IMPORTANT

This document is an unofficial translation of the Hebrew original, June 30, 2013 financial report of Hadasit Bio-Holdings Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on August 21, 2013.

The Hebrew version submitted to the TASE and the Israeli Securities Authority shall be the sole binding legal version. This translation is for the convenience of English readers only.

HBL - Hadasit Bio-Holdings Ltd. (the "Company")

Board of Directors Report for the Quarter Ending on June 30, 2013

A. Introduction and summary of the Corporation's business areas

The Company's main assets are holdings in companies in the field of bio-technology (the "Portfolio Companies"), which are generally based on intellectual property that was developed in Hadassah hospital, and is owned by it. This intellectual property has generally been transferred by license to the subsidiaries, and serves as the basis for their activities.

The main resource allowing the Company to achieve its objectives is the obtaining of financing sources in order to enable the delivery of measured and monitored cash flows to the Portfolio Companies, for the purpose of allowing them to meet pre-defined milestones in the areas of research and development, production, intellectual property and regulation, in a manner that will enable them to reach human clinical trial phases.

The Company's main objective is to improve and promote the Portfolio Companies in which it maintains holdings, by providing, *inter alia*, the financing resources required by them (within the limits of the Company's ability) for the research and development of the science, technology and products that serve as the foundations of the Portfolio Companies as well as assistance in developing their business strategies. The provision of these resources is intended to enable the Portfolio Companies to move forward and achieve clearly defined milestones, which, in the bio-technology industry, serve as an indication of real substance in the areas of research, clinical development, regulatory process, business development and other criteria related to a company's activity, as expressed in financial value for its owners. This value is developed over a prolonged period of time, and involves the investment of significant financial and managerial resources.

As of the report date, the Company has holdings in six active portfolio companies (5 private and 1 public). As of the report date, three of the six portfolio companies in which the Company has holdings are in phases of conducting clinical trials on humans (Enlivex; D-Pharm and BioMarCare).

The Company supervises, and, depending on the circumstances, is also involved in the management of the Portfolio Companies, on the level of strategic planning, creating work plans and budgets, recruiting personnel, business development, and more. By means of this involvement which varies depending on the Company's share in the Portfolio Company, the Company attempts to ensure that the resources it provides, and the resources raised by the Portfolio Companies, are used in the best possible manner. It should be noted that not all of the Portfolio Companies are under the Company's control, meaning that its ability to be involved, and its degree of involvement, differ among the various Portfolio Companies. As of the report date, representatives of the Company are serving in all the boards of directors of the Portfolio Companies. The Company also invests financial and managerial resources that are available to it in those Portfolio Companies which have the highest scientific and business potential. These prioritization decisions are reached following recommendations made by the Company's management, strategic discussions held by the Company's board of directors, and are based on the recommendations of its scientific advisory board.

The foregoing and following sections are presented from the perspective of the Company's board of directors, and are largely based on projections and estimates which may not be realized, or whose date of realization may be delayed. It is possible, either for regulatory reasons, or due to the rate of progress of research and development, its results, a lack of available financing sources, or other reasons, that the Portfolio Companies may not meet these projections and estimates.

B. The Company's rate of holding in the Portfolio Companies:

The following are details regarding the Company's holdings in the Portfolio Companies as of June 30, 2013:

Name of the Portfolio Company in which the Company maintains holdings	**Rate of the Company's holdings as of June 30, 2012**		**Portfolio Company's area of operation**
	Not at full dilution	**At full dilution**	
D-Pharm Ltd. (a public company traded in the Tel Aviv Securities Exchange Ltd.)	12.89%	12.57%	Development of drugs intended for treatment of the Central Nervous System (CNS) including focused &selective dissolution of blood clots
Cell Cure Neurosciences Ltd.	21.2%	20.05%	Stem-cell based treatment for AMD (Age-Related Macular Degeneration), Parkinson's, and other neurodegenerative diseases
ProtAb Ltd.	69.79%	50.1%	Drugs for the treatment of rheumatoid arthritis and other auto-immune diseases

BioMarCare Ltd.	65.1%	45.57%	Kit for early detection of colorectal cancer in blood and development of a kit assessing the effectiveness of treatments for colorectal cancer at a metastatic stage (personalized medicine).
KAHR Medical 2005 Ltd.	56.27%	50.7%	Development of a protein platform enabling treatments for auto-immune diseases and various types of cancer
Enlivex Therapeutics Ltd.	91.99%	83.63%	Development of a system (device and drug) for the treatment of graft-versus-host disease in transplants, and in inflammatory and auto-immune diseases
BioLineRX Ltd.	0.14%	0.14%	Development of drugs in BioLine laboratories and in outsourced laboratories, in order to move them forward towards advanced clinical trial phases

The Company's ability to maintain its current rate of holdings in the Portfolio Companies is contingent upon the Company's financial capability being such that will enable it, subject to the investing principles for the Portfolio Companies, to participate in investment rounds in the Portfolio Companies. It is possible that, in subsequent financing rounds, the Company will not have the means necessary to maintain its current rates of holding in the Portfolio Companies (all or some), and it is also possible that, in the aforementioned rounds, the Company will decide that it would be inappropriate or undesirable to participate in such rounds.

As noted above, the Company's board of directors supports the continued delivery of financing to the Portfolio Companies, while operating maximal discretion with regard to the position of each particular Portfolio Company, its proximity to a clinical trial, and other significant milestones, and its regarding its ability to raise additional financing from sources other than the Company (investors, support provided by the Chief Scientist, etc.).

C. Main developments in the Portfolio Companies during the second quarter of 2013

1. Enlivex Therapeutics Ltd. ("Enlivex")

Enlivex is developing a system for the treatment of GvHD in transplantation, inflammatory and autoimmune diseases. This is an innovative cell therapy that produces "immune tolerance".

On March 18, 2013 Enlivex received an Orphan Drug approval from the FDA for its treatment to prevent GvHD according to the U.S. Orphan Drug Act.. Recognition of orphan drug status provides a host of benefits and facilities as established in U.S. law, including 7 years of exclusivity in selling the drug, shorter regulatory proceedings, discounted fees and other benefits.

During April 2013 the Chief Scientist in the Ministry approved Enlivex's request to extend the term of its existing R&D program so that the program will end on 07.31.2013 instead of 02.28. 2013 and transfer funds between the program's sections.

The company is in advanced negotiations with several groups of investors in order to raise capital to support the next experiment with the company's advanced product - Apocell. Completion of these investments is dependent on Enlivex meeting several milestones. At the same time, Enlivex has completed its preparations for its FDA meeting, which is planned for the third quarter in which Enlivex will present results from the completed clinical trial and outline the plan for the next experiment.

After the date of this report, the Board approved an additional 360,000 NIS loan, under the usual conditions in which the Company provides loans to portfolio companies.

2. KAHR Medical (2005) Ltd. ("KAHR")

KAHR is developing a therapeutic protein based platform for treating auto - immune diseases and various types of cancer. The company connects two active proteins and allows them both to operate in parallel (synergistically).
During the second quarter of 2013, KAHR continued pre-clinical development of its products. KAHR is continuing the development of two products, KAHR-101 and KAHR-102, intended for the treatment of various types of cancer and auto-immune diseases.

During the second quarter of 2013, KAHR continued focusing on the development of the KAHR-102 product, which previously exhibited significant activity in various models of autoimmune diseases in animals, as well as activity on cancerous cells from human sources in animal models, primarily in cases of lymphoma. KAHR performed several additional animal trials which exhibited significant activity by the product in two models of lymphoma in rodents at particularly low concentrations. KAHR is also continuing to develop the production process for the KAHR-102 product in collaboration with Cobra Ltd. (Sweden-England) in preparation for toxicology tests and a clinical trial at Hadassah in lymphoma patients. The company is planning for a clinical trial which will start in 2014 and turned to the European regulatory authorities to obtain approval of the study outline. The above contains forward-looking statements and is subject to, among other things, raising the financial resources required, the success of the preliminary experiments and obtaining the necessary regulatory approvals to do so.

3. Cell Cure Neurosciences Ltd.

Cell Cure is developing a stem cell-based therapy (human embryonic) AMD disease (Age Related Macular Degeneration).The leading product is OpRegen ®.

During the second quarter of 2013 Cell Cure continued its pre-clinical trials and continued its GLP safety experiments, in accordance with the FDA's guidance, at External GLP certified laboratories (CRO). Trials are expected to continue till the second quarter of 2014.

In addition, Cell Cure finished the development stages of most quality tests and began to develop methods for characterizing the degree of activity and cleanliness of the final product for submission to regulatory bodies. During the third quarter, Cell Cure continued implementing pre-clinical trials, and began conducting decisive tests in preparation for submission to regulatory bodies. The process included the performance of continued safety tests on the OpRegen® product for the pigmented cells of the retina (RPE's), and continued tests for the purpose of characterizing the final product. The safety tests included several trials in animals.

The first formation of RPE cells was produced under cGMP conditions, using the efficient and advanced method developed by the company to produce RPE's at high output and cleanliness levels under xeno-free conditions (without using materials derived from animals). To the best of the Company's knowledge, currently there is no other company in possession of similar quality cells using the same production method.

Cell Cure maintains continuous contact with the FDA, and is developing the OpRegen® product in accordance with the special regulatory requirements applicable to embryonic stem cells.

This product is designed to treat Dry-AMD (age related macular degeneration). This disease is common at a later age and is caused due to the death of RPE cells which are located under the retina and which support it. The OpRegen® cells are intended to replace the patient's dead RPE cells.

4. D-Pharm Ltd. ("D-Pharm")

In July 2012 D-Pharm completed the acquisition of 98,491 shares of Thrombotech Ltd. (hereinafter - "Thrombotech"), which at closing accounted for the entire issued share capital of Thrombotech, fully diluted, for the allocation of about 25,009,462 ordinary shares of D - Pharm to Thrombotech shareholders (including the Company which held 20% of Thrombotech). The shares were issued through a private placement and were about 58% of the capital of D-Pharm (fully diluted) as of the closing date. Additional information regarding the Thrombotech purchase agreement and Thrombotech's activities see the immediate report dated July 19, 2012.

D-Pharm develops technologies primarily for the treatment of diseases of the central nervous system (CNS). As of this report D-Pharm's two main products in development are: DP-VPA for the treatment of epilepsy, migraine and manic-depression. THR-18 designed to improve the safety and efficacy of tPA treatment in ischemic stroke patients.

For more information about the D-Pharm's activity please view D-Pharm's reports which are available on the Tel Aviv Stock Exchange reporting website (maya.tase.co.il)

5. **ProtAb Ltd. ("ProtAb")**

ProtAb develops drugs for the treatment of intestinal bowel disease, rheumatoid arthritis and other autoimmune diseases. ProtAb's leading product is an antibody that induces an anti - inflammatory response by the immune system.

ProtAb is focusing its efforts on the research of the mechanism of action of its leading antibody (Prozumab), before further developing the antibody for clinical trials. In the second quarter of 2013, ProtAb advanced this important scientific work with its R&D team within ProtAb and a variety of sub-contractors abroad with expertise in the field.

Additionally, ProtAb continues to conduct negotiations with existing shareholders to raise additional funding that will enable ProtAb to move forward with its pre-clinical and clinical trials and manufacturing under GMP conditions.

6. **BioMarCare Technologies Ltd.**

BioMarCare is developing a kit for early detection of colon cancer using a blood sample and a kit for the evaluation of metastatic colon cancer treatments (personalized medicine).During the second quarter BioMarCare focused on advancing two diagnostic projects:

1. In its joint project with Ariadne Diagnostica Ltd. in Maryland, USA (Ariadne) towards the development of a mCRC-Strat test for the personalized medicine market, which is intended to estimate the efficacy of the medicinal treatment for colorectal cancer patients in the metastatic stage, the activities are advancing on two fronts:

a. BioMarCare open a third clinical site in the Sheba hospital in order to increase the number of samples in its archives to support BioMarCare's product development and clinical trial.

b. Product development (a panel of protein markers using an immunohistological method) was done in collaboration with Ariadne and a subcontractor Patho-lab diagnostics. based on samples collected from Hadassah and Rambam hospitals, 7 biomarkers were selected and tested on 50 tissue samples from patients. The marker selection and compilation of clinical data will continue till the required specificity is attained. A broad panel of biomarkers is necessary in order to identify patients who do not respond to drugs based on EGFR inhibitors. During the quarter BioMarCare used algorithmic tools to analyze results .

During the second quarter, BioMarCare ended the third segment of its BIRD Foundation project and a third installment of $80,166 is expected in August. Two additional segments remain till the end of the project based on the fund's plan.

During this quarter BioMarCare worked on writing a patent which covers the research and development work done in cooperation with Ariadne, a provisional patent was filed in the US.

BioMarCare has also been in contact with pathologists specializing in colon cancer for a second review and various technologies were evaluated for digital analysis and documentation of the slides.

2. The second project BioMarCare worked on was the development of a method for identifying molecular biomarkers in the blood (plasma), which is considered a challenge and a high technological barrier. The goal is to develop a Colon-MarCarePlex™ diagnostic test to detect pre-cancerous and cancerous biomarkers using a noninvasive test. Blood tests are meant to replace stool tests which are used for screening with low sensitivity and very limited public response.

BioMarCare finished developing a method for producing the RNA from the plasma of patients and healthy individuals providing the starting material for testing different markers. In the first and second quarter BioMarCare developed a method for generating plasma RNA and marking it for use with advanced chip technology. All the points on the chip representing a active genes emit light, and the points that do not will remain dark. The higher the level of a gene's activity, the higher the level of its RNA, and light emitted from that specific gene's point on the chip. Bioinformatic analysis of the chip generates a list of genes that will then be tested on blood samples using BioMarCares technology. This work is being done in collaboration with the Bioinformatics Unit at the Ben Gurion University and the Biological Services Unit at the Weizmann institute.

On June 25, 2013, BioMarCare received Helsinki approval to conduct a multi-center study through the Clalit health services in their gastroenterology departments on 200 colonoscopy samples. As of the date of this report collection of samples has begun.

On February 25 BioMarCare received Helsinki approval to open a clinical study site at the IRCCS - Istituto Clinico umanitas Hospital in Italy. 60nsamples are to be collected and as of the date of this report the agreement with the hospital was signed and the sample collection has begun.

BioMarCare has also collected about 212 samples since the beginning of the year reaching a total of about 800 samples from 3 groups of patients: patients with a normal colonoscopy, subjects with polyps and patients with carcinomas at different stages. Furthermore, the experiment was expanded to collect hundreds of additional specimens. BioMarCare contacted 2 additional clinical sites and is in the process of attaining Helsinki approval.

In paralel BioMarCare mitted a grant request ot the Israel Germany bi-national fund through UREKA. As of the date of this report the application gas yet to be reviewed.

.

As part of the status review of the in PARpanel-™ project and due to not meeting objectives, BioMarCare stopped funding patents and patent applications related to the Protease Receptor Activator which was licensed from Hadasit. During the quarter BioMarCare and Hadasit reache d an agreement regarding the return of the patent to Hadasit and the amendment of Prof. Tamar Peretz's consulting contract.

The contents of this section are forward-looking information and are contingent, inter alia, on the recruitment of financial sources required therefor, the success of the preliminary trials and the receipt of regulatory approvals required.

D. Financial position and financing sources

The Company's current assets as of June 30, 2013 totaled approx. NIS 24,182 thousand, versus NIS 29,785 thousand as of June 30, 2012. The decrease resulted from the Company and its portfolio companies' use of cash for activities.

The balance of cash and cash equivalents as of June 30, 2013 amounted to approx. NIS 9,588 thousand, as compared with NIS 17,162 thousand as of June 30, 2012. The decrease resulted from the Company and its portfolio companies' use of cash for activities.

Cash balance and value of cash and tradable assets in the parent company as of June 30, 2013 amount to 10,839 thousand NIS, as compared with 12,862 thousand NIS as of June 30, 2012. The change is due to a capital raise in September 2012 and the Company and its portfolio companies' use of cash for activities.

The investment in marketable securities as of June 30, 2013amounted to NIS 8,735 thousand, as compared with NIS 11,260 thousand for June 30, 2012. This decrease was due to the partial repayment of debentures and the sale of marketable securities for current operations.

Available-for-sale financial assets as of June 30, 2013 amount to approximately NIS 3,065 thousand in comparison to the amount of NIS 285 thousand for June 30, 2012. The increase results from the holdings in D-Pharm which lead to an increase - Presented at fair value net of premium for non-marketability based on a valuation received by the Company.

Fixed assets of the Company as of June 30, 2013 amount to about of NIS 561 thousand, in comparison to the amount of NIS 335 thousand for June 30, 2012. The increase mainly results from the purchase of lab equipment by a subsidiary.

The total balance of investments in affiliates as of June 30, 2013 amounted to approx. NIS 12,647 thousand, in comparison to NIS 15,174 thousand for June 30, 2012. The change results from the removal of equity losses of affiliated companies on the one hand, and a capital gain for the decline in the percentage holding in CellCure and BioMarCare, on the other.

The current liabilities of the Company as of June 30, 2013 amounted to approx. NIS 4,860 thousand, in comparison to the NIS 2,793 thousand as of June 30, 2012. The increase results mainly from the inclusion of real-estate improvement debt in the Company's current liabilities.

Non-current liabilities as of June 30, 2013 amount to about of NIS 3,690 thousand, as compared with the amount of NIS 4,173 thousand as of June 30, 2012. The change is due to an increase in royalties to pay as a result of bringing forward the sales forecasts date in a Portfolio Company and the inclusion of real-estate improvement debt in the Company's current liabilities.

The Company's capital attributed to equity holders in the Company as of June 30, 2013amounted to a total of NIS 25,646 thousand, as compared with capital of NIS 32,998 thousand as of June

30, 2012. The change results mainly from the issuance of equity, capital funds transactions with minority and a decrease in the Company's capital resulting from current losses as well as the deletion of Series 3 options.

E. Results of Operations:

The Company's losses, attributed to equity holders in the Company, for the quarter that ended June 30,2013, amounted to a total of approx. NIS 2,954 thousand, as compared with losses of approx. NIS 1,086 thousand for the corresponding period last year. The change results from the capital gain attributed to the BioMarCare deal and capital gain in the corresponding period last year.

Administrative and general expenses for the quarter that end June 30, 2013amounted to a total of approx. NIS 1,337 thousand, as compared with the NIS 1,526 thousand for the corresponding period last year. The decrease is due to a reduction in G&A expenses by the subsidiaries.

Other expenses - the Company register other income for the quarter ending on June 30, 2013, in an amount of NIS 455 from capital gains attributed to loans cell Cure received from its controlling shareholder.

R&D Expenses:

The following is a description of the R&D expenses incurred in the held companies in the quarter ending on June 30, 2013, compared to the R&D of the corresponding year.

	June 30, 2013	**June 30, 2012**
	Thousands of NIS	**Thousands of NIS**
		Subsidiaries
Enlivex	250	451
KAHR	2,083	857
Total in subsidiaries	**2,333**	**1,308**
		Affiliates
Cell Cure	716	1,069
ProtAb	820	736
BioMarCare	533	531
Total in affiliates	**2,069**	**2,336**
Total R&D expenses	**4,402**	**3,644**

The Company's investments in the Investees serve, for the most part, to finance those companies' research and development activities. Additionally, these investments assist the Investees in raising additional funds, specifically support funds received from the Office of the Chief Scientist (OCS) at the Ministry of Industry, Trade and Labor. It should be noted that this external financing

received from the Chief Scientist does not dilute the Company's holding in the Portfolio Companies, and may reach a total of 60% of their total research and development expenses.

F. Liquidity status

For the quarter that ended on June 30, 2013, cash used in operating activities amounted to a total of NIS 2,473 thousand, similar to NIS 2,275 for the corresponding quarter last year.

Cash flows used for investment activities for the quarter that ended on June 30, 2013amounted to approx. NIS 282 thousand, used mainly for the purchase of lab equipment in a subsidiary in comparison to cash flows resulting from investment activities in the amount of NIS 1,764 thousand, for the corresponding quarter last year, mainly as a result of the realization of tradable securities.

Cash flows arising from financing activities for the quarter that ended on June 30, 2013amounted to a total of approx. NIS 321 thousand, mainly from cash received from the OCS, in comparison to the amount of NIS 9,840 thousand in the corresponding quarter last year –a result a minority investment in a subsidiary.

G. Economic exposures and exposure to market risks and methods for handling them

As of the report date, the potential risks embedded in the Company's activities are:

1. **Market risks**: changes in the price of the Company's shares in the stock exchange (which can lead to (series 4 and series 6) warrants not being exercised); change in share price of BioLine and D-Pharm.

2. **Economic exposures**: economic slowdown materially influences the ability of the Company to recruit financial resources. Adequate financial resources are the input required to portfolio companies in order to advance research and development processes. Without adequate financial resources, the portfolio companies cannot acquire the input required for the performance of R&D and for preparing and entering the phase of clinical trials on humans. The Company is raising capital through several means.

   Other than the above, the Company has not yet identified additional market risks that it is exposed to during its operations. With identifying such market risks, the Company determines instructions for managing the said risks. The entity responsible in the Company for the management of market risks is the CEO of the Company, Mr. Ophir Shahaf.

H. Directors possessed of accounting and financial expertise

In light of the complexity of the Company's accounting and financial affairs, the Company's board of directors determined, in accordance with the provisions of Section 92(a)(12) of the Companies Law, 5759 - 1999, that the Company's board of directors will include at least two directors possessed of accounting and financial expertise; in other words, directors who do not fulfill an additional role in the Company, and by virtue of their education, experience and skills, are possessed of significant expertise and understanding with regard to business and accounting matters and financial statements, in a manner that enables them to understand the financial statements in depth, and to discuss issues related to the manner of presentation of the financial statements.

As of the report date, all of the directors serving in the Company fulfill the established criteria with regard to accounting and financial expertise, and also with regard to professional qualifications, by virtue of their education and experience in company management.

I. Report regarding independent directors

The Company has not yet adopted into its Articles of Incorporation the provision set forth in Section 219(e) of the Companies Law, 5759 - 1999, with regard to the number of independent directors.

As of the report date, three independent directors are serving in the Company (two external directors - Ms. Michal Sapir and Mr. Yaron Kulas, and Mr. Doron Berger).

J. Details regarding the approval process for the Corporation's financial statements

The corporate organs responsible for over-supervision are the Chairman of the Board - Dr. Rafi Hofstein, and the CEO of the Company - Mr. Ophir Shahaf.

The financial statements are prepared by the Company's CEO, with the assistance of the CFO and the Company's financial staff. After performance of the auditor's review, and prior to their approval by the Company's board of directors, the draft statements are delivered for the advance review of specific directors serving as the Company's balance sheet committee - Mr. Yaron Kulas, chairman (external director), and Ms. Michal Sapir (external director), and Mr. Doron Berger, who review the statements and deliver their remarks and recommendations to the board of directors several days before the date established for the board of directors' meeting, in accordance with the provisions of the Companies Regulations (Provisions and Conditions Regarding the Approval Process for Financial Statements), 5770 - 2010 (hereinafter: the "Approval Process Regulations").

All balance sheet committee members were determined by the Company's board of directors as possessing accounting and financial expertise, and in any case are possessed of the ability to

read and understand financial statements. All committee members have delivered a statement as required in Section 1(1) of the Approval Process Regulations.

Approval process in the balance sheet committee

The Company's financial statements were discussed in a balance sheet committee meeting held on **August 18, 2013**. All balance committee members participated in the discussion. The meeting was also attended by the Company's auditor, the Company's CEO, the Company's CFO and other invited consultants. In the meeting, discussions were held regarding the effectiveness of internal control over financial reporting and disclosure, as well as a discussion of principles with regard to estimates and evaluations made by the Company, and the completeness and appropriateness of disclosure, accounting policy and accounting treatment. Additionally, recommendations to the board of directors were formed with regard to the approval process of the financial statements.

Details regarding the processes used by the balance sheet committee for the purpose of forming its recommendation to the board of directors

Prior to the meeting, the following were sent to the committee for review: [A] the Company's draft quarterly financial statements; [B] supporting documents used in the preparation of the financial statements; [C] Valuation of non-tradable D-Pharm shares.

As part of the meeting, a presentation was made to those attending, and an evaluation was conducted by the committee members, regarding the estimates and assessments made with respect to the financial statements, the processes of internal control over financial reporting, the risk management policy, the completeness and appropriateness of the financial statements, the accounting policy and accounting treatment applied with regard to material issues, and the figures presented in the Company's financial statements.

The information accompanying the figures presented in the financial statements was reviewed by the directors, including information regarding the Company's financial and operational position.

Following consultation with the Company's auditors, the balance sheet committee members reached a conclusion that the Company had applied a proper accounting policy, and had used proper estimates and assessments.

The committee formed recommendations with regard to the approval of the Company's financial statements, and these were delivered for the review of the Company's directors **three** days before the Board's meeting, which is a reasonable period of time in the opinion of the Company's board of directors.

The Company's financial statements were discussed and approved in a meeting held by the Company's board of directors on August 21, 2013.

In the board of directors meeting, the recommendations of the balance sheet committee were presented to the Board members, and a review and analysis was conducted by the Company's CEO regarding the main points of the financial statements, including those pertaining to the results of its operations, its financial position, cash flows, etc. Major transactions for the period were also presented. The board of directors meeting was attended by the Company's auditors and the balance sheet committee members.

K. Corporate Officers and details regarding compensation of the Company's senior corporate officers

As of April 2013 the Company started to pay the employees' salaries while other management services are granted to the Company from Hadasit (a holder of control). For details regarding the management agreement signed between the Company and Hadasit – see the chapter on the Company's business activity in the Company's annual report.

In addition, the Compensation Committee of the Company, with the assistance of an external consultant specializing in executive compensation matters completed several meetings regarding the compensation policy of the Company as defined by Amendment 20 of the Companies Law.

On August 6, 2013, the Comopany's board of directors approved the Company's compensation policy as presented by the compensation committee, to be approved in a shareholders meeting which was set for September 17, 2013.

After the date of this report, the CEO gave notice and will no longer be the CEO as of November 6, 2013.

L. Donations policy

As of the report date, the Company has not yet adopted a donations policy. However, the Company's Articles of Incorporation state that the Company may donate reasonable sums of money towards worthy causes.

M. Internal auditor

During the report period, no material changes occurred on the subjects specified in Regulation 10(b)(11) of the Securities Regulations (Periodic and Immediate Reports), 5730 - 1970.

N. Report regarding exposure to market risks and methods for handling them:

The Company's cash and cash equivalents balances are deposited in Israeli banking corporations possessed of an A rating.

According to the Company's policy, the Company invests its liquid balances in NIS deposits, and also in corporate and bank bonds which hold a rating of A or higher.

The officers responsible for managing the Company's market risks are Mr. Ophir Shahaf, the Company's CEO, and Dr. Rafi Hopstein, the Chairman of the Board.

O. Linkage balance sheet of the balance of financial assets and liabilities:

The following are the linkage conditions of monetary balances as of June 30, 2013 (thousands of NIS):

	In non-linked NIS	**In CPI-linked NIS**	**In foreign currency or linked thereto**	**Total**
Assets				
Cash and cash equivalents	4,417	-	5,171	9,588
Investments in marketable securities	8,735	-	-	8,735
Receivables and others	1,150	1,177	-	2,327
Available-for-sale financial assets	3,065	-	-	3,065
Restricted cash	-	-	423	423
Total assets	**17,367**	**1,177**	**5,594**	**24,138**
Liabilities:				
Suppliers and service providers	996		294	1,290
Accounts payables	251	2,892	-	3,143
Non-current liabilities:				
Royalties payable		-	3,649	3,649
Total liabilities	**1,247**	**2,892**	**3,943**	**8,082**
Surplus of financial assets / over financial liabilities	**17,111**	**(346)**	**3,526**	**16,056**

The following are the linkage conditions of monetary balances as of June 30, 2013 (thousands of NIS):

	In non-linked NIS	In CPI-linked NIS	In foreign currency or linked thereto	Total
Assets				
Cash and cash equivalents	3,612	-	13,550	17,162
Investments in marketable securities	7,458	3,802	-	11,260
Receivables and others	836	201	-	1,037
Available-for-sale financial assets	285	-	-	285
Non-current assets:				
Rental fees receivable	-	-	1,105	1,105
Restricted cash	-	-	468	468
Total assets	**12,191**	**5,108**	**14,018**	**31,317**
Liabilities				
Current Liabilities:				
Suppliers and service providers	878	-	221	1,099
Accounts payable	584	495	-	1,079
Loans from external shareholders in subsidiaries	-	-	342	342
Non-current liabilities:				
Royalty payable	-	-	1,395	1,395
Expenses payable	-	2,714	-	2,714
Total liabilities	**1,462**	**3,209**	**1,958**	**6,629**
Surplus of financial assets over liabilities	**10,729**	**1,899**	**12,060**	**24,688**

P. Sensitivity tests

The Company performed sensitivity tests in respect of changes in ranges of 5% and 10% for the relevant market factors.

Currency risk:

The Company holds balances in foreign currency, mainly in USD, resulting in exposure to volatility in USD/NIS exchange rates. The following table presents the effects of potential Company losses resulting from an increase / decrease of 10% and 5% in the USD/NIS exchange rate:

The Group's exposure to changes in the exchange rates of other foreign currencies amounted to immaterial sums.

The expected exposure of changes in the consumer price index on the Company's losses:

Sensitivity to changes in the consumer price index					
	Profit from the changes		Index as of	Loss from the changes	
	Increase of 10% in market factor (135.28)	Increase of 5% in market factor (129.13)	June 30, 2013 122.99 points*	Decline of 5% in market factor (116.84)	Decline of 10% in market factor (110.69)
Thousands of NIS					
Exposure in the linkage balance sheet	(171)	(86)	(1,715)	86	171

The changes chosen for the relevant risk variables were selected based on estimates made by management regarding reasonably possible changes in these risk variables.

The evaluation of the aforementioned risk factors was performed on the basis of the materiality of the exposure of the results of operations in respect of each risk factor, with respect to the operating currency, and assuming that all other variables will remain constant.

Q. Critical accounting estimates

For details regarding the Company's critical accounting estimates, see Note 3 of the Company's financial statements as of December 31, 2012.

Date: August 21, 2013

Ophir Shahaf
CEO

Dr. Rafi Hofstein
Chairman of the Board

HBL - Hadasit Bio-Holdings Ltd.

Condensed Consolidated Financial Statements

as of June 30, 2013

(Unaudited)

HBL - Hadasit Bio-Holdings Ltd.

Condensed Consolidated Financial Statements

as of June 30, 2013

(Unaudited)

Table of Contents

The Hebrew version of this Financial statement was reviewed by **Brightman Almagor Zohar & Co.**

Certified Public Accountants on August 21, 2013

HBL - Hadasit Bio-Holdings Ltd.

Condensed Consolidated Statements of Financial Position

	As of June 30		As of December 31
	2013	2012	2012
	NIS Thousands		
	Unaudited		Audited
Current assets			
Cash and cash equivalents	9,588	17,162	14,551
Investment in marketable securities	8,735	11,260	8,972
Accounts receivable and other current asset	2,371	1,078	937
Available-for-sale financial assets	3,065	285	2,798
	23,759	29,785	27,258
Non-current assets			
Restricted cash	423	468	462
Prepaid expenses	11	12	-
Investment in associates	12,647	15,174	12,539
Rental fees receivable	-	1,105	1,038
Fixed assets, net	561	335	343
Intangible assets	1,423	1,671	1,547
	15,065	18,765	15,929
Total assets	38,824	48,550	43,187
Current liabilities			
Trade payables	1,290	1,099	669
Accounts payable and other current liabilities	3,570	1,352	1,229
Loans from external shareholders in subsidiaries, net	-	342	-
	4,860	2,793	1,898
Non-current liabilities			
Liabilities in respect of benefits to employees	41	64	41
Royalties payable	3,649	1,395	2,836
Accrued expenses	-	2,714	2,550
	3,690	4,173	5,427
Capital			
Share capital	1,265	875	1,265
Shares premium	112,979	108,975	112,979
Warrants	2,065	1,610	2,065
Capital fund from operations with controlling shareholder	754	754	754
Equity settled employee benefits reserved	1,944	1,879	1,926
Capital fund for available-for-sale financial assets	94	27	(246)
	119,101	114,120	118,743
Accumulated deficit	(93,455)	(81,122)	(88,903)
Total capital attributable to owners of the Company's capital interests	25,646	32,998	29,840
Non-controlling interests	4,628	8,586	6,022
Total capital	30,274	41,584	35,862
Total liabilities and capital	38,824	48,550	43,187

(*) Reclassified

August 21, 2013

Dr. Rafi Hofstein	**Ophir Shahaf**	**Liat Hadad**
Chairman of the Board	**CEO**	**CFO**

The accompanying notes are an integral part of the financial statements

HBL - Hadasit Bio-Holdings Ltd.

Condensed Consolidated Statements of Comprehensive Gain (Loss)

	For the period of six months ended June 30		For the period of three months ended June 30		For the year ended December 31
	2013	2012	2013	2012	2012
	NIS Thousands		NIS Thousands		NIS Thousands
	Unaudited		Unaudited		Audited
Research and development expenses	(3,578)	(*) (2,136)	(2,333)	(1,308)	(*) (7,467)
General and administrative expenses	(2,462)	(*) (2,931)	(1,337)	(1,526)	(*) (5,479)
Other income (expenses), net	3,929	4,681	455	4,681	6,967
Operating loss	(2,111)	(386)	(3,215)	1,847	(5,979)
Financial income	165	575	-	264	647
Financial expenses	(434)	(972)	(544)	(647)	(2,714)
Financial income (expenses), net	(269)	(397)	(544)	(383)	(2,067)
Gain (Loss) after financing	(2,380)	(783)	(3,759)	1,464	(8,046)
Share in results of investees companies	(3,882)	(2,935)	(1,337)	(867)	(6,564)
Loss for the period	(6,262)	(3,718)	(5,096)	597	(14,610)
Other Comprehensive loss					
Gain (Loss) from fair value adjustment of available-for-sale financial assets	340	(68)	(147)	(53)	(343)
Total comprehensive loss for the period	(5,922)	(3,786)	(5,243)	544	(14,953)
Loss for the period attributable to:	(4,552)	(2,954)	(3,959)	1,086	(10,861)
Owners of the company's capital interests	(1,710)	(764)	(1,137)	(489)	(3,749)
Non-controlling interests	(6,262)	(3,718)	(5,096)	597	(14,610)
Comprehensive loss for the period attributable to:					
Owners of the company's capital interests	(4,212)	(3,022)	(4,106)	1,033	(11,204)
Non-controlling interests	(1,710)	(764)	(1,137)	(489)	(3,749)
	(5,922)	(3,786)	(5,243)	544	(14,953)
Loss per ordinary share of NIS 0.01 par value					
Basic and diluted loss per share (in NIS)	(0.04)	(0.03)	(0.03)	0.01	(0.11)
Number of shares used in the above calculation (in thousands)	126,524	87,543	126,524	87,543	126,524

(*)Reclassified

The accompanying notes are an integral part of the financial statements

HBL - Hadasit Bio-Holdings Ltd.

Condensed Statements of Changes in Shareholders' Equity

	Share Capital	Shares Premium	Warrants	Capital Fund from Operations with Controlling Share-holder	Equity settled employee benefits reserved	Capital Fund for Available-For-Sale Financial Assets	Accumulated deficit	Total Attributable to owners of the Company	Non-Controlling Interests	Total Capital
	NIS Thousands									
For the Period of six Months Ended on June 30, 2013 (Unaudited)										
Balance as of January 1, 2013	1,265	112,979	2,065	754	1,926	(246)	(88,903)	29,840	6,022	35,862
Fair value adjustment of available-for-sale financial assets	-	-	-	-	-	340	-	340	-	340
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	316	316
Share-based payment	-	-	-	-	18	-	-	18	-	18
Loss for the period	-	-	-	-	-	-	(4,552)	(4,552)	(1,710)	(6,262)
Balance as of June 30, 2013	1,265	112,979	2,065	754	1,944	94	(93,455)	25,646	4,628	30,274
For the Period of six Month Ended on June 30, 2012 (Unaudited)										
Balance as of January 1, 2012	875	99,365	10,902	754	2,126	95	(82,182)	31,935	3,677	35,612
Investment in subsidiary -minority deal	-	-	-	-	-	-	4,014	4,014	5,728	9742
Fair value adjustment of available-for-sale financial assets	-	-	-	-	-	(68)	-	(68)	-	(68)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	221	221

Exit from consolidation of a subsidiary	-	-	-	-	-	-	-	-	(276)	(276)
Share-based payment	-	-	-	-	49	-	-	49	-	49
Expiration of employee options	-	296	-	-	(296)	-	-	-	-	-
Exercise of options	(*)	26	(4)	-	-	-	-	22	-	22
Expiration of traded options	-	9,288	(9,288)	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	(2,954)	(2,954)	(764)	(3,718)
Balance as of June 30, 2012	875	108,975	1,610	754	1,879	27	(81,122)	32,998	8,586	41,584

The accompanying notes are an integral part of the financial statements

HBL - Hadasit Bio-Holdings Ltd.

Condensed Statements of Changes in Shareholders' Equity

	Share Capital	Shares Premium	Warrants	Capital Fund from Operations with Controlling Share-holder	Equity settled employee benefits reserved	Capital Fund for Available-For-Sale Financial Assets	Accumulated deficit	Total Attributable to owners of the parent Company	Non-Controlling Interests	Total Capital
	NIS Thousands									
For the Period of Three Months Ended on June 30, 2013 (Unaudited)										
Balance as of April 1, 2013	1,265	112,979	2,065	754	1,935	(240)	(89,496)	29,742	5,612	35,354
Fair value adjustment of available-for-sale financial assets	-	-	-	-	-	(146)	-	(146)	-	(146)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	153	153
Share-based payment	-	-	-	-	9	-	-	9	-	9
Loss for the period	-	-	-	-	-	-	(3,959)	(3,959)	(1,710)	(5,096)

Balance as of June 30, 2013	1,265	112,979	2,065	754	1,944	94	(93,455)	25,646	4,628	30,274
For the Period of Three Month Ended on June 30, 2012 (Unaudited)										
Balance as of April 1, 2012	875	99,661	10,902	754	1,858	80	(86,222)	27,908	3,612	31,520
Investment in subsidiary -minority deal	-	-	-	-	-	-	4,014	4,014	5,728	9,742
Fair value adjustment of available-for-sale financial assets	-	-	-	-	-	(53)	-	(53)	-	(53)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	11	11
Exit from consolidation of a subsidiary	-	-	-	-	-	-	-	-	(276)	(276)
Share-based payment	-	-	-	-	21	-	-	21	-	21
Exercise of options	(*)	26	(4)	-	-	-	-	22	-	22
Expiration of traded options	-	9,288	(9,288)	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	1,086	1,086	(489)	597
Balance as of June 30, 2012	875	108,975	1,610	754	1,879	27	(81,122)	32,998	8,586	41,584

The accompanying notes are an integral part of the financial statements

HBL - Hadasit Bio-Holdings Ltd.

Condensed Statements of Changes in Shareholders' Equity

	Share Capital	Shares Premium	Warrants	Capital Fund from Operations with Controlling Share-holder	Equity settled employee benefits reserved	Capital Fund for Available-For-Sale Financial Assets	Accumulated deficit	Total	Non-Controlling Interests	Total Capital
	NIS Thousands									
For the year ended December 31, 2012 (Unaudited)										
Balance as of January 1, 2012	875	99,365	10,902	754	2,126	95	(82,182)	31,935	3,677	35,612
Fair value adjustment of available-for-sale financial assets	-	-	-	-	-	(341)	-	(341)	-	(341)
Investment of the minority interest in a subsidiary	-	-	-	-	-	-	4,140	4,140	5,728	9,868
Share-based payment in subsidiaries	-	-	-	-	-	-	-	-	428	428
Deconsolidation of a subsidiary	-	-	-	-	-	-	-	-	(276)	(276)
Deleting loans from minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	214	214
Share-based payment	-	-	-	-	96	-	-	96	-	96
Expiration of Employee options	-	296	-	-	(296)	-	-	-	-	-
Exercise of options	- (*)	26	(4)	-	-	-	-	22	-	22

Expiration of tradable options	-	9,288	(9,288)	-	-	-	-	-	-	-
Issue of capital	390	4,004	455	-	-	-	-	4,849	-	4,849
Loss for the period	-	-	-	-	-	-	(10,861)	(10,861)	(3,749)	(14,610)
Balance as of June 30, 2013	1,265	112,979	2,065	754	1,926	(246)	(88,903)	29,840	6,022	35,862

(*) Represent a sum less then NIS 1,000

The accompanying notes are an integral part of the financial statements

HBL - Hadasit Bio-Holdings Ltd.

Condensed Consolidated Statements of Cash Flows

	For the six month period ended June 30		For the three period month ended June 30		For the year ended December 31
	2013	2012	2013	2012	2012
	NIS Thousands		NIS Thousands		NIS Thousands
	Unaudited		Unaudited		Audited
Cash flows- operating activities					
Loss for the period	(6,262)	(3,718)	(5,096)	597	(14,610)
Adjustments required to reconcile loss to net cash from operating activities (Appendix A)	917	(1,408)	2,623	(2,872)	1,464
Net cash used in operating activities	(5,345)	(5,126)	(2,473)	(2,275)	(13,146)
Cash flows - investing activities					
Interest receipts	164	332	12	229	516
Investment in marketable securities	(4,470)	-	(1,625)	-	-
Realization of marketable securities	4,719	3,871	1,623	2,231	6,179
Investments in subsidiaries	-	(1,335)	- -	- -	(2,878)
Deconsolidation of a subsidiary (Appendix B)	-	(660)	--	(660)	(660)
Purchase of fixed assets	(292)	(57)	(292)	(36)	(134)
Net cash provided by investing activities	121	2,151	(282)	1,764	3,023
Cash flows - financing activities					
Issuance of share capital, net	-	-	-	-	4,849
Interest payments and bank fees	(18)	(9)	(6)	(4)	(24)
Loans from the Chief Scientist	388	125205	327	80	299
Investment of the minority interest in a subsidiary	-	9,742	-	9,742	9,742
Exercise of options	-	22	-	22	22
Net cash provided by financing activities	370	9,960	321	9,840	14,888
Exchange rate fluctuation on the balance of cash equivalents	(109)	23	34	131	(368)
Increase (decrease) in cash and cash equivalents	(4,963)	7,008	(2,400)	9,460	4,397
Cash and cash equivalents at the beginning of the period	(14,551)	10,154	11,988	7,702	10,154
Cash and cash equivalents at the end of the period	9,588	17,162	9,588	17,162	14,551

The accompanying notes are an integral part of the financial statements

HBL - Hadasit Bio-Holdings Ltd.

Condensed Consolidated Statements of Cash Flows

	For the six months ended June 30		For the three months ended June 30		For year ended December 31
	2013	2012	2013	2013	2012
	NIS Thousands				
	Unaudited		Unaudited		Unaudited
Appendix A - Adjustments Required to reconcile loss to net Cash Flows from Operating Activities					
Items not involving cash flows:					
Share in loses of investees companies	3,882	2,935	1,337	867	6,564
Capital gain from sale of subsidiaries	(4,002)	-	(473)	-	(6,967)
Capital gain from deconsolidation	-	(4,681)	-	(4,681)	-
Depreciation and amortization	197	203	99	94	397
Financial expenses	434	972	544	647	2,714
Financial income	(165)	(575)	-	(264)	(647)
Share-based payment	18	49	9	21	96
Share-based payment in subsidiaries	316	221	153	11	428
Decrease in liabilities for employee benefits	-	(3)	-	(7)	(26)
Provision for impairment of available-for-sale financial assets	73	-	19	-	-
Changes in assets and liabilities items:					
Decrease (increase) accounts receivable and other current assets	(163)	(335)	513	179	(127)
Increase in long-term prepaid expenses	(11)	-	(11)	-	-
Increase in accounts payable and other current liabilities and other liabilities	2,341	409	2,629	189	285
Decrease in accrued expenses	(2,611)	(218)	(2,500)	(100)	(437)
Increase (decrease) in deferred income	(13)	16	-	-	16
Increase (decrease) in trade payables	621	(401)	304	172	(832)
	917	(1,408)	2,623	(2,872)	1,464
Appendix B- Deconsolidation of a Subsidiary					
Accounts receivables and other current assets	-	1,007	-	1,007	1,007
Investment in company, net	-	(4,387)	-	(4,387)	(4,387)
Rent fees receivable	-	(195)	-	(195)	(195)
Fixed assets, net	-	141	-	141	141
Suppliers and service providers	-	(201)	-	(201)	(201)
payables and credit balances	-	(675)	-	(675)	(675)
Royalties payable	-	(646)	-	(646)	(646)
Deferred income	-	(109)	-	(109)	(109)
Non-controlling interests	-	(276)	-	(276)	(276)
Capital gain from deconsolidation	-	4,681	-	4,681	4,681
Cash and cash equivalents	-	(660)	-	(660)	(660)

The accompanying notes are an integral part of the financial statements

Note 1 - General

A. HBL - Hadasit Bio-Holdings Ltd (hereinafter: the "Company"), was founded on September 19, 2005, by Hadasit Medical Research Services & Development Ltd. (hereinafter: "Hadasit"). The Company's main office is located in Jerusalem.

The Company is engaged, through Investees, in research and development in the medical and bio-medical fields.

In September 2005, an agreement was signed between Hadasit and the Company, after which, in January 2006, Hadasit transferred to the Company its holding in a number of information-rich companies active in the field of medical and bio-technological research and development (hereinafter: the "R&D Companies"). The transfer of holdings was implemented in order to enable the Company to raise funds from the public through the public offering and registration of its securities for trading on the Tel Aviv Stock Exchange (hereinafter: the "Stock Exchange").

Hadasit is a company fully owned and controlled by the Hadassah Medical Organization (hereinafter: "Hadassah").

Hadassah is a medical institution that includes two hospitals in the city of Jerusalem: "Hadassah Ein Kerem" and "Hadassah Har Hatzofim", in addition to medical schools and research centers.

Hadasit is the technology transfer office of Hadassah. Discoveries and developments produced by doctors at Hadassah (hereinafter: the "Researchers") are transferred for handling to Hadasit, whose responsibility is to maintain intellectual copyrights, to raise funds and to market the scientific discoveries.

The commercialization of scientific ideas and fundraising is performed by Hadasit, by founding Investees which are given license to use the intellectual property, and which work to commercialize the scientific discoveries developed at Hadassah. Hadasit and the R&D Companies were established in this manner.

Hadasit Bio-Holdings Ltd.

In January 2006, the Company performed its initial public offering of shares and warrants on the Stock Exchange.

B. See the current summary statements for details regarding the Company's financial statements as of December 31, 2012, and for the year then ended on the same date, as well as their accompanying notes.

C. Definitions:

The Company	-	HBL - Hadasit Bio-Holdings Ltd.
The Group	-	The Company and its Investees (the R&D companies).
Related Parties	-	As defined in IAS 24.
Interested Parties	-	As defined in the Securities Law, 5728 - 1968, including regulations enacted thereupon.
Controlling Shareholders	-	As defined in the Securities Regulations (Yearly Financial Statements), 5770 - 2010.
Index	-	The consumer price index, as published by the Central Bureau of Statistics.
Dollar	-	United States Dollar.
Subsidiaries	-	Companies over which the Company holds control (as defined in IAS 27), whether directly or indirectly, and whose financial statements are fully consolidated with the Company's statements.

Hadasit Bio-Holdings Ltd.

Associates - Companies over which the Company has material influence, and where the Group's investments in those companies, whether directly or indirectly, is included in the financial statements using the equity method.

Investees - Subsidiaries and Associates.

Other Companies - Companies which are held by the Company, and over which it does not have control, joint control, or material influence.

Note 2 - Significant Accounting Policies

A. Basis for Presentation of the Financial Statements:

The Group's summary consolidated financial statements (hereinafter: the "Interim Financial Statements") were prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" (hereinafter: "IAS 34").

In preparing these interim financial statements, the Group applied accounting policies, presentation principles and calculation methods that were identical to those used in the preparation of its financial statements as of December 31, 2012, and for the year then ended.

B. The summary consolidated financial statements were prepared in accordance with the disclosure provisions set forth in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730 - 1970.

C. Exchange rates and linkage basis:

Hadasit Bio-Holdings Ltd.

(1) Balances in foreign currency, or linked to foreign currency, are included in the financial statements according to their representative exchange rates, as these were published by the Bank of Israel and were in effect as of the end of the reporting period.

(2) CPI-linked balances are presented according to the last known index at the end of the reporting period (the index for the month preceding the month of the reporting date), or according to the index for the last month of the reporting period (the index for the month of reporting date), depending on the details of the transaction.

Hadasit Bio-Holdings Ltd.

Note 2 - Significant Accounting Policies (cont.)

C. Exchange rates and linkage basis (cont.):

(3) The following are exchange rate data for the Dollar and the Index:

	Representative USD Exchange Rate	Index in Israel (*)	
		Actual Index	Known Index
	(NIS per 1 USD)	Points	Points
Date of the financial statements:			
As of June 30, 2013	3.64	122.13	122.38
As of June 30, 2012	3.71	120.38	120.84
As of December 31, 2012	3.73	122.11	122.35
	%	%	%
Rates of change:			
For the six month period ended			
As of June 30, 2013	(3.08)	1.32	0.72
As of June 30, 2012	2.66	0.96	1.25
For the three month period ended			
As of June 30, 2013	(0.82)	1.29	0.7
As of June 30, 2012	5.74	0.58	1.25
For the year ended December 31, 2012	2.36	1.64	1.44

(*) Based on a 2002 average.

Note 3 - Newly Published Financial Reporting Standards and Interpretations

Hadasit Bio-Holdings Ltd.

New standards, amendments to standards and interpretations which were published and are not in effect, which were not adopted by the Group, and which are expected to have an impact on subsequent periods:

Amendment to IAS 1 (Revised) - "Presentation of Financial Statements" (Regarding the presentation of items of other comprehensive income in the statement of comprehensive income)

The Amendment provides that items included under other comprehensive income will be separated and presented under one of the following two groups:

- Items which will be classified in the future under the statement of income, and
- Items which will be classified in the future under the statement of income.

The Amendment further provides that, in the event that the other comprehensive income items are presented gross of tax, the total tax impact will be presented separately for each of the groups. The Standard will be retrospectively applied for annual reporting periods beginning on or after January 1, 2013. Early adoption is possible.

IFRS 10 - "Consolidated Financial Statements"

The Standard provides the following provisions regarding consolidated financial statements:

- An entity's control over a different entity will be determined based on a uniform model, irrespective of the other entity's status as a "special purpose entity". The above also included annulment of the SIC 12 interpretation, "Consolidation - Special Purpose Entities".
- An investor is deemed to hold control over another entity (hereinafter: the "Invested Entity") when the investor holds power over the Invested Entity, and has exposure to variable returns from its involvement in the Invested Entity, and can make use of its power

Hadasit Bio-Holdings Ltd.

in order to affect the rate of returns.

- The Standard includes provisions regarding the evaluation of the existence of "effective control" in cases here an entity holds less than half of the voting rights in another entity. For this purpose, the investor's stake in the Invested Entity will be evaluated, in addition to, *inter alia*, the scope and distribution of the stake held by the public.

- Potential voting rights in an Invested Entity will be taken into account for the purpose of determining the existence of control in cases where their terms confer a real ability to direct the Entity's relevant activities in the present.

- The Standard does not include changes to the principles applicable to the consolidation of financial statements.

The Standard is applied retrospectively for the year preceding the date of initial application, except for exceptions specified in the standard.

IAS 28 (2011) - "Investments in Associates and Joint Ventures"

The Standard includes the following provisions regarding the implementation of the equity method:

- The equity method will be applied equally to associates and joint ventures.

- When an investment in a joint venture is classified as an investment in an associate, or vice versa, the entity's interests in the investee are not re-measured.

- In the event of a decrease in the stake in a joint venture or associate, which does not result in discontinuing the application of the equity method, the investor will reclassify to profit or loss only a relative part of the amounts which were previously recognized under other comprehensive income.

- Part of the investment according to the equity method will be classified as a non-current asset held for sale, provided that the part in question fulfills the conditions for classification as such.

Hadasit Bio-Holdings Ltd.

The Standard will be retrospectively applied for annual reporting periods beginning on or after January 1, 2013.

IFRS 13 - "Fair Value Measurement"

The Standard replaces the specific guidelines for fair value measurement that were provided in various international financial reporting standards, with guidelines which will be grouped together in a single standard, which will serve as a guide for fair value measurement. Accordingly, guidelines were established regarding fair value measurement for all items measured at fair value in the statement of financial position, or for disclosure purposes.

The Standard defines fair value as the amount that would be received from the sale of an asset, or paid upon the transfer of a liability, in a transaction made in the ordinary course of business between market participants on the measurement date.

The Standard provides the various methods by which fair value can be measured, and states that use should be made of valuation techniques which make maximum use of projected market data. Regarding the fair value measurement of financial assets, the Standard provides that the optimal use of such assets should be estimated, and such estimation should be used to assess their fair value.

The standard will be prospectively applied going forward for annual reporting periods beginning on or after January 1, 2013 . See note 4.

IFRS 12 - "Disclosure of Interests in Other Entities"

The Standard provides disclosure requirements regarding an entity's interests in subsidiaries, joint arrangements, associates and non-consolidated structured entities. The disclosures are intended to assist in the assessment of the substance and risks associated with the interests in the above entities, and of the impact of such interests on the reporting entity's financial statements.

Hadasit Bio-Holdings Ltd.

The Standard will be retrospectively applied for annual reporting periods beginning on or after January 1, 2013. Early adoption is possible, provided it is performed simultaneously with IFRS 10 - "Consolidated Financial Statements", IFRS 11 - "Joint Arrangements", IFRS 12 - "Disclosures of Interests in Other Entities", and IAS 28 (2011) - "Investments in Associates and Joint Ventures". However, entities may include any of the new disclosures in their financial statements prior to the above date.

Note 4 - Financial Instruments

A. Financial instruments that are measured at fair value:

(1) Other than as described in the following table, the group believes that the financial assets and liabilities presented at discounted value in the financial statements represent their fair value:

	Value in financial statements			Fair Value		
	As of June 30		As of December 31	As of June 30		As of December 31
	2013	2012	2012	2013	2012	2012
	NIS Thousands			NIS Thousands		
	Unaudited		Audited	Unaudited		Audited
Financial commitments						
Royalties payable	3,649	1,395	2,836	3,426	1,229	2,136
	3,649	1,395	2,836	3,426	1,229	2,136

Hadasit Bio-Holdings Ltd.

(2) Significant changes in the fair value of financial instruments that are measured at fair value

Following a change in the subsidiaries' credit risk during the reporting period, there was a decrease in the fair value of royalties payable to the Chief Scientist totaling 16 million NIS which had a book value as of June 30, 2013 of 3,649 thousand NIS and the fair value at the reporting date was 3,426 thousand NIS.

B. Financial instruments measured at fair value:

(1) The fair value levels:

Listed below are the financial assets and liabilities of the group, which are measured in the financial report at fair value, based on the level of their measurement.

As of June 30, 2013 (un audited)	Level 1 NIS Thousands	Level 2 NIS Thousands	Level 3 NIS Thousands	Level 4 NIS Thousands
Financial assets at fair value				
Investments in marketable securities	8,735	-	-	8,735
Available-for-sale Financial assets				
Available-for-sale Financial assets	185	-	2,880	3,065
	8,920	-	2,880	11,800

Hadasit Bio-Holdings Ltd.

(2) Gains or losses due to the valuation at fair value classified as level 3

	Investments in equity and other financial instruments	
	In industry	total
	Thousand NIS	
As of January 1 2013	2,508	2,508
Recognized gains or losses:		
In other overall profit	372	372
As of June 30 2013	2,880	2,880

(3) The valuation techniques and inputs used to measure financial assets and liabilities measured at fair value under Level 3

Description of measured instrument	Fair Value as of June 30,2013	Valuation technique
	Thousand NIS	
	Un audited	
Investments in shares and other capital instruments:		
Financial assets available for sale	2,880	Black & Scholes

Description of evaluation process used to determine the fair value

The Company's senior management together with the finance department oversee the valuation process of level 3 items.

Hadasit Bio-Holdings Ltd.

Note 5 - Significant Events During the Reporting Period:

A. In January, 2013, the conditions precedent to the Investment Agreement in CellCure Neurosciences Ltd. (a held company, hereinafter- 'Cell Cure') [see also Note 8. B. (2). E) of the consolidated financial statements of the Company as of December 31, 2012]. In February 2013, Cell Cure began to sell its Bio Time shares.
As a result of the transaction, the Company's holdings in CellCure decreased to about 21.2% (about 20.05% fully diluted). In addition, the Company recognized a capital gain of NIS 3,271 thousand in the statement of comprehensive gain (loss).
In May, 2013, Cell Cure stopped selling BioTime shares and entered into a loan agreement with Bio Time which provided bridge loans to Cell Cure at a total sum of $ 265,000. The loan was received in May 2013. In June Cell Cure received an additional bridge loan of $ 350,000 Cell Cure. The Company recognized a capital gain of 473 thousand NIS in the statement of gain (loss). Loans are interest and linkage free.

B. In May, 2013, Cell Cure's application to the Chief Scientist for a program with a Budget of about 4.48 million NIS for expenses abroad was approved at a participation rate of 30%, and 6.6 million NIS for expenses in Israel at a participation rate of about 60% (10% as a supplemental grant for development zones).
Continued development including safety and efficacy testing (safety in finding tumors, product cell migration testing and efficacy research) in pre-clinical experiments on animals in Israel and the U.S.

C. In February 2013, MicroMedic transferred its forth payment to BioMarCare in the amount of $ 200,000 and in exchange 189,160 BioMarCare shares from escrow were transferred to MicroMedic [see also Note 8. B. (5). Of the consolidated financial statements of the Company as of December 31, 2012].
As a result of the transfer, the Company's holdings decreased to approximately 65%. In addition the Company recognized a capital gain of about NIS 257 thousand in the statement of comprehensive gain (loss).

D. As of June 30, 2013, the value of the Company's holdings in Bioline Rx Ltd. stocks (another company), in accordance with the fair value on the stock exchange, is about 185 thousand NIS(June 30, 2012, about 285 thousand NIS).
The Company measures the fair value of investments and the differences between the book value and their fair value are recognized in capital reserve for financial assets available for sale.
Since there is objective evidence of impairment, the Company included the capital for financial assets available for sale in the statement of comprehensive gain (loss) and recognized a loss of capital in the amount of about 73 thousand NIS.

Hadasit Bio-Holdings Ltd.

E. In April and June 2013, the Company transferred to Enlivex Therapeutics Inc. (a subsidiary, hereinafter - "Enlivex"), the second and third payment of the loan (see Note 8. A. (3). C. consolidated financial statements of the Company as of December 31, 2012), to the amount of 250 thousand NIS each.

F. In May, 2013, 88,888 prefered share warrants in ProtAb Ltd. expired, of which 22,222 were held by the Company.

G. In April, 2013, Enlivex received approval for extending its Chief Scientist program which was approved in November 2012 till July 2013.

Note 6 - Non-cash transactions:

The Group recognized liabilities to pay royalties to the Chief Scientist against income receivable from the Chief Scientist in the following amounts:

For the six months ended June 30, 2013 and 2012, 491 thousand NIS and 137 thousand NIS, respectively.

For the three months ended June 30, 2013, 49 thousand NIS.

For the year ended December 31, 2012, 131 thousand NIS.

Note 7 - Continues Engagement at Different Cost:

After negotiations conducted between the Company and its controlling shareholder, the Board decided on December 27, 2012 to reduce the management fees paid to the controlling shareholder for the management services provided to the Company so that instead of a total of NIS 620 thousand a total of NIS 500 thousand will be paid to the controlling shareholder.

The effect of the change in conditions had the conditions not been changed in the current and previous periods.

Hadasit Bio-Holdings Ltd.

A. Impact on total year end loss:

	For the period of six month ended June 30		For the year ended December 31
	2013	2012	2013
	NIS Thousands	NIS Thousands	NIS Thousands
	Unaudited		Audited
Loss for the period attributable to equity holders of the Company	4,212	3,022	11,204
Management services fee - old agreement	310	310	620
Management services fee - new agreement	250	250	500
	60	60	120
G & A expenses - old agreement	2,522	2,931	5,479
G & A expenses - new agreement	2,462	2,871	5, 359
	60	60	120
Loss for the year attributable to equity holders of the parent pro forma	4,272	2,962	11,084

	For the period of three month ended June 30		For the year ended December 31
	2013	2012	2013
	NIS Thousands	NIS Thousands	NIS Thousands
	Unaudited		Audited
Gain (loss) for the period attributable to equity holders of the Company	(4,106)	1,033	(11,204)
Management services fee - old agreement	155	155	620
Management services fee - new agreement	125	125	500
	30	30	120
G & A expenses - old agreement	1,367	1, 526	5, 479

Hadasit Bio-Holdings Ltd.

G & A expenses - new agreement	1, 337	1, 496	5, 359
	30	30	120
Gain (loss) for the year attributable to equity holders of the parent pro forma	(4,136)	1,063	(11,084)

B. Impact on loss per share:

	For the period of six month ended June 30		For the year ended December 31
	2013	**2012**	**2013**
	NIS Thousands	**NIS Thousands**	**NIS Thousands**
	Unaudited		**Audited**
Basic loss per share as reported	(0.036)	(0.03)	(0.11)
Pro forma affect	-	-	-
Pro forma basic loss per share	(0.036)	(0.03)	(0.11)

	For the period of three month ended June 30		For the year ended December 31
	2013	**2012**	**2013**
	NIS Thousands	**NIS Thousands**	**NIS Thousands**
	Unaudited		**Audited**
Basic loss per share as reported	(0.03)	(0.01)	(0.11)
Pro forma affect	-	-	-
Pro forma basic loss per share	(0.03)	(0.01)	(0.11)

Hadasit Bio-Holdings Ltd.

C. Impact on retained earnings:

	As of June 30		As of December 31
	2013	2012	2013
	NIS Thousands	NIS Thousands	NIS Thousands
	Unaudited		Audited
Retained earnings as reported	(93,455)	(81,122)	(88,903)
Pro forma effect	(60)	60	120
Retained earnings pro forma	(93,515)	(86,192)	(88,783)

Note 8 - Significant Events After the Balance Sheet Date

A. In August 2013, the Company provided Enlivex with NIS 250 thousand, the fourth and last part of a million NIS loan, approved by the Board of Directors. See note 5E..

B. In July, the Board approved an additional 360 thousand NIS loan for Enlivex.

C. In July expired 20,000 stock options of the deceased director.

D. In July and August Cell Cure and Bio Time signed additional bridge loan agreements for a total of $1,200,000 (interest and linkage free).

E. On July 30, 2013, the Knesset approved on ‘third reading’ an Arrangements Law (the "Law"). As of the date of this report, the final wording of the Law has not yet been officially published.

F. To the Company’s best knowledge, some of the provisions set in the Tax Law section include raising corporate tax in 2014 to a rate of 26.5% (an increase of 1.5%).
Currently, the Company is unable to properly assess the expected financial impact of the law.

Hadasit Bio-Holdings Ltd.

Quarterly Report Regarding the Effectiveness of Internal Control over Financial reporting and Disclosure, in Accordance with Regulation 38c(a):

The management of Hadasit Bio-Holdings (hereinafter: the "Corporation"), under the supervision of its Board of Directors, is responsible for establishing and implementing appropriate internal control over financial reporting and disclosure in the Corporation.
In this regard, the members of the Company's management are:

1. Ophir Shahaf, Chief Executive Officer
2. Liat Hadad, Chief Financial Officer

Internal control over financial reporting and disclosure includes controls and procedures used in the Corporation, which were planned by the Chief Executive Officer and Chief Financial Officer, or under their supervision, or by the individual who effectively performs the aforementioned roles, under the supervision the Corporation's Board of Directors, and which are intended to provide reasonable assurance with regards to the reliability of financial reporting, and of the preparation of the reports in accordance with legal requirements, and to ensure that all information which the Corporation is legally required to disclosed in its statements is collected, processed, summarized and reported on the dates and in the format set forth in the law.

Internal control includes, *inter alia*, controls and procedures which were planned with the intention of ensuring that information which the Corporation is required to disclose, as above, is collected and delivered to the Corporation's management, including to its CEO and CFO, or to the individual who effectively performs the aforementioned roles, in order to ensure that decisions are reached at the appropriate time, with regards to disclosure requirements.

Due to its inherent limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that all possible material misrepresentations or omissions in the reports were prevented or discovered.

In the quarterly report regarding the effectiveness of internal controls over financial reporting and disclosure which was attached to the periodic report for the period ended December 31, 2012 (hereinafter: the "Annual Report Regarding Internal Controls"), the Board of Directors and management evaluated internal controls in the Corporation; and based on this evaluation, the Corporation's Board of Directors and management reached the conclusion that the aforementioned internal controls are effective.

Up to the report date, the Board of Directors and management have not become aware of any event or matter that may alter its assessment regarding the effectiveness of internal control.

As of the report date, based on the evaluation of the effectiveness of internal control presented in the most recent annual report regarding internal control, and based on information brought to the attention of the management and the Board of Directors, as described above, the Company's internal control over financial reporting is effective.

Hadasit Bio-Holdings Ltd.

CEO's Declaration Pursuant to Regulation 38c(d)(1)

I, Ophir Shahaf, hereby declare that:

(1) I have reviewed the interim financial statements and other financial information included in the interim statements of Hadasit Bio-Holdings Ltd. for the second quarter of 2013 (hereinafter: the "Reports" or the "Interim Reports").

(2) To the best of my knowledge, the interim financial statements and other financial information included in the Interim Reports are free of any misrepresentation of material facts, and are not lacking any representation of material facts required in order to ensure that the representations made, under the circumstances in which they were made, would not be misleading in reference to the period covered by the reports.

(3)To the best of my knowledge, the interim financial statements and other financial information included in the Interim Reports properly reflect, in all material respects, the Corporation's financial position, results of operations, and cash flows as of the dates and for the periods presented in the reports.

(4) Based on my most current assessment of the internal control over financial reporting and disclosure, I have disclosed the following to the Corporation's auditors, Board of Directors, and the Board of Directors' balance sheet committee:

(a) Any significant deficiencies and material weaknesses in the establishment or implementation of internal control over financial reporting and disclosure, which may reasonably cause negative influence to the Corporation's ability to collect, process, summarize or report financial information in a manner that may cast doubt on the reliability of financial reporting and the manner of preparation of the financial statements, in accordance with the requirements of the law;

And -

(b) Any fraud, whether material or immaterial, involving the CEO or whomsoever is directly subordinate to him or other key employees that have a significant role in the internal control over financial reporting and disclosure.

(5) I, both individually and jointly with others in the Company:

(a) Have established controls and procedures, or have ensured that such controls and procedures were implemented under my supervision, in order to ensure that material information relating to the Corporation, including its subsidiaries, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 5770 - 2010, has been brought to my attention by others in the Corporation and in the subsidiaries, specifically over the course of the report period;

(b) Have established controls and procedures, or have ensured that such controls and provisions were implemented under my supervision, in order to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of law, and in accordance with generally accepted accounting principles in Israel;

(c) Have not been made aware of any event or matter that occurred during the period intervening between the most recent report date and the present report date, which may have altered the conclusion reached by the Board of Directors and management regarding the effectiveness of the Corporation's internal control over financial reporting and disclosure.

The foregoing does not prejudice my legal liability, or that of any other person, as prescribed by law.

August 21, 2013 _____

Date **Ophir Shahaf, CEO**

Hadasit Bio-Holdings Ltd.

Declaration of the Company's Chief Financial Officer, Pursuant to Regulation 38c(d)(2)

I, Liat Hadad, hereby declare that:

(1) I have reviewed the interim financial statements and other financial information included in the interim reports of Hadasit Bio-Holdings Ltd. for the second quarter of 2013 (hereinafter: the "Reports" or the "Interim Reports").

(2) To the best of my knowledge, the interim financial statements and other financial information included in the Interim Reports are free of any misrepresentation of material facts, and are not lacking any representation of material facts required in order to ensure that the representations made, under the circumstances in which they were made, would not be misleading in reference to the period covered by the reports.

(3) To the best of my knowledge, the interim financial statements and other financial information included in the Interim Reports properly reflect, in all material respects, the Corporation's financial position, results of operations, and cash flows as of the dates and for the periods presented in the reports.

(4) Based on my most current assessment of the internal control over financial reporting and disclosure, I have disclosed the following to the Corporation's auditors, Board of Directors, and the Board of Directors' balance sheet committee:

(a) Any significant deficiencies and material weaknesses in the establishment or implementation of internal control over financial reporting and disclosure, which may reasonably cause negative influence to the Corporation's ability to collect, process, summarize or report financial information in a manner that may cast doubt on the reliability of financial reporting and the manner of preparation of the financial statements, in accordance with the requirements of the law;

And that-

(b) Any fraud, whether material or immaterial, involving the CEO or whomsoever is directly subordinate to him or other key employees that have a significant role in the internal control over financial reporting and disclosure;

(5) I, both individually and jointly with others in the Company:

(a) Have established controls and procedures, or have ensured that such controls and procedures were implemented under my supervision, in order to ensure that material information relating to the Corporation, including its subsidiaries, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 5770-2010, has been brought to my attention by others in the Corporation and in the subsidiaries,
specifically over the course of the report period;

And –
(b) Have established controls and procedures, or have ensured that such controls and provisions were implemented under my supervision, in order to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of law, and in accordance with generally accepted accounting principles in Israel;

(c) I have not been made aware of any event or matter that occurred during the period intervening between the mos recent report date and the present report date, which may have altered the conclusion reached by the Board of Directors and management regarding the effectiveness of the Corporation's internal control over financial reporting and disclosure.

The foregoing does not prejudice my legal liability, or that of any other person, as prescribed by law.

August 21, 2013 _____

Date **Liat Hadad, CFO**