XTL BIOPHARMACEUTICALS LTD
Form 6-K
August 15, 2007

**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 August 15, 2007

Commission File Number: **000-51310**

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

**711 Executive Blvd., Suite Q**
**Valley Cottage, NY 10989**
(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 o

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 o 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 August 15, 2007 is hereby incorporated by reference into the registration statement on Form F-3 (File No. 333-141529) filed by XTL Biopharmaceuticals Ltd. with the Securities and Exchange Commission on March 23, 2007.**

**XTL Biopharmaceuticals Announces Financial Results for the Six Months Ended June 30, 2007**

**Valley Cottage, New York, August 15, 2007** - XTL Biopharmaceuticals Ltd. (NASDAQ: XTLB; LSE: XTL; TASE: XTL), a biopharmaceutical company engaged in the acquisition, development and commercialization of therapeutics for the treatment of unmet medical needs, particularly neuropathic pain and hepatitis C, today announced its financial results for the six months ended June 30, 2007.

At June 30, 2007, the Company had cash, cash equivalents and short-term bank deposits of $12.6 million, compared to $25.2 million at December 31, 2006. The decrease of $12.6 million during the first six months of 2007 was attributable primarily to the Company's $7.5 million upfront payment made in connection with the in-licensing of Bicifadine in January 2007, operating expenditures associated with the planned Phase IIb clinical trial of Bicifadine, the development of the DOS hepatitis C pre-clinical program, and operating expenditures associated with the Company's legacy hepatitis C clinical programs that were terminated this year.

The loss for the six months ended June 30, 2007 was $14.6 million, or $0.07 per ordinary share, compared to a loss of $7.3 million, or $0.04 per ordinary share, for the six months ended June 30, 2006, representing an increase in net loss of $7.3 million. The increased loss was primarily attributable to the $7.5 million upfront payment in connection with the in-licensing of Bicifadine and additional costs associated with the Bicifadine program, offset by lower costs associated with the Company's legacy hepatitis C clinical programs. The increase in loss was also due to a $0.6 million charge that was recorded relating to stock appreciation rights granted as part of the Bicifadine transaction. For the six months ended June 30, 2007 and 2006, the Company's loss of $14.6 million and $7.3 million, respectively, included $1.0 million and $1.2 million, respectively, of non-cash stock option compensation expense.

Ron Bentsur, Chief Executive Officer of XTL, commented, "From a financial standpoint our spend over the first 6 months, excluding the extraordinary payment associated with the in-licensing of Bicifadine, was slightly below plan. We have been planning our Phase IIb study for Bicifadine in diabetic neuropathic pain and are looking forward to starting that study shortly. As a member of the SNRI class, a proven class in neuropathic pain, and as a drug candidate that has demonstrated anti-pain activity in multiple clinical trials, we believe that Bicifadine represents a very compelling later-stage opportunity." Mr. Bentsur added, "We are very excited about the pending commencement of the Phase IIb clinical study for Bicifadine as we strive to increase investor awareness to this undervalued opportunity."

**ABOUT XTL BIOPHARMACEUTICALS LTD.**
XTL Biopharmaceuticals Ltd. ("XTL") is engaged in the acquisition, development and commercialization of therapeutics for the treatment of neuropathic pain and hepatitis C. XTL is developing Bicifadine, a serotonin and norepinephrine reuptake inhibitor, for the treatment of neuropathic pain. XTL is also developing several novel pre-clinical hepatitis C small molecule inhibitors. XTL also has an active in-licensing and acquisition program designed to identify and acquire additional drug candidates. XTL is publicly traded on the NASDAQ, London, and Tel-Aviv Stock Exchanges (NASDAQ: XTLB; LSE: XTL; TASE: XTL).

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**Cautionary Statement**

*Some of the statements included in this press release, particularly those anticipating future financial performance, clinical and business prospects for our clinical compound for neuropathic pain, Bicifadine, and for our pre-clinical compounds for hepatitis C from our XTL-DOS program, growth and operating strategies and similar matters, 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. Among the factors that could cause our actual results to differ materially are the following: our ability to start a clinical trial with Bicifadine in 2007 and our ability to successfully complete cost-effective pre-clinical trials for our DOS program, both of which will directly impact our ability to continue to fund our operations; our ability to meet anticipated development timelines for all of our drug candidates due to recruitment, clinical trial results, manufacturing capabilities or other factors; and other risk factors identified from time to time in our reports filed with the Securities and Exchange Commission and the London Stock Exchange, including our annual report on Form 20-F filed with the Securities and Exchange Commission on March 23, 2007. Any forward-looking statements set forth in this press release speak only as of the date of this press release. We do not intend to update any of these forward-looking statements to reflect events or circumstances that occur after the date hereof. This press release and prior releases are available at http://www.xtlbio.com. The information in our website is not incorporated by reference into this press release and is included as an inactive textual reference only.*

**XTL BIOPHARMACEUTICALS LTD.**
(A Development Stage Company)
Consolidated Balance Sheets as of June 30, 2007 and 2006 (unaudited), and December 31, 2006 (audited)
(in thousands of US dollars, except share amounts)

| | June 30, 2007 | June 30, 2006 | December 31, 2006 |
|---|---|---|---|
| **A s s e t s** | | | |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | 2,451 | 32,172 | 4,400 |
| Short-term bank deposits | 10,185 | -- | 20,845 |
| Trading securities | -- | -- | 102 |
| Property and equipment (held for sale) -- net | 35 | 43 | 18 |
| Deferred tax asset | -- | -- | 29 |
| Other receivables and prepaid expenses | 651 | 644 | 702 |
| T o t a l current assets | 13,322 | 32,859 | 26,096 |
| **EMPLOYEE SEVERANCE PAY FUNDS** | 42 | 173 | 98 |
| **RESTRICTED LONG-TERM DEPOSITS** | 53 | 119 | 172 |
| **PROPERTY AND EQUIPMENT -- net** | 128 | 620 | 490 |
| **INTANGIBLE ASSETS -- net** | 18 | 32 | 25 |
| **DEFERRED TAX ASSET** | -- | -- | 19 |
| T o t a l assets | 13,563 | 33,803 | 26,900 |
| **Liabilities and shareholders' equity** | | | |
| **CURRENT LIABILITIES:** | | | |
| Accounts payable and accrued expenses | 3,130 | 2,705 | 3,003 |
| Deferred gain | 399 | 399 | 399 |
| Other current liabilities | 565 | -- | -- |
| T o t a l current liabilities | 4,094 | 3,104 | 3,402 |
| | | | |
| **LIABILITY IN RESPECT OF EMPLOYEE SEVERANCE OBLIGATIONS** | 188 | 444 | 340 |
| **DEFERRED GAIN** | 198 | 598 | 398 |
| **COMMITMENTS AND CONTINGENCIES** | | | |
| T o t a l liabilities | 4,480 | 4,146 | 4,140 |
| **SHAREHOLDERS' EQUITY:** | | | |
| Ordinary shares of NIS 0.02 par value (authorized 300,000,000 as of June 30, 2007, June 30, 2006 and December 31, 2006, issued and outstanding 220,154,349, 220,069,801 and 220,124,349 as of June 30, 2007, June 30, 2006 and December 31, 2006, respectively) | 1,072 | 1,072 | 1,072 |
| Additional paid in capital | 137,583 | 135,667 | 136,611 |
| Deficit accumulated during the development stage | (129,572) | (107,082) | (114,923) |
| T o t a l shareholders' equity | 9,083 | 29,657 | 22,760 |
| T o t a l liabilities and shareholders' equity | 13,563 | 33,803 | 26,900 |

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**XTL BIOPHARMACEUTICALS LTD.**
(A Development Stage Company)
Interim Consolidated Statements of Operations for the Six Months Ended June 30, 2007 and 2006 (unaudited)
(in thousands of US dollars, except share and per share amounts)

| | Six months ended June 30, | | Period from March 9, 1993* to June 30, |
|---|---|---|---|
| | **2007** | **2006** | **2007** |
| **REVENUES:** | | | |
| Reimbursed out-of-pocket expenses | -- | -- | 6,012 |
| License | 227 | 227 | 1,320 |
| | 227 | 227 | 7,332 |
| **COST OF REVENUES:** | | | |
| Reimbursed out-of-pocket expenses | -- | -- | 6,012 |
| License (with respect to royalties) | 27 | 27 | 167 |
| | 27 | 27 | 6,179 |
| | | | |
| **GROSS MARGIN** | 200 | 200 | 1,153 |
| **RESEARCH AND DEVELOPMENT COSTS** (includes non-cash stock option compensation of $66 and $107, for the six months ended June 30, 2007 and 2006, respectively) | 12,118 | 5,008 | |