impairment of intangible assets	80	-	-
Long-term prepaid expenses	(15)	(7)	(2)
Exchange differences on cash and cash equivalents	482	(4,988)	(1,271)
Share-based compensation	1,449	1,640	418
Warrant issuance costs	-	1,204	307
Gain on adjustment of warrants to fair value	-	(6,735)	(1,717)
Interest and exchange differences on short-term deposits	2,833	(641)	(163)
Interest and linkage on bank loan	(8)	(14)	(4)
Interest and exchange differences on restricted deposits	67	(31)	(8)
	5,678	(8,760)	(2,233)
Changes in operating asset and liability items:			
Decrease (increase) in trade accounts receivable and other receivables	(377)	1,668	425
Increase (decrease) in accounts payable and accruals	1,471	(86)	(22)
	1,094	1,582	403
	6,772	(7,178)	(1,830)
Supplementary information on interest received in cash	522	1,088	277

Exhibit 2

BIOLINERX LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AS OF JUNE 30, 2012

BIOLINERX LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AS OF JUNE 30, 2012

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	December 31, 2011	June 30, 2012	Convenience translation into USD (Note 1b) June 30, 2012
	NIS in thousands		In thousands
Assets			
CURRENT ASSETS			
Cash and cash equivalents	33,061	63,819	16,268
Short-term bank deposits	65,782	56,084	14,296
Prepaid expenses	687	1,081	276
Other receivables	3,825	1,765	450
Total current assets	103,355	122,749	31,290
NON-CURRENT ASSETS			
Restricted deposits	2,746	2,777	708
Long-term prepaid expenses	204	211	54
Property and equipment, net	4,211	3,647	930
Intangible assets, net	1,144	1,091	278
Total non-current assets	8,305	7,726	1,970
Total assets	111,660	130,475	33,260
Liabilities and equity			
CURRENT LIABILITIES			
Current maturities of long-term bank loan	307	254	65
Accounts payable and accruals:			
Trade	11,275	10,978	2,798
OCS	6,233	6,427	1,638
Other	7,894	7,659	1,953
Total current liabilities	25,709	25,318	6,454
NON-CURRENT LIABILITIES			
Long-term bank loan, net of current maturities	110	-	-
Retirement benefit obligations	83	83	21
Derivative liability on account of warrants	-	11,255	2,869
Total non-current liabilities	193	11,338	2,890
COMMITMENTS AND CONTINGENT LIABILITIES			
Total liabilities	25,902	36,656	9,344
EQUITY			
Ordinary shares	1,236	1,760	449
Share premium	421,274	456,774	116,434
Capital reserve	31,317	32,600	8,310
Accumulated deficit	(368,069)	(397,315)	(101,277)
Total equity	85,758	93,819	23,916
Total liabilities and equity	111,660	130,475	33,260

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

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

	Three months ended June 30,		Six months ended June 30,		Convenience translation into USD (Note 1b) Three months ended June 30,	Six months ended June 30,
	2011	2012	2011	2012	2012	2012
	NIS in thousands				In thousands	
RESEARCH AND DEVELOPMENT EXPENSES, NET	(10,405)	(16,000)	(16,789)	(30,675)	(4,079)	(7,819)
SALES AND MARKETING EXPENSES	(1,323)	(948)	(2,073)	(1,714)	(242)	(437)
GENERAL AND ADMINISTRATIVE EXPENSES	(3,348)	(2,956)	(6,274)	(6,481)	(754)	(1,652)
OPERATING LOSS	(15,076)	(19,904)	(25,136)	(38,870)	(5,075)	(9,908)
NON-OPERATING INCOME, NET	-	2,712	-	5,531	691	1,410
FINANCIAL INCOME	637	6,050	1,820	6,496	1,542	1,656
FINANCIAL EXPENSES	(1,965)	(172)	(4,732)	(2,403)	(44)	(612)
COMPREHENSIVE LOSS FOR THE PERIOD	(16,404)	(11,314)	(28,048)	(29,246)	(2,886)	(7,454)
	NIS				USD	
LOSS PER ORDINARY SHARE - BASIC AND DILUTED	(0.14)	(0.06)	(0.23)	(0.18)	(0.02)	(0.04)

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, 2012	1,236	-	421,274	31,317	(368,069)	85,758
CHANGES FOR SIX MONTHS ENDING JUNE 30, 2012:						
Share based compensation	-	-	-	1,640	-	1,640
Issuance of share capital , net	524	-	35,143	-	-	35,667
Expiration of options	-	-	315	(315)	-	-
Employee stock options exercised	-	-	42	(42)	-	-
Comprehensive loss for the period	-	-	-	-	(29,246)	(29,246)
BALANCE AT JUNE 30, 2012	1,760	-	456,774	32,600	(397,315)	93,819

	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 SIX MONTHS ENDING JUNE 30, 2011:						
Share based compensation	-	-	-	1,449	-	1,449
Expiration of options	-	-	113	(113)	-	-
Employee stock options exercised	*	-	177	(176)	-	1
Comprehensive loss for the period	-	-	-	-	(28,048)	(28,048)
BALANCE AT JUNE 30, 2011	1,236	6,549	414,725	28,783	(345,931)	105,362

	Ordinary Shares	Warrants	Share premium	Capital Reserve	Accumulated deficit	Total
	Convenience translation into USD in thousands (Note 1b)					
BALANCE AT JANUARY 1, 2012	315	-	107,385	7,983	(93,823)	21,860
CHANGES FOR SIX MONTHS ENDING JUNE 30, 2012:						
Share based compensation	-	-	-	418	-	418
Issuance of share capital , net	134	-	8,958	-	-	9,092
Expiration of options	-	-	80	(80)	-	-
Employee stock options exercised	-	-	11	(11)	-	-
Comprehensive loss for the period	-	-	-	-	(7,454)	(7,454)
BALANCE AT JUNE 30, 2012	449	-	116,434	8,310	(101,277)	23,916

* 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)

	Six months ended June 30,		Convenience translation into USD (Note 1b) Six months ended June 30,
	2011	2012	2012
	NIS in thousands		In thousands
CASH FLOWS - OPERATING ACTIVITIES			
Comprehensive loss for the period	(28,048)	(29,246)	(7,454)
Adjustments required to reflect net cash used in operating activities (see appendix below)	6,772	(7,178)	(1,830)
Net cash used in operating activities	(21,276)	(36,424)	(9,284)
CASH FLOWS - INVESTING ACTIVITIES			
Investment in short-term deposits	(74,940)	(54,462)	(13,883)
Investment in restricted deposits	(1,000)	-	-
Maturity of short-term deposits	24,620	64,801	16,518
Purchase of property and equipment	(532)	(431)	(110)
Purchase of intangible assets	(110)	(18)	(4)
Net cash provided by (used in) investing activities	(51,962)	9,890	2,521
CASH FLOWS - FINANCING ACTIVITIES			
Repayments of bank loan	(152)	(149)	(38)
Issuance of share capital and warrants, net of issuance expenses	-	52,453	13,371
Proceeds from exercise of employee stock options	1	*	*
Net cash provided by (used in) financing activities	(151)	52,304	13,333
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(73,389)	25,770	6,570
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	111,746	33,061	8,427
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	(482)	4,988	1,271
CASH AND CASH EQUIVALENTS - END OF PERIOD	37,875	63,819	16,268

* Less than 1,000

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

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

	Six months ended June 30,		Convenience translation into USD (Note 1b) Six months ended June 30,
	2011	2012	2012
	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	790	812	207
Impairment of intangible assets	80	-	-
Long-term prepaid expenses	(15)	(7)	(2)
Exchange differences on cash and cash equivalents	482	(4,988)	(1,271)
Share-based compensation	1,449	1,640	418
Warrant issuance costs	-	1,204	307
Gain on adjustment of warrants to fair value	-	(6,735)	(1,717)
Interest and exchange differences on short-term deposits	2,833	(641)	(163)
Interest and linkage on bank loan	(8)	(14)	(4)
Interest and exchange differences on restricted deposits	67	(31)	(8)
	5,678	(8,760)	(2,233)
Changes in operating asset and liability items:			
Decrease (increase) in trade accounts receivable and other receivables	(377)	1,668	425
Increase (decrease) in accounts payable and accruals	1,471	(86)	(22)
	1,094	1,582	403
	6,772	(7,178)	(1,830)
Supplementary information on interest received in cash	522	1,088	277

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

NOTE 1 – GENERAL INFORMATION

a. General

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

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

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

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

In January 2008, BioLineRx established a wholly owned subsidiary, BioLineRx USA Inc. ("BioLineRx USA"), which served as the Company'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 US dollars ("dollars" or "USD")

For the convenience of the reader, the reported New Israeli Shekel ("NIS") amounts as of June 30, 2012 have been translated into dollars, at the representative rate of exchange on June 30, 2012 ($1 = NIS 3.923). 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 ended June 30, 2012 were approved by the Board of Directors on August 15, 2012, and signed on its behalf by the Chairman of the Board, the Chief Executive Officer and the Chief Financial and Operating Officer.

NOTE 2 – BASIS OF PREPARATION

The Company's condensed consolidated interim financial statements as of June 30, 2012 and for the six and three 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, 2011 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 six and three months ended June 30, 2012 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, 2011 and for the year then ended.

NOTE 4 – PRIVATE PLACEMENT

In February 2012, the Company completed a private placement to healthcare-focused U.S. institutional investors, pursuant to which it issued an aggregate of 5,244,301 ADSs, at a purchase price of $2.86 per ADS, and warrants to purchase up to 2,622,157 additional ADSs, at an exercise price of $3.57 per ADS. The offering raised a total of $15,000,000, with net proceeds of approximately $14,100,000, after deducting fees and expenses.

The warrants are exercisable over a period of five years from the date of their issuance. Since the exercise price is not deemed to be fixed, the warrants are not qualified for classification as an equity instrument and have therefore been classified as a non-current derivative financial liability. This liability is initially recognized at its fair value on the date the contract is entered into and subsequently accounted for at fair value at each balance sheet date. The fair value changes are charged to non-operating income and expense in the statement of comprehensive loss.

The amount of the private placement consideration allocated to the warrants was approximately $4,800,000, as calculated on the basis of the Black-Scholes model, which reflected their fair value as of the issuance date. The portion of total issuance costs allocable to the warrants, in the amount of approximately $300,000, was recorded as non-operating expense on the statement of comprehensive loss. The change in fair value from the date of issuance through June 30, 2012, amounting to approximately $2,000,000, has been recorded as non-operating income on the statement of comprehensive loss.

NOTE 5 – EQUITY

a. Share capital

As of June 30, 2012 and December 31, 2011, share capital is composed of ordinary shares, as follows:

	Number of ordinary shares	
	December 31, 2011	June 30, 2012
Authorized share capital	250,000,000	750,000,000
Issued and paid-up share capital	123,603,141	176,056,151

	In NIS	
	December 31, 2011	June 30, 2012
Authorized share capital	2,500,000	7,500,000
Issued and paid-up share capital	1,236,031	1,760,562

b. In May 2012, the Company's shareholders approved an increase in the Company's registered share capital, from 250,000,000 ordinary shares of NIS 0.01 nominal value each to 750,000,000 ordinary shares of NIS 0.01 nominal value each.

c. In May 2012, the Company's Board of Directors approved an increase from 14 million to 30 million in the number of authorized but unissued ordinary shares reserved for purposes of the Company's 2003 Share Incentive Plan (the "Plan") and any other present or future share incentive plans of the Company, subject to adjustments as provided in Section 14 of the Plan.

NOTE 6 – RESEARCH AND DEVELOPMENT

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

	Six months ended June 30,	
	2011	2012
	NIS in thousands	
Grants received from an interested party, offset against research and development expenses	1,508	1,693

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 Annual Report on Form 20-F filed on March 22, 2012.

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 June 30, 2012 ($1 = NIS 3.923). 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 June 30, 2012, we have received approximately NIS 52.0 million ($13.3 million) of grants in the form of loans from the OCS to operate the incubator, which does not include an additional NIS 21.6 million ($5.5 million) of grants we have received from the OCS outside of the incubator agreement as of that date. Such amounts include loans equal to approximately NIS 34.0 million ($8.7 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 an orally available drug in development for the treatment of schizophrenia. In September 2009, we announced positive topline results from the phase 2b EAGLE trial of BL-1020. In June 2011, we commenced the phase 2/3 CLARITY trial of BL-1020, which is currently being carried out at clinical sites in Romania and India.

- BL-1040 is a novel resorbable polymer solution for use in the prevention of cardiac remodeling that may occur in patients who have suffered an acute myocardial infarction, or 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 Inc., or Ikaria, with respect to the development, manufacture and commercialization of BL-1040. In December 2011, Ikaria commenced PRESERVATION 1, a CE Mark registration clinical trial of BL-1040 (now called by Ikaria “Bioabsorbable Cardiac Matrix,” or BCM).

- 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. BL-5010 has received European confirmation from the British Standards Institution Notified Body (BSI) in the UK, of the regulatory pathway classification as a Class IIa medical device. We are currently in the process of developing a unique applicator for BL-5010.

- BL-7040 is an orally available synthetic oligonucleotide which we intend to develop for the treatment of IBD. We recently commenced a phase 2 study to evaluate the effectiveness of BL-7040 for the treatment of IBD at four sites in Israel.

- BL-1021 is a new chemical entity in development for the treatment of neuropathic pain. In December 2011, we completed a phase 1a clinical trial to assess safety, tolerability and pharmacokinetics of a single administration of BL-1021 at doses between 10 mg and 80 mg in healthy volunteers. Study results demonstrated that a single administration of BL-1021 in the dose range examined was safe and well tolerated, with no significant changes noted in vital signs, ECG or laboratory safety parameters at any dose when compared either to baseline measurements or to the placebo group. 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 will enable reaching effective doses in patients. We are currently evaluating various alternatives with this therapeutic candidate from a clinical and business perspective, including potential development collaborations with other parties, as well as focusing on a more specific therapeutic indication within the general area of neuropathic pain.

In 2009, we entered into an exclusive, worldwide, royalty-bearing licensing arrangement with Ikaria. 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, which is currently being carried out at clinical sites in Romania and India. Concurrent with the conduct of the trial and in accordance with our business strategy, we have continued to hold discussion with potential out-licensing partners for the further 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 June 30, 2012, we held approximately $30.6 million of cash, cash equivalents and short-term bank deposits, based on the exchange rate reported by the Bank of Israel as of June 30, 2012.

Recent Company Developments

Patent Protection

In April 2012, we announced that an issue notification was received from the United States Patent and Trademark Office (USPTO) granting 1,787 days of patent term adjustment for the patent claiming the composition of BCM (BL-1040). Accordingly, the term of this patent will now extend through at least April 2029.

In June 2012, we announced that two notices of allowance had been issued by the USPTO for BL-1021. The first was issued for a patent application claiming BL-1021's composition that, when issued, will be valid until at least September 2022. The other notice of allowance was for a patent application claiming the use of BL-1021 for the treatment of pain that, when issued, will be valid until at least January 2028.

In July 2012, we announced that we had received from the European Patent Office a notice of intention to grant a European patent claiming the salt of BL-1020.

Addition and Termination of Therapeutic Candidates

As part of our business strategy, we continue to actively source, rigorously evaluate and in-license selected therapeutic candidates. In line with our business strategy, during the period beginning April 1, 2012 through the date of this announcement we also terminated two projects at their early pre-clinical stages (BL-6020 and BL-7050) due to lack of efficacy or other scientific considerations. BL-6020 was intended to treat cancer cachexia, and BL-7050 was intended to treat neuropathic pain. BL-7050 is being transferred to our Early Development Program (EDP) for further work on lead molecule selection.

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	Phase 2/3 CLARITY trial	CLARITY study results – second half of 2013
BL-1040	CE registration pivotal trial	PRESERVATION 1 study results – 2013
BL-5010	Completed phase 1/2	Completion of unique applicator prototype by end of 2012; commencement of pivotal CE Mark registration trial in first half of 2013
BL-7040	Phase 2a trial	Study results - end of 2012/early 2013
BL-1021	Completed phase 1a	Phase 1b multiple ascending dose study

We recently reassessed the expected completion date of the phase 2/3 CLARITY trial in light of the receipt of lower-than-expected study enrollment data in both Romania and India and, as noted above, have updated the study completion date to the second half of 2013.

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-8020	Small molecule	Hepatitis C	Preclinical studies
BL-7010	Polymer	Celiac disease	Preclinical studies
BL-6030/1	Small molecule	Bacterial infection	Preclinical studies
BL-5040	Protein	Cachexia	Preclinical studies
BL-6040	Small molecule	Rheumatoid arthritis	Preclinical studies
BL-7020	Protein	Psoriasis	Preclinical studies
BL-7060/EDP 29	Peptide	Acute myocardial infarction	Preclinical studies
BL-8010/EDP30	Peptide	Retinopathy	Preclinical studies
BL-8030	Small molecule	Hepatitis C	Preclinical studies

We recently decided to perform additional detailed analyses to further evaluate potential additional lead molecules related to the BL-7060 and BL-8010 projects licensed from Compugen Ltd. The evaluation of these additional molecules is being funded within the framework of our EDP program.

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, 2009, 2010 and 2011; for the six months ended June 30, 2012; 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,			Six Months Ended June 30,	Total Costs Since Project
	2009	2010	2011	2012	Inception
	(in thousands of U.S. dollars)				
BL-1020	11,820	450	2,765	3,253	47,363
BL-1040	2,050	167	3	-	10,227
BL-5010	860	384	94	63	2,067
BL-1021	1,010	924	466	28	7,087
BL-7040	-	-	465	230	695
Other projects	1,240	1,704	3,262	1,977	23,861
Total gross direct project costs (1)	16,980	3,629	7,055	5,551	91,300

(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 June 30, 2012, we have incurred research and development expense of approximately NIS 481.5 million ($122.7 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 remain our most significant cost 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. Due to 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).

Non-Operating Expense and Income

Non-operating expense and income includes fair-value adjustments of derivative liabilities on account of the warrants issued in the private placement which we conducted in February 2012. These fair-value adjustments are highly influenced by our share price at each period end (revaluation date). In addition, non-operating expense and income includes the pro-rata share of issuance expenses from the private placement related to the warrants.

Significant 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, 2011.

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

We did not record any revenues during each of the six-month periods ended June 30, 2012 and 2011.

Cost of revenues

We did not record any cost of revenues during each of the six-month periods ended June 30, 2012 and 2011.

Research and development expenses

At December 31, 2010, our drug development pipeline consisted of 10 therapeutic candidates. During 2011, we added six new compounds to our pipeline, and discontinued the development of one compound from the pipeline, so that our drug development pipeline as of December 31, 2011 consisted of 15 therapeutic candidates. During the first six months of 2012, we added three new compounds to our pipeline and discontinued the development of two compounds from the pipeline, so that our drug development pipeline as of June 30, 2012 consisted of 16 therapeutic candidates. Subsequent to June 30, 2012, we discontinued the development of two additional compounds from the pipeline, so that our drug development pipeline as of the date of this report consists 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 June 30,			Six months ended June 30,		
	2011	2012	Increase (decrease)	2011	2012	Increase (decrease)
	(in thousands of NIS)					
Research and development expenses, net	10,405	16,000	5,595	16,789	30,675	13,886

Comparison of three-month periods ending June 30, 2012 and 2011

Research and development expenses for the three months ended June 30, 2012 were NIS 16.0 million ($4.1million), an increase of NIS 5.6 million ($1.4 million), or 54%, compared to NIS 10.4 million ($2.7 million) for the three months ended June 30, 2011. The increase resulted primarily from expenses associated with the CLARITY clinical trial in respect of BL-1020, which commenced at the end of June 2011.

Comparison of six-month periods ending June 30, 2012 and 2011

Research and development expenses for the six months ended June 30, 2012 were NIS 30.7 million ($7.8 million), an increase of NIS 13.9 million ($3.5 million), or 83%, compared to NIS 16.8 million ($4.3 million) for the six months ended June 30, 2011. The increase resulted primarily from expenses associated with the CLARITY clinical trial in respect of BL-1020, as well as a ramp-up in spending on several new projects introduced during the second half of 2011 and the first six months of 2012.

Sales and marketing expenses

	Three months ended June 30,			Six months ended June 30,		
	2011	2012	Increase (decrease)	2011	2012	Increase (decrease)
			(in thousands of NIS)			
Sales and marketing expenses	1,323	948	(375)	2,073	1,714	(359)

Comparison of three-month periods ending June 30, 2012 and 2011

Sales and marketing expenses for the three months ended June 30, 2012 were NIS 1.0 million ($0.2 million), a decrease of NIS 0.4 million ($0.1 million), or 28%, compared to NIS 1.3 million ($0.3 million) for the three months ended June 30, 2011. The decrease resulted primarily from efficiencies realized this year due to the reorganization of our business development team, including the relocation of our business development activities back to Israel, as well as professional services incurred in the three-month period last year related to the reacquisition of the rights to BL-1020 from Cypress Bioscience.

Comparison of six-month periods ending June 30, 2012 and 2011

Sales and marketing expenses for the six months ended June 30, 2012 were NIS 1.7 million ($0.4 million), a decrease of NIS 0.4 million ($0.1 million), or 17%, compared to NIS 2.1 million ($0.5 million) for the six months ended June 30, 2011. The reasons for the decrease are similar to those discussed above in the three-month comparison.

General and administrative expenses

	Three months ended June 30,			Six months ended June 30,		
	2011	2012	Increase (decrease)	2011	2012	Increase (decrease)
			(in thousands of NIS)			
General and administrative expenses	3,348	2,956	(392)	6,274	6,481	207

Comparison of three-month periods ending June 30, 2012 and 2011

General and administrative expenses for the three months ended June 30, 2012 were NIS 2.9 million ($0.8 million), a decrease of NIS 0.4 million ($0.1 million), or 12%, compared to NIS 3.3 million ($0.9 million) for the three months ended June 30, 2011. The decrease resulted primarily from one-time professional services incurred in the three-month period last year associated with our initial listing on NASDAQ in July 2011.

Comparison of six-month periods ending June 30, 2012 and 2011

General and administrative expenses for the six months ended June 30, 2012 were NIS 6.5 million ($1.7 million), an increase of NIS 0.2 million ($0.1 million), or 3%, compared to NIS 6.3 million ($1.6 million) for the six months ended June 30, 2011. The small increase resulted primarily from ongoing professional services and travel expenses associated with our being listed on NASDAQ, partially offset by the one-time professional services discussed above in the three-month comparison.

Non-operating income, net

	Three months ended June 30,			Six months ended June 30,		
	2011	2012	Increase (decrease)	2011	2012	Increase (decrease)
	(in thousands of NIS)					
Non-operating income, net	0	2,712	2,712	0	5,531	5,531

Comparison of three-month periods ending June 30, 2012 and 2011

Non-operating income for the three months ended June 30, 2012 results from a NIS 2.7 million ($0.7 million) fair-value adjustment of derivative liabilities on account of the warrants issued in the private placement which we conducted in February 2012.

Comparison of six-month periods ending June 30, 2012 and 2011

Non-operating income for the six months ended June 30, 2012 results from a NIS 6.7 million ($1.7 million) fair-value adjustment of derivative liabilities on account of the warrants issued in the private placement which we conducted in February 2012, offset by issuance expenses in the amount of NIS 1.2 million ($0.3 million) from the private placement related to the warrants.

Financial income (expenses), net

	Three months ended June 30,			Six months ended June 30,		
	2011	2012	Increase (decrease)	2011	2012	Increase (decrease)
			(in thousands of NIS)			
Financial income	637	6,050	5,413	1,820	6,496	4,676
Financial expenses	(1,965)	(172)	1,793	(4,732)	(2,403)	2,329
Net financial income (expenses)	(1,328)	5,878	7,206	(2,912)	4,093	7,005

Comparison of three-month periods ending June 30, 2012 and 2011

We recognized net financial income of NIS 5.9 million ($1.5 million) for the three months ended June 30, 2012, a change of NIS 7.2 million ($1.8 million), compared to net financial expenses of NIS 1.3 million ($0.3 million) for the three months ended June 30, 2011. The change in net financial income resulted primarily from an increase in the average exchange rate of foreign currencies in relation to the NIS during the three months ended June 30, 2012, which had a positive effect on our net assets denominated in such foreign currencies during that period.

Comparison of six-month periods ending June 30, 2012 and 2011

We recognized net financial income of NIS 4.1 million ($1.0 million) for the six months ended June 30, 2012, a change of NIS 7.0 million ($1.8 million), compared to net financial expenses of NIS 3.0 million ($0.8 million) for the six months ended June 30, 2011. The reasons for the change in net financial income are similar to those discussed above in the three-month comparison.

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 June 30, 2012, we held approximately NIS 119.9 million ($30.6 million) in cash, cash equivalents and short-term bank deposits.

Net cash used in operating activities was NIS 36.4 million ($9.3 million) for the six months ended June 30, 2012, compared with net cash used in operating activities of NIS 21.3 million ($5.4 million) for the six months ended June 30, 2011. The NIS 15.1 million ($3.9 million) increase in net cash used in operating activities during the six-month period in 2012, compared to the six-month period in 2011, was primarily the result of increased research and development spending.

Net cash provided by investing activities for the six months ended June 30, 2012 was NIS 9.9 million ($2.5 million), compared to net cash used in investing activities of NIS 52.0 million ($13.2 million) for the six months ended June 30, 2011. The cash flows provided by investing activities relate primarily to a net increase in the amount of our short-term bank deposits that matured during the period.

Net cash provided by financing activities for the six months ended June 30, 2012 was NIS 52.3 million ($13.3 million), compared to an insignificant amount of net cash used in financing activities for the six months ended June 30, 2011. This increase relates to the private placement completed in February 2012.

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 into the first quarter of 2014, 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.