EDISON

Clal Biotechnology Industries

Financial update

Progress on multiple fronts

Pharma & biotech

Clal Biotechnology Industries' (CBI's) portfolio of investments continues to make headway. MediWound is in advanced discussions with multiple third parties interested for a strategic transaction. With $23m in proceeds from its recent financing, Anchiano Therapeutics (previously BioCanCell) plans to initiate the first of two trials for its lead development programme in H218. Lastly, Gamida Cell recently reported preliminary safety and efficacy data from its donor-derived natural killer (NK) cell expanded ex vivo with nicotinamide (NAM) Phase I study in patients with lymphoma and multiple myeloma.

Year end	Revenue (NISm)	PBT* (NISm)	EPS* (NIS)	DPS (NIS)	P/E (x)	Yield (%)
12/15	55.8	(209.4)	(1.44)	0.0	N/A	N/A
12/16	30.5	(454.1)	(2.89)	0.0	N/A	N/A
12/17	73.6	(54.2)	(0.15)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

MediWound narrows down potential suitors

MediWound (35% owned by CBI) recently announced its Q218 results. Revenues, which are based on NexoBrid sales in the EU, were $1.0m, which is a 43% increase from Q217 ($0.7m). The company remains in advanced discussions with multiple third parties interested in a strategic transaction and has narrowed down its list of potential scenarios. The exact nature of the proposed transactions remains vague, but could include a sale or an out-licensing agreement.

Anchiano completes $23m private equity financing

Anchiano Therapeutics announced the completion of a $22.9m private equity funding. The net proceeds of this financing will be used primarily to initiate the first of two registrational trials for its lead programme, inodiftagene vixteplasmid (formerly BC-819) in non-muscle invasive bladder cancer (NMIBC) in H218. Following this transaction, CBI's ownership of Anchiano has decreased to 31% (from 36%).

Exciting year to date

2018 has been an eventful year for CBI thus far with ~$180m (~$7m contributed by CBI) raised by several portfolio companies including Anchiano ($23m), Cadent ($40m), Vedantra ($17.5m), as well as Neon's $100m listing on the NASDAQ. We expect the remaining half of the year to be equally eventful, with key data expected from MediWound as well as NASDAQ listings currently targeted for three investments, namely Gamida Cell and Anchiano Therapeutics.

Valuation: NIS958m or NIS5.94 per share

We have adjusted our valuation to NIS958m or NIS5.94 per share from NIS958m or NIS6.13 per share, which was mainly driven by the increase in value of CBI's stake in Neon following its $100m listing on the NASDAQ and the slight increase in the strength of the US dollar (NIS3.69/US$). This change was offset by decreasing the value of CBI's stake in Anchiano Therapeutics and Cadent due to dilution from each financing round.

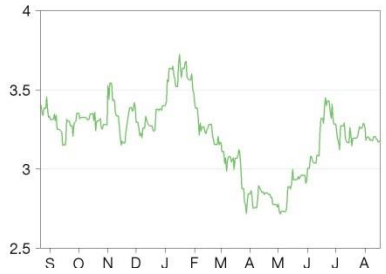
23 August 2018

Price*	**NIS3.17**
Market cap	**NIS511m**

*Priced at 20 August 2018

	NIS3.69/US$
Net cash ($m, unconsolidated) at 30 June 2018	1.5
Shares in issue	161.2m
Free float	37.2%
Code	CBI
Primary exchange	TASE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(1.2)	8.2	(8.0)
Rel (local)	(5.0)	1.31	(18.1)
52-week high/low	NIS3.7	NIS2.7	

Business description

Clal Biotechnology Industries is a healthcare investment company focused on investing in a variety of therapeutic, diagnostic and medical device companies covering a full range of development phases from preclinical to post-market. The company holds 10 direct investments, with interests ranging between 5% and 62%. It also has five indirect investments through its 50% stake in the Anatomy Fund, which it manages.

Next events

Gamida Cell IPO	H218
MediWound NexoBrid Phase III results	YE18
MediWound EscharEx Phase III initiation	YE18

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Edison profile page

Continued progress at MediWound

In August, MediWound provided a brief update regarding the status of a potential strategic transaction. The company remains in advanced discussions with multiple third parties, and has enlisted Moelis & Company to evaluate these potential scenarios and advise the board of directors. At this time, MediWound has confirmed that this short group of potential suitors has narrowed. As a reminder, the exact nature of these proposed transactions was not disclosed, but could include anything from a product out-licensing to the acquisition of all of MediWound. If it does involve licensing the rights to a MediWound product, a logical candidate might be EscharEx, which has a larger addressable market than NexoBrid. It is important to note that we do not currently include any upfront or milestone payments in our EscharEx model, so a licensing agreement could have a significant impact on our valuation of the product. MediWound expects to disclose more details regarding the path forward as soon as a decision is made, but could not provide a timeline. We will update our model once an agreement, if any, is finalised.

In terms of the underlying business, MediWound recently reported its Q218 results. Revenues, which are based on NexoBrid sales in the EU, were $1.0m, double the previous quarter this year ($0.5m). In June, the company announced completion of enrolment of the 175-patient US NexoBrid Phase III trial (DETECT) with top-line results expected around year-end. The company plans to file a BLA in H219 with these data and further supplement the application with 12-month follow-up data during FDA review. Additionally, the company announced that the FDA has approved the study protocol to expand the 160-patient Phase III study of NexoBrid, which is fully funded by the US Biomedical Advanced Research and Development Authority (BARDA), for debridement in children (CIDS) to the US. Enrolment is ongoing in the US and EU for paediatric patients (0-17 years) with deep partial or full thickness burns covering 1-30% total body surface area. Regarding EscharEx, the company expects to submit the Phase III protocol to the FDA in H218, with the actual initiation of the study likely sometime around the end of 2018 or the beginning of 2019.

Furthermore, the company announced that the FDA has approved the protocol for its new NexoBrid development programme for the treatment of sulphur mustard skin injuries via the animal rule. This allows for approval based on animal studies for conditions that cannot feasibly be studied in human clinical trials. Provided that adequate safety and efficacy data are established, the FDA agreed that one animal species should be sufficient to grant marketing approval. These data are also supported by existing chemistry, manufacturing and control information currently available for NexoBrid. The company plans to partner with a government agency before initiating the study and we will update our model to include this programme at that time.

Clinical progress at Gamida Cell

In June, Gamida Cell (18% owned by CBI) presented preliminary data on the first two patients treated with donor-derived natural killer (NK) cells expanded ex vivo with nicotinamide (NAM) at the Inaugural American Association for Cancer Research (AACR) meeting from the ongoing Phase I study. As a reminder, Gamida Cell is investigating the use of NAM-NK cells for the treatment of lymphoma and multiple myeloma. A favourable safety profile was demonstrated in the two patients with no severe adverse events (grade 3 or 4) and no dose-limiting toxicities. However, the patients did experience short-term neutropenia and thrombocytopenia, although this was expected. The dose-escalation portion of the trial is underway and enrolment is ongoing (Exhibit 1).

Exhibit 1: NAM-NK TNC dose levels

Dose cohort	Dose 1, day 0 (per kg)	Dose 2, day 2+ (per kg)	Total (per kg)
1	1×10^7	1×10^7	2×10^7
2	5×10^7	5×10^7	10×10^7
3	1×10^8	1×10^8	2×10^8

Source: Gamida Cell. Note: TNC= total nucleated cell dose.

Gamida Cell also presented preliminary efficacy data from one patient with follicular lymphoma treated with NAM-NK at dose level 1 in March 2018. The patient had evidence of donor NK cell expansion in peripheral blood and biopsy of the residual mass revealed no evidence of lymphoma. We cannot draw any conclusions from the initial safety and efficacy data at this time based on the limited number of patients. The primary endpoint of the trial is the safe maximum tolerated dose of NAM-NK cells and the study is expected to read out preliminary data in 2019. The company has stated that NAM-NK cells can be manufactured cost-effectively and could potentially be distributed as an off-the-shelf product. If validated, this offers a significant opportunity for the company because, historically, NK cell expansion into a clinically significant quantity has presented challenges as NK cells only represent a minor portion of peripheral blood mononuclear cells.[1]

Moreover, Gamida Cell recently announced that the FDA has granted orphan drug designation for NiCord as a treatment for haematopoietic stem cell transplantation (HSCT). Gamida Cell has also received orphan drug designation for NiCord as treatment for HSCT by the EMA.

Anchiano Therapeutics closes private equity financing

In July, Anchiano Therapeutics (previously BioCanCell) announced the completion of a $22.9m private equity fund-raise. The financing was led by Shavit Capital, an Israeli private equity fund, as well as other new and existing US and Israeli investors. CBI contributed $5m to the financing, which includes the $3m bridging loans that were repaid at the conclusion of the transaction, and concurrently reinvested in Anchiano along with an additional investment of $2m. Anchiano issued 5,960,787 ordinary shares at a price per share of $3.84 and options to purchase up to 80% of the number of shares allocated (at an exercise price of $4.43). Following this transaction, CBI's ownership of Anchiano has decreased to 31% (from 36%).

The net proceeds of this financing will primarily be used to advance the development of its lead programme, inodiftagene vixteplasmid (formerly BC-819) in non-muscle invasive bladder cancer (NMIBC). BC-204 will be an open-label, Phase II single-arm trial in 140 patients who are unresponsive to BCG therapy and the primary endpoint is durable response rate (either partial or complete) at 12 months. BC-301 will be an open-label Phase III trial in approximately 495 patients of BC-819 in combination with BCG in versus BCG alone. The BC-301 trial has been granted a special protocol assessment (SPA) by the FDA and the primary endpoint is median time to recurrence. The BC-301 trial will be the first comparative study and we expect the results to elucidate the clinical value of BC-819 for NMIBC. The company expects to initiate enrolment for the first registrational trial in H218, while enrolment for the second trial will begin in 2019.

Due to the completion of this financing and the company's strategy to begin two pivotal clinical trials by year-end, CBI now considers Anchiano Therapeutics a material asset.

Multiple readouts from Biokine

On 7 August 2018, Biokine's (27% owned by CBI) partner BioLineRx provided an update on top-line results from its 42-patient, single-arm Phase IIa clinical trial evaluating BL-8040 in combination with HiDAC in patients with relapsed/refractory AML. As a reminder, the study was divided into a dose-

[1] Fujisaki, H., et al. (2009) Expansion of highly cytotoxic human natural killer cells for cancer cell therapy. *Cancer Research, 69(9),* 4010-4017.

escalation cohort (0.5-2.0mg/kg) and a dose-expansion cohort (1.5mg/kg) and patients were treated with BL-8040 monotherapy for two days followed by combination BL-8040 and HiDAC therapy (select endpoints illustrated in Exhibit 2). These early data will also support its ongoing Phase I/IIa trial collaboration with Genentech, investigating the combination of BL-8040 with Tecentriq (atezolizumab), the anti-PDL1 immunotherapy for AML.

Exhibit 2: Select endpoints from Phase IIa evaluation of BL-8040 with HiDAC

	All doses tested (n=42)	Dose-expansion cohort (n=23)	Responders at dose-expansion cohort (n=9)
Response rate	29%	39%	N/A
Median overall survival	9.1 months	10.2 months	21.8 months
1-year survival rate	N/A	31.6%	66.7%
2-year survival rate	N/A	23.8%	44.4%
3-year survival rate	N/A	23.8%	44.4%

Source: BioLineRx. Notes: Response rate = complete response/incomplete haematologic recovery.

BioLineRx also announced the expansion of its Phase II trial evaluating BL-8040 in combination with KEYTRUDA (pembrolizumab), the anti-PD-1 therapy, in patients with metastatic pancreatic adenocarcinoma, to include a triple combination arm investigating the safety, tolerability and efficacy of BL-8040, KEYTRUDA and chemotherapy focused on second-line pancreatic cancer patients. This follows previous results, which showed that BL-8040 induced an increase in the number of total immune cells in peripheral blood while reducing the frequency of peripheral blood regulatory cells that may impede the anti-tumour immune response. Top-line clinical results from this portion of the trial are on track for H218. The third arm of the trial is expected to initiate in Q418 with a target enrolment of 30 to 50 patients. We do not currently include pancreatic cancer in our model, so any positive data from the trial could provide upside to our valuation for Biokine.

Most recently, BioLineRx announced interim data from the first 11 out of 30 patients from the single-arm, open-label, lead-in period of the Phase III trial investigating the safety, efficacy, pharmacokinetics, and pharmacodynamics of the combination treatment of BL-8040 and granulocyte colony-stimulating factor (G-CSF) versus G-CSF alone for stem cell mobilization for autologous transplantation for multiple myeloma treatment. According to the company, BL-8040 (1.25mg/kg) in combination with G-CSF (10µg/kg/day) was safe and tolerable for all 11 patients. Nine out of 11 patients reached the primary endpoint threshold (≥6×106 CD34+ cells/kg) with one dose of BL-8040 and up to two apheresis sessions, while seven out of the 11 patients reached the threshold with only one apheresis session. The second half of the Phase III study will include enrolment of an additional 177 patients. Top-line results from the placebo-controlled, double-blind, randomized trial are expected in 2020.

CureTech cancels acquisition agreement

In early July, CBI announced that the agreement to sell CureTech (53% owned by CBI) to InSight Innovations had been cancelled. According to CBI, the acquisition was cancelled by CureTech, but further details have not been disclosed. The agreement to sell CureTech, which was first announced in late March, did not come as a surprise following the termination of the CureTech agreement with Pfizer for CureTech's pidilizumab in October 2017 and the announcement by CBI that CureTech would no longer be considered a material portfolio company. Our valuation remains unchanged by this announcement and we continue to exclude CureTech in our valuation of CBI.

Update on rest of portfolio

On 26 June, Neon Therapeutics (4% owned by CBI) closed its $100m IPO on NASDAQ under the symbol NTGN, having offered 6,250,000 shares of common stock at $16.00 per share. Trading commenced on 27 June 27. Morgan Stanley, Bank of America/Merrill Lynch and Mizuho acted as joint book-running managers, while Oppenheimer acted as lead manager for the offering.

Cadent Therapeutics also announced the signing of a $40m financing led by Atlas Venture, Access Industries, Cowen Group and Qiming Venture Partners. As part of the agreement, the company will receive $25m upfront, followed by an additional $15m at the start of the CAD-1883 Phase II study. As a reminder, CAD-1883, which is a positive allosteric modulator (PAM) of calcium-sensitive potassium (SK) channels, entered the clinic earlier this year in a Phase I trial. CD-1883 increases the sensitivity of SK channels, which play an essential role in regular neuronal firing with the intent to restore regularity and improve motor function for the potential treatment of spinocerebellar ataxia, an orphan genetic disorder characterised by cerebellum dysfunction or degeneration that causes difficulty co-ordinating movements, and essential tremor (ET), a neurological disorder characterised by involuntary and rhythmic shaking, most commonly of the hands and forearms. Following this transaction, CBI's ownership of Cadent has decreased to 16% (from 24%).

Additionally, Vedantra Pharmaceuticals (62% owned by CBI) recently announced a $17.5m raise of convertible notes, primarily from US investors, and was joined by CBI ($1.0m). The convertible notes will be converted into Vedantra shares as part of a potential capital raise, which management expects to take place in the near future. The funding has not closed yet, but if it does Vedantra will have the funding to enter the clinic with its amphiphile technology-based vaccine to inhibit mutant KRAS for the treatment of pancreatic cancer. Studies suggest that mutated KRAS plays a key role in the development and progression of pancreatic cancer whereas KRAS mutations are found in approximately 95% of early pre-neoplastic stages of pancreatic cancer progression.[2] In June, Vedantra named Dr Gregory Berk as its first president and chief medical officer. He has held senior leadership roles at a number of biotechnology companies including Abraxis Biosciences, which was acquired by Celgene for approximately $2.9bn in 2010, as well as Intellikine, which was acquired by Takeda for $190m in 2012.

Moreover, Sight Diagnostics (owned by CBI via its 50% stake in the Anatomy Fund) initiated a prospective clinical trial in the US and Israel examining its complete blood count (CBC) table-top system called OLO. Clinical and analytical tests will be performed to verify that the device meets the system specifications. Sight Diagnostics expects to conclude this trial by year-end, and to obtain 510k approval by mid-2019 and a CLIA waiver in 2020. Furthermore, the company announced that the OLO device received the CE mark in mid-July.

[2] Zeitouni, D., Pylayeva-Gupta, Y., Der, C. J., & Bryant, K. L. (2016). KRAS Mutant Pancreatic Cancer: No Lone Path to an Effective Treatment. *Cancers*, *8*(4), 45.

Exhibit 3: CBI's key investments

Investment	Technology	% held	Founded	Status	Advantages	Targets
MediWound*	Enzyme technology for severe burns and chronic wounds	35%	2001	NexoBrid: launched in Europe; in Phase III development in the US EscharEx: Phase II complete	Reduces time to successful eschar removal, reduces need for surgery and need for grafting	NexoBrid Phase III study readout YE18; EscharEx Phase III trial initiation at end-2018 or beginning of 2019
Gamida Cell*	Cord stem cell transplant for haematologic diseases	18%	1998	NiCord: enrolling Phase III; CordIn: two ongoing Phase I/II trials; NK cells: initiated Phase I	UCB for transplantation only requires partial matching and nicotinamide technology increases the limited population and quality of stem and progenitor cells. NiCord received FDA breakthrough therapy designation	Enrolment is underway for a Phase III study of NiCord; NASDAQ listing targeted for H218
Anchiano Therapeutics*	BC-819 is a DNA plasmid for non-muscle invasive bladder cancer	31%	2004	Ongoing Phase II BC-819 and BCG combination trial	BC-819 is a 4.5kb recombinant DNA plasmid containing H19 regulatory sequences that drives expression of the potent diphtheria toxin A and inhibits protein translation in malignant bladder cells. Monotherapy clinical studies demonstrated promising efficacy rates	Initiate two (monotherapy and combination therapy) pivotal clinical trials in 2018 and 2019, respectively. NASDAQ listing targeted for H218
Biokine	Cyclic peptide inhibitor of CXCR4 for AML and other malignancies	27%	2000	Phase III in stem cell mobilisation. Phase II in relapsed/refractory AML with BioLineRx; Phase Ib/II: collaboration with Genentech, combination BKT-140/BL-8040 and Tecentriq (atezolizumab) for multiple oncology indications	Phase I/II trials showed vigorous mobilisation of CD34+ stem and progenitor cells from the bone marrow, inducing cell death and sensitising the malignant cells to anti-cancer therapies	Phase II pancreatic top-line results in H218; Third arm of Phase II pancreatic cancer trial to initiate in Q418; Third arm of Phase II pancreatic cancer results in H219

Source: Clal Biotechnology Industries. Notes: *Material assets according to CBI. All key investments included in our rNPV.

Exhibit 4: CBI's direct holdings

Investment	Technology	% held	Founded	Status	Advantages	Targets
eXlthera	Factor XIa inhibition to prevent thrombosis and stroke	54%	2012	Phase I: Safety, tolerability, PK, PD of parenteral EP-7041	Positive Phase I dose escalation readout showed EP-7041 was safe and well tolerated in healthy volunteers and also demonstrated positive PK and PD data	Potential licensing deal for EP-7041 in H218. Phase II initiation in 2019. Selection of oral candidate expected in coming months
Vedantra	Cancer and infectious disease immunotherapy	62%	2011	Preclinical	Engineering a molecular vaccine that possesses both hydrophilic and hydrophobic properties (amph-vaccine) to exploit albumin to transport small payloads to the lymph node to initiate effective T- and B-cell responses	Amphiphile technology-based vaccines targeting mutant KRAS oncogenes for the treatment of pancreatic cancer expected in the clinic in H218
Neon	Personalised neoantigen therapeutics for cancer	4%	2015	Phase I: NEO-PV-01 and OPDIVO combination therapy Phase I: NEO-PV-01 and combination with KEYTRUDA and chemotherapy	Initial results published in Nature. Several collaborations in the pipeline with large pharma, academic institutions, and other clinical-stage biopharmaceutical companies. Recently completed a $106m crossover Series B financing	NEO-PV-01 and OPDIVO combination results expected H119; NEO-PV-01 and KEYTRUDA combination results expected H119
Cadent	Treatment of CNS disorders by targeting calcium-sensitive potassium (SK) channels	16%	2010	Phase I: NMDAR2B NAM molecule for treatment of treatment-resistant depression out-licensed to Novartis Phase I: CD-1883 for spinocerebellar ataxia and essential tremor.	CD-1883 increases the sensitivity of SK channels that play an essential role in regular neuronal firing with the intent to restore regularity and improve motor function	Potential NASDAQ listing in 2019.

Source: Clal Biotechnology Industries. Notes: DIPG = diffuse intrinsic pontine glioma, CXCR4 = CXC-chemokine receptor-4 pathway, AML = acute myeloid leukaemia, NMDAR = N-methyl-D-aspartate receptor subtype 2B, NAM = negative allosteric modulator.

Exhibit 5: CBI's indirect holdings through 50% stake in Anatomy

Investment	Technology	Anatomy investments at fair value to CBI ($m)	Founded	Status	Advantages	Targets
FDNA	Genetic disease diagnostics with facial recognition	1.1	2011	Market	Combines computer vision, machine learning and artificial intelligence to analyse facial features, genomic data, and patient symptoms	Innovation needs to be linked to clinical outcomes
Sight Diagnostics	Computer vision point-of-care blood diagnostics system	1.0	2011	Parasight: Market; OLO: CE mark, pivotal trial in US	Point-of-care full complete blood count system	OLO: Pivotal clinical trial complete in Q418; 510k approval mid-2019; CLIA waiver in 2020.
Colospan	Developing bypass device (CG-100) for colorectal surgery	1.6	2010	CE approved in Europe.	Prevents life-threatening leakage and makes it possible to cut down the use of stomas. Positive initial clinical results	CG-100: Soft launch in Europe in 2018 for market feasibility. Recruiting approximately 137 patients to participate in the safety and efficacy trial through H219 and expects to file for FDA marketing approval following trial results
MinInvasive	Device for arthroscopic rotator cuff repair	1.6	2011	Market	Needle-based shoulder tendon repair device that eliminates the need for suture anchors	MicroPort granted exclusive rights to distribute device in China. FDA cleared and anticipating US launch
Pi-Cardia*	Non-implant based technology for aortic valve stenosis	1.6	2009	Clinical	Developed a low-profile catheter to treat aortic stenosis without replacing the valve	Clinical validation
Total, including $1.5m in additional investments		**8.5****				

Source: Clal Biotechnology Industries. Note: *As of year-end 2017. **Pi-Cardia is also held directly (21% stake includes direct costs of CBI and 50% stake in Anatomy).

Valuation

We have adjusted our valuation to NIS958m or NIS5.94 per share from NIS958m or NIS6.13 per share. This change was largely driven by the increase in value of CBI's stake in Neon following the $100m IPO on the NASDAQ and was compounded by the increase in the strength of the US dollar (NIS3.69/US$). This change was partially offset by the lower value of Anchiano Therapeutics' stake (from 36% to 31%), which fell from $51.1m to $44.0m following the completion of the private equity investment in the company in July 2018, the lower value of CBI's stake in Cadent (24% to 16%), which fell from $18m to $12m following investment in the company also in July 2018, as well as the decrease in CBI's cash balance at the corporate level. The lower valuation reflects the increase in share count as a result of CBI's recent exercise of warrants. We expect to update our valuation of MediWound further once we get more information about the discussions with potential strategic partners.

Exhibit 6: CBI valuation breakdown

Product	Setting	Status	Launch	Peak sales ($m)	Probability of success	Royalty rate	rNPV ($m)	% owned by Clal B	Clal B rNPV ($m)
MediWound	Burns	Market and Phase III ready	NexoBrid: Market, EscharEx: Phase III	375	NexoBrid US 80%, Europe 100%, EscharEx 50%	NexoBrid: 100% EscharEx: 20%	207	35%	72.4
Gamida Cell	Leukaemia (AML, ALL, CML, CLL)	Phase III	2020	437	50%	100%	423	18%	76.1
Biokine	AML	Phase II	2023	1,286	30%	40% of what BioLineRx receives from a sublicence (assume 20%)	43	27%	11.6
Anchiano Therapeutics*	Bladder cancer	Phase II and Phase III ready	2022	530	30%	100%	142	31%	44.0
Neon							334	4%	13.3
Vedantra								62%	9.1
ExlThera								54%	10.3
Cadent								16%	12.0
Anatomy portfolio									8.5
Portfolio total ($m)									257
Cash, unconsolidated (As of 30 June 2018) ($m)									2
Overall valuation									259
Shekel/dollar conversion rate									3.7
Overall valuation in Shekels (NISm)									958
Shares outstanding (m)									161.2
Per share (NIS)									5.94

Source: Edison Investment Research, Clal Biotechnology Industries reports. Note: *BioCanCell was renamed Anchiano Therapeutics in July 2018.

Financials

As a reminder, due to significant ownership stakes, CBI consolidates the financials of several of its investments (MediWound, Vedantra, CureTech and the Anatomy fund) and, on this basis, it had NIS116.9m ($33.4m) in cash, cash equivalents and bank deposits as of H118. CBI's cash position at the corporate level (excluding consolidation) was NIS5.6m ($1.5m) at 30 June 2018. Additionally, the company received $4m from an exercise of warrants by existing institutional investors, including Yellin Lapidot and Meitav Dash.

Total consolidated revenues of NIS3.7m ($1.0m) were generated through the sales of MediWound's NexoBrid in Europe, Israel and Argentina, licensing agreements and rent for the quarter, which is down approximately 26% from the same period of the previous year (NIS5.0m in Q217). The company also reported NIS5.4m ($1.5m) from the decrease of equity interest in associates in Q218.

Substantial investment was made into the development of underlying technologies and products of CBI's material assets, as indicated by R&D spend of NIS10.0 ($2.7m) for Q218, which is up roughly 51% from the same period in 2017 (NIS6.6m/$1.8m). For the period, general and admin costs, which include payroll and related expenses, management fees, and marketing and advertising expenses on a consolidated basis, were NIS13.5m ($3.6m).

Exhibit 7: Financial summary

NIS'000s	2015	2016	2017
Year end 31 December	IFRS	IFRS	IFRS
PROFIT & LOSS			
Revenue	55,759	30,484	73,635
Cost of Sales	(42,549)	(46,967)	(32,433)
Gross Profit	13,210	(16,483)	41,202
R&D expenses	(54,094)	(42,011)	(32,644)
SG&A expenses	(82,747)	(81,107)	(61,679)
EBITDA	(175,382)	(434,812)	(103,330)
Operating Profit (before amort. and except.)	(179,999)	(451,764)	(103,633)
Intangible Amortisation	0	0	0
Exceptionals	0	0	0
Operating Profit	(179,999)	(451,764)	(103,633)
Other	(35,553)	(11,850)	(31,078)
Net Interest	6,197	9,510	80,478
Profit Before Tax (norm)	(209,355)	(454,104)	(54,233)
Profit Before Tax (FRS 3)	(209,355)	(454,104)	(54,233)
Tax	14,023	60,104	31,795
Profit After Tax (norm)	(195,332)	(394,000)	(22,438)
Profit After Tax (FRS 3)	(195,332)	(394,000)	(22,438)
Average Number of Shares Outstanding (m)	135.8	136.2	149.4
EPS - normalised (NIS)	(1.44)	(2.89)	(0.15)
EPS - FRS 3 (NIS)	(1.44)	(2.89)	(0.15)
Dividend per share (NIS)	0.0	0.0	0.0
BALANCE SHEET			
Fixed Assets	1,225,127	927,359	849,112
Intangible Assets	1,035,753	741,543	626,342
Tangible Assets	17,077	16,536	14,854
Other	172,297	169,280	207,916
Current Assets	307,645	191,351	185,228
Stocks	6,691	3,248	6,539
Debtors	18,784	16,415	13,612
Cash	256,105	171,022	165,077
Other	26,065	666	0
Current Liabilities	(66,785)	(68,277)	(31,182)
Creditors	(14,782)	(8,507)	(7,975)
Short term borrowings	0	0	0
Short term leases	0	0	0
Other	(52,003)	(59,770)	(23,207)
Long Term Liabilities	(373,520)	(297,938)	(194,962)
Long term borrowings	0	0	0
Long term leases	0	0	0
Other long term liabilities	(373,520)	(297,938)	(194,962)
Net Assets	1,092,467	752,495	808,196
CASH FLOW			
Operating Cash Flow	(156,274)	(52,529)	(59,400)
Net Interest	23,298	0	0
Tax	(14,023)	(60,104)	(32,005)
Capex	0	0	0
Acquisitions/disposals	27,971	(395)	(3,876)
Financing	22,499	23,123	80,611
Dividends	0	0	0
Other	146,116	5,447	72,644
Net Cash Flow	49,587	(84,458)	57,974
Opening net debt/(cash)	(207,517)	(256,105)	(171,022)
HP finance leases initiated	0	0	0
Other	(999)	(625)	(10,253)
Closing net debt/(cash)	(256,105)	(171,022)	(218,743)

Source: Edison Investment Research, Clal Biotechnology Industries reports

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