UNITED STATES
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 September, 2016

Commission File Number: **001-36000**

XTL Biopharmaceuticals Ltd.
(Translation of registrant's name into English)

5 HaCharoshet St., Raanana,
4365603, Israel
(Address of principal executive offices)

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

Form 20-F X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

Incorporation by Reference: This Form 6-K of XTL Biopharmaceuticals Ltd. is hereby incorporated by reference into the registration statements on Form S-8 (File No. 333-148085, File No. 333-148754 and File No. 333-154795) and Form F-3 (File No. 333-194338).

On September 27, 2016, XTL Biopharmaceuticals Ltd. issued unaudited interim condensed consolidated financial statements as of June 30, 2016. Attached hereto and incorporated by reference herein are the following exhibits:

99.1	Operating and Financial Review and Prospects as of June 30, 2016.
99.2	Unaudited Interim Condensed Consolidated Financial Statements as of June 30, 2016.

SIGNATURES

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.

XTL BIOPHARMACEUTICALS LTD.

Date: September 27, 2016

By: /s/ Josh Levine
Josh Levine
Chief Executive Officer

Exhibit 99.1

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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 31, 2016.

Unless the context requires otherwise, references in this report to "XTL," the "Company," "we," "us" and "our" refer to XTL Biopharmaceuticals Ltd, an Israeli company and our consolidated subsidiaries.

We have prepared our consolidated financial statements in United States dollars and in accordance with International Financial Reporting Standards, ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All references herein to "dollars" or "$" are to US dollars, and all references to "Shekels" or "NIS" are to New Israeli Shekels. Certain amounts presented herein may not sum due to rounding.

Forward Looking Statements

The following discussion contains "forward-looking statements," including statements regarding expectations, beliefs, intentions or strategies for the future. These statements may identify important factors which could cause our actual results to differ materially from those indicated by the forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such 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 any preclinical studies, clinical trials and other product candidate development efforts;
- our ability to advance our product candidates into clinical trials or to successfully complete our preclinical studies or clinical trials;
- our receipt of regulatory approvals for our product candidates, and the timing of other regulatory filings and approvals;
- the clinical development, commercialization and market acceptance of our product candidates;
- our ability to establish and maintain corporate collaborations;
- the implementation of our business model and strategic plans for our business and product candidates;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our product 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;
- competitive companies, technologies and our industry; and
- statements as to the impact of the political and security situation in Israel on our business.

All forward-looking statements attributable to us or persons acting on our behalf speak only as of the date of the 6-K to which this discussion is attached and are expressly qualified in their entirety by the cautionary statements included herein. We undertake no obligations to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events. In evaluating forward-looking statements, you should consider these risks and uncertainties.

Overview

We are a biopharmaceutical company engaged in the acquisition and development of pharmaceutical drugs for the treatment of unmet medical needs. Our current drug development program is focused on the treatment of systemic lupus erythematosus.

We were established as a corporation under the laws of Israel in 1993, and commenced operations to use and commercialize technology developed at the Weizmann Institute in Rehovot, Israel. Since commencing operations, our activities have been primarily devoted to developing our technologies and drug candidates, acquiring pre-clinical and clinical-stage compounds, raising capital, purchasing assets for our facilities, and recruiting personnel. We have had no drug product sales to date. Our major sources of working capital have been proceeds from various private and public offerings of our securities and option and warrant exercises.

We have incurred negative cash flow from operations each year since our inception and we anticipate incurring negative cash flows from operating activities for the foreseeable future. We have spent, and expect to continue to spend, substantial amounts in connection with implementing our business strategy, including our planned product development efforts, our clinical trials, and potential in-licensing and acquisition opportunities.

Our research and development expenses in the six months ended June 2016 and 2015 primarily consisted of expenses related to the hCDR1 development plan. As part of the preparations for future clinical trials of hCDR1, during the six months ended June 2016 and 2015 we engaged regulatory and clinical consultants and completed work on Chemistry, Manufacturing and Control ("CMC") including production and testing of the drug substance and representative batches of the drug product.

Our general and administrative expenses in the six months ended June 2016 and 2015 consisted primarily of salaries, consultant fees, and related expenses for executive, finance and other administrative personnel, professional fees, director fees and other corporate expenses, including investor relations, business development costs and facilities related expenses. We expense our general and administrative expenses as incurred.

Our results of operations in the six months ended June 30, 2016 include non-cash compensation expense as a result of the grants of XTL stock options and issuance of restricted shares to a third party. Compensation expense for awards of options granted to employees and directors represents the fair value of the award (measured using the Black-Scholes valuation model) recorded over the respective vesting periods of the individual stock options (see details below.)

For awards of options and warrants to consultants and other third-parties, according to IFRS 2, the treatment of such options and warrants is the same as employee options compensation expense (see note 17 to the consolidated financial statements for the year ended December 31, 2015). We record compensation expense based on the fair value of the award at the grant date according to the Black-Scholes valuation model. According to the IFRS 2, in non-performance-based options, the Company recognizes options expenses using the graded vesting method (accelerated amortization). Graded vesting means that portions of a single option grant will vest on several dates, equal to the number of tranches. The Company treats each tranche as a separate share option grant; because each tranche has a different vesting period, and hence the fair value of each tranche is different. Therefore, under this method the compensation cost amortization is accelerated to earlier periods in the overall vesting period.

Our planned clinical trials will be lengthy and expensive. Even if these trials show that our drug candidates are effective in treating certain indications, there is no guarantee that we will be able to record commercial sales of any of our product candidates in the near future or generate licensing revenues from upfront payments associated with out-licensing transactions. In addition, we expect losses in our drug development activity to continue as we continue to fund development of our drug candidates. As we continue our development efforts, we may enter into additional third-party collaborative agreements and may incur additional expenses, such as licensing fees and milestone payments. As a result, our periodical results may fluctuate and a period-by-period comparison of our operating results may not be a meaningful indication of our future performance.

Results of Operations for the three months ended June 30, 2016 compared to the three months to June 30, 2015

Revenues

We did not record any revenues during each of the three-month periods ended June 30, 2016 and 2015.

Research and development expenses

Research and development expenses for the three months ended June 30, 2016 were $122,000 compared to $69,000 in the same period in 2015. The increase in expenses in 2016 compared to 2015 for this period is mainly due to our focus on preparing hCDR1 for an upcoming clinical trial including regulatory consulting and the completion of production and testing of the drug product.

General and administrative expenses

General and administrative expenses for the three months ended June 30, 2016 were $344,000 compared to $412,000 in the same period in 2015. The decrease in expenses in 2016 compared to 2015 for this period is mainly due to lower employee compensation.

Financial (expense) income, net

Financial expense, net for the three months ended June 30, 2016 was ($11,000) compared to Financial income of $54,000 in the three months ended June 30, 2015. The decrease in financial income, net was mainly due to changes in fair value of marketable securities held in InterCure, a former subsidiary and exchange rate differences.

Loss from continuing operations

Loss from continuing operations for the three months ended June 30, 2016 was $0.5 million compared to $0.4 million in the same period last year. The increase in loss from continuing operations was mainly due to the decrease in financial income, net.

Total loss

Total loss for the three months ended June 30, 2016 was $0.5 million compared to $0.4 million in the same period last year. The increase in total loss was due to the increased loss from continuing operations

Results of Operations for the six months ended June 30, 2016 compared to the six months to June 30, 2015

Revenues

We did not record any revenues during each of the six-month periods ended June 30, 2016 and 2015.

Research and development expenses

Research and development expenses for the six months ended June 30, 2016 were $355,000 compared to $111,000 for the same period in 2015. The increase in expenses in 2016 compared to 2015 for this period is mainly due to our focus on preparing hCDR1 for an upcoming clinical trial including regulatory consulting and the completion of production and testing of the drug product.

General and administrative expenses

General and administrative expenses for the six months ended June 30, 2016 were $0.7 million, showing no change from the general and administrative expenses for the same period in 2015.

Financial income, net

Financial income, net for the six months ended June 30, 2016 was $14,000 compared to financial expense, net of $186,000 for the six months ended June 30, 2015. The increase in financial income, net was mainly due to changes in fair value in 2015 of marketable securities held in InterCure, a former subsidiary.

Loss from continuing operations

Loss from continuing operations for the six months ended June 30, 2016 was $1.1 million, in line with loss from continuing operations for the same period last year.

Total loss

Total loss for the six months ended June 30, 2016 was $1.1 million compared to a total loss of $1.5 million of the six months ended June 30, 2015. The loss from discontinued operations for the six months ended June 30, 2015 relate to losses from our investment in InterCure, a former subsidiary.

Significant Accounting Policies

We describe our significant accounting policies more fully in Note 2 to our consolidated financial statements for the year ended December 31, 2015.

In addition, when we cease to have control of a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset.

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 as issued by the IASB. The preparation of these financial statements requires us to make estimates and assumptions that have an effect on the application of our accounting policies and on the reported amounts of assets, liabilities and expenses. Actual results could differ from those estimates.

Liquidity and Capital Resources

We have financed our operations from inception primarily through various proceeds from various private and public offerings of our securities and option and warrant exercises. As of June 30, 2016, we had received net proceeds of approximately $80.2 million from various private placement transactions, including net proceeds of approximately $1.5 million from the Bio-Gal transaction in August 2010, net proceeds of approximately $45.7 million from our initial public offering in September 2000, net proceeds of approximately $15.4 million from the 2004 placing and open offer transaction, net proceeds of approximately $1.75 million from our public offering on TASE in March 2011, net proceeds of approximately $3.4 million from our registered direct offering on Nasdaq in April 2015, and proceeds of approximately $4.0 million from the exercise of options and warrants.

The discussion of our liquidity and capital resources below excludes any balances in InterCure, as it is considered a discontinued operation as of December 31, 2014.

As of June 30, 2016, we had approximately $2.6 million in cash and cash equivalents, a decrease of approximately $ 1.2 million from December 31, 2015.

Net cash used in operating activities for the six months ended June 30, 2016 was $1.2 million, compared to net cash used in operating activities of $0.9 million for the six months ended June 30, 2015. The increase in net cash used in operating activities mainly arises from increased research and development expenses for the development of hCDR1.

Net cash used in investing activities for the six months ended June 30, 2016 was $0.06 million compared to net cash provided by investing activities of $0.01 million for the six months ended June 30, 2015. The decrease in net cash provided by investing activities is primarily due to purchase of intangible assets related to our license agreement for hCDR1.

Net cash provided by financing activities for the six months ended June 30, 2016 was $0 compared to $3.6 million for the six months ended June 30, 2015. We consummated a registered direct offering in April 2015 that resulted in approximately $3.4 million in net proceeds and did not consummate a financing in the six months ended June 30, 2016.

We have incurred continuing losses and depend on outside financing resources to continue our activities. Based on existing business plans, our management estimates that our outstanding cash and cash equivalent balances will allow us to finance our activities for an additional period of at least 12 months from the date of this report. However, the amount of cash which we will need in practice to finance our activities depends on numerous factors which include, but are not limited to, the timing, planning and execution of clinical trials of existing drugs and future projects which we might acquire or other business development activities such as acquiring new technologies and/or changes in circumstances which are liable to cause significant expenses to us in excess of management's current and known expectations as of the date of these financial statements and which will require us to reallocate funds against plans, also due to circumstances beyond our control.

We expect to incur additional losses through the end of 2016 arising from research and development activities, testing additional technologies and operating activities, which will be reflected in negative cash flows from operating activities. In order to perform the clinical trials aimed at developing a product until obtaining its marketing approval, we will need to raise additional funds by issuing securities. Should we fail to raise additional capital under standard terms, we will be required to further reduce our development activities or sell or grant a sublicense to third parties to use all or part of our technologies.

Research and Development, Patents and Licenses, Etc.

Research and development costs in 2015, 2014 and 2013 and for the six months ended June 30, 2016 substantially derived from costs related to the development of our clinical assets. As part of the preparations in 2015 and during the six months ended June 30, 2016, we engaged regulatory and clinical consultants and commenced work on CMC, including production and testing of the drug substance and drug product for hCDR1.

hCDR1 for the Treatment of SLE

We intend to initiate an advanced clinical trial, which will include the 0.5 mg (and a 0.25 mg) weekly dose. We estimate that the trial will take one year to enroll patients, 26 weeks to conduct treatment, and additional time to analyze the results for a total of approximately two years.

The following table sets forth the research and development costs for the years 2015, 2014 and 2013 and for the six months ended June 31, 2016 including all costs related to the clinical-stage projects, our pre-clinical activities, and all other research and development. We in-licensed hCDR1 in January 2014 and started preparations for clinical development of this asset during 2014. We started preparations for rHuEPO clinical development in the last quarter of 2010 (after the completion of the Bio-Gal transaction on August 2010). We in-licensed SAM-101 in November 2011 and in June 2015 decided to discontinue further development in order to focus on the development of hCDR1 and rHuEPO.

	Research and Development Expenses in thousand $			
	Six months ended June 30,	**Year ended December 31,**		
	2016	**2015**	**2014**	**2013**
hCDR1	355	549	206	9
rHuEPO	-	29	37	57
SAM-101	-	-	25	16
Other	-	-	10	
Total Research and Development	355	578	278	82

While we are currently focused on advancing our product development projects, our future research and development expenses will depend on the clinical success of each product candidate, as well as ongoing assessments of each product candidate's commercial potential. In addition, we cannot forecast with any degree of certainty which product 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 product candidates or projects in order to focus our resources on more promising product 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 product 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;
- the development stage of the product candidate; and
- the efficacy and safety profile of the product candidate.

We expect our research and development expenses to increase in the future from current levels as we continue the advancement of our clinical trials and preclinical product development and to the extent we in-license 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. Because of 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.

Trend Information.

We are a development stage company and it is not possible for us to predict with any degree of accuracy the outcome of our research, development or commercialization efforts. As such, it is not possible for us to predict with any degree of accuracy any significant trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause financial information to not necessarily be indicative of future operating results or financial condition. However, to the extent possible, certain trends, uncertainties, demands, commitments and events are identified in the preceding subsections.

Off-Balance Sheet Arrangements.

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.

Exhibit 99.2

XTL BIOPHARMACEUTICALS LTD.

INTERIM FINANCIAL INFORMATION

AS OF JUNE 30, 2016

UNAUDITED

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	June 30,		December 31,
	2016	2015	2015
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	2,605	4,820	3,817
Marketable securities	362	281	251
Other accounts receivable	250	124	197
	3,217	5,225	4,265
NON-CURRENT ASSETS:			
Restricted deposits	10	32	10
Property, plant and equipment, net	9	22	11
Intangible assets, net	1,101	2,582	1,037
	1,120	2,636	1,058
Total assets	4,337	7,861	5,323

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	June 30,		December 31,
	2016	2015	2015
	U.S. dollars in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	68	61	118
Other accounts payable	190	170	318
	258	231	436
NON-CURRENT LIABILITIES	-	-	-
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Ordinary share capital	6,624	6,606	6,606
Premium on shares, options and warrants	150,784	150,748	150,748
Reserve for AFS financial assets	111	-	-
Reserve from transactions with non-controlling interests	20	20	20
Accumulated deficit	(153,460)	(149,744)	(152,487)
Total equity	4,079	7,630	4,887
Total liabilities and equity	4,337	7,861	5,323

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

Shlomo Shalev Chairman of the Board	Josh Levine Chief Executive Officer	David Kestenbaum Chief Financial Officer

Date of approval of the financial statements by the Company's Board: September 26, 2016.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	U.S. dollars in thousands (except per share data)				
Research and development expenses	(355)	(111)	(122)	(69)	(578)
General and administrative expenses	(713)	(746)	(344)	(412)	(1,419)
Impairment of intangible assets	-	-	-	-	(1,604)
Other gains (losses), net	-	-	-	-	(10)
Operating loss	(1,068)	(857)	(466)	(481)	(3,611)
Finance income	19	19	-	14	4
Finance expenses	(5)	(205)	11	40	(15)
Finance income (expenses), net	14	(186)	(11)	54	(11)
Loss from continuing operations	(1,054)	(1,043)	(477)	(427)	(3,622)
Loss from discontinued operations	-	(460)	-	-	(689)
Total loss for the period	(1,054)	(1,503)	(477)	(427)	(4,311)
Other comprehensive income from continuing operations:					
Change in fair value of marketable securities	111	-	84	-	-
Comprehensive loss for the period	(943)	(1,503)	(393)	(427)	(4,311)
Loss for the period attributable to:					
Equity holders of the Company	(1,054)	(1,505)	(477)	(427)	(4,313)
Non-controlling interests	-	2	-	-	2
	(1,054)	(1,503)	(477)	(427)	(4,311)
Comprehensive loss for the period attributable to:					
Equity holders of the Company	(943)	(1,505)	(393)	(427)	(4,313)
Non-controlling interests	-	2	-	-	2
	(943)	(1,503)	(393)	(427)	(4,311)
Basic and diluted loss per share (in U.S. dollars):					
From continuing operations	(0.004)	(0.004)	(0.002)	(0.001)	(0.014)
From discontinued operations	-	(0.002)	-	-	(0.003)
Loss per share for the period	(0.004)	(0.006)	(0.002)	(0.001)	(0.017)

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Six months ended June 30, 2016					
	Share capital	Share premium and options	Accumulated deficit	Reserve from transactions with non-controlling interests	Reserve for AFS financial assets	Total
	U.S. dollars in thousands					
Balance as of January 1, 2016	6,606	150,748	(152,487)	20	-	4,887
Loss for the period	-	-	(1,054)	-	-	(1,054)
Other comprehensive gain for the period	-	-	-	-	111	111
Total comprehensive loss for the period	-	-	(1,054)	-	111	(943)
Share-based payment to employees and others	-	-	81	-	-	81
Share-based payment to vendor	18	36	-	-	-	54
Balance as of June 30, 2016	6,624	150,784	(153,460)	20	111	4,079

	Six months ended June 30, 2015							
	Share capital	Share premium and options	Accumulated deficit	Treasury shares	Reserve from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
	U.S. dollars in thousands							
Balance as of January 1, 2015	6,198	148,276	(148,322)	(1,501)	9	4,660	19	4,679
Loss for the period	-	-	(1,505)	-	-	(1,505)	2	(1,503)
Share-based payment to employees and others	-	-	83	-	-	83	-	83
Issuance of shares and warrants	408	3,059	-	-	-	3,467	-	3,467
Deconsolidation of subsidiary	-	(587)	-	1,501	11	925	(21)	904
Balance as of June 30, 2015	6,606	150,748	(149,744)	-	20	7,630	-	7,630

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Three months ended June 30, 2016					
	Share capital	Share premium and options	Accumulated deficit	Reserve from transactions with non-controlling interests	Reserve for AFS financial assets	Total
	U.S. dollars in thousands					
Balance as of April 1, 2016	6,615	150,766	(153,042)	20	27	4,386
Loss for the period	-	-	(477)	-	-	(477)
Other comprehensive gain for the period	-	-	-	-	84	84
Total comprehensive loss for the period	-	-	(477)	-	84	(393)
Share-based payment to employees and others	-	-	59	-	-	59
Share-based payment to vendor	9	18	-	-	-	27
Balance as of June 30, 2016	6,624	150,784	(153,460)	20	111	4,079

	Three months ended June 30, 2015				
	Share capital	Share premium and options	Accumulated deficit	Reserve from transactions with non-controlling interests	Total
	U.S. dollars in thousands				
Balance as of April 1, 2015	6,206	147,765	(149,354)	20	4,637
Loss for the period	-	-	(427)	-	(427)
Share-based payment to employees and others	-	-	37	-	37
Issuance of shares and warrants	400	2,983	-	-	3,383
Balance as of June 30, 2015	6,606	150,748	(149,744)	20	7,630

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Year ended December 31, 2015							
	Share capital	Premium on shares, options and warrants	Accumulated deficit	Treasury shares	Reserve from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
	U.S. dollars in thousands							
Balance as of January 1, 2015	6,198	148,276	(148,322)	(1,501)	9	4,660	19	4,679
Total comprehensive loss	-	-	(4,313)	-	-	(4,313)	2	(4,311)
Share-based payment to employees and others	-	-	148	-	-	148	-	148
Purchase of intangible assets through issuance of equity	8	76	-	-	-	84	-	84
Issuance of shares and warrants	400	2,983	-	-	-	3,383	-	3,383
Transaction with non-controlling interests in InterCure	-	-	-	-	11	11	5	16
Loss of control in InterCure	-	(587)	-	1,501	-	914	(26)	888
Balance as of December 31, 2015	6,606	150,748	(152,487)	-	20	4,887	-	4,887

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	U.S. dollars in thousands				
Cash flows from operating activities:					
Loss for the period	(1,054)	(1,503)	(477)	(427)	(4,311)
Adjustments to reconcile loss to net cash used in operating activities (a)	(111)	578	(31)	(87)	2,450
Net cash used in operating activities	(1,165)	(925)	(508)	(514)	(1,861)
Cash flows from investing activities:					
Sale of investment in subsidiary	-	20	-	-	-
Deconsolidation of subsidiary	-	-	-	-	(55)
Decrease in restricted deposit	-	-	1	-	21
Increase in restricted deposit	-	(11)	-	(12)	(10)
Purchase of property, plant and equipment	-	(2)	-	(2)	(2)
Purchase of intangible assets	(64)	-	-	-	(64)
Net cash provided by (used in) investing activities	(64)	7	1	(14)	(110)
Cash flows from financing activities:					
Proceeds from issuance of shares and options	-	3,559	-	3,559	3,559
Sale of subsidiary shares	-	-	-	-	20
Net cash provided by financing activities	-	3,559	-	3,559	3,579
Increase (decrease) in cash and cash equivalents	(1,229)	2,641	(507)	3,031	1,608
Gains (losses) from exchange rate differences on cash and cash equivalents	17	20	3	36	(2)
Reclassification of cash in subsidiary to assets of disposal group held for sale	-	-	-	-	52
Cash and cash equivalents at the beginning of the period	3,817	2,159	3,109	1,753	2,159
Cash and cash equivalents at the end of the period	2,605	4,820	2,605	4,820	3,817

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	U.S. dollars in thousands				
(a) Adjustments to reconcile loss to net cash used in operating activities:					
Income and expenses not involving cash flows:					
Depreciation and amortization	2	4	1	2	7
Loss from disposal of property, plant and equipment	-	-	-	-	5
Loss from disposal of intangible assets	-	-	-	-	5
Share-based payment transactions to employees and others	135	83	86	37	148
Exchange rate differences on operating activities	(17)	(20)	(3)	(36)	2
Change in marketable securities fair value	-	194	-	(24)	-
Disposal of investment in subsidiary		464	-	-	689
Impairment of intangible assets	-	-	-	-	1,604
Other financial expenses	-	-	-	-	6
	120	725	84	(21)	2,466
Changes in operating asset and liability items:					
Decrease (increase) in other accounts receivable	(53)	110	(1)	52	36
Increase (decrease) in trade payables	(50)	(174)	(74)	(128)	(117)
Increase (decrease) in other accounts payable	(128)	(83)	(40)	10	65
	(231)	(147)	(115)	(66)	(16)
	(111)	578	(31)	(87)	2,450
(b) Additional information on cash flows from operating activities:					
Interest received	-	-	-	3	-

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	U.S. dollars in thousands				
(c) Non-cash activities:					
Conversion of convertible loan into capital in subsidiary	-	50	-	-	-
Share-based payment for intangible assets	-	84	-	-	84
Share-based payment to vendor	54	-	27	-	-

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	U.S. dollars in thousands				
Disposal of consolidated subsidiary:					
Non-current assets held for sale	-	507	-	-	507
Non-current liabilities held for sale	-	(449)	-	-	(449)
Disposal of treasury shares	-	1,501	-	-	1,501
Negative premium from disposal of treasury shares	-	(587)	-	-	(587)
Investment in associate at fair value	-	(482)	-	-	(482)
Loss from disposal of subsidiary	-	(464)	-	-	(464)
Non-controlling interests	-	(26)	-	-	(26)
	-	-	-	-	-

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

NOTES TO CONSOLIDATED CONSOLIDTED FINANCIAL STATEMENTS AS OF JUNE 30, 2016 (UNAUDITED)

NOTE 1:- GENERAL

a. A general description of the Company and its activity:

XTL Biopharmaceuticals Ltd. (the "**Company**") is engaged in the development of therapeutics for the treatment of unmet medical needs. The Company was incorporated under the Israeli Companies Law on March 9, 1993. The registered office of the Company is located at 5 HaCharoshet Street, Raanana 4365603, Israel.

The Company's American Depository Shares ("**ADSs**") are listed for trading on the Nasdaq Capital Market and its ordinary shares are traded on the Tel-Aviv Stock Exchange ("**TASE**").

As of June 30, 2016, the Company has the following subsidiary:

Xtepo Ltd. – a wholly owned (100%) private company incorporated in Israel which holds a license for the exclusive use of the patent for the rHuEPO drug for the treatment of Multiple Myeloma.

The Company and Xtepo Ltd. are heretofore referred to as the Group.

b. The Company has incurred continuing losses and depends on outside financing resources to continue its activities. Based on existing business plans, the Company's management estimates that its outstanding cash and cash equivalent balances will allow the Company to finance its activities for an additional period of at least 12 months from the date of this report. However, the amount of cash which the Company will need in practice to finance its activities depends on numerous factors which include, but are not limited to, the timing, planning and execution of clinical trials of existing drugs and future projects which the Company might acquire or other business development activities such as acquiring new technologies and/or changes in circumstances which are liable to cause significant expenses to the Company in excess of management's current and known expectations as of the date of these financial statements and which will require the Company to reallocate funds against plans, also due to circumstances beyond its control.

The Company expects to incur additional losses in 2016 arising from research and development activities, testing additional technologies and operating activities, which will be reflected in negative cash flows from operating activities. In order to perform the clinical trials aimed at developing a product until obtaining its marketing approval, the Company will need to raise additional funds by issuing securities. Should the Company fail to raise additional capital under standard terms, it will be required to further reduce its development activities or sell or grant a sublicense to third parties to use all or part of its technologies.

NOTE 2:- BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

a. The condensed consolidated financial information of the Company as of June 30, 2016 and 2015, and for the respective interim periods of three and six months then ended ("interim financial information") has been prepared in accordance with IAS 34, "Interim Financial Reporting" ("**IAS 34**") and includes the additional disclosure requirements in accordance with Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. This interim financial information does not contain all the information and disclosures that are required in the framework of the annual financial statements. This interim financial information should be read in conjunction with the annual financial statements for 2015 and the accompanying notes which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. This interim financial information does not contain all information and notes required by IFRS for annual financial statements. In the opinion of management, these unaudited condensed consolidated interim financial statements reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the Company's financial position and results of operations and cash flows for the three and six-month periods ended June 30, 2016 and 2015.

b. Estimates – the preparation of the interim financial statements requires the Company's management to make judgments and to use accounting estimates and assumptions that have an effect on the application of the Company's accounting policies and on the reported amounts of assets, liabilities and expenses. Actual results could differ from those estimates.

   In the preparation of these condensed consolidated interim financial statements, the significant judgment exercised by management in applying the Company's accounting policies and the uncertainties involved in the key sources of the estimates were identical to those in the annual consolidated financial statements for the year ended December 31, 2015.

NOTES TO CONSOLIDATED CONSOLIDTED FINANCIAL STATEMENTS AS OF JUNE 30, 2016 (UNAUDITED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies and methods of computation adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the annual financial statements for 2015.

Disposal of subsidiary

(i) When the Company ceases to have control of a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset.

NOTE 4: SIGNIFICANT EVENTS DURING THE PERIOD

a. On February 1, 2016, the Company paid Yeda an amount of approximately $64 thousand, as the fourth of six installments for the patent expenses reimbursement stipulated in the license agreement for hCDR1 for the treatment of systemic lupus erythematosus (SLE).

b. In February 2016, the Company issued 340,000 ordinary shares, represented by 17,000 ADSs, to a service provider, as part of the terms of a service agreement signed in January 2016. Shares are restricted in accordance with Rule 144 of the U.S. Securities and Exchange Commission.

c. On March 4, 2016, the Company entered into an agreement with its newly appointed Medical Director, Dr. Daphna Paran. According to the agreement, Dr. Paran's compensation includes an allocation of 50,000 stock options, exercisable into 50,000 ordinary shares of NIS 0.1 par value each of the Company, for an exercise price of NIS 0.6 per stock option, as previously approved by the Board of Directors of the Company. The fair value of all the stock options according to the Black-Scholes model pursuant to IFRS 2 as of the date of grant (the date of the Company's Board's decision) was approximately $2 thousand. The exercise period of the stock options is a maximum of ten years from the grant date. The stock options vest in twelve equal portions each quarter over a period of three years from the date of grant. The value of each stock option is based on the following assumptions: expected dividend rate of 0%, expected standard deviation of 74.40%, risk-free interest rates of 1.97% and expected life until exercise of 10 years.

d. On March 31, 2016, a general meeting of shareholders of the Company approved the remuneration terms of the Chairman of the Board of Directors of the Company, retroactive to September 1, 2015. The terms include monthly remuneration in the amount of NIS 20,000, as well as the allocation of 1,500,000 stock options, exercisable into 1,500,000 ordinary shares of NIS 0.1 par value each of the Company, for an exercise price of NIS 0.6 per stock option. The fair value of all the stock options according to the Black-Scholes model pursuant to IFRS 2 as of the date of grant (the date of approval by the general meeting) was approximately $63 thousand. The exercise period of the stock options is a maximum of ten years from the grant date. The stock options vest in twelve equal portions each quarter over a period of three years from the date of grant. The value of each stock option is based on the following assumptions: expected dividend rate of 0%, expected standard deviation of 74.40%, risk-free interest rates of 1.97% and expected life until exercise of 10 years.

NOTE 4: SIGNIFICANT EVENTS DURING THE PERIOD (Cont.)

e. On March 31, 2016, a general meeting of shareholders of the Company approved the allocation of 1,000,000 stock options to the Company's Chief Executive Officer, exercisable into 1,000,000 ordinary shares of NIS 0.1 par value each of the Company, for an exercise price of NIS 0.6 per stock option. The fair value of all the stock options according to the Black-Scholes model pursuant to IFRS 2 as of the date of grant (the date of approval by the general meeting) was approximately $42 thousand. The exercise period of the stock options is a maximum of ten years from the date of grant. 33.33% of the stock options vest following the lapse of 12 months from the grant date, and the remaining 66.67% vest in eight equal portions each quarter over a period of two years from the first anniversary. The value of each stock option is based on the following assumptions: expected dividend rate of 0%, expected standard deviation of 74.40%, risk-free interest rates of 1.97% and expected life until exercise of 10 years.

f. On May 5, 2016, the Company issued an additional 340,000 ordinary shares, represented by 17,000 ADSs, to a service provider, as part of the terms of a service agreement signed in January 2016. Shares are restricted in accordance with Rule 144 of the U.S. Securities and Exchange Commission.

g. On May 31, 2016, the Board of Directors of the Company approved the allocation of 400,000 stock options to the Company's Chief Financial Officer, exercisable into 400,000 ordinary shares of NIS 0.1 par value each of the Company, for an exercise price of NIS 0.6 per stock option. The fair value of all the stock options according to the Black-Scholes model pursuant to IFRS 2 as of the date of grant (the date of approval by the general meeting) was approximately $14 thousand. The exercise period of the stock options is a maximum of ten years from the date of grant. 33.33% of the stock options vest following the lapse of 12 months from the grant date, and the remaining 66.67% vest in eight equal portions each quarter over a period of two years from the first anniversary. The value of each stock option is based on the following assumptions: expected dividend rate of 0%, expected standard deviation of 74.40%, risk-free interest rates of 1.97% and expected life until exercise of 10 years.

NOTE 5: EVENTS AFTER THE REPORTING PERIOD

On July 7, 2016, the Company and Yeda reached an agreement whereby the remaining two installments for the patent expenses reimbursement stipulated in the license agreement for hCDR1 for the treatment of systemic lupus erythematosus (SLE) would be paid on April 7, 2017 and other development milestones would be postponed by nine months.

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