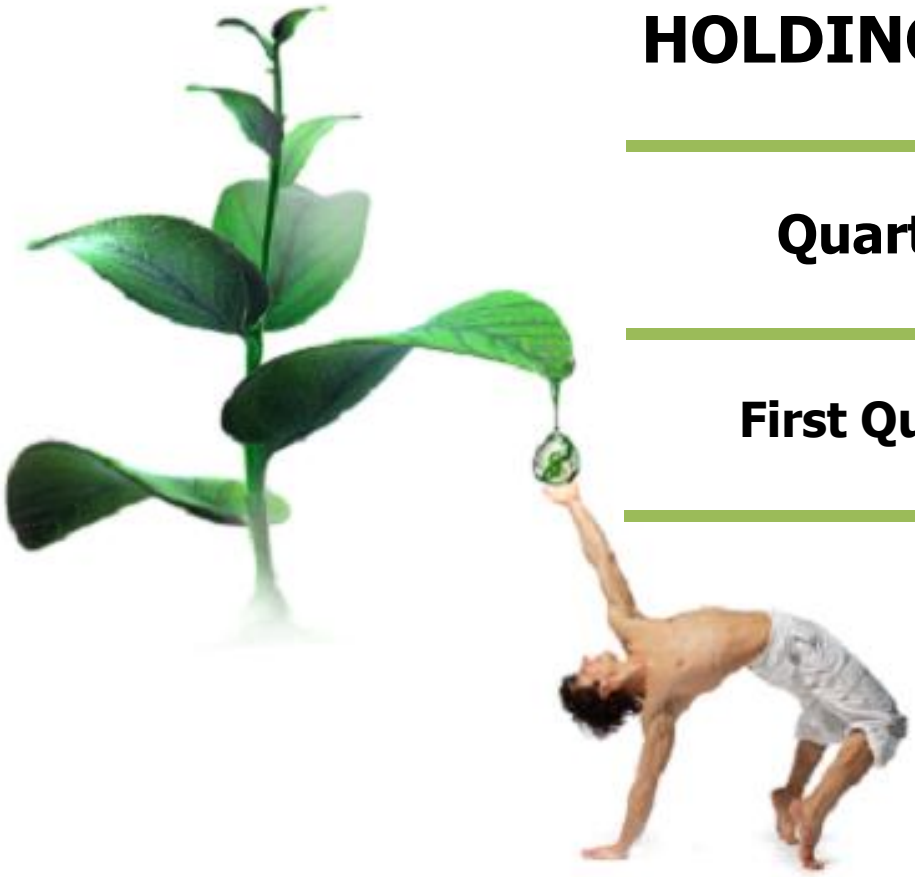
Convenience Translation

COLLPLANT HOLDINGS LTD.

Quarterly Report

First Quarter | 2015



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As of the date of this report, the Company is considered a "small corporation" in accordance with the terms set out in Regulation 5c of the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970 (the "Regulations").

Pursuant to the resolution of the Company's Board of Directors, the Company adopts and implements (as far as the said application is relevant or will be relevant to the Company) a number of concessions provided in the Regulations, that in essence state as follows:

1. The enclosing of material valuations is done only when exceeding a material threshold of 20%;[1]
2. Statements of companies included in a material manner will be added to the Interim Financial Statements only when exceeding a material threshold of 40% (the threshold for inclusion in the annual financial statements is (remains) 20%);[2]
3. An exemption from the implementation of the second schedule of the Regulations (Details about the exposure to market risks and their management (Detection Report));[3]
4. Non-publication of a report on the internal control and the Auditor's report on the internal control, while enclosing only limited managers' declarations.[4]

[1] Regulation 5d (b)(1) of the Regulations. In according with legal ruling SLB 105-23 of the Securities Authority Staff, as updated on March 13th 2014, regarding the parameters got the examination of materiality of valuations, "**A material valuation in a small corporation**" is defined as a valuation which :

(a) The valuation topic constitutes at least 20% of the total assets of the company; **or**

(b) The impact of changes in the value as a result of the valuation on the net income or total income, respectively, constitutes at least 20% of the net income or total income, respectively, **as well as** the impact of said change constitutes at least 10% of the equity of the corporation.

[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.

Chapter A – Board of Directors report regarding company's status as of March 31, 2015

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, 2015 and for the period of three months ended on that date ("The reporting date" and "The interim period") according to the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970 (the "**Board of Directors' Report for the Interim Period**"). The Board of Directors' Report for the Interim Period is attached to the interim consolidated reports (the "**Interim Consolidated Reports**") on the premise that the reader has before him said Interim Consolidated Reports.

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

CollPlant is a clinical-stage regenerative medicine company focused on developing and commercializing tissue repair products, initially for the orthobiologics and advanced wound care markets. CollPlant's product candidates, two of which are in registration trials, are based on its proprietary plant-based collagen technology, which managment believe is the only viable technology available for the production of recombinant type I human collagen, ("rhCollagen"). The Company believe that the rhCollagen, which is identical to the type I collagen produced by the human body, has significant advantages compared to currently marketed tissue-derived collagen, including improved biofunctionality, superior homogeneity, and reduced risk of immune response.

CollPlant's first rhCollagen-based product is VergenixSTR, a soft tissue repair matrix composed the rhCollagen and platelet-rich plasma, or PRP, extracted from a patient's blood, and intended for the treatment of tendinopathy. VergenixSTR is currently in a multi-center registration clinical trial in Israel.

CollPlant's second clinical product, VergenixFG, is a wound-filling flowable gel made from its rhCollagen intended for treatment of deep surgical incisions and deep wounds, including diabetic ulcers, burns, bedsores, and other chronic wounds. VergenixFG is currently in a multi-center registration clinical trial in Israel. To bring these two product candidates to market, CollPlant intend to first seek CE marking certification, which is required for a product to be sold within the European Union.

CollPlant third product is a preclinical product based on VergenixBVF, a product platform that the Company developed for bone repair indications such as spinal fusion and trauma. VergenixBVF is a novel absorbable scaffold composed of

CollPlant's rhCollagen and minerals, which can be charged with growth factors to help accelerate bone formation. The Company is collaborating with a U.S.-based company in the development of VergenixBVF.

Clinical Trials:

VergenixSTR - Product for the treatment of tendinopathy: on January 2015 the Company began a clinical trial for VergenixSTR, where the aim of the trial is to prove the safety of the product and to assess its performance in patients suffering from tendinitis in the elbow ("Tennis Elbow"). As of the date of this report, 14 patients were recruited and treated. Most patients reported a reduction in pain following the treatment, and increased functioning of the hand. The trial's progress is according to the Company's plans. For further details see Chapter C of these Interim Reports.

VergenixFG -product for treatment of deep surgical incisions and deep wounds: on November 2014 the Company began a clinical trial with the VergenixFG product, where the aim of the trial is to prove the safety of the product and to assess its performance in patients with chronic hard to heal wounds on the foot. During the report period the Company published interim results of the clinical trial conducted, after treatment of 10 patients out of 20 patients participating in the trial. The interim results demonstrate excellent rates of wound closure of 80% to 100% in the majority of patients, within four weeks of starting treatment. In addition, the resultes demonstrated that the product is safe for use with human.

As of the date of this report, 16 patients were recruited and treated and the interim results in their respect also show significant wound closure rates. The trial is progressing according to the Company's plans. For further details see Chapter C of these Interim Reports.

VergenixBVF, a bone void filler designed to help accelerate bone healing and formation: VergenixBVF is a product platform intended for bone repair indications such as spinal fusion and trauma. VergenixBVF is a novel absorbable scaffold composed of our rhCollagen and minerals, and when charged with growth factors (autologous or recombinant), it will stimulate the recruitment and differentiation of bone-forming cells, which can heal existing bone and produce new

natural bone. VergenixBVF is engineered to enable a sustained, optimal release of the charged growth factors to accelerate bone healing and new bone formation.

CollPlant is collaborating with a U.S.-based company in the development of VergenixBVF. At the date of this report, the Company is in the midst of intensive joint development work with the U.S.-based company and the Company plan include signing an agreement with the partner, who is a leader in the field of orthopedic biology. The plan is for an agreement that will include payment milestones up to the commercialization of the product. The agreement is planned to include components of payments for a license, royalties from future sales, payment for the supply of products and continued funding by the U.S.-based company of all the costs associated with the development and commercialization of the product. The Company estimates that the work and negotiations will continue over the next few months, and in the event the negotiations are successful, the agreement will be signed. There is no certainty as to the signing of such an agreement.

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 current assets as of March 31st 2015 was a total of 9,072 thousand ILS, compared to 12,610 thousand ILS on December 31st 2014. The decrease in the balance of the current assets amounting to 3,538 thousand ILS is mainly attributable to the Company's use of cash balances for investment in product development. In the course of the first quarter the Company made use of approximately 4,028 thousand ILS for product development activities and for promoting the Company's business.

1.2 Non-current assets – the balance of non-current assets as of March 31st 2015 was 4,730 thousand ILS, compared to a total of 4,348 thousand ILS on December 31st 2014. This change is attributable the Company's investment in fixed assets primarily for process development, amounting to 545 thousand during the Interim Period, minus the amortization and the Company’s deductions for the fixed assets and for other assets, totaling 189 thousand ILS.

1.3 Current liabilities – the balance of the current liabilities as of March 31st 2015 amounted to 2,872 thousand ILS, compared to 2,647 ILS on December 31st 2014. The increase in current liabilities during the Interim Period is due to an increase in the balance of accounts payable totaling 176 thousand ILS due to a certain increase in the volume of business activity, and an increase of 49 thousand ILS in liabilities to employees and employee-related institutions.

1.4 Equity – the Company equity as of March 31st 2015 amounted to 10,930 thousand ILS, compared to a total of 14,311 thousand ILS on December 31st 2014. The decrease in the equity during the Interim Period is due to the overall loss for the period amounting to 3,467 thousand ILS net of the share- based compensation to employees and consultants totaling 86 thousand ILS.

1. Business activity results

Following is a summary of the Company's profit and loss statements for the three months ending on March 31st 2015 and 2014, and for 2014 (in thousands ILS):

	3 months ending on March 31th		Year ending on December 31st
	2015	2014	2014
	(unaudited)		(audited)
	Thousand ILS		
Research and development expenses:			
Research and development expenses	4,029	3,717	14,879
Participation in research and development expenses	(1,550)	(957)	(5,145)
Research and development expenses, net	2,479	2,760	9,734
General ,administrative and marketing expenses	1,114	1,066	3,906
Operating loss	3,593	3,826	13,640
Financing income – net	126	29	617
Loss and comprehensive loss for the period	3,467	3,797	13,023

Following is an analysis of the results of the operations:

2.1 Research and development expenses

In the first quarter of 2015 research and development expenses totaled 4,029 thousand ILS compared to 3,717 thousand in the corresponding quarter the year before. The volume of development expenses increased by 312 thousand ILS over the corresponding period the year before and is attributed to the increase in the scope of the product development program in the field of orthopedics and wound healing, and the entry into clinical trials, as well as the product development in the field of ortho-biology with a strategic partner in the US.

Total participation in research and development expenses in the first quarter amounted to 1,550 thousand ILS compared to 957 thousand ILS in the corresponding quarter the year before. The increase is due to the

participation of the strategic partner in product development, in accordance with the milestones agreed upon with the Company.

2.2 General, administrative and marketing expenses

In the first quarter ending on March 31st 2015 the general, administrative and marketing expenses totaled 1,114 thousand ILS compared to 1,066 thousand ILS in the corresponding period in 2014.

2.3 Operating loss

Operating loss amounted to 3,593 thousand ILS and 3,826 thousand ILS in the quarters ending on March 31st 2015 and 2014, respectively. The decrease in the operating loss was chiefly due to an increase in the participation of the partners in the development of the Company's products and the product under joint development, as stated above.

2.4 Financial income, net

In the first quarter of 2015 the net financing income amounted to 126 thousand ILS compared to 29 thousand ILS in the corresponding quarter the year before. The Company's financing income stems mainly from exchange rate differences on the balances held in foreign currency, net of bank commissions for the activities. An increase in the financial income is mainly attributed to the strengthening of the dollar against the shekel, in the Interim Period compared to the corresponding period the year before.

2.5 Taxes on income

As of March 31st 2015 and 2014 the Company has material accumulated losses for tax purposes. In respect of these losses no deferred taxes were recorded due to the inability to anticipate future tax liability.

2.6 Loss ans comprehensive loss for the period

The overall loss amounted to 3,467 thousand ILS, 3,797 thousand ILS for the quarters ending on March 31st 2015 and 2014 respectively.

The decline in the overall loss for the first quarter compared to the corresponding quarter the year before is mainly attributed to an increase in the participation in the development costs, as mentioned above.

2. **Liquidity, cash flows and financing sources**

3.1 The Company has not generated a profit or positive cash flows from its operating activities. The Company's plans to continue with research and product development, production and marketing in the coming year, are supported by the financing sources that include the Company's cash balances and grants from governmental authorities and receipts from strategic partners. The financing sources mentioned above are used by the Company to finance its ongoing operations, including research and development and to finance the Company's work program at least until August 2015.

The Company is working to obtain additional sources of financing which will allow the Company to continue operating beyond the aforementioned period. These sources include (1) the execution and implementation of

agreements with companies for joint product development, agreements which also include among other things, full funding of the development costs and payments to the Company from the license for sale of the Company products in the future, and (2) raising resources from private investors and/or institutional investors in Israel and abroad, or from the public, depending on the progress of section (1) above. There is no certainty in the Company's ability to raise additional resources as mentioned above. For further details, see Note 1c to the financial statements attached to this report.

3.2 Cash Flow:

3.2.1 Cash flow from operating activities – the net cash used for operating activities in the first quarter of 2015 amounted to 3,607 thousand ILS compared to 4,270 thousand ILS in the corresponding quarter the year before. The use of cash for operating activities in the first quarter of 2015 is lower by 663 thousand ILS in the corresponding quarter the year before. The decrease in cash used is partly attributed to a decrease in the loss for the period, following the increase in participation in the development costs, as mentioned above. The decrease is also due to a decrease of 280 thousand ILS in assets and operational liabilities in the report period, compared to 740 thousand ILS in the corresponding period the year before.

3.2.2 Cash flow from investment activities – the net cash used in investment activities amounted to 558 thousand ILS compared to the cash used in investment amounting to 195 thousand ILS for the quarters ending on March 30st 2015 and 2014, respectively. The majority of said cash is directed for investment in fixed assets for the Company's development activities.

3.2.3 Cash flow from financing activities – the Company had no cash generated from financing activities during the Interim Period.

3.3 Sources of finance:

In the Interim Period, the Company financed its operations from cash balances and cash equivalents at its disposal, including grants from governmental authorities and participation on the part of a strategic partner in the development plan.

3.4 Quarterly report on liabilities according to maturity dates

For details regarding the Company's liabilities, according to their maturity dates see a separate immediate report submitted at the time of this report.

3. **Compensation to stakeholders and senior officers**

4.1 In the Interim Period, there were no material changes with respect to the contents of the annual Directors' report in respect of the manner of examination of the terms of compensation of officers in the Company, their reasonableness and the connection between them and the contribution of the officers and stakeholders in the Company, in accordance with the provisions of Article 21 of the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970.

4.2 For details regarding compensation of senior officers during the Interim Period until the date of signing of this report, see Chapter C of this report.

b. Aspects of corporate governance

5. Detailing with respect to directors with accounting and financial expertise

5.1 On March 2013 the Company's Board of Directors decided that the minimum required number of directors (including external directors) with accounting and financial expertise on the Board of Directors (the "**Minimum Number**") will be one.

5.2 In the Interim Period and as of the date of this report, the number of directors with accounting and financial skills did not go below the Minimum Number.

6. Details in respect of independent directors

In the Interim Period and as of the date of this report the Company has not adopted in its Regulations provisions concerning the number of independent directors (as defined in Article 219(e) of the Companies Law, 5759 – 1999 (the "**Companies Law**")).

It should be noted in this respect that at the report date the Board of Directors is comprised of an equal number of independent directors and "ordinary" directors.

7. Update on an event or issue already reported

In the Interim Period and as of the date of publication of this report the Company did not file a report on an incident or matter (the "**Original Report**") that may occur at a later date after the date of the Original Report,for which an update must be given.

8. Details in respect of the Company's internal auditor

8.1 The Company's Internal Auditor complies with all the conditions set out in Article 3(a) of the Internal Audit Law, 5752 – 1992 (the "**Internal Audit Law**"); the Internal Auditor complies with the provisions of Article 146(b) of the Companies Law and Article 8 of the Internal Audit Law and serves as a senior officer of the Company pursuant to the provisions of law.

8.2 In the Interim Period and as of the date of this report, no material changes have occurred in respect of the contents in the annual Directors' report in respect of the Company's Internal Auditor.

9. Details in respect of the outstanding liability certificates

In the Interim Period and as of the date of publication of this report the Company has no outstanding liability certificates.

10. Details in respect of the process of approval of the financial statements

10.1 The Company's Board of Directors is the organ responsible for the overall control in the Company and the approval of its financial statements.

10.2 As of the date of this report the members of the Board of Directors are Messrs. Yaron Yaniv – Chairman of the Board ("ordinary" director), Prof. Oded Shoseyov – Chief Scientist ("ordinary" director), Adi Goldin ("ordinary" director), Tony Qian ("ordinary" director), Orli Tori (external director), Rami Armon (external director), Ira Liederman (independent director) and Nira Dror (independent director).

10.3 In accordance with the Companies Regulations (Rules and Conditions for the Approval of the Financial Statements), 2010 (the "**Approval of Statements Regulations**") the Company's Audit Committee was appointed as the Committee for the review of the Company's financial statements as well (in this section: the "**Committee**"). As of the date of this report the Committee consists of three members: Messrs. Rami Armon – Committee Chairman; Orly Tori and Nira Dror.

10.4 The approval of the interim financial statements required two meetings as follows: (1) a meeting of the Committee before the meeting of the Board of Directors, for a comprehensive substantive discussion of the material reporting and disclosure issues and for the discussion and formulation of its recommendations for the approval of the interim financial statements by the Board of Directors; (2) a meeting of the Board of Directors, to discuss and approve the financial statements. The draft of the financial statements is forwarded to the directors several days before each meeting along with its recommendations.

10.5 The Committee meeting held on May 26th 2015, which discussed and formulated the recommendations for the Board of Directors regarding the approval of the interim financial statements, in addition to committee members, was attended by the Company Auditor, officers and other stakeholders in the Company. During the meeting, the Committee examined, by way of a presentation and detailed review on the part of the Company CFO, *inter alia*, the evaluations and estimates made in connection with the interim financial statements on which the data in the interim financial statements is based, including significant changes in these estimates and evaluations (if any), the integrity and fairness of the reporting and disclosure in the interim financial statements and the Company's plans for the financing of its operations in the year following the date of the meeting. The Chief Financial Officer reviewed before the Committee members the accounting policies adopted and the accounting treatment applied to material issues of the Company. In addition, the Auditor's reference to the matters presented was also given. The Committee held a discussion regarding the accounting policies and the manner of presentation and disclosure in the interim financial statements. The Committee's recommendations in writing to the Board members were given on 26 May 2015, recommending that the Board approve the interim financial statements of the Company.

10.6 The Board of Directors meeting convened on May 31st 2015, which discussed, among other things, the approval of the interim financial statements, was attended by all members of the Board. In addition to the above members of the Board of Directors, the meeting was also attended by the Company Auditor, officers and other officials in the Company who were available and willing to answer any question that has been raised by the members of the Board. At said meeting the Board of Directors

discussed the Committee recommendation, reviewed the Company's financial results, its financial position and cash flows, and presented data on the Company's operations compared to previous periods reviewed. The Board also held a discussion and decided on the exclusion of separate financial information under Article 38d of the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970. The reason for the Company's exclusion of separate financial information is the negligible impact of the separate financial statements on the consolidated financial statements and as the additional information is immaterial to the financial statements, and that the same information was discusses in the financial statements that were requested to detail them in a separate note, as described in Note 1b to the financial statements. The date of transfer of the Committee's recommendations to the Board members, three business days prior to the Board meeting, was determined as a reasonable time for the transfer of the recommendations, given their scope and complexity. In the course of the Board meeting for the approval of the interim financial statements the main financial data presented in interim financial statements and in the related information was reviewed, including with regard to the integrity and fairness of the disclosure and reporting in the interim financial statements. In addition a discussion was held on the sources of financing to be used by the Company in executing its plans in the coming year. During the meeting, the Company's management answered the Directors' questions and the Auditor added his comments regarding the interim financial statements. At the end of said discussion, once it was made clear that the interim financial statements fairly represent the Company's business status and results of its operations, the Board adopted the Committee's recommendations and approved the interim financial statements of the Company.

c. Provisions concerning the Company's financial statement

11. Disclosure concerning subsequent events following the date of the balance sheet

To the Company's knowledge, there were no material events subsequent to the date of the report on the financial situation, mentioned in the interim financial statements. For further information about events that occurred after the date of the balance sheet, see Note 6 to the interim financial statements. Without limiting the foregoing, see also detailing in Chapter C (Update of the Corporation's Affairs) of this report.

d. <u>Self-Acquisition</u>

The Company has no self-acquisition plans regarding securities of the Company, as the term "acquisition" is defined in Regulation 10(b) (2) (i) of the Regulations.

The Company's Board of Directors thanks the Company employees and managers for their contribution to the Company's advancement.

Yaron Yaniv	Yehiel Tal
Chairman of the Board of Directors	CEO

March 31st 2015

Convenience Translation

CollPlant Holdings Ltd.

Interim Financial Information
(Unaudited)
March 31, 2015

CollPlant Holdings Ltd.
Interim Financial Information

(Unaudited)
March 31, 2015

Contents

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, 2015 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 uncertainly 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 31, 2015

Kesselman & Kesselman
Certified Public Accountants
Member of PricewaterhouseCoopers International Limited

CollPlant Holdings Ltd.
Condensed consolidated statements of financial position
March 31, 2015

	March 31		December 31
	2015	2014	2014
	(Unaudited)		(Audited)
	NIS thousands		
Assets			
Current assets			
Cash and cash equivalents	7,034	19,335	11,062
Receivables	2,038	1,614	1,548
	9,072	20,949	12,610
Non-current assets			
Restricted deposit	577	506	564
Long term receivables	65	55	52
Property and equipment	2,363	2,416	2,007
Intangible assets	1,725	1,734	1,725
	4,730	4,711	4,348
Total assets	13,802	25,660	16,958
Liabilities and equity			
Current liabilities			
Accounts payables			
Trade payables	1,818	1,305	1,642
Other	1,054	1,018	1,005
Total liabilities	2,872	2,323	2,647
Equity:			
Ordinary shares	2,414	2,369	2,414
Additional paid in capital	130,918	130,918	130,918
Accumulated deficit	(122,402)	(109,950)	(119,021)
Total equity	10,930	23,337	14,311
Total liabilities and equity	13,802	25,660	16,958

Yaron Yaniv	Yehiel Tal	Eran Rotem
Chairman of the Board	CEO	CFO

The interim financial statements were approved by the Company's board of directors on May 31, 2015

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, 2015

	Three months ended March 31		Year ended December 31
	2015	2014	2014
	(Unaudited)		(Audited)
	NIS thousands		
Research and development expenses, net**:**			
Research and development expenses	4,029	3,717	14,879
Participation in research and development expenses	(1,550)	(957)	(5,145)
Research and development expenses, net	2,479	2,760	9,734
General, administrative and marketing expenses	1,114	1,066	3,906
Operating loss	3,593	3,826	13,640
Financial income	145	31	642
Financial expenses	19	2	25
Financial expenses (income), net	(126)	(29)	(617)
Loss and comprehensive loss for the period	3,467	3,797	13,023
Basic and diluted loss per ordinary share (NIS)	0.01	0.02	0.05

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, 2015

	Equity attributable to shareholders of the Company			
	Ordinary shares	**Additional paid in capital**	**Accumulated deficit**	**Total equity**
	NIS thousands			
Balance as at January 1, 2015 (audited)	2,414	130,918	(119,021)	14,311
Movement in the three months ended March 31, 2015 (unaudited):				
Comprehensive loss for the period			(3,467)	(3,467)
Share-based compensation to employees and consultants			86	86
Balance as at March 31, 2015 (unaudited)	2,414	130,918	(122,402)	10,930
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)
Share-based compensation 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, 2014 (audited)	2,369	130,918	(106,203)	27,084
Movement in 2014				
Comprehensive loss for the year			(13,023)	(13,023)
Share-based compensation to employees and consultants			205	205
Exercise of options into shares	45			45
Balance as at December 31, 2014 (audited)	2,414	130,918	(119,021)	14,311

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, 2015

	Three months ended March 31		Year ended December 31
	2015	2014	2014
	(Unaudited)		(Audited)
	NIS thousands		
Cash flows from operating activities:			
Net cash used in operations (see appendix)	(3,607)	(4,283)	(12,993)
Interest received		13	35
Net cash used in operating activities	(3,607)	(4,270)	(12,958)
Cash flows from investing activities:			
Purchase of property, plant and equipment	(545)	(192)	(336)
Change in restricted deposit	(13)	(3)	(61)
Net cash used in investing activities	(558)	(195)	(397)
Cash flow from financing activities:			
Exercise of options into shares			45
Net cash provided by financing activities			45
Decrease in cash and cash equivalents	(4,165)	(4,465)	(13,310)
Cash and cash equivalents at the beginning of the period:	11,062	23,777	23,777
Exchange differences on cash and cash equivalents	137	23	595
Cash and cash equivalents at the end of the period	7,034	19,335	11,062

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, 2015

	Three months ended March 31		Year ended December 31
	2015	2014	2014
	(Unaudited)		(Audited)
	NIS thousands		
Appendix to the statement of cash flow :			
Loss for the period	(3,467)	(3,797)	(13,023)
Adjustments for:			
Depreciation and amortization	189	240	802
Share-based compensation to employees and service providers	86	50	205
Interest received		(13)	(35)
Exchange differences on cash and cash equivalents	(137)	(23)	(595)
	(3,329)	(3,543)	(12,646)
Changes in operating asset and liability items:			
Decrease (increase) in other long-term receivables	(13)	12	180
Decrease (increase) in other receivables	(490)	114	15
Increase (decrease) in trade payables	176	(551)	(214)
Increase (decrease) in other payables	49	(315)	(328)
	(278)	(740)	(347)
Net cash used in activities	(3,607)	(4,283)	(12,993)

NOTE 1 - GENERAL

A. CollPlant Holdings Ltd. is clinical-stage regenerative medicine company focused on developing and commercializing tissue repair products, initially for the orthopedic and advanced wound care markets. CollPlant's products are based on its proprietary plant-based technology, for the production of recombinant type I human collagen, or rhCollagen. The Company operates through CollPlant Ltd., a wholly-owned subsidiary (CollPlant Holdings Ltd. and CollPlant Ltd. will be referred to hereinafter as "the Company" or "CollPlant").

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 Regulation 38(D) 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. For this purpose, the Company reviewed, among other things, the comparison of the separate financial information with the consolidated financial statements and the information provided in the consolidated financial statements. The information that was reviewed included the following items and their percentage of the consolidated financial statements:

	March 31, 2015	**Percentage of consolidated financial statements**
	NIS thousands	
Cash and cash equivalents	5,128	73%
Assets, with the exception of cash and cash equivalents	299	5%
Current liabilities	242	9%

	Three months ended March 31, 2015	**Percentage of consolidated financial statements**
	NIS thousands	
Operating expenses	380	10%
Net cash used for operating activities	635	18%

C. The Company has not yet generated income from its operations and since establishment and up to this date, the Company has accumulated losses of NIS 122 million. The Company accumulated losses of NIS 3.5 million and a negative cash flow of NIS 3.6 million from operating activities in the three months ended March 31, 2015. The Company plans to continue research and development, production and marketing in the coming year, supported by financing sources that include the Company's cash balances, government grants, and proceeds from strategic partners. Management believes that these financing sources will allow the Company's operations to continue at least until August 2015.

The Company's plans for 2015 include focusing on orthobiology, including soft and hard tissue repair and advanced wound healing, completion of clinical trials for two products: a syringe for treatment of penetrating wounds in diabetic patients and a product for tendon repair, and application for and obtaining CE approvals for marketing in Europe. The Company's plans also include signing an agreement with a leading international orthobiologic colaborator to continue the development of a product for spinal fusion and trauma. The planned agreement will include payment components for a license based on milestones, royalties from future sales, payment for the products, and the continued financing of all development costs. The Company also continues to streamline manufacturing processes of collagen protein.

NOTE 1 – GENERAL (CONTD.)

The Company is taking steps to raise additional financing sources to allow the continuation of operations. These sources include (1) signing and implementation of agreements with joint 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; and (2) raising finances from private and/or institutional investors in Israel and abroad, or from the public, in accordance with the development of section (1) above.

It is uncertain whether the Company will be 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. General

The Company's condensed consolidated financial information as at March 31, 2015 ("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 2014 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.

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 the 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, 2014.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

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 2014.

New standards that are not yet effective and which the Group did not choose to adopt ahead of their effective date are described in the Company's annual financial statements for 2014.

NOTE 4 - SHARE-BASED PAYMENTS

On March 22, 2015, the board of directors approved the grant of options to purchase 10,000,000 ordinary shares to its Director and Chief Scientific Officer. The grant is subject to the Company's general meeting approval. The options will vest over 5 years. One fifth will vest one year after the grant date, and the balance will vest in equal parts at the end of each subsequent quarter. The exercise price of each option is NIS 0.6. The fair value of the options at the date of board of directors approval was NIS 1,748 thousand.

NOTE 5 – OTC MARKETS

On March 4, 2015 ADR trading on the US OTC market came into effect. Securities are marketable as ADRs, each one represents 100 of the Company’s ordinary shares and is listed on the OTCQX marketplace under the symbol CQPTY.

NOTE 6 - SUBSEQUENT EVENTS

A. On May 18, 2015, options to purchase 7,450,000 ordinary shares were granted to employees and officers of the Company (who are not the CEO and/or a director).
The options will vest over 4 years. One quarter will vest one year after the grant date, and the balance will vest in equal parts at the end of each subsequent quarter. The exercise price of each option is NIS 0.6. The fair value of the options at the grant date was NIS 1,597 thousand.

B. On May 18, 2015, the board of directors approved the grant of options to purchase 5,670,000 ordinary shares to the CEO of the company. The grant is subject to the Company's general meeting approval. The options will vest over 4 years. One quarter will vest one year after the grant date, and the balance will vest in equal parts at the end of each subsequent quarter. The exercise price of each option is NIS 0.6. The fair value of the options at the date of board of directors approval was NIS 1,216 thousand.

C. On May 18, 2015, options to purchase 1,000,000 ordinary shares were granted to a consultant of the Company. The options will vest according to certain milestones. The exercise price of each option is NIS 0.6. The fair value of the options at the grant date was NIS 240 thousand.

D. On May 21, 2015, the board of directors approved the grant of options to purchase a total of 2,680,000 ordinary shares to four Board members, 670,000 options to each. The grant is subject to the Company's general meeting approval. The options will vest over 4 years. Half of the amount will vest two years after the date of the Board decision, and the balance will vest in equal parts at the end of each subsequent month. The exercise price of each option is NIS 0.60. The fair value of the options at the date of board of directors approval was NIS 643 thousand.

Convenience Translation

Chapter C – Update of the part containing a description of the Entity's business to the annual Report for 2014[1] of CollPlant Holdings Ltd.[2]

(The "**Annual Report**" and the "**Company**", respectively)

1. **Update of section 3 (Investments in the Company's equity and transactions in its shares) in Chapter A of the Annual Report**

   1.1 ADR listing at the OTC Stock Exchange in the US. As part of the Company's plan to increase the accessibility of foreign investors to the Company's activities and the technology it develops, the Company completed in the beginning of March 2015 the listing process of ADR1 type securities (American Depository Receipts level 1), that are traded OTC (over the counter) at the US OTCQX. Each ADR is comprised of 100 ordinary shares of the Company, and is traded under the symbol CQPTY.[3]

   1.2 **Update of sections 10 (new Products), 16 Research and Development; Clinical and Pre-Clinical Trials) in Chapter A of the Annual Report**

   1.3 Product for the treatment of tendonitis.[4] In early January 2015 the company began the clinical trial in the product for the treatment of tendonitis, Vergenix®STR (in this section: the "**Clinical Trial**" and the "**Medical Product**", respectively), and thereby recruited the first patients for the clinical trials. The Medical Product is based on CollPlant's recombinant human collagen and on blood platelet concentrate produced from the patient's blood. The clinical trial is conducted in three major hospitals in Israel, and is expected to take several months, during which 20 patients will be treated. Its objectives are to demonstrate the safety of the product and assess its performance in patients suffering from tendonitis in the elbow. According to the protocol of the clinical trial the patients will receive a one-time treatment with the Medical Product, accompanied by a six-month follow-up process. There is no control group in the clinical trial. Efficacy is examined according to several indicators, when the chief of which is the level of pain indicator.

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[1] The Company's Periodic Report for 2014 as published on Magna on March 22nd 2015 [reference no. 2015-01-057259] (the "**Annual Report**").

[2] The update is in accordance with Article 39a of the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970, and includes material changes or innovations in the Company's business, on any matter which must be described (and was not described) in the Company's periodic report, which occurred during the Interim Period and as of the date of publication of this update.

[3] See the Company's immediate report dated February 22nd 2015 [reference no. 2015-01-035485] and dated March 4th 2015 [reference no. 2015-01-043654], included herein by way of reference.

[4] See the Company's immediate report dated January 12th 2015 [reference no. 2015-01-009316], included herein by way of reference. For details on the trial see section 16 of Chapter A (Description of the Corporation's Business) of the Annual Report.

As of the date of this report, 14 patients were recruited and treated. Most patients reported a reduction in pain following the treatment, and increased function of the hand. The progress of the trial Progress is consistent with the Company's plans.

1.4 Wound healing gel product. On March 18th 2015 the Company announced[5] that the interim phase of the clinical trial of the Vergenix®FG syringe product the Company is conducting in a number of HMO wound clinics in the country (in this section: the "**Trial**") was successfully completed. The Trial is an open (visible) clinical trial, without a control group. 20 patients are expected to participate in the Trial. The Trial objectives are to demonstrate the safety of the product and assess its performance in patients with chronic hard healing wounds on the foot. According to the clinical trial protocol, which was approved by the competent entities (the Ministry of Health), patients receive a one-time treatment (single-arm) with the Medical Product that is accompanied by a four weeks follow-up process. The product's performance is examined according to several indicators, when the chief of which is the percentage of wound closure. An analysis of the interim results of the Trial (after treatment of 10 patients out of 20 patients participating in the Trial) shows wounds closure in excellent rates of 80% to 100% in the majority of patients, within four weeks of starting treatment. In addition, the Company demonstrated that the product is safe for use on human subjects.

As of the date of this report, 16 patients were recruited and treated and the interim results in their respect also show significant wound closure rates. The Trial continues according to the Company's plans.

A warning about forward-looking information – the Company's information and estimates as stated above in connection with the Company's research and development activities, including product development, their purpose and duration of the completion of the development (if at all), the dates of the commencement of clinical trials of any of the products in human subjects and/or their completion, including the continued development of products and proof of safety and/or efficacy in human subjects, the dates of receipt of permits for product marketing and date of the beginning of product sales, as well as the projection and the dates for submission of applications for approval of various products and receiving permits accordingly, including forecasts, deadlines, estimates and/or plans of the Company in connection with them, are "forward-looking information" as this term is defined in the Securities Law, 5728 – 1968 involving a high degree of uncertainty, and which is based, in part, on third parties and on many variables over which the Company does not necessarily have control, and therefore it is possible that the completion of the development of the products under development, the meeting of deadlines and timetables for development, as well as assumptions regarding future use and the relevant markets, are not realized

[5] See the Company's immediate report dated March 18th 2015 [reference no. 2015-01-053488], included herein by way of reference.

in practice and/or will not be realized in full and/or be realized in a different manner than that anticipated or expected in the first place.. Among the factors that could cause the Company's information and evaluation of such information will not be realized in the desired manner, one can specify, among other things, delay and/or failure to complete the required clinical trials, trials failure or a disagreement with the regulatory authorities on their results, demand for repeated trials, a change and/or harsher approval policy of the regulatory authorities (or denial of approval) with respect to products under development, failure to meet the objectives of further such trials and/or schedules and/or failure to obtain funding required by the parties involved on time and in the necessary scope for their continued development (if any)], and the materialization of any of the risk factors as described in section 30 in the Annual Report. It is further emphasized that there is no certainty that trials are successful, and the failure of the trial may require an update of the research and development plans, the budgets and schedules, and the Company is exposed to other risks as described in section 30 in the Annual Report, which may have a significant impact, jointly and severally, on these estimates.

2. **Update of section 25 (Material Agreements) in Chapter A of the Annual Report**

2.1. On March 29th 2015 the Audit Committee approved, and on March 22nd the Company's Board of Directors approved the Company's involvement in a consortium of international companies and academic institutions (the "**Consortium**") that shall act as part of a European initiative for the creation of international cooperation in the field of nanotechnology (project EuroNanomed II) and enter into an agreement (the "**Consortium Agreement**"), outlining the framework for a tissue research and development projects using nanotechnology, the Company's recombinant collagen and stem cell technology (the "Project"), which is expected to take approximately 3 years.[6] The Hebrew University will also participate in the Project together with Yissum – Research Development Company of the Hebrew University of Jerusalem Ltd. ("**Yissum**"), when Prof. Oded Shoseyov, who is a director and the Company's Chief Scientific Officer, is the project manager on its behalf. Under the Project, the Company will provide a non-material amount of Collage®, the recombinant collagen raw material manufactured by the Company (the "**Collagen**"), and will be a member of the steering committee for the Project. The Consortium Agreement will be signed by members of the

[6] See the Company's immediate report dated March 23rd 2015 [reference no. 2015-01-057418], included herein by way of reference.

Consortium, including the Company and the Hebrew University, and simultaneously the Company will sign a non-disclosure agreement ("**NDA**") with Yissum and an agreement for transfer of materials ("**MTA**") in connection with the Collagen that shall be used for research and development purposes in the Project (the Consortium Agreement together with the NDA/ MTA shall referred to as the "**Agreements**"). These Agreements shall contain provisions for the protection of the rights of each member of the Consortium and of the intellectual property to be developed, including provisions for the protection of the Company and the Collagen and the intellectual property to be developed (if developed, and to the extent and manner is shall be developed) under the Agreements in connection with the Collagen, whether by the Hebrew University or by other parties participating in the Consortium wishing to make use of the Company's Collagen, as applicable.

3. **Update of section 17.4 (Patents) in Chapter A of the Annual Report**

3.1. On April 5th 2015 the Company announced[7] that the US Patent Office approved a new patent for the Company protecting the methods for the manufacture and use of pro-collagen.[8] The patent expands the existing protection in the United States for CollPlant's core technology. The patent is according to an application filed with a priority date as of October 18th 2010 and is wholly owned by CollPlant.

3.2. On April 6th 2015 the Company announced[9] that the Canadian Patent Office approved the patent protecting CollPlant's core technology. The core technology enables functional collagen production in plants.[10] The registration of the patent, number WO 2006/035442, was made in CollPlant's name, according to the application filed on September 28th 2005 and the expiration date is expected on September 28th 2025. The protection patent approved is wholly owned by CollPlant.

[7] See the Company's immediate report dated April 5th 2015 [reference no. 2015-01-074728], included herein by way of reference.
[8] Collagen protein is created as a pre-enzyme called **pro-collagen**. Pro-collagen is in soluble form when after removing part of the molecule collagen is obtained.
[9] See the Company's immediate reports dated April 6th 2015 [reference no. 2015-01-074926] and April 7th 2015 [reference no. 2015-01-075304].
[10] For further information about the Company's patent system, which includes a number of patents with expiration dates between 2025 in 2029, and the patent receiving approval as stated above, see section 17.4.1 of Chapter A (Description of the Corporation's Affairs) in the Annual Report. For further information about the patent receiving approval as stated above, see section 17.4.2 of the Annual Report, item no. 1 in the table.

4. **Update of section 18 (Human Capital) in Chapter A of the Annual Report**

4.1. On May 21st 2015, the Company's Board of Directors, following the approval of the Audit and Compensation Committee, and subject to the approval of the general meeting of shareholders of the Company, approved the granting of a total of 2,680,000 options to a number of directors of the Company, exercisable into 2,680,000 shares (representing a total of 0.72% of the Company's fully diluted capital). Half of the amount will vest two years after the date of the Board decision, and the balance will vest in equal parts at the end of each subsequent month. The exercise price of each option is NIS 0.60.

4.2. On May 18th 2015, the Company's Board of Directors, following the approval of the Audit and Compensation Committee, approved the granting of 8,450,000 options to a number of officers (who are not directors or the CEO), employees and consultant of the Company, exercisable into 8,450,000 shares (representing a total of 2.26% of the Company's fully diluted capital). The options will vest over a period of four years (except in respect of the consultant, where they will vest in accordance with the milestones that were determined), at an exercise price of 60 agorot per share.

4.3. On May 18th 2015, the Company's Board of Directors, following the approval of the Audit and Compensation Committee, and subject to the approval of the general meeting of shareholders of the Company, approved the granting of 5,670,000 options to the CEO, exercisable into 5,670,000 shares (representing a total of 1.52% of the Company's fully diluted capital). The options will vest over a period of four years, at an exercise price of 60 agorot per share.

4.4. On March 22nd 2015, the Company's Board of Directors, following the approval of the Audit and Compensation Committee, and subject to the approval of the general meeting of shareholders of the Company, approved the granting 10 million options (unlisted), exercisable into 10 million ordinary shares, to the Chief Science Officer (who is also a director of the Company), all in accordance with the Company's option plan and the specific terms and conditions set forth in the option agreement with him. The options will vest over a period of five years, at an exercise price of 60 agorot per option.[11]

4.5. On February 19th 2015 the general assembly of shareholders of the Company, among other things, approved the appointment of two additional independent directors to the Board of Directors, Messrs. Ira Leiderman and Nira Dror, in addition to the approval of the continued tenure of the directors in office. The shareholders also approved the updating of the premium set in the framework transaction that was approved for entering into an insurance policy for the liability of directors and officers of the Company.[12] The insurance policy has been updated accordingly.[13]

4.6. On January 22nd 2015, the Company granted the Chairman of the Company's Board of Directors, pursuant to the Chairman's terms of service and employment and after receiving approval from the Company organs, 7,241,770 options.[14]

Sincerely,
CollPlant Holdings Ltd.
Date: 31 May 2015
Signatories to this report and their position:
Yaron Yaniv, Chairman of the Board of Directors

Yehiel Tal, CEO

[11] See the Company's immediate reports dated March 22nd 2015 [reference no. 2015-01-057307], March 29th 2015 [reference no. 2015-01-065308] and April 13th 2015 [reference no. 2015-01-077764], included herein by way of reference. The Company will take steps to
[12] See the Company's immediate reports dated January 12th 2015 [reference no. 2015-01-010195] and February 19th 2015 [reference no. 2015-01-035302], included herein by way of reference.
[13] See the Company's immediate reports dated March 22nd 2015 [reference no. 2015-01-057292], included herein by way of reference.
[14] See the Company's immediate reports dated January 22nd 2015 [reference no. 2015-01-017371], included herein by way of reference.

Convenience Translation

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 2015 (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 31, 2015

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 2015 (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 31, 2015

Eran Rotem, Chief Financial Officer