XTL BIOPHARMACEUTICALS LTD
Form 6-K
May 31, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of May, 2011

Commission File Number: 000-51310

XTL Biopharmaceuticals Ltd.

(Translation of registrant's name into English)

85 Medinat Hayehudim St., Herzliya
Pituach, PO Box 4033,
Herzliya 46140, Israel

(Address of principal executive offices)

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

Form 20-F x Form 40-F ¨

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

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

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

Yes ¨ No x

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

Incorporation by Reference: This Form 6-K of XTL Biopharmaceuticals Ltd. dated May 31, 2011 is hereby incorporated by reference into the registration statements on Form F-3 (File No. 333-141529, File No. 333-147024 and File No. 333-153055) filed by XTL Biopharmaceuticals Ltd. with the Securities and Exchange Commission on March 23, 2007 , October 30, 2007 and August 15, 2008, respectively, and the registration statements on Form S-8 (File No. 333-148085, File No. 333-148754 and File No. 333-154795) filed by XTL Biopharmaceuticals Ltd. with the Securities and Exchange Commission on December 14, 2007, January 18, 2008, and October 28, 2008, respectively.

XTL Biopharmaceuticals Ltd. (the "Company") Presents Its Translated From Hebrew Interim Financial Statements For The First Quarter Ended On March 31, 2011

Attached hereto is an English translation (from Hebrew) of our interim financial statements and additional information as submitted on the Tel Aviv Stock Exchange on May 30, 2011.

The following documents are included:

A. Board of Directors' Report.

B. Reviewed Condensed Consolidated Financial Statements as of March, 31 2011.

C. Separate Financial Information in accordance with Regulation 38d of the Israeli Securities Regulations (Periodical and Immediate Reports) - 1970.

D. Interim Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure Pursuant to Regulation 38c(a) of the Israeli Securities Authority.

XTL BIOPHARMACEUTICALS LTD.

DIRECTORS' REPORT ON THE COMPANY'S STATE OF AFFAIRS

AS OF MARCH 31, 2011

The board of directors of XTL Biopharmaceuticals Ltd. ("the Company") hereby presents the Company directors' report for the three months period ended March 31, 2011.

The data presented in this report relate to the Company and its subsidiaries on a consolidated basis ("the Group"), unless explicitly stated otherwise.

The directors' report contains, among other, a brief description of the Company's business, its financial position, an analysis of operating results and the effect of events during the reported period on the data in the consolidated financial statements of the Company as of March 31, 2011 ("the financial statements"). The directors' report was prepared based on the assumption that the reader also has at its disposal the directors' report for the year ended December 31, 2010.

1. PART 1 - THE BOARD OF DIRECTORS' EXPLANATIONS FOR THE STATE OF THE CORPORATION'S BUSINESS

1.1 A brief description of the Company's business

The Company was incorporated under the Israeli Companies Ordinance on March 9, 1993. The Company is engaged in the development of therapeutics, among others, for the treatment of unmet medical needs, improvement of existing medical treatment and business development in the medical realm.

As of the reporting date, the Company is in the preparations for adopting the Recombinant EPO drug Phase 2 clinical trial development plan designed to treat cancer patients with multiple myeloma.

Further, the Company has certain milestone rights in the development of treatment for hepatitis C ("DOS") from Presidio Pharmaceuticals Inc. ("Presidio"), a U.S. biotechnology company.

The following are the Company's subsidiaries (all are wholly-owned):

Xtepo - an Israeli privately-held company incorporated in November 2009 for the Bio-Gal transaction and which holds the exclusive license to use a patent of EPO drug for multiple myeloma (see also Note 1b to the Company's financial statements).

XTL Biopharmaceuticals Inc. (XTL Inc.) - a U.S. company incorporated in 1999 under the laws of the State of Delaware and was engaged in development of therapeutics and business development in the medical realm. XTL Inc. has a wholly-owned subsidiary, XTL Development Inc. ("XTL Development"), which was incorporated in 2007 under the laws of the State of Delaware and was engaged in development of therapeutics for the treatment of diabetic neuropathic pain ("Bicifadine").

As of the date of the approval of the financial statements, the companies XTL Inc. and XTL Development are inactive.

The Company is a public company which its securities are traded on the Tel-Aviv Stock Exchange and its American Depositary Receipts (ADRs) are quoted on the Pink Sheets.

1.2 Significant events during the period

- On February 27, 2011, the Company published an Israeli supplement prospectus according to which the Company offered up to 13,210,000 Ordinary shares of NIS 0.1 par value and up to 6,605,000 registered warrants (series 1) to purchase 6,605,000 Ordinary shares at an exercise price equal to NIS 0.7 per share, linked to the dollar in any trading day on the Tel-Aviv Stock Exchange ("TASE") from the date of registration for trade to November 27, 2011 and up to 19,815,000 registered warrants (series 2) to purchase 19,815,000 Ordinary shares at an exercise price equal to NIS 1.0 per share, linked to the dollar in any trading day on the TASE from the date of registration for trade to February 27, 2013. Further details are given in the Company's report from February 28, 2011 (TASE reference: 2011-01-063012).

- On March 7, 2011, and pursuant to the Israeli prospectus that the Company published, as above, the Company published a supplementary announcement (TASE reference: 2011-01-071685) in which, among others, it updated the number of securities which it had offered under the prospectus as follows: the new number of securities was determined to be up to 10,700,000 Ordinary shares of NIS 0.1 par value and up to 5,350,000 registered warrants (series 1) to purchase 5,350,000 Ordinary shares in any trading day on the TASE from the date of registration for trade to November 27, 2011 and up to 16,050,000 registered warrants (series 2) to purchase 16,050,000 Ordinary shares.

- On March 7, 2011, (TASE reference: 2011-01-072879), the Company published an immediate report about the results of the tender according to the above supplementary announcement ("the tender") as detailed below:

58 orders to purchase 79,004 units with total monetary value of NIS 10,553,017 were accepted in the tender.

The surplus demand in the issuance was more than 185% and the price per unit as fixed in the tender was NIS 132.25.

19 orders to purchase 19,953 units with price per unit higher than the price per unit determined in the tender were responded in full.

2 orders to purchase 30,600 units with price per unit determined in the tender were partially responded such that each of these orderers received about 74.66% of its order.

37 orders to purchase 28,451 units with price per unit lower than the price per unit determined in the tender were not responded.

The number of units ordered at the price per unit or at a higher price was greater than total offered units thus causing oversubscription. Accordingly, the Company used its right to allocate additional units as detailed in item 2.2.6.2 to the Israeli prospectus and item 1.4 to the above supplementary announcement ("the additional allocation"). According to the additional allocation, the Company allocated 6,420 units to orderers who booked orders at the determined price per unit such that 95.64% of their order was responded.

Total (gross) immediate proceeds that the Company received for the securities offered to the public under the supplementary announcement, including the additional allocation, amounted to NIS 6,509,345.

- On March 22, 2011, 4,666,667 warrants (unregistered) which had been issued in 2006 under a private placement to American investors expired (TASE reference: 2011-01-089238).

- On March 24, 2011, the Company has entered into a term sheet to acquire the activity of MinoGuard Ltd. ("MinoGuard") by an exclusive license to use MinoGuard's entire technology in return for royalties on sales and milestone payments throughout the clinical development process, without making any other payments.

MinoGuard was founded in 2007 in order to commercialize combination therapies for treating psychotic diseases, focusing on schizophrenia. The transaction is subject, among others, to completion of due diligence studies, examination of the regulatory track for the continued development of the drug and the approval of the Company's Board (TASE reference: 2011-01-091821).

1.3 The financial position, operating results, liquidity and financing resources

The Company had losses of approximately $ 0.3 million and negative cash flows from operating activities of approximately $ 0.4 million in the three months period ended March 31, 2011 (approximately $ 1.3 million and $ 0.75 million in the year ended December 31, 2011, respectively). The Company has no revenues from operations at this stage and funds its operations from its own capital and from external sources by way of issuing equity instruments. On March 7, 2011, the Company raised by public issuance of 12,305,000 Ordinary Shares of NIS 0.1 par value each, 6,152,500 warrants (series 1) and 18,457,500 warrants (series 2) on the Tel-Aviv Stock Exchange a net amount of approximately $ 1.75 million (approximately NIS 6.3 million). The Company's management estimates that the remaining cash and cash equivalent balances, including short-term deposit balances held, will enable the Company to continue operating for a period of approximately 15 months from the date of the statement of financial position. Nevertheless, since the Company has no cash flows from operations and due to the nature of the Company's activity as a research and development company, there is substantial doubt regarding the Company's ability to continue operating as a "going concern" beyond this period. These financial statements include no adjustments of the values of assets and liabilities and the classification thereof, if any, that will apply if the Company is unable to continue operating as a "going concern".

1.3.1 The financial position

Balance sheet highlights (U.S. dollars in thousands)

Line item	March 31, 2011 Amount $000	% of total balance sheet	December 31, 2010 Amount $000	% of total balance sheet
Total balance sheet	5,123	100 %	3,797	100 %
Equity	4,298	84 %	2,834	75 %
Current assets	2,570	50 %	1,222	32 %
Property, plant and equipment	37	1 %	35	1 %
Intangible assets	2,516	49 %	2,540	67 %
Short-term liabilities	825	16 %	963	25 %

Equity

The Company's equity as of March 31, 2011 was approximately $ 4,298 thousand, an increase of approximately $ 1,464 thousand from December 31, 2010, representing about 84% of total balance sheet compared to 75% of total balance sheet as of December 31, 2010. The increase in equity is primarily a result of effecting the issuance of March 7, 2011 under a public prospectus on the Tel-Aviv Stock Exchange with total immediate net proceeds of approximately $ 1.75 million.

Assets

Total current assets as of March 31, 2011 was approximately $ 2,570 thousand, an increase of approximately $ 1,348 thousand, compared to approximately $ 1,222 thousand as of December 31, 2010. The change is primarily a result of fundraising under the Israeli public prospectus, as above, less negative cash flows from operating activities.

The Group's carrying amount of cash and cash equivalents as of March 31, 2011 was approximately $ 578 thousand, a decrease of approximately $ 488 thousand, compared to cash balance of approximately $ 1,066 thousand as of December 31, 2010. The decrease is primarily a result of placing the cash received under the fundraising, as above, in short-term deposits for a period of more than three months and classifying them in short-term investments.

The Group's carrying amount of short-term deposits as of March 31, 2011 was approximately $ 1,879 thousand. The Group did not have short-term deposits as of December 31, 2010.

Property, plant and equipment as of March 31, 2011 totaled approximately $ 37 thousand, compared to $ 35 thousand as of December 31, 2010, with no material changes.

The carrying amount of intangible assets as of March 31, 2011 was approximately $ 2,516 thousand, compared to approximately $ 2,540 thousand as of December 31, 2010, with no material changes. The balance of intangible assets comprises mainly of the exclusive license to use a patent of EPO drug for multiple myeloma which was acquired in the Bio-Gal transaction from August 3, 2010 including costs involved in the transaction of approximately $ 187 thousand which were capitalized upon closing.

Liabilities

The carrying amount of trade payables as of March 31, 2011 totaled approximately $ 232 thousand, compared to approximately $ 203 thousand as of December 31, 2010, an increase of 14% which is primarily a result of current debt balance to professional service providers in connection with the preparation of the Company's Israeli prospectus which, as aforesaid, was completed on March 7, 2011.

The carrying amount of accounts payable as of March 31, 2011 totaled approximately $ 593 thousand, compared to approximately $ 760 thousand as of December 31, 2010, a decrease of 22%. The decrease is primarily a result of payment of liabilities with payables in the reporting period according to the payment terms.

1.3.2 An analysis of the operating results

Condensed statements of income (U.S. dollars in thousands)

	Three months ended March 31,		Year ended December 31,
	2011	2010	2010
		$000	
Research and development expenses	43	-	64
General and administrative expenses	291	335	1,222
Other gains, net	-	-	30
Operating loss	(334)	(335)	(1,256)
Finance income (expenses), net	32	(1)	(1)
Loss for the period attributable to equity holders of the Company	(302)	(336)	(1,257)

Research and development expenses

Research and development expenses in the three months period ended March 31, 2011 totaled approximately $ 43 thousand and substantially derived from costs involved in medical regulation, medical consulting costs in connection with the Company's EPO drug, expenses relating to clinical insurance and amortization expenses of the exclusive right to examine a medical technology in the field of the immune system. The Group had no research and development expenses in the corresponding period of last year.

General and administrative expenses

General and administrative expenses in the three months period ended March 31, 2011 totaled approximately $ 291 thousand, compared to approximately $ 335 thousand in the corresponding period of last year, a decrease of 13%. The decrease is basically explained by the decline in expenses for share-based payment to employees and service providers which were accounted for by the graded vesting method which accordingly expenses are declined over the vesting period, offset by a growth in salary costs/consulting fees of senior officers which were updated in the second half of 2010 according to the agreements and a growth in rent expenses which reflect the rent agreement of the Company's permanent offices since August 2010.

Other income

The Company had no other income in the three months period ended March 31, 2011 and in the corresponding period of last year.

Finance income (net)

Finance income (net) in the three months period ended March 31, 2011 totaled approximately $ 32 thousand, compared to approximately $ 1 thousand in the corresponding period of last year. The increase in finance income derives mainly from exchange differences in relation to the Company's functional currency (dollar). The Company maintains NIS-deposits as part of its liquid sources. These deposits less NIS-liabilities earned finance income from appreciation of the NIS in relation to the dollar. The carrying amount of NIS-denominated monetary assets totaled approximately $ 575 thousand.

Taxes on income

The Company had no tax expenses (income) in the three months period ended March 31, 2011 and in the corresponding period of last year.

Loss for the period

Loss in the three months period ended March 31, 2011 totaled approximately $ 302 thousand, compared to loss of approximately $ 336 thousand in the corresponding period of last year. The decrease in loss derives mainly from the decline in expenses for share-based payment to employees and service providers and the raise in finance income less the growth in salary expenses/consulting fees of senior officers and growth in rent expenses of the Company's permanent offices as explained in the item general and administrative and growth in the item research and development in respect of the preparations for the EPO drug clinical trial, which have commenced only upon the completion of the Bio-Gal transaction in August 2010.

Basic and diluted loss in the three months period ended March 31, 2011 amounted to approximately $ 0.002 per share, compared to basic and diluted loss of approximately $ 0.006 per share in the corresponding period of last year. The decrease in basic and diluted loss per share derives mainly from the increase in the number of shares in the three months period ended March 31, 2011 compared to the corresponding period of last year as a result of the issuance of shares under the Bio-Gal transaction from August 3, 2010 and the issuance of shares under the Israeli public prospectus from March 7, 2011.

1.3.3 Cash flows

Cash flows used in operating activities in the three months period ended March 31, 2011 totaled approximately $ 409 thousand, compared to cash flows used in operating activities of approximately $ 135 thousand in the corresponding period of last year, an increase of approximately $ 274 thousand. The increase in the negative cash flows from operating activities is explained by the payment of debt to suppliers and service providers for the current period and previous periods, in accordance with the payment terms.

Cash flows used in investing activities in the three months period ended March 31, 2011 totaled approximately $ 1,852 thousand, compared to cash flows used in investing activities of approximately $ 26 thousand in the corresponding period of last year. The increase in the cash flows used in investing activities during the period is primarily a result of placing the cash received from fundraising under the Israeli public prospectus, as above, in short-term deposits for a period of more than three months.

Cash flows provided by financing activities in the three months period ended March 31, 2011 totaled approximately $ 1,766 thousand and they stem from fundraising (less issuance expenses which were paid during the period) under the Israeli public prospectus, as above. The Company had neither provided nor used cash flows from financing activities in the corresponding period of last year.

1.3.4 Emphasis of matter paragraph in the Company's financial statements

"Without qualifying our conclusion above, we draw your attention to note 1c of the consolidated financial statements, which addresses that the Company has no revenues from operations at this stage and funds its operations from its own capital and from external sources by way of issuing equity instruments. In March 2011, the Company raised 1.75 million USD, net (approximately 6.3 million NIS) by issuing shares and warrants by way of a public offering. Company’s management estimates that the remaining cash and cash equivalent balances including short-term deposit balances held, will enable the Company to continue operating for a period of approximately 15 months from the date of the statement of financial position. Nevertheless, since the Company has no cash flows from operations and due to the nature of the Company’s activity as a research and development company, there is substantial doubt regarding the Company's ability to continue operating as a “going concern” beyond this period. These financial statements include no adjustments of the values of assets and liabilities and the classification thereof, if any, that will apply if the Company is unable to continue operating as a “going concern”.

Further details are given in Note 1c to the interim consolidated financial statements.

1.3.5 Financing resources

The Group finances its activity using equity and suppliers' credit. As of March 31, 2011, the Group's balance of cash and cash equivalents including short-term deposits amounted to approximately $ 2,457 thousand.

2. PART 2 - EXPOSURE TO MARKET RISKS AND THEIR MANAGEMENT

2.1 Exposure to market risks and their management

a. The person responsible for managing market risks in the Group is Mr. Ronen Twito, the Company's CFO.

b. Description of the market risks to which the Group is exposed - the Group's activities expose it to a variety of market risks including the changes in the exchange rates of the NIS in relation to the dollar, because the Company's functional currency is the dollar and substantially all of its expenses are denominated in dollar.

c. The policy of the Group in managing market risks - the Group accepted the Board's decision from March 9, 2011 which was ratified on March 29, 2011, that the Company would hold its cash in dollars, except the amount to pay NIS-denominated liabilities until the end of 2011.

d. Supervision of risk management policy - the Group identifies and assesses the principal risks facing it. The financial risks management is performed by the Group subject to the policy approved by the Group's Board and management.

2.1.1 Exchange rate risk

Substantially all of the Company's expenses are denominated in dollars against which the Company holds its available liquid resources in or linked to dollars. Nevertheless, some of the Company's expenses are denominated in NIS, which exposes the Company to changes in the exchange rate of the NIS in relation to the dollar. The Company acts to minimize the currency risk by holding part of its liquid resources in NIS up to the amount of the expected cash flows in NIS until the end of 2011 pursuant to the decision of the Company's Board, as above.

In order to hedge itself against economic exposure, which does not contradict the accounting exposure, the Company holds substantially all of its current assets in or linked to foreign currency.

2.1.2 Risks arising from changes in the economic environment and the global financial crisis

The Company's management estimates that the global financial crisis and the security events, the recent restless in Arab countries in the Middle East and North Africa and the latest events in Japan may have a negative impact on the Group's ability to raise funds in order to finance its plans and developments (see Note 1c to the financial statements).

The Company's investment policy is to invest only in bank deposits and, accordingly, it is not exposed to changes in the market prices of quoted securities.

Currently the Company has no sales and it does not expect sales in the foreseeable future.

2.2 Report of linkage basis

Linkage basis of balance sheet items as of March 31, 2011:

	U.S.$	NIS	Other currencies	Non-monetary	Total
			$000		
Assets:					
Cash and cash equivalents	282	294	2	-	578
Short-term deposits	1,376	503	-	-	1,879
Accounts receivable	-	54	-	38	92
Restricted deposits	-	21	-	-	21
	1,658	872	2	38	2,570
Liabilities:					
Trade payables	168	62	2	-	232
Other accounts payable	358	235	-	-	593
	526	297	2	-	825
Monetary assets less monetary liabilities	1,132	575	0	38	1,745

Linkage basis of balance sheet items as of March 31, 2010:

	U.S.$	NIS	Other currencies	Non-monetary	Total
			$000		
Assets:					
Cash and cash equivalents	233	18	-	-	251
Accounts receivable	4	7	-	33	44
Restricted deposits	40	-	-	-	40
	277	25	-	33	335
Liabilities:					
Trade payables	136	14	-	-	150
Other accounts payable	424	159	-	-	583
	560	173	-	-	733
Monetary assets less monetary liabilities	(283)	(148)	-	33	(398)

2.3 Sensitivity evaluation

Reporting on the exposure to financial risks:

Sensitivity to changes in the exchange rate of the dollar in relation to the NIS:

	Gain (loss) from changes			Gain (loss) from changes	
	+ 10%	+ 5%	31.3.2011	- 5%	- 10%
			$000		
Cash and cash equivalents	30	15	294	(15)	(30)
Short-term deposits	50	25	503	(25)	(50)
Accounts receivable	5	3	54	(3)	(5)
Restricted deposits (short-term)	2	1	21	(1)	(2)
Trade payables	(6)	(3)	(62)	3	6
Other accounts payable	(24)	(12)	(235)	12	24
Exposure in the linkage balance sheet	57	29	575	(29)	(57)

A-12

3. PART 3 - CORPORATE GOVERNANCE ASPECTS

3.1 Policy of granting contributions

As of the reporting date, the Company did not determine the policy on granting contributions and during the reporting period the Company did not make contributions.

3.2 Company's internal auditor

There was no material modification to the data pertaining to the Company's internal auditor as it was shown in the Company's periodic report for the year ended December 31, 2010.

3.3 The Company's Board

3.3.1 In the reporting period, 4 meetings of the Board were held and 3 meetings of the audit committee.

3.3.2 There was no material modification to the data pertaining to directors with accounting and financial qualifications as it was shown in the Company's periodic report for the year ended December 31, 2010.

3.3.3 The Company did not adopt in its articles a provision regarding the tenure of independent directors.

3.4 The Company's auditor

There was no material modification to the data pertaining to the Company's auditor as it was shown in the Company's periodic report for the year ended December 31, 2010.

3.5 Disclosure of the financial statements approval process

The Company's Board transferred the overall responsibility to the financial statements to the members of the audit committee as the committee that examines the financial statements.

Below are the names and details of the members of the committee that examines the financial statements:

Chairman of the committee - Jaron Diament, external director, expert in accounting and financing.

Dafna Cohen - external director, expert in accounting and financing.

Marc Allouche - director, expert in accounting and financing.

As for details of their qualifications, education, experience and knowledge, see part 4 regulation 26 to the Company's periodic report for 2010.

After being nominated, the committee's members gave the Company a declaration pursuant to the provisions of article 3 to the Israeli Companies Regulations (Directives and Conditions for Approving Financial Statements), 2010 as to having accounting and financing qualifications in accordance with the Israeli Companies Regulations (Conditions and Tests of Director with Accounting and Financing Qualification and Director with Professional Qualification), 2005.

Several days before the meeting of the committee, the Company's draft financial statements, draft directors' report and draft report on the effectiveness of internal control over financial reporting are delivered to the members of the committee.

The meeting of the committee that examines the financial statements which was held on May 26, 2011 was also attended, besides the members of the committee, by the Company's CEO, Mr. David Grossman, the CFO, Mr. Ronen Twito, the Company's legal consultant, Mr. Ronen Kantor and Adv. and representatives of the Company's auditors, Kesselman & Kesselman, CPAs.

At the meeting of the committee in which the financial statements are discussed and approved, the CEO and CFO review in a detailed manner the key points of the financial statements, the Company's financial results, financial position and cash flows. This presentation comprises an analytical analysis and it gives details of the composition of and movement in material items and a comparison is made to previous periods.

In the meeting, a discussion is held in the issue of estimates and judgments made in connection with the preparation of the financial statements as well as valuations used in the preparation of the financial statements and internal controls over financial reporting. In the framework of the discussion, the auditors gave their reference to the review process and to the data in the financial statements. Also, the Company's CEO and CFO review significant transactions that were carried out and any changes that occurred in the Company during the reporting period compared to corresponding periods presented. In this framework, a discussion is held during which the members of the committee raise questions regarding the financial statements.

Also, in the framework of the discussion, the committee forms its recommendation to the Board, among others, about the estimates and estimations made in connection with the financial statements, internal controls over financial reporting, overall financial statements disclosures and appropriateness, accounting policies adopted and the accounting treatment applied to the Company's material issues, valuations and impairment losses of assets, including the assumptions and estimates used to support the data in the financial statements.

The committee that examines the financial statements transferred its recommendations to approve the financial statements to the Board's members. The members of the Company's Board believe that the recommendations of the committee that examines the financial statements have been transferred reasonably enough before the discussion, considering the scope and complexity of the recommendations. The Company's Board stated that a four-day difference between the meeting of the committee in the issue of the Company's financial statements as of March 31, 2011 and the meeting of the Company's Board in the issue of their approval would be considered a reasonable amount of time.

On May 30, 2011, after it was made clear that the financial statements reflect properly the financial condition of the Company and its operating results, the Company's Board approved the financial statements of the Company as of March 31, 2011 in the presence of the following directors: Mr. Amit Yonay (chairman), Ms. Dafna Cohen, Mr. Jaron Diament, Mr. Marc Allouche and Mr. David Grossman.

4. PART 4 - THE CORPORATION'S FINANCIAL REPORTING

4.1 Significant events after the reporting date

On April 21, 2011, the Company announced that on April 20, 2011, it applied to the U.S. Food and Drug Administration (FDA) for drug status for its EPO drug for the treatment of multiple myeloma blood cancer for which it owns a patent through 2019.

An "orphan drug" is defined as a drug for treating diseases that affect a small number of people. In U.S. an orphan drug is defined as a disease affecting fewer than 200,000 people a year. To encourage the development of drugs for these diseases, the regulatory authorities grant benefits and incentives to developers. The main standard benefit of orphan drugs in the U.S. is receiving seven years marketing exclusivity from the date of approval by the FDA, as far as the FDA gives such approval. Additional benefits are local U.S. tax credit on research and development expenses and exemption from paying commissions to the FDA, a division of the U.S. Department of Health and Human Services (HHS) (TASE reference: 2011-01-127056).
On May 29, 2011, the Company announced that the FDA has granted the Company an Orphan-drug designation to its EPO drug (which is in preparations for commencement of a phase 2 clinical trial) for the treatment of multiple myeloma, a blood cancer.

4.2 Critical accounting estimates

There was no material modification to the critical accounting estimates as it was shown in the Company's periodic report for the year ended December 31, 2010.

May 30, 2011		
Date	Amit Yonay, Chairman of the Board	David Grossman, Director and CEO

A-16

XTL BIOPHARMACEUTICALS LTD.

INTERIM FINANCIAL INFORMATION

AS OF MARCH 31, 2011

UNAUDITED

INDEX

Auditors' review Report to the shareholders of XTL Biopharmaceuticals Ltd.

Introduction

We have reviewed the accompanying financial information of XTL Biopharmaceuticals Ltd and its subsidiaries (hereafter - the group), which includes the condensed consolidated statement of financial position as of March 31, 2011 and the related condensed consolidated statement of comprehensive loss, changes in shareholders' equity, and cash flows for the three-month period then ended. The Board of Directors and management are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 "Interim Financial Reporting", and they are also responsible to draw up interim financial information based on Chapter D to the Israel Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Israeli Review Standard No. 1, issued by the Israeli Institute of Certified Public Accountants, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, 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 auditing standards generally accepted 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 the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to what is said in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure provisions of Chapter D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

Without qualifying our conclusion above, we draw your attention to note 1c of the consolidated financial statements, which addresses that the Company has no revenues from operations at this stage and funds its operations from its own capital and from external sources by way of issuing equity instruments. In March 2011, the Company raised 1.75 million USD, net (approximately 6.3 million NIS) by issuing shares and warrants by way of a public offering. Company’s management estimates that the remaining cash and cash equivalent balances including short-term deposit balances held, will enable the Company to continue operating for a period of approximately 15 months from the date of the statement of financial position. Nevertheless, since the Company has no cash flows from operations and due to the nature of the Company’s activity as a research and development company, there is substantial doubt regarding the Company's ability to continue operating as a “going concern” beyond this period. These financial statements include no adjustments of the values of assets and liabilities and the classification thereof, if any, that will apply if the Company is unable to continue operating as a “going concern”.

Tel-Aviv, Israel	Kesselman & Kesselman
May 30, 2011	Certified Public Accountants (Isr.)
	A member firm of PricewaterhouseCoopers International Limited

Kesselman & Kesselman, Trade Tower, 25 Hamered Street, Tel-Aviv 68125, Israel, P.O Box 452 Tel-Aviv 61003 Telephone:
+972 -3- 7954555, Fax:+972 -3- 7954556, www.pwc.co.il

XTL BIOPHARMACEUTICALS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2011	March 31, 2010	December 31, 2010
	Unaudited	Unaudited	Audited
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	578	251	1,066
Short-term deposits	1,879	-	-
Accounts receivable	92	44	110
Restricted deposits	21	40	46
	2,570	335	1,222
NON-CURRENT ASSETS:			
Property, plant and equipment	37	20	35
Intangible assets	2,516	-	2,540
Other investments	-	156	-
	2,553	176	2,575
Total assets	5,123	511	3,797
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	232	150	203
Other accounts payable	593	583	760
	825	733	963
EQUITY (DEFICIENCY) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Ordinary share capital	5,335	1,445	4,993
Share premium	141,382	139,786	139,983
Accumulated deficit	(142,419)	(141,453)	(142,142)
Total equity (deficiency)	4,298	(222)	2,834
Total liabilities and equity	5,123	511	3,797

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

Amit Yonay	David Grossman	Ronen Twito
Chairman of the Board	Director and CEO	CFO

Date of approval of the financial statements by the Company's Board: May 30, 2011.

XTL BIOPHARMACEUTICALS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three months ended March 31, 2011	Three months ended March 31, 2010	Year ended December 31, 2010
	Unaudited	Unaudited	Audited
	U.S. dollars in thousands (except per share data)		
Research and development expenses	43	-	64
General and administrative expenses	291	335	1,222
Other gains, net	-	-	30
Operating loss	(334)	(335)	(1,256)
Finance income	35	-	6
Finance expenses	3	1	7
Finance income (expenses), net	32	(1)	(1)
Loss and comprehensive loss attributable to equity holders of the Company	(302)	(336)	(1,257)
Basic and diluted loss per share (in U.S. dollars)	(0.002)	(0.006)	(0.011)

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

XTL BIOPHARMACEUTICALS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

	Three months ended March 31, 2011			
	Attributable to equity holders of the Company			
	Share capital	Share premium and warrants	Accumulated deficit	Total
	U.S. dollars in thousands			
Balance at January 1, 2011 (audited)	4,993	139,983	(142,142)	2,834
Comprehensive loss for the period	-	-	(302)	(302)
Share-based payment to employees and others	-	-	25	25
Issue of shares	342	1,399	-	1,741
Balance at March 31, 2011 (unaudited)	5,335	141,382	(142,419)	4,298

	Three months ended March 31, 2010			
	Attributable to equity holders of the Company			
	Share capital	Share premium	Accumulated deficit	Total
	U.S. dollars in thousands			
Balance at January 1, 2010 (audited)	1,445	139,786	(141,224)	7
Comprehensive loss for the period	-	-	(336)	(336)
Share-based payment to employees and others	-	-	107	107
Balance at March 31, 2010 (unaudited)	1,445	139,786	(141,453)	(222)

	Year ended December 31, 2010			
	Attributable to equity holders of the Company			
	Share capital	Share premium	Accumulated deficit	Total
	U.S. dollars in thousands			
Balance at January 1, 2010 (audited)	1,445	139,786	(141,224)	7
Comprehensive loss for the year	-	-	(1,257)	(1,257)
Issue of shares	3,545	193	-	3,738
Share-based payment to employees and others	-	-	339	339
Exercise of share options	3	4	-	7
Balance at December 31, 2010 (audited)	4,993	139,983	(142,142)	2,834

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

XTL BIOPHARMACEUTICALS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,		Year ended December 31,
	2011	2010	2010
	Unaudited		Audited
	U.S. dollars in thousands		
Cash flows from operating activities:			
Comprehensive loss for the period	(302)	(336)	(1,257)
Adjustments to reconcile loss to net cash used in operating activities (a)	(107)	201	522
Net cash used in operating activities	(409)	(135)	(735)
Cash flows from investing activities:			
Decrease (increase) in restricted deposit	25	-	(6)
Increase in short-term bank deposits	(1,865)	-	-
Purchase of property, plant and equipment	(9)	-	(16)
Other investments	(3)	(26)	(81)
Net cash used in investing activities	(1,852)	(26)	(103)
Cash flows from financing activities:			
Issue of shares in Bio-Gal transaction	-	-	1,473
Proceeds from issue of shares	1,766	-	-
Exercise of share options	-	-	7
Net cash provided by financing activities	1,766	-	1,480
Increase (decrease) in cash and cash equivalents	(495)	(161)	642
Gains from exchange differences on cash	7	-	12
Cash and cash equivalents at the beginning of the period	1,066	412	412
Cash and cash equivalents at the end of the period	578	251	1,066

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

XTL BIOPHARMACEUTICALS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three months ended March 31,		Year ended December 31,
		2011	2010	2010
		Unaudited		Audited
		U.S. dollars in thousands		
(a)	Adjustments to reconcile loss to net cash used in operating activities:			
	Income and expenses not involving cash flows:			
	Depreciation and amortization	25	3	42
	Share-based payment transactions to employees and others	25	107	219
	Revaluation of short-term deposits	(14)	-	-
	Exchange differences on operating activities	(7)	-	(12)
		29	110	249
	Changes in operating asset and liability items:			
	Decrease (increase) in accounts receivable and income taxes receivable	18	61	(5)
	Increase (decrease) in trade payables	35	(42)	5
	Increase (decrease) in other accounts payable	(189)	72	273
		(136)	91	273
		(107)	201	522
(b)	Additional information on cash flows from operating activities:			
	Interest received	1	-	2
	Refund of taxes on income	-	72	72
(c)	Non-cash activities:			
	Investment in deferred charges in connection with the Bio-Gal transaction which were recorded in "intangible assets" and "other investments"	-	21	40

Purchase of an intangible asset as consideration for the issuance of the Company's shares under the Bio-Gal transaction	-	-	2,265
Purchase of an exclusive right to examine a medical technology for a 15-month period against equity	-	-	120
Unpaid issuance expenses in connection with the public offering on the Tel-Aviv Stock Exchange from March 7. 2011	25	-	-
Purchase of property, plant and equipment on suppliers' credit	-	-	6

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

NOTE 1:- GENERAL

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

XTL Biopharmaceuticals Ltd. ("the Company") is engaged in the development of therapeutics, among others, for the treatment of unmet medical needs, improvement of existing medical treatment and business development in the medical realm. The Company was incorporated under the Israeli Companies Ordinance on March 9, 1993. The Company owns 100% of Xtepo Ltd. ("Xtepo") and owns 100% of a U.S. company, XTL Biopharmaceuticals Inc. ("XTL Inc."), which was incorporated in 1999 under the laws of the State of Delaware.

The Company is currently in the preparations for adopting the Recombinant EPO drug Phase 2 clinical trial designed to treat cancer patients with multiple myeloma.

Further, the Company has certain milestone rights in the development of treatment for hepatitis C ("DOS") from Presidio Pharmaceuticals Inc. ("Presidio"), a U.S. biotechnology company.

The following are the Company's subsidiaries:

Xtepo - an Israeli privately-held company incorporated in November 2009 by Bio-Gal Ltd.'s shareholders for the Bio-Gal transaction and which holds the exclusive license to use a patent of Recombinant EPO drug for multiple myeloma (see also b below).

XTL Inc. was engaged in development of therapeutics and business development in the medical realm. XTL Inc. has a wholly-owned subsidiary, XTL Development Inc. ("XTL Development"), which was incorporated in 2007 under the laws of the State of Delaware and was engaged in development of therapeutics for the treatment of diabetic neuropathic pain ("Bicifadine").

As of the date of the approval of the financial statements, the companies XTL Inc. and XTL Development are inactive.

The Company and its subsidiaries ("the Group") operate in one business segment.

The Company is a public company and its securities are traded on the Tel-Aviv Stock Exchange. Also, its American Depositary Receipts (ADRs) are quoted on the Pink Sheets.

The interim financial information is reviewed but not audited.

NOTE 1:- GENERAL (Cont.)

b. On December 31, 2009, the Company amended the original Bio-Gal agreement from March 18, 2009 to acquire 100% of the shares of Xtepo whom the license for the use of the patent for Recombinant EPO drug for multiple myeloma will be assigned and who will have an amount of approximately $ 1.5 million in its account, by allocating 133,063,688 Ordinary shares of NIS 0.1 par value each of the Company representing after their allocation 69.44% of the Company's issued and outstanding share capital. In addition, an amendment to the agreement determines that Bio-Gal will not be entitled to the additional payment of $ 10 million, as determined in the original transaction outline.

The Company is also obligated to pay 1% royalties on net sales of the product and $ 350 thousand upon the successful completion of a Phase 2 clinical trial.

On August 3, 2010, the Bio-Gal transaction was completed according to the outline signed by the parties to the agreement on December 31, 2009, after all the prerequisites had been met (for further details, please see note 1b' in the Consolidated Financial Statements for 2010).

c. The Company had losses of approximately $ 0.3 million and negative cash flows from operating activities of approximately $ 0.4 million in the three months period ended March 31, 2011 (approximately $ 1.3 million and $ 0.75 million in the year ended December 31, 2011, respectively). The Company has no revenues from operations at this stage and funds its operations from its own capital and from external sources by way of issuing equity instruments. On March 7, 2011, the Company raised by public issuance of 12,305,000 Ordinary shares of NIS 0.1 par value each, 6,152,500 warrants (series 1) and 18,457,500 warrants (series 2) on the Tel-Aviv Stock Exchange a net amount of approximately $ 1.75 million (approximately NIS 6.3 million). The Company's management estimates that the remaining cash and cash equivalent balances, including short-term deposit balances held, will enable the Company to continue operating for a period of approximately 15 months from the date of the statement of financial position. Nevertheless, since the Company has no cash flows from operations and due to the nature of the Company's activity as a research and development company, there is substantial doubt regarding the Company's ability to continue operating as a "going concern" beyond this period. These financial statements include no adjustments of the values of assets and liabilities and the classification thereof, if any, that will apply if the Company is unable to continue operating as a "going concern".

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

a. The condensed consolidated financial information of the Group as of March 31, 2011 and for the interim period of three months then ended ("interim financial information") has been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34") and includes the additional disclosure requirements of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. This interim financial information should be read in conjunction with the annual financial statements for 2010 and the accompanying notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and included the additional disclosure requirements of the Israeli Securities Regulations (Annual Financial Statements), 2010.

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

In the preparation of these condensed consolidated interim financial statements, the significant judgment exercised by management in applying the Group's accounting policies and the uncertainties involved in the key sources of the estimates were identical to those in the consolidated annual financial statements for the year ended December 31, 2010.

NOTE 3:- SIGNIFICANT ACCOUNTING POLICIES

The Group's significant accounting policies and methods of computation adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the annual financial statements for 2010, except for standards, amendments or interpretations to existing standards that became effective and that are mandatory for the accounting periods beginning January 1, 2011, however, their initial adoption had no material effect on the Group's interim financial information (as well as on the comparative figures).

NOTE 4:- SIGNIFICANT EVENTS DURING THE PERIOD

a. On March 7, 2011, the Company raised by public issuance of 12,305,000 Ordinary shares of NIS 0.1 par value each, 6,152,500 warrants (series 1) and 18,457,500 warrants (series 2) on the Tel-Aviv Stock Exchange a net immediate amount of approximately NIS 6.3 million (approximately $ 1.75 million).

Warrants (series 1) are exercisable into one Ordinary share of NIS 0.1 par value from the date of registration for trade on the Stock Exchange (March 9, 2011) to November 27, 2011 at an exercise price equal to NIS 0.7 per share, linked to the U.S. dollar.

XTL BIOPHARMACEUTICALS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2011 (UNAUDITED)

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

Warrants (series 2) are exercisable into one Ordinary share of NIS 0.1 par value from the date of registration for trade on the Stock Exchange (March 9, 2011) to February 27, 2013 at an exercise price equal to NIS 1 per share, linked to the U.S. dollar.

b. On March 22, 2011, 4,666,667 warrants (unregistered) which had been issued in 2006 under a private placement to American investors expired.

c. On March 24, 2011, the Company has entered into a term sheet to acquire the activity of MinoGuard Ltd. ("MinoGuard") by an exclusive license to use MinoGuard's entire technology in return for royalties on sales and milestone payments throughout the clinical development process, without making any other payments.

MinoGuard was founded in 2007 in order to commercialize combination therapies for treating psychotic diseases, focusing on schizophrenia. The transaction is subject, among others, to completion of due diligence studies, examination of the regulatory track for the continued development of the drug and the approval of the Company's Board.

NOTE 5:- EVENTS AFTER THE REPORTING PERIOD

On April 20, 2011, the Company has applied to the U.S. Food and Drug Administration (FDA) for orphan drug status for its EPO drug for the treatment of multiple myeloma blood cancer for which it owns a patent through 2019.

An "orphan drug" is defined as a drug for treating diseases that affect a small number of people. In U.S. an "orphan drug" is defined as a disease affecting fewer than 200,000 people a year. To encourage the development of drugs for these diseases, the regulatory authorities grant benefits and incentives to developers. The main standard benefit of orphan drugs in the U.S. is receiving seven years marketing exclusivity from the date of approval by the FDA, as far as the FDA gives such approval. Additional benefits are local U.S. tax credit on research and development expenses and exemption from paying commissions to the FDA, a division of the U.S. Department of Health and Human Services (HHS).
On May 29, 2011, the Company announced that the FDA has granted the Company an Orphan-drug designation to its EPO drug (which is in preparations for commencement of a phase 2 clinical trial) for the treatment of multiple myeloma, a blood cancer.

XTL BIOPHARMACEUTICALS LTD.

INTERIM FINANCIAL REPORTING

AS OF MARCH 31, 2011

SEPARATE FINANCIAL INFORMATION IN ACCORDANCE WITH REGULATION 38D TO THE ISRAELI SECURITIES REGULATIONS (PERIODIC AND IMMEDIATE REPORTS), 1970

UNAUDITED

INDEX

Special review report of the separate financial information according to regulation 38d' of the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970

Introduction

We have reviewed the accompanying interim separate financial information set forth in regulation 38d' of the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970 of XTL Biopharmaceuticals Ltd (hereafter - the "Company"), as of March 31, 2011 and for the three-month periods then ended. The Board of Directors and management are responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Israeli Review Standard No. 1, issued by the Israeli Institute of Certified Public Accountants, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, 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 auditing standards generally accepted 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 the accompanying interim separate financial information is not prepared, in all material respects, in accordance with regulation 38d' of the Israeli Securities Regulations (Periodic and Immediate Reports) - 1970.

Without qualifying our conclusion above, we draw your attention to note 1c of the consolidated financial statements, which addresses that the Company has no revenues from operations at this stage and funds its operations from its own capital and from external sources by way of issuing equity instruments. In March 2011, the Company raised 1.75 million USD, net (approximately 6.3 million NIS) by issuing shares and warrants by way of a public offering. Company's management estimates that the remaining cash and cash equivalent balances including short-term deposit balances held, will enable the Company to continue operating for a period of approximately 15 months from the date of the statement of financial position. Nevertheless, since the Company has no cash flows from operations and due to the nature of the Company's activity as a research and development company, there is substantial doubt regarding the Company's ability to continue operating as a "going concern" beyond this period. These financial statements include no adjustments of the values of assets and liabilities and the classification thereof, if any, that will apply if the Company is unable to continue operating as a "going concern".

Tel-Aviv, Israel
May 30, 2011

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

Kesselman & Kesselman, Trade Tower, 25 Hamered Street, Tel-Aviv 68125, Israel, P.O Box 452 Tel-Aviv 61003 Telephone:
+972 -3- 7954555, Fax:+972 -3- 7954556, www.pwc.co.il

C-2

XTL BIOPHARMACEUTICALS LTD.

Separate Financial Information disclosed in accordance with Regulation 38D
to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Assets and Liabilities Included in the Consolidated Financial Statements
Attributable to the Company Itself as a Parent

	March 31,		December 31,
	2011	2010	2010
	Unaudited		Audited
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	451	248	309
Short-term deposits	575	-	-
Accounts receivable	82	40	108
Receivables for investees	36	1,592	110
Restricted deposits	21	40	46
	1,165	1,920	573
NON-CURRENT ASSETS:			
Property, plant and equipment	37	18	35
Intangible assets	64	-	88
Other investments	-	156	-
	101	174	123
Net amount attributable to equity holders of the parent of total assets less total liabilities reflecting in the consolidated financial statements financial information of investees	3,797	(1,693)	3,700
Total assets attributable to the Company itself as a parent	5,063	401	4,396
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	165	83	135
Payables for investees	50	-	710
Other accounts payable	550	540	717
	765	623	1,562
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Ordinary share capital	5,335	1,445	4,993
Share premium	141,382	139,786	139,983
Accumulated deficit	(142,419)	(141,453)	(142,142)

Total equity	4,298	(222)	2,834
Total liabilities and equity	5,063	401	4,396

The accompanying notes and additional information are an integral part of the financial data.

Amit Yonay Chairman of the Board	David Grossman Director and CEO	Ronen Twito CFO

Date of approval of the financial statements by the Company's Board: May 30, 2011.

XTL BIOPHARMACEUTICALS LTD.

Separate Financial Information disclosed in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Income and Expenses Included in the Consolidated Financial Statements Attributable to the Company Itself as a Parent

	Three months ended March 31,		Year ended December 31,
	2011	2010	2010
	Unaudited		Audited
	U.S. dollars in thousands		
Research and development expenses	43	-	63
General and administrative expenses	271	370	1,136
Operating loss	(314)	(370)	(1,199)
Finance income	16	-	-
Finance expenses	14	1	36
Finance income (expenses), net	2	(1)	(36)
Loss after financing	(312)	(371)	(1,235)
Net amount attributable to equity holders of the parent of total income less total expenses reflecting in the consolidated financial statements operating results of investees	10	35	(22)
Loss for the period attributable to the Company itself as a parent	(302)	(336)	(1,257)

The accompanying notes and additional information are an integral part of the financial data.

XTL BIOPHARMACEUTICALS LTD.

Separate Financial Information disclosed in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Cash Flows Included in the Consolidated Financial Statements Attributable to the Company itself as a Parent

	Three months ended March 31, 2011	Three months ended March 31, 2010	Year ended December 31, 2010
	Unaudited	Unaudited	Audited
	U.S. dollars in thousands		
Cash flows from operating activities:			
Comprehensive loss for the period	(302)	(336)	(1,257)
Adjustments to reconcile loss to net cash used in operating activities (a)	(91)	162	542
Net cash flows from operating activities relating to transactions with investees	(673)	42	709
Net cash used in operating activities	(1,066)	(132)	(6)
Cash flows from investing activities:			
Decrease (increase) in restricted deposit	25	-	(6)
Increase in short-term bank deposits	(575)	-	-
Purchase of property, plant and equipment	(9)	-	(16)
Other investments	(3)	(26)	(81)
Net cash used in investing activities	(562)	(26)	(103)
Cash flows from financing activities:			
Issue of shares	1,766	-	-
Exercise of share options	-	-	7
Net cash provided by financing activities	1,766	-	7
Increase (decrease) in cash and cash equivalents	138	(158)	(102)
Gains from exchange differences on cash	4	-	5
Cash and cash equivalents at the beginning of the period	309	406	406
Cash and cash equivalents at the end of the period	451	248	309

The accompanying notes and additional information are an integral part of the financial data.

C-5

XTL BIOPHARMACEUTICALS LTD.

Separate Financial Information disclosed in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Cash Flows Included in the Consolidated Financial Statements Attributable to the Company itself as a Parent

	Three months ended March 31, 2011	Three months ended March 31, 2010	Year ended December 31, 2010
	Unaudited	Unaudited	Audited
	U.S. dollars in thousands		
(a) Adjustments to reconcile loss to net cash used in operating activities:			
Income and expenses not involving cash flows:			
Depreciation and amortization	25	2	39
Share-based payment transactions to employees and others	25	107	219
Net amount attributable to equity holders of the parent of total income less total expenses reflecting in the consolidated financial statements operating results of investees	(10)	(35)	22
Gains from exchange differences on operating activities	(4)	-	(5)
	36	74	275
Changes in operating asset and liability items:			
Decrease (increase) in accounts receivable and income taxes receivable	26	(11)	(79)
Increase (decrease) in trade payables	36	(5)	41
Increase (decrease) in other accounts payable	(189)	104	305
	(127)	88	267
	(91)	162	542
(b) Non-cash activities:			
Investment in deferred charges in connection with the Bio-Gal transaction which were recorded in "intangible assets" and "other investments"	-	21	40

Purchase of Xtepo Ltd. as consideration for the issuance of the Company's shares under the Bio-Gal transaction	-	-	3,738
Purchase of an exclusive right to examine a medical technology for a 15-month period against equity	-	-	120
Unpaid issuance expenses in connection with the public offering on the Tel-Aviv Stock Exchange from March 7. 2011	25	-	-
Purchase of property, plant and equipment on suppliers' credit	-	-	6

The accompanying notes and additional information are an integral part of the financial data.

C-6

Note 1:- Basis of Preparation of the Separate Financial Information Disclosed in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

a. Definitions:

The Company	- XTL Biopharmaceuticals Ltd.
The separate interim financial information	- separate interim financial information in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Unless stated otherwise, all the terms used within the scope of the separate interim financial information are as these terms are defined in the condensed consolidated financial statements of the Company as of March 31, 2011 and for the three months period then ended ("condensed interim consolidated statements").

Investee	- subsidiary
Intragroup transaction	- transactions of the Company and subsidiaries
Intragroup balances, income and expenses and cash flows	- balances, income and expenses and cash flows, as the case may be, resulting from intragroup transactions that have been eliminated in the consolidated statements

b. The principles of preparation of the separate financial information:

The separate interim financial information has been prepared in conformity with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 ("Periodic Report Regulations"). Accordingly, financial data of the interim consolidated statements of the corporation as stated in Regulation 9C to the Periodic Report Regulations ("Regulation 9C"), with the obligated changes, will be disclosed in the interim statement along with the auditors' review report.

Accordingly, the separate interim financial information comprises financial data of the condensed consolidated financial statements of the Company as of March 31, 2011 and for the three months period then ended ("condensed interim consolidated financial statements") attributable to the Company itself as the parent.

Note 1:- Basis of Preparation of the Separate Financial Information Disclosed in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 (Cont.)

This separate interim financial information should be read in conjunction with the separate financial information of the Company as of December 31, 2010 and for each of the three years in the period then ended ("the Company's separate financial information for 2010") and the accompanying notes which have been prepared in accordance with Regulation 9C to the Periodic Report Regulations, as well as particulars specified in the Tenth Addendum to these Regulations and subject to the clarifications specified in the "Clarification Regarding the Separate Financial Statement of the Corporation" which was published on the website of the Israeli Securities Authority on January 24, 2010 and which address how to apply said Regulation and Addendum ("IAS Staff Clarification").

The significant accounting policies and methods of computation adopted in the preparation of the separate interim financial information are consistent with those followed in the preparation of the Company's separate financial information for 2010 as elaborated therein.

The interim financial information is reviewed but not audited.

The separate interim financial information does not constitute financial statements, including separate financial statements, which are prepared and presented in accordance with International Financial Reporting Standards ("IFRS") in general, and the provisions of International Accounting Standard 27, "Consolidated and Separate Financial Statements" in particular and it does not constitute interim financial information prepared in accordance with IAS 34, "Interim Financial Reporting".

Nonetheless, the accounting policy specified in Note 3 to the condensed interim consolidated financial statements regarding the significant accounting policies and the method by which the financial data were classified in the condensed interim consolidated financial statements were applied for the purpose of presenting the separate interim financial information and this with the obligated changes resulting from the above regarding the significant accounting policies and methods of computation adopted in the preparation of the separate interim financial information.

Note 2: - Relations, Engagements, Loans, Material Investments and Transactions Between the Company and Its Investees

In March 2011, the Company converted a current intragroup balance with a wholly-owned subsidiary, XTL Biopharmaceuticals Inc., of approximately $ 87 thousand into an equity investment.

Interim report on the effectiveness of internal control over financial reporting and disclosure pursuant to Regulation 38c(a) of the Israeli Securities Authority

Management, under the supervision of the board of directors of XTL Biopharmaceuticals Ltd. ("the Company"), is responsible for planning and maintaining adequate internal control over financial reporting and disclosure in the Company.

The executive officers in charge of planning and maintaining adequate internal control over financial reporting and disclosure in the Company are:

1. Mr. David Grossman, CEO.
2. Mr. Ronen Twito, CFO.

Internal control over financial reporting and disclosure consists of the Company's existing controls and procedures that have been planned by the CEO and CFO or under their supervision, or by the equivalent acting officers, under the governance of the Company's board of directors, designed to provide reasonable assurance about the reliability of financial reporting and the preparation of the financial statements in compliance with applicable laws, and guarantee that all information that the Company is required to disclose in the financial statements issued by law is collected, processed, summarized and reported in a timely manner and according to the format prescribed by law.

Among other things, internal control includes controls and procedures planned to guarantee that all information that the Company is required to disclose as above is gathered and transferred to the Company's management, including the CEO and CFO, or the equivalent acting officers, in order to allow decision making on a timely basis with respect to the disclosure requirement.

Because of its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misstatements or omissions of information in the financial statements will be prevented or detected.

In its annual report on the effectiveness of internal control over financial reporting and disclosure which is attached to the interim report for the period ended December 31, 2010 ("the latest annual report on internal control"), management and the board of directors have assessed the Company's internal control; based on this assessment, the Company's board of directors and management have concluded that the Company's internal control as above as of March 31, 2011 is effective.

Through the date of this report, no events or circumstances have been brought to the knowledge of the board of directors and management that are liable to change the assessment of the effectiveness of internal control, as it is expressed in the latest annual report on internal control.

As of the date of this report, based on the assessment of the effectiveness of internal control in the latest annual report on internal control, and based on information brought to the knowledge of management and the board of directors, as above, internal control is effective.

Chief Executive Officer's Statement pursuant to Regulation 38c(d)(1) to the Israeli Securities Authority:

Letter of Representation
Chief Executive Officer's Statement

I, David Grossman, hereby declare that:

(1) I have reviewed the interim report of XTL Biopharmaceuticals Ltd. ("the Company") as of March 31, 2011 ("the reports").

(2) To the best of my knowledge, the reports do not contain any misrepresentation of any material facts and do not omit any representation of any material facts that are needed in order for the representations included therein, in view of the circumstances under which such representations were included, not to be misleading with reference to the period of the reports.

(3) To the best of my knowledge, the financial statements and any other financial information included in the reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Company for the dates and periods addressed in the reports.

(4) I have disclosed to the Company's auditor, to the Company's board of directors and audit committee, based on my latest evaluation of internal control over financial reporting and disclosure:

(a) All the significant deficiencies and the material weaknesses in the establishment or operation of internal control over financial reporting and disclosure, to the extent that it refers to the financial statements and any other financial information included in the reports, that are liable to reasonably adversely affect the Company's ability to record, process, summarize or report financial information in a manner that is to impair the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law; and
(b) Any fraud, whether material or not, that involves the CEO or direct subordinates thereto or that involves other employees with a significant role in internal control over financial reporting and disclosure.

(5) I, alone or along with others in the Company:

(a) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to guarantee that material information relating to the Company, including its consolidated companies as they are defined in the Securities Regulations (Preparation of Annual Financial Statements), 1993, to the extent that it refers to the financial statements and any other financial information included in the reports, is brought to my knowledge by others in the Company and in the consolidated companies, particularly during the period of the preparation of the reports; and
(b) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to reasonably guarantee the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law, including according to generally accepted accounting principles.
(c) Have not been made aware of any event or circumstance that occurred in the period from the date of the latest interim report through the date of this report, that is to modify the conclusion of management and the board of directors regarding the effectiveness of the Company's internal control over financial reporting and disclosure.

There is nothing in the aforesaid to derogate from my responsibility or the responsibility of anyone else, pursuant to any law.

May 30, 2011	
Date	David Grossman, CEO

D-2

Chief Financial Officer's Statement pursuant to Regulation 38c(d)(2) to the Israeli Securities Authority:

Letter of Representation
Chief Financial Officer's Statement

I, Ronen Twito, hereby declare that:

(1) I have reviewed the interim report of XTL Biopharmaceuticals Ltd. ("the Company") as of March 31, 2011 ("the reports").

(2) To the best of my knowledge, the reports do not contain any misrepresentation of any material facts and do not omit any representation of any material facts that are needed in order for the representations included therein, in view of the circumstances under which such representations were included, not to be misleading with reference to the period of the reports.

(3) To the best of my knowledge, the financial statements and any other financial information included in the reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Company for the dates and periods addressed in the reports.

(4) I have disclosed to the Company's auditor, to the Company's board of directors and audit committee, based on my latest evaluation of internal control over financial reporting and disclosure:

(a) All the significant deficiencies and the material weaknesses in the establishment or operation of internal control over financial reporting and disclosure, to the extent that it refers to the financial statements and any other financial information included in the reports, that are liable to reasonably adversely affect the Company's ability to record, process, summarize or report financial information in a manner that is to impair the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law; and
(b) Any fraud, whether material or not, that involves the CEO or direct subordinates thereto or that involves other employees with a significant role in internal control over financial reporting and disclosure.

(5) I, alone or along with others in the Company:

(a) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to guarantee that material information relating to the Company, including its consolidated companies as they are defined in the Securities Regulations (Preparation of Annual Financial Statements), 1993, to the extent that it refers to the financial statements and any other financial information included in the reports, is brought to my knowledge by others in the Company and in the consolidated companies, particularly during the period of the preparation of the reports; and
(b) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to reasonably guarantee the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law, including according to generally accepted accounting principles.
(c) Have not been made aware of any event or circumstance that occurred in the period from the date of the latest interim report through the date of this report, that is to modify the conclusion of management and the board of directors regarding the effectiveness of the Company's internal control over financial reporting and disclosure.

There is nothing in the aforesaid to derogate from my responsibility or the responsibility of anyone else, pursuant to any law.

May 30, 2011
Date

Ronen Twito, CFO

D-3

Contact:
Investor Relations, XTL Biopharmaceuticals Ltd.
Tel: +972 9 955 7080, Email: ir@xtlbio.com

Cautionary Statement
Some of the statements included in this Form 6-K may be forward-looking statements that involve a number of risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

SIGNATURES

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

XTL BIOPHARMACEUTICALS LTD.

Date: May 31, 2011

By: /s/ David Grossman
David Grossman
Chief Executive Officer