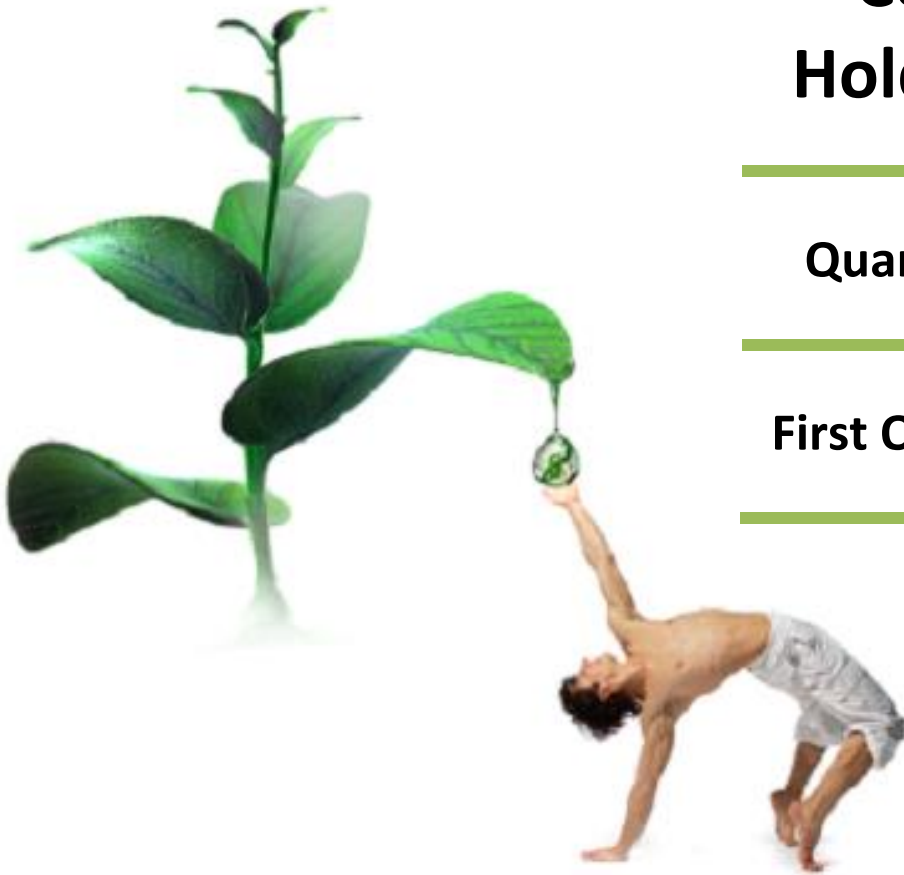




Convenience Translation

CollPlant
Revolutionizing Tissue Repair



CollPlant Holdings Ltd.

Quarterly Report

First Quarter 2014





Contents

- Part A** Board of Directors report regarding company's status as of March 31, 2014
- Part B** Interim financial statements
- Part C** Update of the Part containing a description of the Entity's business
- Part D** Declarations by management

As of the date of this report, the Company is considered to be a "small entity" in accordance with the conditions that are set in Regulation 5C of the Securities Regulations (Periodic and Immediate Report) – 1970 ("The Regulations").

In accordance with a decision by the Company's Board of Directors, the Company has adopted and is implementing a number of the reliefs that have been determined in the Regulations (in so far as such implementation is relevant or will be relevant to the Company), the main reliefs being as follows:

1. The attachment of very significant evaluation is only to be executed over and above a materiality threshold of 20%;¹
2. The statements of significant affiliated companies are only to be attached to the interim financial statements over and above a threshold for attachment of 40% (the total attachment to the annual financial statements is (remains) 20%);²
3. An exemption from the implementation of the provisions of the Second Addition in the Regulations (details regarding exposure to market risks and the manner in which they are managed (Glai Report));³
4. The non-publication of a report in the internal control and a report by the auditor on the internal control, with the attachment of a more limited declaration by management alone.⁴

¹ Regulation 5D(b)(1) of the Regulations. In accordance with legal decision SLB105-23 by the staff at the Securities Authority, as updated in March 13, 2014, on the matter of the parameters for the examination of the materiality of evaluations, a "**very significant evaluation in a small entity**", is defined as an evaluation where:

- (a) The subject matter of the evaluation constitutes at least 20% of the total assets of the company; **or**
- (b) The impact of the change in value as a result of the evaluation on the net income or on the comprehensive income, as the case may be, constitutes at least 20% of the total net income or of the comprehensive income, respectively **and in addition** the impact of the change constitutes at least 10% of the entity's shareholders' equity.

² Regulation 5D(b)(2) of the Regulations.

³ Regulation 5D(b)(3) of the Regulations.

⁴ Regulation 5D(b)(4) of the Regulations.

Collplant Holdings Ltd.

Part A – Board of Directors report regarding company's status as of March 31, 2014

The Company's Board of Directors is honored to present hereby the Board of Directors report regarding the status of the Company ("**CollPlant**" or "**The Company**") and its subsidiary company as of March 31, 2014 and for the period of three months ended on that date ("**The reporting date**" and "**The interim period**"), in accordance with the Securities Regulations (Periodic and Immediate Reports) – 1970 ("**The report of the Board of Directors for the interim period**"). The report of the Board of Directors for the interim period is attached to the interim consolidated financial statements ("**The interim financial statements**") on the assumption that the said interim financial statements are available to the reader.

A. The explanations of the Board of Directors on the Company's status, the results of its operations, its shareholders equity and its cash flows

The Company is a medical device company that is focused on regenerative medicine by utilizing its propriety technology for processing recombinant human collagen, which is produced from tobacco plants and other recombinant proteins. Collplant is developing a substantial range of biomaterials-based products, which are applicable in multiple medical markets, including orthopedics, wound management, cardiology and general surgery. The Company's business model is based on strategic cooperation with leading companies for the joint development of products and for bringing them to the market as well as the self-development of products, which will be marketed through distributors.

The Company's plan includes the conducting of clinical trials for two products in 2014, a syringe for healing wounds and a product for healing inflammations in tendons. In addition, the Company is continuing to increase efficiency in the production processes for the Collagen protein.

On May 18, 2014, the Company announced that it had received all of the approvals that are required for the start of the performance of an open (revealed) clinical trial for its Vergenix®FG syringe for the healing of wounds, which it has developed. The Company intends to start the trials in the coming weeks, with the recruitment of the first patients. CollPlant's medical product is a Collagen based gel, which is intended for the treatment of diabetic ulcers, burns, pressure wounds, chronic wounds and surgical wounds. The size of the wounds treatment market for which Vergenix®FG is intended is estimated at approximately 5 billion Dollars and in accordance with the plans, CollPlant is holding meetings with international distributors in order to distribute the product in Europe.

1. Significant changes that have occurred in the Company's operations and in its business and in the figures in its financial statements for the interim period

The financial position

- 1.1 Current assets – The balance of the current assets amounted to NIS 20,949 thousand as of March 31, 2014, as compared with NIS 25,505 thousand as of December 31, 2013. The decrease of NIS 4,556 in the balance of the current liabilities is attributed primarily to the use of the cash balances by the Company in order to invest in product development operations.
- 1.2 Non-current assets – The balance of the non-current assets amounted to NIS 4,711 thousand as of March 31, 2014, as compared with NIS 4,768 thousand as of December 31, 2013. The change derived primarily from the depreciation and

amortization recorded by the Company, in an amount of NIS 240 thousand in respect of fixed and other assets, which was offset by an invest of NIS 192 thousand in fixed assets in the interim period.

- 1.3 Current liabilities– The balance of the current liabilities amounted to NIS 2,323 thousand as of March 31, 2014, as compared with NIS 3,189 thousand as of December 31, 2013. The decrease in the balance of the current liabilities in the interim period derived primarily in a decrease of NIS 551 thousand in trade payables, primarily in respect of the recruitments of equity in the fourth quarter of 2013 and a reduction of NIS 315 thousand in liabilities to employees and institutions in respect of employees.
- 1.4 Equity– The Company's equity amounted to NIS 23,337 thousand as of March 31, 2014, as compared with NIS 27,084 thousand as of December 31, 2013. The decrease in the balance of the equity in the course of the interim period derived from the comprehensive loss of NIS 3,797 thousand for the period, less the component of the benefit in respect of options to employees and consultants in an amount of NIS 50 thousand.

2. Business activity results

The following are the Company's condensed statements of income for the periods of three months ended March 31, 2014 and 2013 and for the year 2013 (in NIS thousands):

	For the three months ended March 31		For the year ended December 31
	2014	2013	2013
	Unaudited		Audited
	NIS thousands		
Research and development expenses:			
Research and development expenses	3,717	4,639	16,151
Participation in research and development expenses	(957)	(598)	(3,717)
Research and development expenses, net	2,760	4,041	12,434
General and administrative and marketing expenses	1,066	819	3,747
Operating loss	3,826	4,860	16,181
Financing expenses (income), net	(29)	119	289
Comprehensive loss for the period	3,797	4,979	16,470

The following is an analysis of the operating results:

2.1 Research and development expenses

Research and development expense amounted to NIS 3,717 thousand in the first quarter of 2014, as compared with NIS 4,639 thousand in the comparative quarter in the previous year. The volume of the development expenses has decreased by NIS 922 thousand by comparison to the comparative quarter in the previous year, as a result of the Company focusing on the development of orthopedic and wound management products, efficiency in the lowering of the production costs of Collagen, together with a decrease in the size of the workforce as detailed in the efficiency plan.

The total participation in research and development expenses amounted to NIS 957 thousand in the first quarter of 2014, as compared with NIS 598 thousand in the comparative quarter in the previous year. The increase in the participation in the expenses is in respect of an increase in the participation by the Chief Scientist in the Company's development plans in 2014, as compared with 2013

2.2 Administrative, general and marketing expenses

Administrative, general and marketing expenses amounted to NIS 1,066 thousand in the first quarter of 2014, as compared with NIS 819 thousand in the comparative quarter in the previous year.

2.3 Operating loss

The operating loss amounted to NIS 3,826 thousand and to NIS 4,860 thousand in the quarters ended March 31, 2014 and 2013, respectively. The reduction in the operating loss in the first quarter of 2014 occurred as a result of the Company's progress in the orthopedic field and in the wounds management field, and from a reduction in the size of the workforce as detailed in the efficiency plan. The decrease is also as a result of an increase in participation in development expenses by the Chief Scientist in the Chamber of Commerce, as described above.

2.4 Financing expenses, net

The financing income in the first quarter of 2014 amounted to NIS 29 thousand, as compared with financing expenses, net of NIS 119 thousand in the comparative quarter in the previous year. The Company's financing income derives from the Company's cash balances in 2014. The financing expenses in the comparative period in the previous year derived primarily as a result of exchange differences in respect of cash balances and receivables that were denoted in Dollars.

2.5 Taxes on income

As of March 31, 2014 and 2013, the Company had significant accumulated losses for tax purposes. Deferred taxes have not been recorded in respect of these losses as a result of the inability to forecast a tax liability in the future.

2.6 Comprehensive loss for the period.

The comprehensive loss amounted to NIS 3,797 thousand and to NIS 4,979 thousand in the quarters ended March 31, 2014 and 2013, respectively. The reduction in the comprehensive loss in the said periods derived primarily from a decrease in the size of the expensed and the Company's focusing on the orthopedic field and on the wounds management field, and also as a result of an increase in participation in development expenses by the Chief Scientist as described above.

3. **Liquidity, cash flows and sources of financing**

3.1 The Company has not yet generated profits or positive cash flows from its operating activities. The Company's plans for the continuation of the research and the development of products, for manufacturing and for marketing in the coming year are supported by sources of financing, which include the Company's cash balances and grants from government authorities and receipts from strategic partners. During the course of the fourth quarter of 2013, the Company completed the recruitment of equity in a net amount of approximately NIS 27.4 million. This consideration will serve the Company, together with the abovementioned external sources of financing, for the financing of the operating activities, including the research and development activities and the financing of the Company's work plan at least until the middle of 2015.

The Company is taking action to obtain additional sources of financing, which will enable the continuation of its operations beyond the abovementioned period. These sources include: (1) the signing and execution of additional agreements with companies for the development of joint products, agreements that also include, inter alia, the full financing of the development costs and payments to the Company for a license for the sale of the Company's products in the future; (2) preparations for the start of the sale of the Company's products, where the preparations include the performance of clinical trials and the presentation of applications for the approval of sales of the Company's products in Europe and discussions and meetings with international distributors, who are candidates for the distribution of the Company's products in Europe and (3) the recruitment of sources of financing from the public and/or from private investors and/or from institutional investors in Israel and overseas in accordance with the developments in sections (1) and (2) above. There can be no certainty regarding the Company's ability to recruit additional sources of financing, as previously mentioned. See Note 1C to the interim financial statements for additional details.

3.2 **Cash flows**

3.2.1 **Cash flows from operating activities**

The net cash absorbed by operating activities in the first quarter of 2014 amounted to NIS 4,270 thousand, as compared with NIS 3,611 thousand in the comparative quarter in the previous year. The increase in the absorption of cash by comparison with the comparative quarter in the previous year derived primarily from an exceptional collection from a strategic partner, in an amount of NIS 1.6 million, which was used by the Company at the beginning of 2013.

3.2.2 **Cash flows from investment activities**

The net cash absorbed by investment activities amounted to NIS 195 thousand and NIS 30 thousand in the quarters ended March 31, 2014 and 2013, respectively. These cash flows were primarily directed to investments in fixed assets for the Company's development activity.

3.2.3 **Cash flows from operating activities**

The Company did not generate net cash from the financing activities in the quarters ended March 31, 2014 and 2013, respectively.

3.3 The sources of financing:

In the interim period, the Company financed its operations from the balances of cash and cash equivalents that were available to it, including grants from government authorities.

3.4 Quarterly report regarding the volume of the liabilities in accordance with the repayment times

For details regarding the volume of the Company's liabilities, in accordance with the repayment times, see the separate report that has been presented as of the time of this report.

4. Remuneration for interested parties and senior office holders

4.1 In the interim period, no significant changes have occurred in relation to what is stated in the annual report of the Board of Directors in connection with the manner of the examination of the remuneration terms of the office holders in the Company, their reasonability and the connection between them and the contribution made by the office holders and interested parties in the Company in accordance with the requirements in Regulation 21 of the Securities Regulations (Periodic and Immediate Reports) – 1970, except as detailed below.

4.2 On April 9 and on May 28, 2014, the Company's Audit Committee (sitting also as the Remunerations Committee) and the Company's Board of Directors, respectively, approved the granting of a bonus for the year 2013 to 3 senior office holders in the Company (including the Company's Chief Executive Officer, as detailed in section 4.3 below), in accordance with the criteria and the targets that were set for them in accordance with the Company's remuneration policy. The total amount of the grants that were granted to all of the office holders, as previously mentioned, amounted to NIS 210 thousand.⁵

4.3 On May 28, 2014, following the approval of the Company's Remuneration Committee on April 9, 2014, in accordance with the Company's remuneration policy, as approved by a general meeting of the Company's shareholders on January 23, 2014 ("**The remuneration** policy"), the Company's Board of Directors gave approval for the granting of a grant to the Company's Chief Executive Officer Mr. Yehiel Tal, at the level of one and a half salaries (approximately NIS 82 thousand).

In the opinion of the Remuneration Committee and the Board of Directors, taking into account the Company's results in 2013; the Chief Executive Officer's experience, skill and knowledge; his role, his responsibility and his contribution to the Company's operations and results in 2013, which included inter alia, the meeting of the targets and the timetables, which had been set in the development plan, the licensing and the production of the Company's products, and the recruitment of the equity that is required for the continuation of the Company's

⁵ The senior office holders, apart from the Chief Executive Officer are:

1. The Chief Financial Officer – the bonus was granted for the meeting of the targets for raising the equity that are needed for the continuation of the Company's operations and in respect of the planning and the execution of the efficiency plan and the budgetary control.
2. The Vice President of Regulatory Affairs and Quality Assurance – the bonus was granted for the planning and fulfillment of the licensing plan for the Company's products, and for the meeting of the quality assurance targets in the Company.

operations; taking into account what is stated in the remuneration policy as well as comparative data that were examined recently upon the adoption of the remuneration policy and the decision regarding the components of the Chief Executive Officer's bonus for the year 2013; and also taking into account the array of terms governing his holding office as the Chief Executive Officer, the relationship between his remuneration and the remuneration for the other employees in the Company and the idea that forms the basis for the granting of an annual bonus in order to progress the Company's targets, both from a short-term perspective and in particular from a long-term perspective, as well as the whole array of the terms governing his holding office as the Chief Executive Officer, is fair and reasonable.

See Regulation 21 of Part D (Additional details of the entity) in the Company's annual report for the year 2013 dated March 24, 2014 (Document Number 2014-01-022545) for the main details of terms governing the Chief Executive Officer's holding of office and employment.

- 4.4 On March 19 and 23, 2014, the Company's Audit Committee (sitting also as the Remunerations Committee) and the Company's Board of Directors, respectively, approved extension of the Company's office holders liability insurance policy, in accordance with the terms of the Company's facility transaction that is in force.
- 4.5 In the assessment of the Company's Board of Directors, the remunerations that have been provided in the interim period for each of the abovementioned office holders, as detailed in Regulation 21 of Part D (Additional details on the entity), accord with the remunerations policy, which has not been exceeded.
- 4.6 For additional details, see Part C (Update of the description of the entity's business), which appears further on in this report.

B. Aspects of corporate governance

5. Details relating to the members of the Board of Directors who have accounting and financial expertise

- 5.1 In March 2013, the Company's Board of Directors decided that the minimal number of directors (including external directors) having accounting and financial expertise) who are required in the Board of Directors ("**The minimum number**") shall stand at one.
- 5.2 During the interim period and as of the time of this report, the number of directors having accounting and financial expertise did not fall below the minimum number.

6. Details in relation in independent directors

During the interim period and as of the time of the this report, the Company has not adopted provisions in its articles of association regarding the percentage of the members of the Board of Directors who are independent, within the definition of that term in Section 219(E) of the Companies Law – 1999 ("**The Companies Law**").

7. **Update in relation to an event or matter that has been reported on**

During the interim period and as of the time of the publication this report, the Company has not presented a report on an event or on a matter ("**The original report**"), which might occur at a date that is later than the timing of the original report, an update in which should be presented.

Details regarding the Company's internal auditor

- 7.1 The Company's internal auditor complies with all of the conditions that are set in Section 3(A) of the Internal Audit Law- 1992 ("**The Internal Audit Law**"); the internal auditor complies with the provisions of Section 136(B) of the Companies Law, and the provisions of Section 8 of the Internal Audit Law, and she holds office as a senior office holders in the Company under the provisions of the law.
- 7.2 During the interim period and as of the time of this report, no significant change has occurred in relation to what is described in the annual report of the Board of Directors in connection with the Company's internal auditor.

8. **Details regarding debt certificates that are in circulation**

During the interim period and as of the time of the publication this report, the Company does not have debt certificates that are in circulation

9. **Self purchase plan**

- 9.1 The Company's Board of Directors is the body that is responsible for the exercise of the ultimate control in the Company and for the approval of the financial statements.
- 9.2 As of the time of this report, the members of the Board of Directors are: Yaron Yaniv - Chairman of the Board of Directors, Professor Oded Shoseyov, Dr. Alon Domanis, Ran Nussbaum, Rami Armon (External Director), Tony Qian, Efi Cohen-Arazi and Orli Tori (External Director).
- 9.3 In accordance with the provisions of the Companies Regulations (Provisions and conditions on the matter of the process of the approval of the financial statements) – 2010 ("**The Approval of Financial Statements Regulations**"), the Company's Audit Committee has also been appointed as the Company's Financial Statements Examination Committee (in this section: "**The Committee**"). As of the date of this report, the Committee is comprised of three members: Mr. Rami Armon, an external director and the Chairman of the Committee; Ms. Orli Tori, an external director; and Mr. Rami Nussbaum, a director.
- 9.4 The approval of the interim financial statements involves two meetings, as detailed below: (1) a meeting of the Committee before a meeting of the Board of Directors, for a comprehensive discussion in principle on significant reporting and disclosure issued and for a discussion and the formulation of its recommendations for the purpose of the approval of the interim financial statements by the Board of Directors; (2) a meeting of the Board of Directors, for a discussion of the financial statements and the approval thereof. A draft of the financial statements is passed to the directors several days before the time of each meeting, together with the recommendations.

- 9.5 In addition to all of the members of the Committee, the Company's external auditor, officers and other office holders in the company were invited to and attended the meeting of the Committee, which was held on May 25, 2014, at which the Committee held a discussion and formulated its recommendations to the Board of Directors on the subject of the approval of the interim financial statements.

Within the context of its meeting, the Committee examined the manner of the presentation and received a detailed review by the Company's Chief Financial Officer, inter alia, on the assessments and the estimates that had been made in connection with the interim financial statements, on which figures appearing in the interim financial statements are based, including significant changes in such assessments and the estimates (in so far as there were any), the completeness and the fairness of the reporting and the disclosure in the interim financial statements and the Company's plans for financing its operations in the year following the date of the meeting. The Chief Financial Officer reviewed the accounting policy that has been adopted and the accounting treatment that has been implemented on issues that are of significance to the Company before the members of the Committee.

Furthermore, the external auditor related to the issues that had been presented. A discussion was held in the Committee on the subject of the accounting policy and the manner of the presentation and the disclosure in the interim financial statements. The Committee's recommendations were passed to the members of the Board of Directors in writing on November 26, 2013 and the recommended to the Board of Directors to approve the Company's interim financial statements.

- 9.6 The following persons were present at a meeting of the Board of Directors, which was held on May 28, 2014 and which dealt, inter alia, with the approval of the interim financial statements: Yaron Yaniv, the Chairman of the Board of Directors, Professor Oded Shoseyov, Ran Nussbaum, Rami Armon (External Director), Tony Qian, Orli Tori (External Director) and Adi Goldin (Replacement Director). In addition to the said members of the Board of Directors, the Company's external auditor, officers and other office holders in the Company, who had been invited and were prepared to answer any question that was raised by members of the Board of Directors, were also present at the meeting.

At the said meeting, the Board of Directors discussed the Committee's recommendation, it reviewed the Company's financial results, its financial position and its cash flows and data were presented on the Company's operations together with a comparison to the previous periods that had been reviewed. Furthermore, the Board of Directors discussed and made a decision regarding the non-inclusion of separate financial information in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970. The reason for which the Company has not included separate financial data, is in the light if the immaterial impact that separate financial statements would have on the consolidated financial statements and because any additional information would be immaterial in relation to the consolidated financial statements. The timing of the passing of the Committee's recommendations to the members of the Board of Directors is 2 business days before the said meeting of the Board of Directors, which has been determined to be a reasonable time for the passing of the recommendations, in the light of their extent and their complexity.

During the course of the meeting of the Board of Directors for the approval of the interim financial statements, the Company's Chief Financial Officer provided a detailed review of the principal financial data that are presented in the interim financial statements, the main changes that have occurred in the interim financial data, the accounting policy that has been implemented and the changes that have

occurred in it (in so far as there have been any) and the implementation of the principle of fair disclosure in the interim financial statements and the accompanying information, including on the matters relating to the completeness and the fairness of the disclosure in the interim financial statements.

Furthermore, a discussion was held on the sources of financing that the Company will use for the execution of its plans in the coming year. During the course of the discussion, the Company's management responded to questions from the Board of Directors and the external auditor added his comments regarding the interim financial statements. At the end of the said discussion, when it had been clarified that the interim financial statements reflect the state of the Company's business and the results of its operations fairly, the Board of Directors adopted the recommendations of the Committee and approved the Company's interim financial statements.

C. Disclosure provisions in connection with the Company's financial reporting

10. Disclosure regarding events after the date of the statement of financial position

To the best of the Company's knowledge, no significant events have occurred since the date of the statement of financial position, which are mentioned in the interim financial statements. For additional details regarding events that have occurred since the date of the statement of financial position, see Note 4 to the interim financial statements. See also the details in Part C (Update on the description of the entity's business) in this report.

D. Self-purchases

11. Self purchase plan

The Company does not have a plan for the self-purchase of the Company's securities, within the definition of the term "purchase" in Regulation 10(B)(2)(i) of the Regulations.

The Company's Board of Directors wishes to thank the Company's employees and its managers for their contribution to the Company's progress.

Yaron Yaniv
Chairman of the Board of Directors

Yehiel Tal
Chief Executive Officer

Date: May 28, 2014

Convenience Translation

CollPlant Holdings Ltd.
Interim Financial Information
(Unaudited)
March 31, 2014

**CollPlant Holdings Ltd.
Interim Financial Information**

**(Unaudited)
March 31, 2014**

Contents

	Page
Auditors' Report	2
Condensed Consolidated Interim Financial Statements (NIS)	
Condensed Consolidated Statements of Financial Position	3
Condensed Consolidated Statements of Comprehensive Loss	4
Condensed Consolidated Statements of Changes in Equity	5
Condensed Consolidated Statements of Cash Flows	6-7
Notes to the Condensed Consolidated Financial Statements	8-10



Auditor's report to the shareholders of CollPlant Holdings Ltd.

Introduction

We have reviewed the accompanying financial information of CollPlant Holdings Ltd. and its subsidiary ("the Company"), including the condensed consolidated statement of financial position as at March 31, 2014 and the condensed consolidated statements of comprehensive loss, changes in equity and cash flows for the three months then ended. The board of directors and the management are responsible for preparation and presentation of the financial information for this interim period in accordance with IAS 34 - Interim Financial Reporting, and are also responsible for preparation of the interim financial information for this period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Review scope

We conducted our review in accordance with Accounting Standard No. 1 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, established by the Institute of Certified Public Accountants in Israel. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted accounting principles in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that this financial information is not prepared, in all material respects, in accordance with IAS 34.

Additionally, based on our review, nothing has come to our attention that causes us to believe that this financial information is not prepared, in all material respects, in accordance with the disclosure requirements in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Without qualifying our conclusion, we draw attention to Note 1 C to the condensed consolidated financial statements, which describes the factors underlying the significant uncertainty regarding the Company's continued existence as a going concern. The management's plans regarding these factors are also described in this note. The financial statements do not include adjustments for assets and liabilities and their classification which may be required if the Company is unable to continue as a going concern.

Tel Aviv,
May 28, 2014

Kesselman & Kesselman
Certified Public Accountants
Member of PricewaterhouseCoopers International Limited

CollPlant Holdings Ltd.

Condensed consolidated statements of financial position
March 31, 2014

	March 31		December 31
	2014	2013	2013
	(Unaudited)		(Audited)
	NIS thousands		
Assets			
Current assets:			
Cash and cash equivalents	19,335	6,524	23,777
Other receivables	1,614	1,637	1,728
	20,949	8,161	25,505
Non-current assets			
Restricted deposit	506	580	503
Long term receivables	55		67
Property, plant and equipment	2,416	2,686	2,462
Intangible assets	1,734	1,747	1,736
	4,711	5,013	4,768
Total assets	25,660	13,174	30,273
Liabilities and equity			
Current liabilities			
Other payables			
Trade payables	1,305	1,007	1,856
Other	1,018	1,222	1,333
Total current liabilities	2,323	2,229	3,189
Equity			
Ordinary shares	2,369	1,517	2,369
Share premium	130,918	104,373	130,918
Retained loss	(109,950)	(94,945)	(106,203)
Total equity	23,337	10,945	27,084
Total liabilities and equity	25,660	13,174	30,273

Yaron Yaniv
Chairman of the Board

Yehiel Tal
CEO

Eran Rotem
CFO

The interim financial statements were approved by the Company's board of directors on May 28, 2014.

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

CollPlant Holdings Ltd.

Condensed consolidated statements of comprehensive loss
for the three months ended March 31, 2014

	Three months ended March 31		Year ended
	2014	2013	December 31
	(Unaudited)		(Audited)
	NIS thousands		
R&D expenses:			
R&D expenses	3,717	4,639	16,151
Participation in R&D expenses	(957)	(598)	(3,717)
R&D expenses, net	2,760	4,041	12,434
General and administrative and marketing expenses	1,066	819	3,747
Loss from operations	3,826	4,860	16,181
Financing income	31	21	25
Financing expenses	2	140	314
Financing expenses (income), net	(29)	119	289
Comprehensive loss for the period	3,797	4,979	16,470
 Basic and diluted loss per share attributable to shareholders of the Company (NIS)			
	0.02	0.03	0.11

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

CollPlant Holdings Ltd.

Condensed consolidated statements of changes in equity
for the three months ended March 31, 2014

	Equity attributable to shareholders of the Company			
	Ordinary shares	Premium and options	Retained loss	Total equity
	NIS thousands			
Balance as at January 1, 2014 (audited)	2,369	130,918	(106,203)	27,084
Movement in the three months ended March 31, 2014 (unaudited):				
Comprehensive loss for the period			(3,797)	(3,797)
Benefit component in grant of options to employees and consultants			50	50
Balance as at March 31, 2014 (unaudited)	2,369	130,918	(109,950)	23,337
 Balance as at January 1, 2013 (audited)	 1,517	 104,373	 (90,195)	 15,695
Movement in the three months ended March 31, 2013 (unaudited):				
Comprehensive loss for the period			(4,979)	(4,979)
Benefit component in grant of options to employees and consultants			229	229
Balance as at March 31, 2013 (unaudited)	1,517	104,373	(94,945)	10,945
 Balance as at January 1, 2013 (audited)	 1,517	 104,373	 (90,195)	 15,695
Movement in 2013				
Comprehensive loss for the year			(16,470)	(16,470)
Benefit component in grant of options to employees and consultants			462	462
Proceeds from issuing shares, less expenses				
Issue amounting to NIS 668 thousand	169	7,871		8,040
Proceeds from issuing shares and options, less expenses				
Issue amounting to NIS 1,963 thousand	683	18,674		19,357
Balance as at December 31, 2013 (audited)	2,369	130,918	(106,203)	27,084

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

CollPlant Holdings Ltd.

Condensed consolidated statements of cash flows
for the three months ended March 31, 2014

	Three months ended March 31		Year ended December 31
	2014	2013	2013
	(Unaudited)		(Audited)
	NIS thousands		
Cash flows from operating activities:			
Net cash used for activities (see appendix)	(4,283)	(3,642)	(13,269)
Interest received	13	31	25
Net cash used for operating activities	(4,270)	(3,611)	(13,244)
Cash flows from investing activities:			
Purchase of property, plant and equipment	(192)	(30)	(474)
Restricted deposit in use	(3)		77
Net cash used for investment activities	(195)	(30)	(397)
Cash flow from financing activities:			
Proceeds from issue of shares and options, less issue expenses			27,397
Net cash from finance activities			27,397
Increase (decrease) in cash and cash equivalents	(4,465)	(3,641)	13,756
Cash and cash equivalents at the beginning of the period	23,777	10,308	10,308
Gains (losses) from exchange differences for cash	23	(143)	(287)
Cash and cash equivalents at the end of the period	19,335	6,524	23,777

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

CollPlant Holdings Ltd.

Condensed consolidated statements of cash flows for the three months ended March 31, 2014

	Three months ended March 31 2014	March 31 2013	Year ended December 31 2013
	(Unaudited)		(Audited)
	NIS thousands		
Appendix to the condensed consolidated statements of cash flow used for operating activities:			
Loss for the period	(3,797)	(4,979)	(16,470)
Adjustments for:			
Depreciation and amortization	240	272	951
Benefit component for options granted to employees and service providers	50	229	462
Interest received	(13)	143	(25)
Losses (gains) from exchange differences for cash and cash equivalents	(23)	(31)	287
	(3,543)	(4,366)	(14,795)
Changes in operating asset and liability items:			
Decrease in other long-term receivables	12	82	15
Decrease in other receivables	114	1,392	1,301
Increase (decrease) in trade payables	(551)	(676)	173
Increase (decrease) in other payables	(315)	(74)	37
	(740)	724	1,526
Net cash used for operating activities	(4,283)	(3,642)	(13,269)
Additional information –			
Taxes paid	4	6	24

CollPlant Holdings Ltd.

Notes to the Condensed Financial Statements

March 31, 2014

(Unaudited)

NOTE 1 - GENERAL

- A. CollPlant Holdings Ltd. is a biotechnology medical device company. The Company operates through CollPlant Ltd., a wholly-owned subsidiary engaging in research, development, manufacture and marketing of collagen-based medical products (CollPlant Holdings Limited and CollPlant Ltd. will be referred to below as "the Company" or "CollPlant"). CollPlant products are based on recombinant human collagen produced from genetically-modified tobacco plants to produce human collagen. CollPlant uses collagen in the medical field in general and particularly in orthopedics and wound healing.
- B. In accordance with Regulation 4 of the Regulations for Periodic and Immediate Reports, the Company has not attached separate financial information to its consolidated financial statements in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. The Company did not include separate financial information due to the negligible effect that the separate financial statements have on the consolidated financial statements and since the separate financial statement does not add material information to the consolidated statements.
- C. The Company has not yet generated income from its operations and recognized losses of NIS 3.8 million in the three months ended March 31, 2014. The Company also has a negative cash flow of NIS 4.3 million from operating activities. The Company's plan for 2014 focuses on orthopedics, including soft tissue healing and wound healing. The Company's plans include clinical trials for two products in 2014: a syringe for wound treatment and a product for treating inflamed tendons. The Company also continues to streamline manufacturing processes of collagen protein. The Company plans to continue product research and development, production and marketing, supported by financing sources that include the Company's cash balances, government grants, and proceeds from strategic partners for development of products, and from strategic investors. Management believes that these financing sources will allow the Company's operations to continue at least until the end of the second quarter of 2015.

The Company is taking steps to raise additional financing sources to allow the continuation of operations beyond this period. These sources include (1) signing and implementation of additional agreements with product-development companies, agreements that include full financing of development costs, and payments to the Company for a license to sell the Company's products in the future; (2) preparation for the sale of the Company's product, including clinical trials, filing for approval to sell products in Europe, and discussions and meetings with potential international distributors regarding distribution of the Company's products in Europe; and (3) raising finances from the public and/or from private investors and/or institutions in Israel and other countries in accordance with the development of sections (1) and (2) above. It is uncertain whether the Company is able to raise additional finances as aforesaid.

These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The financial statements do not include adjustments for assets and liabilities and their classification, which may be required if the Company is unable to continue as a going concern.

NOTE 2 - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

- A. The Company's condensed consolidated financial information as at March 31, 2014 ("the Interim Financial Information") is prepared in accordance with IAS 34 - Interim Financial Reporting ("IAS 34") and includes additional disclosure in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. The Interim Financial Information does not include all the information and disclosures required for annual financial statements. The Interim Financial Information should be reviewed together with the annual financial statements for 2013 and their accompanying notes, which were prepared in conformity with International Financial Reporting Standards, the standards and interpretations issued by the International Accounting Standards Board ("IFRS"), and include the additional disclosure required in accordance with the Securities Regulations (Annual Financial Statements), 2010.

CollPlant Holdings Ltd.

Notes to the Condensed Interim Financial Statements (Contd.)

March 31, 2014

(Unaudited)

NOTE 2 - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD)

B. Estimates

Preparation of interim financial statements requires the Company's management to exercise judgment and requires the use of accounting estimates and assumptions that affect the application of the Company's accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual results may differ from these estimates.

When preparing these interim financial statements, significant judgments used by the management when applying the Company's accounting policies and the uncertainty in the principal assumptions underlying the estimates were similar to those in the Company's annual financial statements for the year ended December 31, 2013.

The significant accounting policies and calculation methods applied when preparing the Interim Financial Information are consistent with those used when preparing the Company's annual financial statements for 2013.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

As described in the Company's annual financial statements for 2013, amendments to some IFRSs came into effect and are mandatory for accounting periods beginning on January 1, 2014, however their initial application does not have a material effect on the Company's Interim Financial Information (including comparative information).

New IFRSs and amendments to existing IFRSs that are not yet effective and which the Company did not choose to adopt ahead of their effective date are described in the Company's annual financial statements for 2013.

NOTE 4 – SUBSEQUENT EVENTS

- C. On April 24, 2014, the Chief Scientist of the Ministry of Industry, Trade and Labor approved CollPlant's 2014 R&D plan for development of medical products based on collagen produced from transgenic plants, including a product to treat inflamed tendons and a gel to treat chronic ulcers ("the Letter of Approval"). The Letter of Approval is in compliance with the Encouragement of Industrial Research and Development Law, 1984, and is subject to standard conditions, including royalties paid to the state out of CollPlant's total revenue. R&D expenses amounting to NIS 9.2 million have been approved, of which the approved grant amounts to NIS 4.4 million.
- D. On May 15, 2014, the Company received approval from the Ministry of Health in Israel and the Tel Aviv Sourasky Medical Center Institutional Review Board (Helsinki Committee) for a clinical trial for Vergenix®FG, a gel being developed by the Company for treatment of wounds ("the Clinical Trial" and "the Gel" or "the Medical Product", as the case may be). The objective of the trial is to prove the safety of the Gel and to assess its performance in patients with chronic foot ulcers. In the clinical trial, which is expected to continue for several months in two prominent wound clinics in Israel, patients with chronic foot ulcers will be treated. In the single-arm trial, patients will receive one treatment of the Medical Product and will be monitored for four weeks. A number of parameters will be assessed to evaluate the effectiveness of the treatment, primarily the percentage of wound closure. The clinical trial will include 20 patients.

**Part C - Update of the Part containing a description of the Entity's business –
To the Annual Report for the year 2013¹ of CollPlant Holdings Ltd².**

("The annual report" and "The Company"), respectively

1. **Update of sections 3 of Part A to the annual report – Investments in the Company's equity and transactions in its shares**

On May 20, 2014, all of the Company's options warrants (Series B) (Listed for trading) as well as all of the Company's option warrants (Series C) (Not listed for trading), and from that time onwards, they have are null and void and they do not afford any right whatsoever to whoever holds them³.

2. **Update of section 16.3 of Part A to the annual report- Research and development grants from the Chief Scientists**

On April 24, 2014, the Company received approval from the Chief Scientist in the Ministry of Industry, Trade and Employment, for the research and development program of CollPlant Ltd., a subsidiary company that is wholly owned by the Company, for the year 2014. The approval from the Chief Scientist is in respect of a program for the production of Collagen from transgenic plants and its use for the medical products that CollPlant Ltd. has developed, including the product for the treatment of inflammations in tendons and the gel product for the management of chronic wounds, which the Company has developed ("The letter of approval"). The letter of approval has been given in accordance with the Law for the Encouragement of Industrial Research and Development – 1984, and is subject to a number of commitments, restrictions and crucial terms, as is customary for letters of approval of this type, including the provision of royalties for the State from any of CollPlant's revenues. The extent of the research and development expenses that has approved amounts to NIS 9.22 million, of which the amount of the grant that has been approved amounts to approximately NIS 4.4 million, where the rate of the grant that has been approved is 50% (in respect of research and development expenses that are expended in Israel (the main portion of the expenses) and 30% in respect of research and development expenses that are performed overseas.⁴

¹ The Company's periodic report for the year 2014, as published on Magna on March 24, 2014 (Document Number 2014-01-022545).

² The update is in accordance with Regulation 39A of the Securities Regulations (Periodic and Immediate Reports) – 1970, and it includes significant changes or innovations in the Company's business, on any matter that is to be described (and which has not been described) in the Company's periodic report, which has occurred in the course of the interim period and up to the time of the publication of this update.

³ See the Company's immediate report dated April 22, 2014 (Document Number 2014-01-048255) which is included in this report by way of referral.

⁴ See the Company's immediate report dated April 27, 2014 (Document Number 2014-01-050460) which is included in this report by way of referral.

3. **Update of sections 10 and 16.1.1 of Part A to the annual report – The wound management gel product**

On May 15, 2014, the Company received the approvals that are required⁵ for the start of the performance of an open (revealed)⁶ clinical trial for the wound management gel product that it has developed – the Vergenix®FG (in this report : "**The clinical trial** " and "**The gel**" or "**The medical product**", as the case may be).

The objectives of the clinical trial is to prove the safety of treatment using the gel and to evaluate its performance on patients who are suffering from chronic wounds on their feet. Within the framework of the clinical trials, which are expended to last for a few months, patients who are suffering from chronic wounds in their feet will be treated. In accordance with the protocol for the clinical trial, which has been approved by the duly authorized bodies⁷, the patients will receive a one-time treatment with the medical product (single arm), which will be accompanied by a monitoring process lasting for four weeks. The efficiency of the treatment will be checked against a number of indices, with the main parameter is the percentage closure of the wound. The clinical trial will cover 20 patients. In accordance with the Company's development program for the year 2014, the Company intends to start the clinical trials in the coming weeks, with the recruitment of the first patients.

Yours sincerely

CollPlant Ltd.

Date: May 28, 2014

Names of the persons signing on this report and their positions:

Yaron Yaniv, Chairman of the Board of Directors

Yehiel Tal, Chief Executive Officer

⁵ The approval of the Director General of the Israeli Ministry of Health and the Approval of the medical institution's Helsinki committee (the Helsinki Committee operates under the force of the Public Health (Medical trials on humans) Regulations – 1980 and under the force of Procedure No. 14 of the Pharmaceutical Department of the Ministry of Health – Medical trials on humans).

⁶ The intention is that there is no control group within the framework of the clinical trial.

⁷ The trial protocol dated February 4, 2014, which has been presented to the Ministry of Health for approval.

CollPlant Holdings Ltd.
Part D – Management's Declarations

Declaration by the Chief Executive Officer

In accordance with Regulation 5D(4)(b)-(c) and Regulation 38C(d)(1) to the Securities Regulations (Periodic and Immediate Reports) – 1970.

Declaration by Management
Declaration by the Chief Executive Officer

I, Yehiel Tal, declare that:

- (1) I have examined the quarterly report of CollPlant Holdings Ltd. (hereinafter: "**The entity**") for the first quarter of 2014 (hereinafter: "**The reports**");
- (2) So far as I am aware, the reports do not contain any incorrect representation of a significant fact and no representation of a significant fact that is required in order for the representations that are included in them, in the light of the circumstances in which those representation are recorded, will not be misleading in relation to the reporting period, is missing;
- (3) So far as I am aware, the financial statements and the other financial information that is included in the reports reflects fairly, from all material aspects, the entity's financial position, the results of its operations and its cash flow for the dates and for the periods to which the reports relate;
- (4) I have revealed to the entity's auditors, to the entity's Board of Directors and to the Audit Committee of the entity's Board of Directors (which also serves as the Financial Statements Examination Committee), any fraud, whether significant and whether it is not significant, in which the Chief Executive Officer or anyone directly subordinated to him was involved or in which other employees having a significant role in the financial reporting and the disclosures therein and the control thereon was involved.

There is nothing in the aforesaid, which detracts from my responsibility or the responsibility of any other person, under the law.

Date: May 28, 2014

Yehiel Tal, Chief Executive Officer

Declaration by the most senior office holder in the financial field:

In accordance with Regulation 5D(4)(b)-(c) and Regulation 38C(d)(1) to the Securities Regulations (Periodic and Immediate Reports) – 1970.

Declaration by Management

Declaration by the Chief Executive Officer

I, Eran Rotem, declare that:

- (1) I have examined the interim financial statements and the other financial information that is included in the reports for the interim period of CollPlant Holdings Ltd. (hereinafter: "**The entity**") for the first quarter of 2014 (hereinafter: "**The reports**" or "**The reports for the interim period**");
- (2) So far as I am aware, the interim financial statements and the other financial information that is included in the reports for the interim period do not contain any incorrect representation of a significant fact and no representation of a significant fact that is required in order for the representations that are included in them, in the light of the circumstances in which those representation are recorded, will not be misleading in relation to the reporting period, is missing;
- (3) So far as I am aware, the interim financial statements and the other financial information that is included in the reports for the interim period reflects fairly, from all material aspects, the entity's financial position, the results of its operations and its cash flow for the dates and for the periods to which the reports relate;
- (4) I have revealed to the entity's auditors, to the entity's Board of Directors and to the Audit Committee of the entity's Board of Directors (which also serves as the Financial Statements Examination Committee), any fraud, whether significant and whether it is not significant, in which the Chief Executive Officer or anyone directly subordinated to him was involved or in which other employees having a significant role in the financial reporting and the disclosures therein and the control thereon was involved.

There is nothing in the aforesaid, which detracts from my responsibility or the responsibility of any other person, under the law.

Date: May 28, 2014

Eran Rotem, Chief Financial Officer