



XTL Biopharmaceuticals Provides Financial and Operational Update For the Third Quarter of 2014

HERZLIYA, Israel – December 1, 2014 – XTL Biopharmaceuticals Ltd. (NASDAQ: XTLB, TASE: XTL) (“XTL” or the “Company”), a clinical-stage biopharmaceutical company focused on the acquisition, development and commercialization of pharmaceutical products for the treatment of unmet clinical needs, today announced its financial and operational results for the three- and nine-month periods ended September 30, 2014.

Josh Levine, Chief Executive Officer of XTL, stated, “We remain focused on our drug development efforts with the in-licensing of hCDR1 for the treatment of Systemic Lupus Erythematosus, which is poised for a Phase II clinical trial. We continue with the rigorous planning process for this core asset with assistance from our Clinical Advisory Board. With their extensive knowledge of lupus and autoimmune system disorders, we still anticipate being able to present a finalized trial design to the FDA and initiate clinical trials in 2015. hCDR1 has been highlighted as an attractive potential candidate for the safe and effective treatment of Lupus. Multiple myeloma is another target market we aim to address with our rHuEPO asset. We reaffirm the 2015 timeline we had previously projected to commence Phase II for this clinical trial.”

“The strong management team has set a clear path for the Company to become a leader in drug development. The recently proposed additions to the Board of Directors will also bring a wealth of experience in drug development as well as a background in the financial markets. The recently announced transaction regarding the sale of 51% of InterCure, which is a non-core asset, to Green Forest Global, will allow the Company to allocate all of its efforts and resources to bring these assets to market. In addition, the recently announced purchase of Company shares by the largest shareholder, clearly demonstrates the continued confidence in the Company’s activities and development programs. The InterCure divestiture also improves the transparency of the Company’s financial statements and streamlines our operations.” concluded Mr. Levine.

Financial Overview

The Company reported research and development expenses for the quarter ended September 30, 2014 of \$43,000 compared with \$32,000 for the same period last year, which reflects increased spending on preparations for clinical trials. General and administrative expenses for the quarter ended September 30, 2014 were \$474,000 compared with \$152,000 for the same period last year. Excluding expenses associated with InterCure Ltd., the Company’s medical device subsidiary, these costs would have been \$328,000 and (\$22,000) for the quarters ended September 30, 2014 and 2013, respectively. The change reflects a reduction of expenses year over year as Q3 2013 expenses included a credit of \$464,000 for options forfeited by a previous director of the Company upon his resignation.

XTL reported an operating loss for the quarter ended September 30, 2014 of \$494,000 compared with a gain of \$829,000 for the same period last year. The Company reported a net loss for the quarter ended September 30, 2014 of \$568,000 compared with a gain of \$445,000 for the same period last year. Third quarter 2013 results included a gain from the sale of the Company’s stake in Proteologics Ltd. of \$1.0 million.

The Company reported \$2.9 million in cash, cash equivalents and bank deposits (including InterCure) as of September 30, 2014.

The Company reported research and development expenses for the nine months ended September 30, 2014 of \$133,000 compared with \$75,000 for the same period last year reflecting increased spending on preparations for clinical trials. General and administrative expenses for the nine months ended September 30, 2014 were \$1.7 million compared with \$1.5 million for the same period last year. Excluding expenses associated with InterCure, Ltd., the Company's medical device subsidiary, these costs would have been \$1,244,000 and \$1,013,000 for the nine months ended September 30, 2014 and 2013, respectively.

XTL reported an operating loss for the nine months ended September 30, 2014 of \$2.0 million compared with \$1.1 million for the same period last year. The Company reported a net loss for the nine months ended September 30, 2014 of \$2.0 million, compared to \$1.9 million in the same period last year.

About XTL Biopharmaceuticals Ltd. ("XTL")

XTL Biopharmaceuticals Ltd., a biopharmaceutical company, focuses on the acquisition, development, and commercialization of pharmaceutical products for the treatment of unmet clinical needs. XTL is focused on late stage clinical development of drugs for the treatment of lupus, multiple myeloma and schizophrenia.

XTL is a public company traded on the Nasdaq Capital Market (NASDAQ: XTLB) and the Tel Aviv Stock Exchange (TASE: XTL). XTL shares are included in the following indices: Tel-Aviv Biomed, Tel-Aviv MidCap, and Tel-Aviv Tech Index.

Cautionary Statement

Some of the statements included in this press release may be forward-looking statements that involve a number of risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Please see the risk factors associated with an investment in our ADSs or ordinary shares which are included in our Annual Report on Form 20-F as filed with the U.S. Securities and Exchange Commission on April 2, 2014.

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XTL Biopharmaceuticals, Ltd. and Subsidiaries
(in thousands, except share and per share amounts)

Consolidated Statements of Financial Position - Selected Data

	As of September 30, 2014	December 31, 2013
Cash, Cash Equivalents and bank deposits	\$2,905	\$4,165
Working Capital	\$2,715	\$3,870
Total assets	\$6,688	\$8,015
Long term liabilities	\$1,184	\$1,219
Total shareholders' equity	\$5,393	\$6,265
Non-controlling interests	\$84	\$520

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Nine months ended September 30, 2014		Three months ended September 30, 2014		Year ended December 31, 2013
	2014	2013	2014	2013	
	Unaudited				
	U.S. dollars in thousands (except per share data)				
Revenues	1,254	1,658	287	473	2,369
Cost of sales	(391)	(567)	(121)	(180)	(741)
Gross profit	863	1,091	166	293	1,628
Research and development expenses	(133)	(75)	(43)	(32)	(113)
Selling and marketing expenses	(868)	(1,620)	(143)	(326)	(1,691)
General and administrative expenses	(1,691)	(1,546)	(474)	(152)	(2,048)
Impairment of intangible assets	-	-	-	-	(1,729)
Impairment of fixed and intangible assets in subsidiary	(141)	-	-	-	-
Other gains, net	-	1,056	-	1,046	1,059
Operating profit (loss)	(1,970)	(1,094)	(494)	829	(2,894)
Finance income	17	59	2	20	61
Finance expenses	(86)	(21)	(76)	(8)	(35)
Finance income, net	(69)	38	(74)	12	26
Losses from investment in associate	-	(845)	-	(396)	(845)
Loss for the period	(2,039)	(1,901)	(568)	445	(3,713)
Other comprehensive income (loss):					
Items which can be classified to profit or loss:					
Foreign currency translation differences	-	108	-	40	108
Reclassification of foreign currency translation adjustments to Other gains, net	-	(221)	-	(221)	(221)
Total other comprehensive income (loss)	-	(113)	-	(181)	(113)
Total comprehensive loss for the period	(2,039)	(2,014)	(568)	264	(3,826)
Loss for the period attributable to:					
Equity holders of the Company	(1,759)	(1,326)	(510)	549	(2,476)
Non-controlling interests	(280)	(575)	(58)	(104)	(1,237)
Total comprehensive loss for the period attributable to:	(2,039)	(1,901)	(568)	445	(3,713)
Equity holders of the Company	(1,759)	(1,439)	(510)	368	(2,589)
Non-controlling interests	(280)	(575)	(58)	(104)	(1,237)

	<u>(2,039)</u>	<u>(2,014)</u>	<u>(568)</u>	<u>264</u>	<u>(3,826)</u>
Basic and diluted loss per share	<u>(0.008)</u>	<u>(0.006)</u>	<u>(0.002)</u>	<u>0.002</u>	<u>(0.011)</u>