SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

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

For the month of May 2019

_____

BioLineRx Ltd.

(Translation of Registrant's name into English)

_____

2 HaMa'ayan Street
Modi'in 7177871, Israel
(Address of Principal Executive Offices)

_____

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

Form 20-F ☑ **Form 40-F** ☐

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

Yes ☐ **No** ☑

On May 14, 2019, the Registrant will issue a press release announcing its financial results for the three months ended March 31, 2019. The Registrant is also publishing its unaudited interim consolidated financial statements, as well as its operating and financial review, as of March 31, 2019 and for the three months then ended. Attached hereto are the following exhibits:

Exhibit 1: Registrant's press release dated May 14, 2019;

Exhibit 2: Registrant's condensed consolidated interim financial statements as of March 31, 2019 and for the three months then ended; and

Exhibit 3 - Registrant's operating and financial review as of March 31, 2019 and for the three months then ended.

This Form 6-K, including all exhibits hereto, is hereby incorporated by reference into all effective registration statements filed by the registrant under the Securities Act of 1933.

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

BioLineRx Ltd.

By: /s/ Philip Serlin
Philip Serlin
Chief Executive Officer

Dated: May 14, 2019

Exhibit 1

For Immediate Release

BioLineRx Reports First Quarter 2019 Financial Results and Provides Corporate Update

On track for Phase 2 data read-outs in pancreatic cancer and consolidation AML by year-end 2019

Management to hold conference call today, May 14, at 10:00 am EDT

TEL AVIV, Israel, May 14, 2019 -- BioLineRx Ltd. (NASDAQ: BLRX) (TASE: BLRX), a clinical-stage biopharmaceutical company focused on oncology, today reports its financial results for the quarter ended March 31, 2019 and provided a corporate update.

Highlights and achievements during the first quarter 2019 and subsequent period:

Presented successful engraftment data from Phase 3 GENESIS trial of BL-8040 in multiple myeloma patients at 45th Annual Meeting of European Society for Blood and Marrow Transplantation. These data follow previously announced successful mobilization data which led the Data Monitoring Committee to recommend proceeding to the randomized placebo-controlled Part 2 of the study.

Received FDA Orphan Drug Designation for BL-8040 for the treatment of pancreatic cancer. This is an addition to prior orphan drug designations that have been granted for BL-8040 in AML and stem cell mobilization.

Received approval from the FDA for Investigational New Drug (IND) application for AGI-134, which will enable expansion of the ongoing Phase 1/2a study, currently being carried out in the UK and Israel, to the US by the first half of 2020.

“As we progress through 2019, we are approaching important data milestones with our lead program, the CXCR4 antagonist BL-8040, in two cancer indications with high unmet medical need,” said Philip Serlin, Chief Executive Officer of BioLineRx. “In pancreatic cancer, an extremely difficult cancer indication to treat, we are optimistic that we can build upon the encouraging results that we observed in the dual combination arm of our ongoing COMBAT/KEYNOTE-202 Phase 2a study of BL-8040 and Merck’s KEYTRUDA with the addition of chemotherapy, and we are eager to see top-line results for the triple combination arm of the study by the end of this year. Similarly, in consolidation AML, we look forward to important data from our Phase 2b trial that will help inform later stage development of this promising program.”

“In parallel, our second clinical candidate, AGI-134, is progressing through a phase 1/2a clinical trial, and we anticipate initial safety data later this year as we look to efficiently advance this promising candidate into the second part of the study where we can assess efficacy in multiple tumor types. We continue to execute on our clinical development plan, and believe these upcoming data readouts can drive near-term value creation while generating additional partnering interest,” Mr. Serlin concluded.

Expected significant milestones through end of 2019 and early 2020:

- Top-line results from the Phase 2 triple combo pancreatic cancer trial of BL-8040, KEYTRUDA and chemotherapy under the Company’s collaboration with Merck in the second half of 2019;
- Potential interim results from the Phase 2 AML consolidation study in the second half of 2019;
- Initial safety results from part 1 of the Phase 1/2a trial of AGI-134 in the second half of 2019;
- Top-line results from one or more of the ongoing solid tumor trials under the Company’s collaboration with Genentech, potentially by the end of 2019 or early 2020.

Financial Results for the Quarter Ended March 31, 2019

Research and development expenses for the quarter ended March 31, 2019 were $4.4 million, a decrease of $0.7 million, or 13.4%, compared to $5.1 million for the comparable period in 2018. The decrease resulted primarily from a decrease in share-based compensation.

Sales and marketing expenses for the quarter ended March 31, 2019 were $0.3 million, a decrease of $0.2 million, or 47%, compared to $0.5 million for the comparable period in 2018. The decrease resulted primarily from a one-time compensation payment in the 2018 period, as well as a decrease in share-based compensation.

General and administrative expenses for the quarter ended March 31, 2019 were $0.9 million, a decrease of $0.2 million, or 13.5% compared to $1.1 million for the comparable period in 2018. The decrease resulted primarily from a decrease in share-based compensation.

The Company's operating loss for the quarter ended March 31, 2019 amounted to $5.6 million, compared with an operating loss of $6.6 million for the comparable period in 2018.

Non-operating expenses amounted to $0.3 million for the quarter ended March 31, 2019, compared with non-operating income of $0.5 million for the comparable period in 2018. Non-operating expenses for the three months ended March 31, 2019 primarily relate to warrant offering expenses offset by fair-value adjustments of warrant liabilities on our balance sheet. Non-operating income for the three months ended March 31, 2018 primarily relate to fair-value adjustments of warrant liabilities on our balance sheet. These fair-value adjustments were highly influenced by the Company's share price at each period end (revaluation date).

Net financial expenses amounted to $0.2 million for the quarter ended March 31, 2019 compared to an immaterial amount of net financial expenses for the three months ended March 31, 2018. Net financial expenses for the 2019 period primarily relate to interest paid on loans, offset by investment income earned on bank deposits. Net financial expenses for the 2018 period primarily relate to losses recorded on foreign currency hedging transactions, offset by investment income earned on bank deposits.

The Company's net loss for the quarter ended March 31, 2019 amounted to $6.2 million, similar to the comparable period in 2018.

The Company held $40.6 million in cash, cash equivalents and short-term bank deposits as of March 31, 2019.

Net cash used in operating activities was $4.6 million for the three months ended March 31, 2019, compared with net cash used in operating activities of $6.8 million for the three months ended March 31, 2018. The $2.2 million decrease in net cash used in operating activities during the three-month period in 2019, compared to the three-month period in 2018, was primarily the result of changes in operating asset and liability items between the two periods – i.e., a decrease in prepaid expenses and other receivables in 2019 versus an increase in 2018, as well as a decrease in accounts payable and accruals in 2018.

Net cash used in investing activities was $9.3 million for the three months ended March 31, 2019, compared to net cash provided by investing activities of $8.1 million for the three months ended March 31, 2018. The changes in cash flows from investing activities relate primarily to investments in, and maturities of, short-term bank deposits.

Net cash provided by financing activities was $14.9 million for the three months ended March 31, 2019, compared to net cash provided by financing activities of $1.4 million for the three months ended March 31, 2018. The increase in cash flows from financing activities reflects the underwritten public offering completed in February 2019.

Conference Call and Webcast Information

BioLineRx will hold a conference call today, May 14, 2019 at 10:00 a.m. EDT. To access the conference call, please dial +1-888-281-1167 from the U.S. or +972-3-918-0644 internationally. The call will also be available via webcast and can be accessed through the Investor Relations page of BioLineRx's website. Please allow extra time prior to the call to visit the site and download any necessary software to listen to the live broadcast.

A replay of the conference call will be available approximately two hours after completion of the live conference call on the Investor Relations page of BioLineRx's website. A dial-in replay of the call will be available until May 16, 2019; please dial +1-888-782-4291 from the U.S. or +972-3-925-5925 internationally.

(Tables follow)

About BioLineRx

BioLineRx is a clinical-stage biopharmaceutical company focused on oncology. The Company in-licenses novel compounds, develops them through pre-clinical and/or clinical stages, and then partners with pharmaceutical companies for advanced clinical development and/or commercialization.

BioLineRx's leading therapeutic candidates are: BL-8040, a cancer therapy platform, which has successfully completed a Phase 2a study for relapsed/refractory AML, is in the midst of a Phase 2b study as an AML consolidation treatment and a Phase 3 study in stem cell mobilization for autologous transplantation; and AGI-134, an immunotherapy treatment in development for multiple solid tumors, which is being investigated in a Phase 1/2a study. In addition, BioLineRx has a strategic collaboration with Novartis for the co-development of selected Israeli-sourced novel drug candidates; a collaboration agreement with MSD, on the basis of which the Company is conducting a Phase 2a study in pancreatic cancer using the combination of BL-8040 and KEYTRUDA® (pembrolizumab), and a collaboration agreement with Genentech, a member of the Roche Group, to investigate the combination of BL-8040 and Genentech's atezolizumab in several Phase 1b/2 studies for multiple solid tumor indications and AML.

For additional information on BioLineRx, please visit the Company's website at www.biolinerx.com, where you can review the Company's SEC filings, press releases, announcements and events. BioLineRx industry updates are also regularly updated on Facebook, Twitter, and LinkedIn.

Various statements in this release concerning BioLineRx's future expectations constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include words such as "may," "expects," "anticipates," "believes," and "intends," and describe opinions about future events. These forward-looking statements involve known and unknown risks and uncertainties that may cause the actual results, performance or achievements of BioLineRx to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Some of these risks are: changes in relationships with collaborators; the impact of competitive products and technological changes; risks relating to the development of new products; and the ability to implement technological improvements. These and other factors are more fully discussed in the "Risk Factors" section of BioLineRx's most recent annual report on Form 20-F filed with the Securities and Exchange Commission on March 28, 2019. In addition, any forward-looking statements represent BioLineRx's views only as of the date of this release and should not be relied upon as representing its views as of any subsequent date. BioLineRx does not assume any obligation to update any forward-looking statements unless required by law.

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

	December 31, 2018	March 31, 2019
	in USD thousands	
Assets		
CURRENT ASSETS		
Cash and cash equivalents	3,404	4,384
Short-term bank deposits	26,747	36,224
Prepaid expenses	488	583
Other receivables	1,339	458
Total current assets	31,978	41,649
NON-CURRENT ASSETS		
Long-term prepaid expenses	56	55
Property and equipment, net	2,227	2,143
Right-of-use assets	-	1,797
Intangible assets, net	21,972	21,950
Total non-current assets	24,255	25,945
Total assets	56,233	67,594
Liabilities and equity		
CURRENT LIABILITIES		
Current maturities of long-term loans	895	1,636
Accounts payable and accruals:		
Trade	4,493	4,817
Other	1,363	989
Lease liabilities	-	693
Total current liabilities	6,751	8,135
NON-CURRENT LIABILITIES		
Warrants	323	5,213
Long-term loans, net of current maturities	7,838	7,228
Lease liabilities	-	1,130
Total non-current liabilities	8,161	13,571
COMMITMENTS AND CONTINGENT LIABILITIES		
Total liabilities	14,912	21,706
EQUITY		
Ordinary shares	3,110	3,928
Share premium	250,192	259,860
Capital reserve	11,955	12,191
Other comprehensive loss	(1,416)	(1,416)
Accumulated deficit	(222,520)	(228,675)
Total equity	41,321	45,888
Total liabilities and equity	56,233	67,594

BioLineRx Ltd.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(UNAUDITED)

	Three months ended March 31,	
	2018	2019
	in USD thousands	
RESEARCH AND DEVELOPMENT EXPENSES	(5,070)	(4,392)
SALES AND MARKETING EXPENSES	(484)	(256)
GENERAL AND ADMINISTRATIVE EXPENSES	(1,075)	(930)
OPERATING LOSS	(6,629)	(5,578)
NON-OPERATING INCOME (EXPENSES), NET	462	(340)
FINANCIAL INCOME	175	210
FINANCIAL EXPENSES	(206)	(447)
NET LOSS AND COMPREHENSIVE LOSS	(6,198)	(6,155)
LOSS PER ORDINARY SHARE - BASIC AND DILUTED	(0.06)	(0.05)
WEIGHTED AVERAGE NUMBER OF SHARES USED IN CALCULATION OF LOSS PER ORDINARY SHARE	106,169,273	132,979,984

BioLineRx Ltd.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(UNAUDITED)

	Ordinary shares	Share premium	Capital Reserve	Other comprehensive loss	Accumulated deficit	Total
	in USD thousands					
BALANCE AT JANUARY 1, 2018	2,836	240,682	10,337	(1,416)	(199,558)	52,881
CHANGES FOR THREE MONTHS ENDED MARCH 31, 2018:						
Issuance of share capital, net	37	1,386	-	-	-	1,423
Employee stock options exercised	1	29	(30)	-	-	-
Employee stock options forfeited and expired	-	80	(80)	-	-	-
Share-based compensation	-	-	916	-	-	916
Comprehensive loss for the period	-	-	-	-	(6,198)	(6,198)
BALANCE AT MARCH 31, 2018	2,874	242,177	11,143	(1,416)	(205,756)	49,022

	Ordinary shares	Share premium	Capital Reserve	Other comprehensive loss	Accumulated deficit	Total
	in USD thousands					
BALANCE AT JANUARY 1, 2019	3,110	250,192	11,955	(1,416)	(222,520)	41,321
CHANGES FOR THREE MONTHS ENDED MARCH 31, 2019:						
Issuance of share capital, net	817	9,620	-	-	-	10,437
Employee stock options exercised	1	18	(18)	-	-	1
Employee stock options forfeited and expired	-	30	(30)	-	-	-
Share-based compensation	-	-	284	-	-	284
Comprehensive loss for the period	-	-	-	-	(6,155)	(6,155)
BALANCE AT MARCH 31, 2019	3,928	259,860	12,191	(1,416)	(228,675)	45,888

BioLineRx Ltd.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS

(UNAUDITED)

	Three months ended March 31,	
	2018	2019
	in USD thousands	
CASH FLOWS - OPERATING ACTIVITIES		
Comprehensive loss for the period	(6,198)	(6,155)
Adjustments required to reflect net cash used in operating activities (see appendix below)	(609)	1,533
Net cash used in operating activities	(6,807)	(4,622)
CASH FLOWS - INVESTING ACTIVITIES		
Investments in short-term deposits	(4,000)	(21,510)
Maturities of short-term deposits	12,167	12,228
Purchase of property and equipment	(54)	(31)
Purchase of intangible assets	(29)	-
Net cash provided by (used in) investing activities	8,084	(9,313)
CASH FLOWS - FINANCING ACTIVITIES		
Issuance of share capital and warrants, net of issuance costs	1,423	14,989
Employee stock options exercised	-	1
Repayments of loans	(23)	(23)
Repayments of lease liabilities	-	(50)
Net cash provided by financing activities	1,400	14,917
INCREASE IN CASH AND CASH EQUIVALENTS	2,677	982
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	5,110	3,404
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	23	(2)
CASH AND CASH EQUIVALENTS - END OF PERIOD	7,810	4,384

BioLineRx Ltd.

APPENDIX TO CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS

(UNAUDITED)

	Three months ended March 31,	
	2018	2019
	in USD thousands	
Adjustments required to reflect net cash used in operating activities:		
Income and expenses not involving cash flows:		
Depreciation and amortization	140	213
Long-term prepaid expenses	1	1
Exchange differences on cash and cash equivalents	(23)	2
Gain on adjustment of warrants to fair value	(465)	(79)
Share-based compensation	916	284
Warrant issuance costs	-	417
Interest and exchange differences on short-term deposits	(182)	(195)
Interest and linkage differences on loans	(1)	154
	386	797
Changes in operating asset and liability items:		
Decrease (increase) in prepaid expenses and other receivables	(453)	786
Decrease in accounts payable and accruals	(542)	(50)
	(995)	736
	(609)	1,533
Supplemental information on interest received in cash	167	229
Supplemental information on non-cash transaction:		
Initial establishment of right-of-use assets against lease liabilities	-	1,878

Exhibit 2

BioLineRx Ltd.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AS OF MARCH 31, 2019

BioLineRx Ltd.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

AS OF MARCH 31, 2019

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BioLineRx Ltd.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

	December 31, 2018	March 31, 2019
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Ordinary shares	3,110	3,928
Share premium	250,192	259,860
Capital reserve	11,955	12,191
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Accumulated deficit	(222,520)	(228,675)
Total equity	41,321	45,888
Total liabilities and equity	56,233	67,594

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

BioLineRx Ltd.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(UNAUDITED)

	Three months ended March 31,	
	2018	2019
	in USD thousands	
RESEARCH AND DEVELOPMENT EXPENSES	(5,070)	(4,392)
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BioLineRx Ltd.

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Employee stock options forfeited and expired	-	80	(80)	-	-	-
Share-based compensation	-	-	916	-	-	916
Comprehensive loss for the period	-	-	-	-	(6,198)	(6,198)
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Share-based compensation	-	-	284	-	-	284
Comprehensive loss for the period	-	-	-	-	(6,155)	(6,155)
BALANCE AT MARCH 31, 2019	3,928	259,860	12,191	(1,416)	(228,675)	45,888

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

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

	Three months ended March 31,	
	2018	2019
	in USD thousands	
CASH FLOWS - OPERATING ACTIVITIES		
Comprehensive loss for the period	(6,198)	(6,155)
Adjustments required to reflect net cash used in operating activities (see appendix below)	(609)	1,533
Net cash used in operating activities	(6,807)	(4,622)
CASH FLOWS - INVESTING ACTIVITIES		
Investments in short-term deposits	(4,000)	(21,510)
Maturities of short-term deposits	12,167	12,228
Purchase of property and equipment	(54)	(31)
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Net cash provided by (used in) investing activities	8,084	(9,313)
CASH FLOWS - FINANCING ACTIVITIES		
Issuance of share capital and warrants, net of issuance costs	1,423	14,989
Employee stock options exercised	-	1
Repayments of loans	(23)	(23)
Repayments of lease liabilities	-	(50)
Net cash provided by financing activities	1,400	14,917
INCREASE IN CASH AND CASH EQUIVALENTS	2,677	982
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	5,110	3,404
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	23	(2)
CASH AND CASH EQUIVALENTS - END OF PERIOD	7,810	4,384

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

BioLineRx Ltd.

APPENDIX TO CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS

(UNAUDITED)

	Three months ended March 31,	
	2018	2019
	in USD thousands	
Adjustments required to reflect net cash used in operating activities:		
Income and expenses not involving cash flows:		
Depreciation and amortization	140	213
Long-term prepaid expenses	1	1
Exchange differences on cash and cash equivalents	(23)	2
Gain on adjustment of warrants to fair value	(465)	(79)
Share-based compensation	916	284
Warrant issuance costs	-	417
Interest and exchange differences on short-term deposits	(182)	(195)
Interest and linkage differences on loans	(1)	154
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Changes in operating asset and liability items:		
Decrease (increase) in prepaid expenses and other receivables	(453)	786
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	(995)	736
	(609)	1,533
Supplemental information on interest received in cash	167	229
Supplemental information on non-cash transaction:		
Initial establishment of right-of-use assets against lease liabilities	-	1,878

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

NOTE 1 – GENERAL INFORMATION

a. General

BioLineRx Ltd. ("BioLineRx"), headquartered in Modi'in, Israel, was incorporated and commenced operations in April 2003.

BioLineRx and its subsidiaries (collectively, the "Company") are engaged in the development of therapeutics, primarily in clinical-stages, with a focus on the field of oncology.

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

In March 2017, the Company acquired Agalimmune Ltd. ("Agalimmune"), a privately-held company incorporated in the United Kingdom, with a focus on the field of immuno-oncology.

Although the Company has generated significant revenues from a number of out-licensing transactions in the past, the Company cannot determine with reasonable certainty when and if it will have sustainable profits.

b. Approval of financial statements

The condensed consolidated interim financial statements of the Company as of March 31, 2019, and for the three months then ended, were approved by the Board of Directors on May 14, 2019, and signed on its behalf by the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer.

NOTE 2 – BASIS OF PREPARATION

The Company's condensed consolidated interim financial statements as of March 31, 2019 and for the three months then ended (the "interim financial statements") have been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). These interim financial statements, which are unaudited, do not include all disclosures necessary for a fair statement of financial position, results of operations, and cash flows in conformity with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2018 and for the year then ended and their accompanying notes, which have been prepared in accordance with IFRS. The results of operations for the three months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the entire fiscal year or for any other interim period.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and calculation methods applied in the preparation of these interim financial statements are consistent with those applied in the preparation of the annual financial statements as of December 31, 2018 and for the year then ended, except for the adoption of IFRS No. 16, "Leases".

a. Adjustments recognized on adoption of IFRS 16

The Company has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17, "Leases." These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The remeasurements to the lease liabilities were recognized as adjustments to the related right-of-use assets immediately after the date of initial application. The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as of December 31, 2018. The lessee's weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 15.1%.

	January 1, 2019	March 31, 2019
Composition of right-of-use assets by type:		
Property	1,552	1,518
Motor vehicles	326	279
Total right-of-use asset	1,878	1,797

Composition of lease liabilities recognized as of January 1, 2019:	
Current lease liabilities	1,165
Non-current lease liabilities	713
	1,878

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

b. Practical expedients applied on adoption of IFRS 16

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

Use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
Reliance on previous assessments on whether leases are onerous;
Accounting for operating leases with a remaining lease term of less than 12 months as of January 1, 2019, as short-term leases;
Exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4, "Determining whether an Arrangement contains a Lease."

c. Other information relating to IFRS 16

As of March 31, 2019, the weighted average remaining lease term on the Company's existing leases was 11.2 years for its property lease and 1.3 years for motor vehicle leases. Lease expense (substantially all of which is non-cash) for the three months ended March 31, 2019 amounted to $0.1 million. Cash paid for amounts included in the measurement of the operating lease liabilities for the three months ended March 31, 2019 was $0.1 million.

NOTE 4 – ISSUANCES OF SHARE CAPITAL AND WARRANTS

a. At-the-market ("ATM") sales agreement with BTIG

In October 2017, the Company entered into an at-the-market ("ATM") sales agreement with BTIG, LLC ("BTIG"), pursuant to which the Company may, at its sole discretion, offer and sell through BTIG, acting as sales agent, ADSs having an aggregate offering price of up to $30.0 million throughout the period during which the ATM facility remains in effect. The Company will pay BTIG a commission of 3.0% of the gross proceeds from the sale of ADSs under the facility. From the effective date of the agreement through March 31, 2019, 7,054,192 ADSs were sold under the program for total net proceeds of approximately $6.0 million, leaving an available balance under the facility of approximately $24.0 million as of March 31, 2019.

NOTE 4 – ISSUANCES OF SHARE CAPITAL AND WARRANTS (cont.)

b. Underwritten public offering

In February 2019, the Company completed an underwritten public offering of 28,000,000 of its ADSs and warrants to purchase 28,000,000 ADSs, at a public offering price of $0.55 per ADS and accompanying warrant. The warrants are exercisable immediately, expire five years from the date of issuance and have an exercise price of $0.75 per ADS. The offering raised a total of $15.4 million, with net proceeds of approximately $14.1 million, after deducting fees and expenses.

The warrants issued have been classified as a non-current financial liability due to a net settlement provision. This liability was initially recognized at its fair value on the date the contract was entered into and is subsequently accounted for at fair value at each balance sheet date. The fair value changes are charged to non-operating income and expense in the statement of comprehensive loss.

The fair value of the warrants is computed using the Black and Scholes option pricing model. The fair value of the warrants upon issuance was computed based on the then current price of an ADS, a risk-free interest rate of 2.50% and an average standard deviation of 62.8%. The fair value of the warrants as of March 31, 2019 was based on the then current price of an ADS, a risk-free interest rate of 2.23% and an average standard deviation of 63.2%.

NOTE 5 – SHAREHOLDERS' EQUITY

As of December 31, 2018 and March 31, 2019, share capital is composed of ordinary shares, as follows:

	Number of ordinary shares	
	December 31, 2018	March 31, 2019
Authorized share capital	250,000,000	250,000,000
Issued and paid-up share capital	114,933,144	144,563,656

	In USD and NIS	
	December 31, 2018	March 31, 2019
Authorized share capital (in NIS)	25,000,000	25,000,000
Issued and paid-up share capital (in NIS)	11,493,314	14,456,366
Issued and paid-up share capital (in USD)	3,109,746	3,927,737

Exhibit 3

OPERATING AND FINANCIAL REVIEW

You should read the following discussion of our operating and financial condition and prospects in conjunction with the financial statements and the notes thereto included elsewhere in this 6-K, as well as in our Annual Report on Form 20-F filed on March 28, 2019 (the "Annual Report").

Forward Looking Statements

The following discussion contains "forward-looking statements," including statements regarding expectations, beliefs, intentions or strategies for the future. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms including "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions, and are subject to risks and uncertainties. You should not put undue reliance on any forward-looking statements. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those listed below as well as those discussed in the Annual Report (particularly those in "Item 3. Key Information – Risk Factors"). Unless we are required to do so under U.S. federal securities laws or other applicable laws, we do not intend to update or revise any forward-looking statements.

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

- the initiation, timing, progress and results of our preclinical studies, clinical trials and other therapeutic candidate development efforts;
- our ability to advance our therapeutic candidates into clinical trials or to successfully complete our preclinical studies or clinical trials;
- our receipt of regulatory approvals for our therapeutic candidates, and the timing of other regulatory filings and approvals;
- the clinical development, commercialization and market acceptance of our therapeutic candidates;
- our ability to establish and maintain corporate collaborations;
- our ability to integrate new therapeutic candidates and new personnel
- the interpretation of the properties and characteristics of our therapeutic candidates and of the results obtained with our therapeutic candidates in preclinical studies or clinical trials;
- the implementation of our business model and strategic plans for our business and therapeutic candidates;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our therapeutic candidates and our ability to operate our business without infringing the intellectual property rights of others;
- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- risks related to changes in healthcare laws, rules and regulations in the United States or elsewhere;
- competitive companies, technologies and our industry; and
- statements as to the impact of the political and security situation in Israel on our business.

Overview

General

We are a clinical-stage biopharmaceutical development company with a strategic focus on oncology. Our current development and commercialization pipeline consists of two clinical-stage therapeutic candidates − BL-8040, a novel peptide for the treatment of hematological malignancies, solid tumors and stem cell mobilization, and AGI-134, an immuno-oncology agent in development for solid tumors. In addition, we have an off-strategy, legacy therapeutic product called BL-5010 for the treatment of skin lesions. We have generated our pipeline by systematically identifying, rigorously validating and in-licensing therapeutic candidates that we believe exhibit a high probability of therapeutic and commercial success. Our strategy includes commercializing our therapeutic candidates through out-licensing arrangements with biotechnology and pharmaceutical companies and evaluating, on a case by case basis, the commercialization of our therapeutic candidates independently.

Main Therapeutic Candidates

The following is a description of our main programs:

- BL-8040 is a novel, short peptide that functions as a high-affinity antagonist for CXCR4, which we are developing for the treatment of solid tumors, acute myeloid leukemia, or AML, and stem-cell mobilization.

  Solid tumors

  - In January 2016, we entered into a collaboration with MSD (a tradename of Merck & Co., Inc., Kenilworth, New Jersey) in the field of cancer immunotherapy. Based on this collaboration, in September 2016 we initiated a Phase 2a study, known as the COMBAT/KEYNOTE-202 study, focusing on evaluating the safety and efficacy of BL-8040 in combination with KEYTRUDA® (pembrolizumab), MSD's anti-PD-1 therapy, in 37 patients with metastatic pancreatic adenocarcinoma. The study was an open-label, multicenter, single-arm trial designed to evaluate the clinical response, safety and tolerability of the combination of these therapies as well as multiple pharmacodynamic parameters, including the ability to improve infiltration of T-cells into the tumor and their reactivity. Top-line results from the initial dual combination arm of the trial showed that the combination demonstrated encouraging disease control and overall survival in patients with metastatic pancreatic cancer. In addition, assessment of patient biopsies supported BL-8040's ability to induce infiltration of tumor-reactive T-cells into the tumor, while reducing the number of immune regulatory cells. In July 2018, we announced the expansion of the COMBAT/KEYNOTE-202 study under the collaboration to include a triple combination arm investigating the safety, tolerability and efficacy of BL-8040, KEYTRUDA and chemotherapy. We initiated this arm of the trial in December 2018. Top-line results from the new triple combination arm of the study are expected in the second half of 2019, with overall survival results expected in 2020.

  - In August 2016, in the framework of an agreement with MD Anderson Cancer Center, we entered into an additional collaboration for the investigation of BL-8040 in combination with KEYTRUDA in pancreatic cancer. The focus of this study, in addition to assessing clinical response, is the mechanism of action by which both drugs might synergize, as well as multiple assessments to evaluate the biological anti-tumor effects induced by the combination. We are supplying BL-8040 for this Phase 2b study, which commenced in January 2017. Partial results from this study are anticipated in the second half of 2019, with top-line results expected in 2020.

  - In September 2016, we entered into a collaboration with Genentech, Inc., or Genentech (a member of the Roche Group), in the framework of which both companies would carry out Phase 1b/2 studies investigating BL-8040 in combination with TECENTRIQ® (atezolizumab), Genentech's anti-PDL1 cancer immunotherapy, in various solid tumors and hematologic malignancies. The clinical study collaboration between us and Genentech is part of MORPHEUS, Roche's novel cancer immunotherapy development platform. Genentech commenced a Phase 1b/2 study for the treatment of pancreatic cancer in July 2017, as well as a Phase 1b/2 study in gastric cancer in October 2017. These studies will evaluate the clinical response, safety and tolerability of the combination of these therapies, as well as multiple pharmacodynamic parameters.

AML

- During 2016, we completed and reported on a Phase 2a proof-of-concept trial for the treatment of relapsed or refractory acute myeloid leukemia, or r/r AML, which was conducted on 42 patients at six world-leading cancer research centers in the United States and at five premier sites in Israel. The study included both a dose-escalation and a dose-expansion phase. Results from the trial showed detailed, positive safety and response rate data for subjects treated with a combination of BL-8040 and high-dose cytarabine (Ara-C), or HiDAC. At the annual meeting of the European Hematology Association, or EHA, in June 2018, we presented positive overall survival data from the long-term follow-up part of this study. We continue to monitor long-term survival data for patients in the study and, in parallel, are planning our next clinical development steps in this indication.

- We are currently investigating BL-8040 as a consolidation treatment together with cytarabine (the current standard of care) for AML patients who have responded to standard induction treatment and are in complete remission and, in this regard, are conducting a significant Phase 2b trial in Germany, in collaboration with the German Study Alliance Leukemia Group. The Phase 2b trial is a double-blind, placebo-controlled, randomized, multi-center study aimed at assessing the efficacy of BL-8040 in addition to standard consolidation therapy in AML patients. Up to 194 patients will be enrolled in the trial. We continue to discuss with our collaboration partners the potential conduct of an interim analysis on this study based on various factors, including the occurrence of a minimum number of reported relapse events and/or exposure to provide a reasonable statistical powering for the analysis. Our current best estimate for the timing of such potential interim analysis is the second half of 2019, with top-line results from the trial expected in 2021.

- In September 2017, we initiated a Phase 1b/2 trial in AML, known as the BATTLE trial, under the collaboration with Genentech referred to above in "— Solid tumors." The trial will focus on the maintenance treatment of patients with intermediate- and high-risk AML who have achieved a complete response following induction and consolidation therapy. Top-line results from this study are expected in 2021.

Stem cell mobilization

- In March 2015, we reported successful top-line safety and efficacy results from a Phase 1 safety and efficacy trial for the use of BL-8040 as a novel stem cell mobilization treatment for allogeneic bone marrow transplantation at Hadassah Medical Center in Jerusalem.

- In March 2016, we initiated a Phase 2 trial for BL-8040 in allogeneic stem cell transplantation, conducted in collaboration with the Washington University School of Medicine, Division of Oncology and Hematology, or WUSM. In May 2018, we announced positive top-line results of this study showing, among other things, that a single injection of BL-8040 mobilized sufficient amounts of CD34+ cells required for transplantation at a level of efficacy similar to that achieved by using 4-6 injections of G-CSF, the current standard of care.

- In December 2017, we commenced a randomized, controlled Phase 3 registrational trial for BL-8040, known as the GENESIS trial, for the mobilization of HSCs for autologous transplantation in patients with multiple myeloma. The trial began with a lead-in period for dose confirmation, which was to include 10-30 patients and progress to the placebo-controlled main part, which is designed to include 177 patients in more than 25 centers. Following review of the positive results from treatment of the first 11 patients, the Data Monitoring Committee recommended that the lead-in part of the study should be stopped and that we should move immediately to the second part. Top-line results of this randomized, placebo-controlled main part of the study are expected in the second half of 2020.

Other matters

- In addition to the above, we are currently conducting, or planning to conduct, a number of investigator-initiated, open-label studies in a variety of indications, to support the interest of the scientific and medical communities in exploring additional uses for BL-8040. These studies serve to further elucidate the mechanism of action for BL-8040.

- In September 2013, the FDA granted an Orphan Drug Designation to BL-8040 as a therapeutic for the treatment of AML; and in January 2014, the FDA granted an Orphan Drug Designation to BL-8040 as a treatment for stem cell mobilization. In January 2015, the FDA modified this Orphan Drug Designation for BL-8040 for use either as a single agent or in combination with G-CSF. In February 2019, the FDA granted Orphan Drug Designation to BL-8040 as a therapeutic for the treatment of pancreatic cancer.

- AGI-134, a clinical therapeutic candidate in-licensed by Agalimmune, is a synthetic alpha-Gal glycolipid immunotherapy in development for solid tumors. AGI-134 harnesses the body's pre-existing, highly abundant, anti-alpha-Gal antibodies to induce a hyper-acute, systemic, specific anti-tumor response to the patient's own tumor neo-antigens. This response not only kills the tumor cells at the site of injection, but also brings about a durable, follow-on, anti-metastatic immune response. In August 2018, we initiated a Phase 1/2a clinical study for AGI-134 that is primarily designed to evaluate the safety and tolerability of AGI-134, given both as monotherapy and in combination with an immune checkpoint inhibitor, in unresectable metastatic solid tumors. The multi-center, open-label study is currently being carried out in the UK and Israel and, with the approval granted by the FDA for our Investigational New Drug (IND) application, is expected to expand to the US by the first half of 2020. Initial safety results from the first part of the study are expected in the second half of 2019; initial efficacy results of the monotherapy arm from the second part of the study are expected by the end of 2020.

- Our commercialized, legacy therapeutic product, BL-5010, is a customized, proprietary pen-like applicator containing a novel, acidic, aqueous solution for the non-surgical removal of skin lesions. In December 2014, we entered into an exclusive out-licensing arrangement with Perrigo Company plc, or Perrigo, for the rights to BL-5010 for over-the-counter, or OTC, indications in Europe, Australia and additional selected countries. In March 2016, Perrigo received CE Mark approval for BL-5010 as a novel OTC treatment for the non-surgical removal of warts. The commercial launch of this first OTC indication (warts/verrucas) commenced in Europe in the second quarter of 2016. Since then, Perrigo has invested in improving the product and expects to launch an improved version of the product during 2019.

Principal Partnering and Collaboration Agreements

Since December 2014 we have been collaborating with Novartis for the co-development of selected Israeli-sourced novel drug candidates.

In December 2014, we entered into an exclusive out-licensing arrangement with Perrigo Company plc, or Perrigo, for the rights to BL-5010 for over-the-counter or OTC indications in the territory of Europe, Australia and additional selected countries. We retain all OTC rights to BL-5010 in the United States and the rest of the world, as well as all non-OTC rights on a global basis. Perrigo fulfilled its obligation to launch a licensed product commercially in the Territory in 2016. In addition, Perrigo is obligated to use commercially reasonable best efforts to obtain regulatory approval in the Territory for at least one more OTC indication and to commercialize BL-5010 for that indication. Compensation by Perrigo for the exclusive license includes an agreed amount for each unit sold. We will have full access to all clinical and research and development data, as well as manufacturing data, generated during the performance of the development plan and may use these data in order to develop or license the product in other territories and fields of use where we retain the rights.

For information on our collaborations with Merck, Genentech and MD Anderson Cancer Center, see "*— Main Therapeutic Candidates*" above.

Funding

We have funded our operations primarily through the sale of equity securities (both in public and private offerings), funding received from a government body which previously was called the Office of the Chief Scientist of the Israeli Ministry of the Economy (OCS) (and which in 2016 was replaced by the newly-established Israel Innovation Authority, or IIA), payments received under out-licensing arrangements, and interest earned on investments. We expect to continue to fund our operations over the next several years through our existing cash resources, potential future milestone and royalty payments that we may receive from our existing out-licensing agreement, potential future upfront, milestone or royalty payments that we may receive from out-licensing transactions for our other therapeutic candidates, interest earned on our investments and additional capital to be raised through public or private equity offerings or debt financings. As of March 31, 2019, we held $40.6 million of cash, cash equivalents and short-term bank deposits.

Recent Company Developments

BL-8040 - Clinical Development

As noted above, we previously announced positive results from the lead-period of the GENESIS trial. Additional positive results from the lead-in period were reported at the annual meeting of the European Society for Blood and Marrow Transplantation held in March 2019, where it was announced that hematopoietic stem cells mobilized by BL-8040 in combination with granulocyte colony-stimulating factor were successfully engrafted in all 11 patients participating in the trial.

BL-8040 - Regulatory

In February 2019, the FDA granted Orphan Drug Designation to BL-8040 as a therapeutic for the treatment of pancreatic cancer.

AGI-134 – Regulatory

In May 2019, the FDA approved our IND application for AGI-134. This approval will enable us to expand the Phase 1/2a clinical study described above to the US by the first half of 2020.

Capital Resources

In February 2019, we closed an underwritten public offering of 28.0 million ADSs and warrants to purchases 28.0 million ADSs, at a public offering price of $0.55 per ADS and accompanying warrant. The gross proceeds of the offering were $15.4 million, with net proceeds of $14.1 million, after deducting fees and expenses.

Corporate matters

On December 3, 2018, we received written notice (the "Notification Letter") from The Nasdaq Stock Market ("Nasdaq") stating that we were not in compliance with the $1.00 minimum bid price requirement set forth in Nasdaq's rules for continued listing on The Nasdaq Capital Market. In accordance with Nasdaq's rules, the Company has a grace period of 180 calendar days, or until June 3, 2019 ("Compliance Period"), to regain compliance with the minimum bid price requirement. To regain compliance, the bid price of the Company's ADSs must meet or exceed $1.00 per share for at least 10 consecutive business days during the Compliance Period. The Company intends to cure the deficiency within the available grace period (including possible extensions provided to it by Nasdaq).

Revenues

Our revenues to date have been generated primarily from milestone payments under previously existing out-licensing agreements.

We expect our revenues, if any, for the next several years to be derived primarily from future payments under our current out-licensing agreement with Perrigo and other potential collaboration arrangements, including future royalties on product sales.

Research and Development

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

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

Project	Status	Expected Near Term Milestones
BL-8040	1. Phase 2a study for relapsed or refractory AML completed	1. Follow-up for overall survival is ongoing; evaluation and decision regarding next clinical development steps
	2. Phase 2b study in AML consolidation treatment line (BLAST) ongoing	2. Possible interim results in H2 2019; top-line results expected in 2021
	3. Phase 2 study in allogeneic stem-cell mobilization completed	3. Follow-up on acute and chronic GvHD by H2 2019
	4. Phase 2a in pancreatic cancer under Merck collaboration (COMBAT/KEYNOTE-202) ongoing; top-line results from dual combination arm announced in October 2018	4. Top-line results from triple combination arm expected in H2 2019; overall survival results expected in 2020
	5. Phase 2b study in pancreatic cancer, in collaboration with MD Anderson Cancer Center, ongoing	5. Partial results from this study are anticipated in H2 2019; top-line results expected in 2020
	6. Phase 1b/2 study in AML, in collaboration with Genentech (BATTLE), ongoing	6. Top-line results expected in 2021
	7. Phase 1b/2 studies in pancreatic and gastric cancer, under collaboration with Genentech (MORPHEUS) ongoing	7. Top-line results in 2019
	8. Phase 3 registration study in autologous stem-cell mobilization commenced (GENESIS); partial results from initial dose-confirmation, lead-in part of study announced August 2018	8. Top-line results from randomized, placebo-controlled main part of study expected in H2 2020
AGI-134	Phase 1/2a study commenced in August 2018	Initial safety results from part 1 of study in H2 2019; initial efficacy results of monotherapy arm from part 2 of study expected by end of 2020
BL-5010	Out-licensed to Perrigo; CE mark approval obtained; commercial launch of first OTC indication in Europe commenced	Launch of improved product during 2019; pursuit of potential out-licensing partner(s) for OTC and non-OTC rights still held by us

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

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

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

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

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

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

Sales and Marketing Expenses

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

General and Administrative Expenses

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

Non-Operating Expense and Income

Non-operating expense and income includes fair-value adjustments of liabilities on account of the warrants issued in equity financings we carried out in July 2017 and February 2019, as well as from debt financing we received in October 2017. These fair-value adjustments are highly influenced by our share price at each period end (revaluation date). Non-operating expense and income also includes the pro-rata share of issuance expenses from the placements related to the warrants, as well as the capital gain from realization of our investment in iPharma, a joint venture our holdings in which we sold in April 2018. Sales-based royalties and other revenue from the license agreement with Perrigo have also been included as part of non-operating income, as the out-licensed product is not an integral part of our strategy and the amounts are not material.

Financial Expense and Income

Financial expense and income consists of interest earned on our cash, cash equivalents and short-term bank deposits; interest on loans, bank fees and other transactional costs. In addition, it may also include gains/losses on foreign exchange hedging transactions, which we carry out from time to time to protect against a portion of our NIS-denominated expenses (primarily compensation) in relation to the dollar.

Significant Accounting Policies and Estimates

We describe our significant accounting policies more fully in Note 2 to our consolidated financial statements for the year ended December 31, 2018.

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

Results of Operations – Overview

Revenues

We did not record any revenues during each of the three-month periods ended March 31, 2019 and 2018.

Cost of revenues

We did not record any cost of revenues during each of the three-month periods ended March 31, 2019 and 2018.

Research and development expenses

At December 31, 2016, our drug development pipeline consisted of eight therapeutic candidates. During 2017, we terminated two therapeutic candidates in our pipeline and added one therapeutic candidate to the pipeline, so that our drug development pipeline as of December 31, 2017 consisted of seven therapeutic candidates. During 2018, we terminated four therapeutic candidates in our pipeline, so that our drug development pipeline as of December 31, 2018 and of the date of this report consists of three therapeutic candidates.

Operating Results Comparison between Periods

Revenues and cost of revenues

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

Research and development expenses

	Three months ended March 31,		
	2018	2019	Increase (decrease)
	(in thousands of U.S. dollars)		
Research and development expenses	5,070	4,392	(678)

Research and development expenses for the three months ended March 31, 2019 were $4.4 million, a decrease of $0.7 million, or 13.4%, compared to $5.1 million for the three months ended March 31, 2018. The decrease resulted primarily from a decrease in share-based compensation.

Sales and marketing expenses

	Three months ended March 31,		
	2018	2019	Increase (decrease)
	(in thousands of U.S. dollars)		
Sales and marketing expenses	484	256	(228)

Sales and marketing expenses for the three months ended March 31, 2019 were $0.3 million, a decrease of $0.2 million, or 47%, compared to $0.5 million for the three months ended March 31, 2018. The decrease resulted primarily from a one-time compensation payment in the 2018 period, as well as a decrease in share-based compensation.

General and administrative expenses

	Three months ended March 31,		
	2018	2019	Increase (decrease)
	(in thousands of U.S. dollars)		
General and administrative expenses	1,075	930	(145)

General and administrative expenses for the three months ended March 31, 2019 were $0.9 million, a decrease of $0.2 million or 13.5%, compared to $1.1 million for the three months ended March 31, 2018. The decrease resulted primarily from a decrease in share-based compensation.

Non-operating income (expenses), net

	Three months ended March 31,		
	2018	2019	Increase (decrease)
	(in thousands of U.S. dollars)		
Non-operating income (expenses), net	462	(340)	(802)

We recognized net non-operating expenses of $0.3 million for the three months ended March 31, 2019, compared to net non-operating income of $0.5 million for the three months ended March 31, 2018. Non-operating expenses for the three months ended March 31, 2019 primarily relate to warrant offering expenses offset by fair-value adjustments of warrant liabilities on our balance sheet. Non-operating income for the three months ended March 31, 2018 primarily relate to fair-value adjustments of warrant liabilities on our balance sheet. These fair-value adjustments were highly influenced by our share price at each period end (revaluation date).

Financial income (expenses), net

	Three months ended March 31,		
	2018	2019	Increase (decrease)
	(in thousands of U.S. dollars)		
Financial income	175	210	35
Financial expenses	(206)	(447)	(241)
Net financial income (expenses)	(31)	(237)	(206)

We recognized net financial expenses of $0.2 million for the three months ended March 31, 2019 compared to an immaterial amount of net financial expenses for the three months ended March 31, 2018. Net financial expenses for the 2019 period primarily relate to interest paid on loans, offset by investment income earned on our bank deposits. Net financial expenses for the 2018 period primarily relate to losses recorded on foreign currency hedging transactions, offset by investment income earned on our bank deposits.

Liquidity and Capital Resources

Since inception, we have funded our operations primarily through public and private offerings of our equity securities, funding from the IIA, and payments received under our strategic licensing arrangements. At March 31, 2019, we held $40.6 million in cash, cash equivalents and short-term bank deposits. We have invested substantially all our available cash funds in short-term bank deposits.

Pursuant to our ATM Program with BTIG, LLC, or BTIG, we may sell, from time to time, and at our discretion, up to $30 million of our ADSs during the term of the program. During the three months ended March 31, 2019, we sold 1,614,989 ADSs under the program, resulting in net proceeds to BioLine of approximately $0.9 million (net of $28,000 in commissions paid to BTIG). As of the date of this report, we have an available balance under the program of $24.0 million.

Net cash used in operating activities was $4.6 million for the three months ended March 31, 2019, compared with net cash used in operating activities of $6.8 million for the three months ended March 31, 2018. The $2.2 million decrease in net cash used in operating activities during the three-month period in 2019, compared to the three-month period in 2018, was primarily the result of changes in operating asset and liability items between the two periods – i.e., a decrease in prepaid expenses and other receivables in 2019 versus an increase in 2018, as well as a decrease in accounts payable and accruals in 2018.

Net cash used in investing activities was $9.3 million for the three months ended March 31, 2019, compared to net cash provided by investing activities of $8.1 million for the three months ended March 31, 2018. The changes in cash flows from investing activities relate primarily to investments in, and maturities of, short-term bank deposits.

Net cash provided by financing activities was $14.9 million for the three months ended March 31, 2019, compared to net cash provided by financing activities of $1.4 million for the three months ended March 31, 2018. The increase in cash flows from financing activities reflects the underwritten public offering completed in February 2019.

Developing drugs, conducting clinical trials and commercializing products is expensive and we will need to raise substantial additional funds to achieve our strategic objectives. Although we believe our existing cash and other resources will be sufficient to fund our projected cash requirements into 2021, we will require significant additional financing in the future to fund our operations. Our future capital requirements will depend on many factors, including:

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

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

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

Off-Balance Sheet Arrangements

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