

BioLineRx Ltd.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

AS OF SEPTEMBER 30, 2016

BioLineRx Ltd.
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BioLineRx Ltd.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

	December 31,	September 30,
	2015	2016
	in USD thousands	
Assets		
CURRENT ASSETS		
Cash and cash equivalents	5,544	4,014
Short-term bank deposits	42,119	34,894
Prepaid expenses	229	203
Other receivables	291	303
Total current assets	48,183	39,414
NON-CURRENT ASSETS		
Long-term prepaid expenses	58	54
Property and equipment, net	2,909	2,654
Intangible assets, net	152	155
Total non-current assets	3,119	2,863
Total assets	51,302	42,277
Liabilities and equity		
CURRENT LIABILITIES		
Current maturities of long-term bank loan	93	93
Accounts payable and accruals:		
Trade	1,910	2,274
Other	1,137	1,000
Total current liabilities	3,140	3,367
NON-CURRENT LIABILITIES		
Long-term bank loan, net of current maturities	344	272
Warrants	208	29
Total non-current liabilities	552	301
COMMITMENTS AND CONTINGENT LIABILITIES		
Total liabilities	3,692	3,668
EQUITY		
Ordinary shares	1,455	1,460
Share premium	196,201	198,380
Other comprehensive loss	(1,416)	(1,416)
Capital reserve	10,735	11,106
Accumulated deficit	(159,365)	(170,921)
Total equity	47,610	38,609
Total liabilities and equity	51,302	42,277

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

BioLineRx Ltd.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2016	2015	2016
	in USD thousands		in USD thousands	
RESEARCH AND DEVELOPMENT EXPENSES, NET	(2,576)	(2,954)	(8,678)	(8,233)
SALES AND MARKETING EXPENSES	(265)	(409)	(824)	(928)
GENERAL AND ADMINISTRATIVE EXPENSES	(762)	(1,125)	(2,594)	(2,968)
OPERATING LOSS	(3,603)	(4,488)	(12,096)	(12,129)
NON-OPERATING INCOME (EXPENSES), NET	1,983	(14)	1,096	182
FINANCIAL INCOME	85	172	363	403
FINANCIAL EXPENSES	(91)	(4)	(111)	(12)
NET LOSS AND COMPREHENSIVE LOSS	(1,626)	(4,334)	(10,748)	(11,556)
	in USD		in USD	
LOSS PER ORDINARY SHARE - BASIC AND DILUTED	(0.03)	(0.08)	(0.21)	(0.21)
WEIGHTED AVERAGE NUMBER OF SHARES USED IN CALCULATION OF LOSS PER ORDINARY SHARE	54,632,788	56,426,202	50,306,892	55,912,486

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

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

	Ordinary shares	Share premium	Other comprehensive loss	Capital reserve	Accumulated deficit	Total
	in USD thousands					
BALANCE AT JANUARY 1, 2015	1,055	167,331	(1,416)	9,800	(144,965)	31,805
CHANGES FOR NINE MONTHS ENDED SEPTEMBER 30, 2015:						
Issuance of share capital, net	395	28,449	-	-	-	28,844
Employee stock options forfeited and expired		170		(170)		-
Share-based compensation	-	-	-	770	-	770
Comprehensive loss for the period	-	-	-	-	(10,748)	(10,748)
BALANCE AT SEPTEMBER 30, 2015	<u>1,450</u>	<u>195,950</u>	<u>(1,416)</u>	<u>10,400</u>	<u>(155,713)</u>	<u>50,671</u>
	Ordinary shares	Share premium	Other comprehensive loss	Capital reserve	Accumulated deficit	Total
	in USD thousands					
BALANCE AT JANUARY 1, 2016	1,455	196,201	(1,416)	10,735	(159,365)	47,610
CHANGES FOR NINE MONTHS ENDED SEPTEMBER 30, 2016:						
Issuance of share capital, net	4	1,591	-	-	-	1,595
Employee stock options exercised	1	128	-	(128)	-	1
Employee stock options forfeited and expired	-	460	-	(460)	-	-
Share-based compensation	-	-	-	959	-	959
Comprehensive loss for the period	-	-	-	-	(11,556)	(11,556)
BALANCE AT SEPTEMBER 30, 2016	<u>1,460</u>	<u>198,380</u>	<u>(1,416)</u>	<u>11,106</u>	<u>(170,921)</u>	<u>38,609</u>

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,	
	2015	2016
	in USD thousands	
CASH FLOWS - OPERATING ACTIVITIES		
Comprehensive loss for the period	(10,748)	(11,556)
Adjustments required to reflect net cash used in operating activities (see appendix below)	(232)	1,128
Net cash used in operating activities	(10,980)	(10,428)
CASH FLOWS - INVESTING ACTIVITIES		
Investments in short-term deposits	(51,262)	(28,978)
Maturities of short-term deposits	34,878	36,480
Maturities of restricted deposits	166	-
Purchase of property and equipment	(2,466)	(164)
Purchase of intangible assets	(22)	(24)
Net cash provided by (used in) investing activities	(18,706)	7,314
CASH FLOWS - FINANCING ACTIVITIES		
Issuances of share capital, net	28,844	1,595
Proceeds of bank loan	467	-
Repayments of bank loan	(8)	(72)
Proceeds from exercise of employee stock options	-	1
Net cash provided by financing activities	29,303	1,524
DECREASE IN CASH AND CASH EQUIVALENTS	(383)	(1,590)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	5,790	5,544
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	(87)	60
CASH AND CASH EQUIVALENTS - END OF PERIOD	5,320	4,014

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,	
	2015	2016
	in USD thousands	
Adjustments required to reflect net cash used in operating activities:		
Income and expenses not involving cash flows:		
Depreciation and amortization	322	368
Long-term prepaid expenses	(7)	4
Interest and exchange rate differences on short-term deposits	(113)	(277)
Share-based compensation	770	959
Exchange differences on cash and cash equivalents	87	(60)
Gain on adjustment of warrants to fair value	(1,096)	(179)
	(37)	815
Changes in operating asset and liability items:		
Decrease (Increase) in prepaid expenses and other receivables	(700)	14
Increase in accounts payable and accruals	505	299
	(195)	313
	(232)	1,128
Supplementary information on investing activities not involving cash flows:		
Property and equipment acquired on supplier trade credit	228	-
	105	310

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

BioLineRx Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 – GENERAL INFORMATION

a. General

BioLineRx Ltd. (“BioLineRx”), headquartered in Modi’in, Israel, was incorporated and commenced operations in April 2003. Since incorporation, BioLineRx and its consolidated entities (collectively, the “Company”) have been engaged in the development of therapeutics, from pre-clinical development to advanced clinical trials, for a wide range of medical needs.

In February 2007, BioLineRx listed its ordinary shares 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”) have also been traded on the NASDAQ Capital Market.

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

b. Approval of financial statements

The condensed consolidated interim financial statements of the Company as of September 30, 2016, and for the three and nine months then ended, were approved by the Board of Directors on November 22, 2016, and signed on its behalf by the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer.

NOTE 2 – BASIS OF PREPARATION

The Company’s condensed consolidated interim financial statements as of September 30, 2016 and for the three and nine months then ended (the “interim financial statements”) have been prepared in accordance with International Accounting Standard No. 34, “Interim Financial Reporting” (“IAS 34”). These interim financial statements, which are unaudited, do not include all disclosures necessary for a fair statement 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 Company’s annual financial statements as of December 31, 2015 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, 2016 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, 2015 and for the year then ended.

BioLineRx Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

NOTE 4 – ISSUANCES OF SHARE CAPITAL

a. Underwritten public offerings of American Depositary Shares

In March 2015, the Company completed an underwritten public offering of 14,375,000 ADSs at a public offering price of \$2.00 per ADS. The offering raised a total of \$28.8 million, with net proceeds of approximately \$26.5 million, after deducting fees and expenses.

b. Share purchase agreement with Lincoln Park Capital

In May 2014, BioLineRx and Lincoln Park Capital Fund (“LPC”), entered into a \$20 million, 36-month purchase agreement, whereby LPC agreed to purchase, from time to time, up to \$20 million of BioLineRx’s ADSs, subject to certain limitations, during the 36-month term of the purchase agreement.

During the nine months ended September 30, 2016, BioLineRx sold a total of 1,550,853 ADSs to LPC for aggregate gross proceeds of \$1,627,000. In connection with these issuances, a total of 38,772 ADSs was issued to LPC as a commitment fee and a total of \$33,000 was paid to Oberon Securities as a finder’s fee. On a cumulative basis, from the effective date of the purchase agreement through the approval date of these financial statements, BioLineRx has sold a total of 2,843,454 ADSs to LPC for aggregate gross proceeds of \$4,870,000. In connection with these issuances, a total of 85,642 ADSs was issued to LPC as a commitment fee and a total of \$97,000 was paid to Oberon Securities as a finder’s fee.

NOTE 5 – SHAREHOLDERS’ EQUITY

As of December 31, 2015 and September 30, 2016, share capital is composed of ordinary shares, as follows:

	Number of ordinary shares	
	December 31, 2015	September 30, 2016
Authorized share capital	150,000,000	150,000,000
Issued and paid-up share capital	54,818,057	56,432,589
	In USD and NIS	
	December 31, 2015	September 30, 2016
Authorized share capital (in NIS)	15,000,000	15,000,000
Issued and paid-up share capital (in NIS)	5,481,806	5,643,259
Issued and paid-up share capital (in USD)	1,455,159	1,459,464