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 July 2019
Commission File No.:001-35773

REDHILL BIOPHARMA LTD.

(Translation of registrant's name into English)

21 Ha'arba'a Street, Tel Aviv, 6473921, 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 ☒ 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): ____

Attached hereto and incorporated by reference herein are the following:

Exhibit 1: Registrant's press release entitled "RedHill Biopharma Reports Second Quarter 2019 Financial Results and Operational Highlights".

Exhibit 2: Registrant's condensed consolidated interim unaudited financial information as of June 30, 2019 and for the three and six months then ended.

This Form 6-K and related exhibits are incorporated by reference into the Company's Registration Statements on Form S-8 filed with the Securities and Exchange Commission on May 2, 2013 (Registration No. 333-188286), on October 29, 2015 (Registration No. 333-207654), on July 25, 2017 (Registration No. 333-219441) and on May 23, 2018 (Registration No. 333-225122) and its Registration Statements on Form F-3 filed with the Securities and Exchange Commission on February 25, 2016 (Registration No. 333- 209702) and on July 23, 2018 (Registration No. 333-226278) .

Signatures

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

REDHILL BIOPHARMA LTD.
(the "Registrant")

Date: July 23, 2019

By: /s/ Dror Ben-Asher
Dror Ben-Asher
Chief Executive Officer

Press Release

RedHill Biopharma Reports Second Quarter 2019 Financial Results and Operational Highlights

Key Highlights and Upcoming Milestones:

- **U.S. FDA acceptance of the New Drug Application (NDA) for Talicia® for *H. pylori* for priority review and assignment of a target PDUFA action date of November 2, 2019**
- **Preparations ongoing for the potential U.S. commercial launch of Talicia® in Q4/2019, subject to FDA approval, with RedHill's established sales force, led by the Company's experienced commercial management team**
- **FDA meetings planned to take place in H2/2019 to discuss the path to potential approval of RHB-104 for Crohn's disease**
- **Initiation of pivotal Phase 3 study activities with RHB-204 for first-line treatment of pulmonary nontuberculous mycobacteria (NTM) infections expected in Q4/2019**
- **Debt-free balance sheet with $34.9 million cash balance as of June 30, 2019**

TEL-AVIV, Israel and RALEIGH, N.C., July 23, 2019 RedHill Biopharma Ltd. (Nasdaq: RDHL) (Tel-Aviv Stock Exchange: RDHL) ("RedHill" or the "Company"), a specialty biopharmaceutical company primarily focused on the development and commercialization of clinical late-stage, proprietary drugs for the treatment of gastrointestinal diseases, today reported its financial results and operational highlights for the quarter ended June 30, 2019.

"We continue to maintain strong financial discipline while implementing our strategic commercial and development plans. We achieved a significant milestone with the FDA acceptance of the Talicia NDA for priority review earlier this month**.** With a PDUFA date of November 2, 2019, we continue our focus on preparations for the potential U.S. commercial launch of Talicia in the fourth quarter of this year, subject to FDA approval" **said Micha Ben Chorin, RedHill's Chief Financial Officer.**

Financial highlights for the quarter ended June 30, 2019[1]

- ***Net Revenues*** of $1.6 million in the second quarter of 2019, compared to $1.7 million in the first quarter of 2019.

- ***Gross Profit*** of $1.1 million in the second quarter of 2019, compared to $1.3 million in the first quarter of 2019.

- ***Research and Development Expenses*** of $7.0 million in the second quarter of 2019, compared to $5.4 million in the first quarter of 2019. The increase is attributable primarily to the one-time PDUFA payment of $2.6 million for the Talicia NDA submission.

- ***Selling, Marketing and Business Development Expenses*** of $4.1 million in the second quarter of 2019, compared to $3.1 million in the first quarter of 2019. The increase is attributable to the expansion of the commercial operations team with several key executive hires, as well as preparations for the potential commercial launch of Talicia in the U.S.

- ***General and Administrative Expenses*** of $2.4 million in the second quarter of 2019, compared to $2.0 million in the first quarter of 2019. The increase is attributable primarily to preparations for the potential U.S. launch of Talicia.

- ***Operating Loss*** of $12.4 million in the second quarter of 2019, compared to $9.2 million in the first quarter of 2019. The increase is primarily due to the PDUFA payment of $2.6 million and the increase in Selling, Marketing and Business Development Expenses, as described above.

- ***Net Cash Used in Operating Activities*** of $10.4 million in the second quarter of 2019, compared to $7.5 million in the first quarter of 2019. The increase is attributable primarily to the one-time PDUFA fee of $2.6 million for the Talicia NDA submission.

- ***Cash Balance***[2] as of June 30, 2019 was $34.9 million, compared to $45.5 million as of March 31, 2019.

[1] All financial highlights are approximate and are rounded to the nearest hundreds of thousands.

[2] Including cash and short-term investments (bank deposits and financial assets at fair value).

Operational Highlights:

Talicia (RHB-105)[3] - *H. pylori* Infection
The U.S. Food and Drug Administration (FDA) has accepted for priority review the NDA for Talicia for *H. pylori* infection. The NDA for Talicia was assigned a target Prescription Drug User Act (PDUFA) action date of November 2, 2019. If approved, Talicia would be eligible for a total of eight years of U.S. market exclusivity under its Qualified Infectious Disease Product (QIDP) designation, in addition to patent protection extending until at least 2034. Assuming FDA approval, RedHill plans to launch Talicia in the U.S. in the fourth quarter of 2019 with the Company's established sales force, led by RedHill's highly experienced commercial management team. The Company further strengthened its commercial management team in the second quarter of 2019 including several key executive hires.

RHB-104 - Crohn's Disease
FDA meetings are planned to take place in the second half of 2019 to discuss the development path toward potential approval of RHB-104, including the design of a confirmatory Phase 3 study. The MAP US randomized, double-blind, placebo-controlled first Phase 3 study with RHB-104 for Crohn's disease successfully met both its primary endpoint and key secondary endpoints and presented the benefit of RHB-104, including as an add-on therapy to standard-of-care treatments for Crohn's disease, such as anti-TNFs.

RHB-204 - Pulmonary Nontuberculous Mycobacteria (NTM) Infections
RedHill plans to initiate pivotal Phase 3 study activities with RHB-204 for the treatment of pulmonary NTM infections in the fourth quarter of 2019, subject to completion of the ongoing supportive non-clinical program and additional input from the FDA. The study is intended to assess the efficacy and safety of RHB-204 and potentially support its approval as a stand-alone, first-line treatment for *Mycobacterium avium complex* (MAC) disease, the most common cause of pulmonary NTM infections[4].

BEKINDA® (RHB-102) - Gastroenteritis & Gastritis and Diarrhea-Predominant Irritable Bowel Syndrome (IBS-D)
RedHill is currently working toward a confirmatory Phase 3 study to support a potential NDA for BEKINDA for acute gastroenteritis and gastritis. This study will follow the successful completion of a first Phase 3 study with BEKINDA for acute gastroenteritis and gastritis, as well as guidance provided by the FDA.

[3] Talicia® (RHB-105), BEKINDA® (RHB-102) and YELIVA® (opaganib, ABC294640) are investigational new drugs, not available for commercial distribution.

[4] Wassilew N, et al. Pulmonary disease caused by non-tuberculous mycobacteria. Respiration 91.5 (2016): 386-402.

YELIVA® (opaganib, ABC294640) – Cholangiocarcinoma
The ongoing Phase 2a study evaluating the activity of orally-administered YELIVA in advanced cholangiocarcinoma (bile duct cancer) continues to enroll patients in the second stage of the two-stage study design. Enrollment of the full cohort of 39 evaluable patients is expected to be completed by the end of 2019.

Conference Call and Webcast Information:

The Company will host a conference call on **Tuesday, July 23, 2019 at 8:30 a.m. EDT** to review the second quarter 2019 financial results and operational highlights.

To participate in the conference call, please dial one of the following numbers 15 minutes prior to the start of the call: **United States: +1-866-966-1396; International: +1-631-510-7495; and Israel: +972-3-721-7998; The access code for the call is: 5754875**.

The conference call will be broadcast live and will be available for replay for 30 days on the Company's website, http://ir.redhillbio.com/events. Please access the Company's website at least 15 minutes ahead of the conference call to register.

About RedHill Biopharma Ltd.
RedHill Biopharma Ltd. is a specialty biopharmaceutical company, primarily focused on the development and commercialization of clinical late-stage, proprietary drugs for the treatment of gastrointestinal diseases. RedHill commercializes and promotes several gastrointestinal products in the U.S.: **Donnatal® -** a prescription oral adjunctive drug used in the treatment of IBS and acute enterocolitis; **EnteraGam® -** a medical food intended for the dietary management, under medical supervision, of chronic diarrhea and loose stools and **Mytesi® -** an anti-diarrheal drug indicated for the symptomatic relief of non-infectious diarrhea in adult patients with HIV/AIDS on anti-retroviral therapy. RedHill's key clinical late-stage development programs include: (i) **Talicia® (RHB-105)** for the treatment and eradication of *Helicobacter pylori* infection with a U.S. NDA submitted and accepted for priority review; (ii) **RHB-104,** with positive top-line results from a first Phase 3 study for Crohn's disease; (iii) **RHB-204,** with a planned pivotal Phase 3 study for pulmonary nontuberculous mycobacteria (NTM) infections; (iv) **BEKINDA® (RHB-102),** with positive results from a Phase 3 study for acute gastroenteritis and gastritis and positive results from a Phase 2 study for IBS-D; (v) **YELIVA® (ABC294640),** a first-in-class SK2 selective inhibitor, targeting multiple oncology, inflammatory and gastrointestinal indications, with an ongoing Phase 2a study for cholangiocarcinoma; (vi) **RHB-106,** an encapsulated bowel preparation licensed to Salix Pharmaceuticals, Ltd. and (vii) **RHB-107,** a Phase 2-stage first-in-class, serine protease inhibitor, targeting cancer and inflammatory gastrointestinal diseases.

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may be preceded by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential" or similar words. Forward-looking statements are based on certain assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's control, and cannot be predicted or quantified and consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, the approval of the NDA for Talicia® by the FDA and such approval's timing, the initiation and timing of the commercial launch of Talicia®, the timing of meetings scheduled with the FDA, including in regards with RHB-104 for Crohn's disease, as well as risks and uncertainties associated with (i) the initiation, timing, progress and results of the Company's research, manufacturing, preclinical studies, clinical trials, and other therapeutic candidate development efforts, and the timing of the commercial launch of its therapeutic candidates; (ii) the Company's ability to advance its therapeutic candidates into clinical trials or to successfully complete its preclinical studies or clinical trials; (iii) the extent and number of additional studies that the Company may be required to conduct and the Company's receipt of regulatory approvals for its therapeutic candidates, and the timing of other regulatory filings, approvals and feedback; (iv) the manufacturing, clinical development, commercialization, and market acceptance of the Company's therapeutic candidates; (v) the Company's ability to successfully commercialize and promote Donnatal®, EnteraGam® and Mytesi®; (vi) the Company's ability to establish and maintain corporate collaborations; (vii) the Company's ability to acquire products approved for marketing in the U.S. that achieve commercial success and build its own marketing and commercialization capabilities; (viii) the interpretation of the properties and characteristics of the Company's therapeutic candidates and the results obtained with its therapeutic candidates in research, preclinical studies or clinical trials; (ix) the implementation of the Company's business model, strategic plans for its business and therapeutic candidates; (x) the scope of protection the Company is able to establish and maintain for intellectual property rights covering its therapeutic candidates and its ability to operate its business without infringing the intellectual property rights of others; (xi) parties from whom the Company licenses its intellectual property defaulting in their obligations to the Company; (xii) estimates of the Company's expenses, future revenues, capital requirements and needs for additional financing; (xiii) the effect of patients suffering adverse experiences using investigative drugs under the Company's Expanded Access Program; (xiv) competition from other companies and technologies within the Company's industry; and (xv) the hiring and employment commencement date of executive managers. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the Securities and Exchange Commission (SEC), including the Company's Annual Report on Form 20-F filed with the SEC on February 26, 2019, as amended on May 15, 2019. All forward-looking statements included in this press release are made only as of the date of this press release. The Company assumes no obligation to update any written or oral forward-looking statement, whether as a result of new information, future events or otherwise, unless required by law.

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REDHILL BIOPHARMA LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	U.S. dollars in thousands			
NET REVENUES	1,563	2,350	3,300	4,795
COST OF REVENUES	425	725	842	1,655
GROSS PROFIT	1,138	1,625	2,458	3,140
RESEARCH AND DEVELOPMENT EXPENSES, net	6,972	6,044	12,344	12,460
SELLING, MARKETING AND BUSINESS DEVELOPMENT EXPENSES	4,147	3,123	7,283	6,293
GENERAL AND ADMINISTRATIVE EXPENSES	2,399	2,015	4,424	3,939
OPERATING LOSS	12,380	9,557	21,593	19,552
FINANCIAL INCOME	1,546	156	948	239
FINANCIAL EXPENSES	74	1,717	133	1,740
FINANCIAL EXPENSES (INCOME), net	(1,472)	1,561	(815)	1,501
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	10,908	11,118	20,778	21,053
LOSS PER ORDINARY SHARE, basic and diluted (U.S. dollars)**:**	0.04	0.05	0.07	0.10
WEIGHTED AVERAGE OF ORDINARY SHARES (in thousands)	283,687	213,439	283,687	213,316

REDHILL BIOPHARMA LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	June 30, 2019	December 31, 2018
	Unaudited	Audited
	U.S. dollars in thousands	
CURRENT ASSETS:		
Cash and cash equivalents	8,995	29,005
Bank deposits	9,403	8,271
Financial assets at fair value through profit or loss	16,471	15,909
Trade receivables	963	958
Prepaid expenses and other receivables	2,315	1,876
Inventory	1,826	769
	39,973	56,788
NON-CURRENT ASSETS:		
Bank deposits	147	140
Fixed assets	250	163
Right-of-use assets	4,005	—
Intangible assets	5,320	5,320
	9,722	5,623
TOTAL ASSETS	49,695	62,411
CURRENT LIABILITIES:		
Accounts payable	4,743	3,324
Lease liabilities	845	—
Accrued expenses and other current liabilities	8,465	7,057
	14,053	10,381
NON-CURRENT LIABILITIES:		
Derivative financial instruments	13	344
Lease liabilities	3,225	—
Royalty obligation	500	500
	3,738	844
TOTAL LIABILITIES	17,791	11,225
EQUITY:		
Ordinary shares	767	767
Additional paid-in capital	219,505	219,505
Accumulated deficit	(188,368)	(169,086)
TOTAL EQUITY	31,904	51,186
TOTAL LIABILITIES AND EQUITY	49,695	62,411

REDHILL BIOPHARMA LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	U.S. dollars in thousands			
OPERATING ACTIVITIES:				
Comprehensive loss	(10,908)	(11,118)	(20,778)	(21,053)
Adjustments in respect of income and expenses not involving cash flow:				
Share-based compensation to employees and service providers	937	733	1,496	1,539
Depreciation	226	23	456	45
Fair value adjustments on derivative financial instruments	(1,304)	1,667	(331)	1,617
Fair value losses (gains) on financial assets at fair value through profit or loss	(35)	13	(87)	112
Revaluation of bank deposits	(60)	(13)	(70)	77
Exchange differences in respect of lease liabilities	35	—	41	—
Exchange differences in respect of cash and cash equivalents	(23)	53	(39)	67
	(224)	2,476	1,466	3,457
Changes in assets and liability items:				
Decrease (Increase) in trade receivables	457	13	(5)	(268)
Decrease (Increase) in prepaid expenses and other receivables	(1,072)	188	(439)	1,459
Increase in inventory	(538)	(130)	(1,057)	(37)
Increase (decrease) in accounts payable	330	1,299	1,419	(782)
Increase (decrease) in accrued expenses and other current liabilities	1,502	(1,127)	1,408	(671)
	679	243	1,326	(299)
Net cash used in operating activities	**(10,453)**	**(8,399)**	**(17,986)**	**(17,895)**
INVESTING ACTIVITIES:				
Purchase of fixed assets	(128)	(2)	(134)	(15)
Change in investment in current bank deposits	(3,200)	5,000	(1,069)	4,869
Purchase of financial assets at fair value through profit or loss	(1,942)	(42)	(2,575)	(1,088)
Proceeds from sale of financial assets at fair value through profit or loss	1,880	1,500	2,100	3,450
Net cash provided by investing activities	**(3,390)**	**6,456**	**(1,678)**	**7,216**
FINANCING ACTIVITIES:				
Exercise of options into ordinary shares	—	—	—	355
Principal elements of lease payments	(199)	—	(385)	—
Repayment of payable in respect of intangible asset purchase	—	—	—	(500)
Net cash used in financing activities	**(199)**	**—**	**(385)**	**(145)**
DECREASE IN CASH AND CASH EQUIVALENTS	(14,042)	(1,943)	(20,049)	(10,824)
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	23	(53)	39	(67)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	23,014	7,560	29,005	16,455
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,995	5,564	8,995	5,564
SUPPLEMENTARY INFORMATION ON INTEREST RECEIVED IN CASH	162	148	325	415
SUPPLEMENTARY INFORMATION ON NON-CASH INVESTING ACTIVITIES				
Acquisition of right-of-use assets by means of lease liabilities	1,101	—	2,681	—

Exhibit 2

REDHILL BIOPHARMA LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(UNAUDITED)

JUNE 30, 2019

REDHILL BIOPHARMA LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(UNAUDITED)

JUNE 30, 2019

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REDHILL BIOPHARMA LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	U.S. dollars in thousands			
NET REVENUES	1,563	2,350	3,300	4,795
COST OF REVENUES	425	725	842	1,655
GROSS PROFIT	1,138	1,625	2,458	3,140
RESEARCH AND DEVELOPMENT EXPENSES, net	6,972	6,044	12,344	12,460
SELLING, MARKETING AND BUSINESS DEVELOPMENT EXPENSES	4,147	3,123	7,283	6,293
GENERAL AND ADMINISTRATIVE EXPENSES	2,399	2,015	4,424	3,939
OPERATING LOSS	12,380	9,557	21,593	19,552
FINANCIAL INCOME	1,546	156	948	239
FINANCIAL EXPENSES	74	1,717	133	1,740
FINANCIAL EXPENSES (INCOME), net	(1,472)	1,561	(815)	1,501
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	10,908	11,118	20,778	21,053
LOSS PER ORDINARY SHARE, basic and diluted (U.S. dollars)**:**	0.04	0.05	0.07	0.10
WEIGHTED AVERAGE OF ORDINARY SHARES (in thousands)	283,687	213,439	283,687	213,316

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

REDHILL BIOPHARMA LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

	June 30, 2019	December 31, 2018
	U.S. dollars in thousands	
CURRENT ASSETS:		
Cash and cash equivalents	8,995	29,005
Bank deposits	9,403	8,271
Financial assets at fair value through profit or loss	16,471	15,909
Trade receivables	963	958
Prepaid expenses and other receivables	2,315	1,876
Inventory	1,826	769
	39,973	56,788
NON-CURRENT ASSETS:		
Bank deposits	147	140
Fixed assets	250	163
Right-of-use assets	4,005	—
Intangible assets	5,320	5,320
	9,722	5,623
TOTAL ASSETS	49,695	62,411
CURRENT LIABILITIES:		
Accounts payable	4,743	3,324
Lease liabilities	845	—
Accrued expenses and other current liabilities	8,465	7,057
	14,053	10,381
NON-CURRENT LIABILITIES:		
Derivative financial instruments	13	344
Lease liabilities	3,225	—
Royalty obligation	500	500
	3,738	844
TOTAL LIABILITIES	17,791	11,225
EQUITY:		
Ordinary shares	767	767
Additional paid-in capital	219,505	219,505
Accumulated deficit	(188,368)	(169,086)
TOTAL EQUITY	31,904	51,186
TOTAL LIABILITIES AND EQUITY	49,695	62,411

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

REDHILL BIOPHARMA LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

	Ordinary shares	Additional paid-in capital	Accumulated deficit	Total equity
	U.S. dollars in thousands			
BALANCE AT APRIL 1 , 2019	767	219,505	(178,397)	41,875
CHANGES IN THE THREE-MONTHS PERIOD ENDED JUNE 30, 2019:				
Share-based compensation to employees and service providers	—	—	937	937
Comprehensive loss	—	—	(10,908)	(10,908)
BALANCE AT JUNE 30, 2019	767	219,505	(188,368)	31,904
BALANCE AT APRIL 1, 2018	577	177,787	(142,073)	36,291
CHANGES IN THE THREE-MONTHS PERIOD ENDED JUNE 30, 2018:				
Share-based compensation to employees and service providers	—	—	733	733
Comprehensive loss	—	—	(11,118)	(11,118)
BALANCE AT JUNE 30, 2018	577	177,787	(152,458)	25,906
BALANCE AT JANUARY 1 , 2019	767	219,505	(169,086)	51,186
CHANGES IN THE SIX-MONTHS PERIOD ENDED JUNE 30, 2019:				
Share-based compensation to employees and service providers	—	—	1,496	1,496
Comprehensive loss	—	—	(20,778)	(20,778)
BALANCE AT JUNE 30, 2019	767	219,505	(188,368)	31,904
BALANCE AT JANUARY 1, 2018	575	177,434	(132,944)	45,065
CHANGES IN THE SIX-MONTHS PERIOD ENDED JUNE 30, 2018:				
Share-based compensation to employees and service providers	—	—	1,539	1,539
Exercise of options into ordinary shares	2	353	—	355
Comprehensive loss	—	—	(21,053)	(21,053)
BALANCE AT JUNE 30, 2018	577	177,787	(152,458)	25,906

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

REDHILL BIOPHARMA LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	U.S. dollars in thousands			
OPERATING ACTIVITIES:				
Comprehensive loss	(10,908)	(11,118)	(20,778)	(21,053)
Adjustments in respect of income and expenses not involving cash flow:				
Share-based compensation to employees and service providers	937	733	1,496	1,539
Depreciation	226	23	456	45
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Revaluation of bank deposits	(60)	(13)	(70)	77
Exchange differences in respect of lease liabilities	35	—	41	—
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	(224)	2,476	1,466	3,457
Changes in assets and liability items:				
Decrease (Increase) in trade receivables	457	13	(5)	(268)
Decrease (Increase) in prepaid expenses and other receivables	(1,072)	188	(439)	1,459
Increase in inventory	(538)	(130)	(1,057)	(37)
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Increase (decrease) in accrued expenses and other current liabilities	1,502	(1,127)	1,408	(671)
	679	243	1,326	(299)
Net cash used in operating activities	**(10,453)**	**(8,399)**	**(17,986)**	**(17,895)**
INVESTING ACTIVITIES:				
Purchase of fixed assets	(128)	(2)	(134)	(15)
Change in investment in current bank deposits	(3,200)	5,000	(1,069)	4,869
Purchase of financial assets at fair value through profit or loss	(1,942)	(42)	(2,575)	(1,088)
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Net cash provided by investing activities	**(3,390)**	**6,456**	**(1,678)**	**7,216**
FINANCING ACTIVITIES:				
Exercise of options into ordinary shares	—	—	—	355
Principal elements of lease payments	(199)	—	(385)	—
Repayment of payable in respect of intangible asset purchase	—	—	—	(500)
Net cash used in financing activities	**(199)**	**—**	**(385)**	**(145)**
DECREASE IN CASH AND CASH EQUIVALENTS	(14,042)	(1,943)	(20,049)	(10,824)
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	23	(53)	39	(67)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	23,014	7,560	29,005	16,455
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,995	5,564	8,995	5,564
SUPPLEMENTARY INFORMATION ON INTEREST RECEIVED IN CASH	162	148	325	415
SUPPLEMENTARY INFORMATION ON NON-CASH INVESTING ACTIVITIES				
Acquisition of right-of-use assets by means of lease liabilities	1,101	—	2,681	—

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

NOTE 1 - GENERAL:

a. General

RedHill Biopharma Ltd. (the "Company"), incorporated in Israel on August 3, 2009, together with its wholly-owned subsidiary RedHill Biopharma Inc. (the "Company's Subsidiary"), incorporated in Delaware, U.S. on January 19, 2017, is a specialty biopharmaceutical company, primarily focused on late-stage clinical development and commercialization of proprietary drugs for gastrointestinal ("GI") diseases.

The Company is primarily engaged in the research and development of its therapeutic candidates and, since January 2017, has pursued its commercial activities in the U.S. through the Company's Subsidiary.

In February 2011, the Company listed its securities on the Tel-Aviv Stock Exchange ("TASE") and from December 2012 through July 2018, the Company's American Depositary Shares ("ADSs") were listed on the NASDAQ Capital Market. Since July 2018, the Company's ADSs have been listed on the NASDAQ Global Market ("NASDAQ").

The Company's registered address is 21 Ha'arba'a St., Tel-Aviv, Israel.

To date the Company has out-licensed on an exclusive worldwide basis only one of its therapeutic candidates and has generated limited revenues from its commercial activities. Accordingly, there is no assurance when and if the Company's business will generate sufficient revenues to sustain our business operations in accordance with our plan or profits from our therapeutic candidates and commercial products. Through June 30, 2019, the Company has an accumulated deficit, and its activities have been funded primarily through public and private offerings of the Company's securities.

The Company plans to further fund its future operations through commercialization and out-licensing of its therapeutic candidates, commercialization of in-licensed or acquired products and raising additional capital through equity or debt financing or through non-dilutive financing. The Company's current cash resources are not sufficient to complete the research and development of all of the Company's therapeutic candidates and fund its commercial operations until generation of sustainable positive cash flows. Management expects that the Company will incur additional losses as it continues to focus its resources on advancing the development of its therapeutic candidates, as well as advancing its commercial operations, based on a prioritized plan that will result in negative cash flows from operating activities. The Company believes its existing capital resources should be sufficient to fund its current and planned operations for at least the next 12 months.

If the Company is unable to out-license, sell or commercialize its therapeutic candidates, generate sufficient and sustainable revenues from its commercial operations, or obtain future financing, the Company may be forced to delay, reduce the scope of, or eliminate one or more of its research and development or commercialization programs, any of which may have a material adverse effect on the Company's business, financial condition or results of operations.

b. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved by the Board of Directors (the "BoD") on July 22, 2019.

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

a. The Company's condensed consolidated interim financial statements for the three and six months ended June 30, 2019 (the "Condensed Consolidated Interim Financial Statements") have been prepared in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting". These Condensed Consolidated Interim Financial Statements, which are unaudited, do not include all the information and disclosures that would otherwise be required in a complete set of annual financial statements and should be read in conjunction with the annual financial statements as of December 31, 2018 and their accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The results of operations for the three and six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the entire fiscal year or for any other interim period.

The accounting policies applied in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those applied in the preparation of the annual financial statements as of December 31, 2018, except for the adoption of International Financing Reporting Standard No. 16 "Leases" ("IFRS 16"), effective from January 1, 2019, as set out below.

b. The impact of the adoption of IFRS 16 and the new accounting policies that have been applied from January 1, 2019 are disclosed in note 3 below.

NOTE 3 – CHANGES IN ACCOUNTING POLICIES:

a. The Company has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the statement of financial position at the date of initial application.

b. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental annual borrowing rate applied to the lease liabilities on January 1, 2019 was 6.9%.

The lease liabilities recognized in the statement of financial position at the date of intial application were approximately $1.7 million, of which approximately $0.9 miillion were current lease liabilities and $0.8 miillion non-current lease liabilities. The associated right-of-use assets were measured at the amount equal to the lease liability and as a result there was no impact on retained earnings on January 1, 2019.

On January 27, 2019, the Company signed an amendment to one of its leases, to extend the lease period for 7 years. As a result, the Company remeasured the lease liability by discouting the revised lease payments using a revised discount rate, which was the lessee's incremental borrowing rate at the effective date of the modification. The Company accounted for the remeasurement of the lease liability as an additional amount of approximately $1.6 million by making a corresponding adjustment to the right-of-use asset.

On May 8, 2019, the Company signed an amendment to one of its leases, to increase the scope of the lease, as well as extending the lease period by an additional year. The Company accounted for the remeasurement of the lease liability as an additional amount of approximately $1.0 million by making a corresponding adjustment to the right-of-use asset.The recognized right-of-use assets as of January 1, 2019 and June 30, 2019 relate to the following types of assets: Properties approximately $1 million and approximately $3.5 million, respectivelty, and Vehicles $0.7 million and $0.5 million, respectively.

In applying IFRS 16 for the first time, the Company has used the following practical expedient permitted by the standard - the accounting for operating leases with a remaining lease term of less than 12 months as of January 1, 2019 as short-term leases.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an arrangement contains a Lease.

c. Until the 2018 financial year, the leases of offices and cars by the Company and its subsidiary were classified as operating leases and payments made were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, the leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: fixed payments (including in-substance fixed payments) and variable lease payments that are based on an index or a rate.

The lease payments are discounted using the lessee’s incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost being the amount of the initial measurement of lease liability.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

NOTE 4 - SHARE-BASED PAYMENTS:

a. The following is information on options granted during the six months ended June 30, 2019:

	Number of options granted				
	According to the Award Plan of the Company			Exercise price for 1 ordinary share ($)	Fair value of options on date of grant in U.S. dollars in thousands (2)
Date of grant	Other than to directors (1)	To directors (1)	Total		
February 2019	1,580,000	—	1,580,000	0.89	628
May 2019	5,640,000	—	5,640,000	0.92	2,433
June 2019	—	1,875,000	1,875,000	0.92	641
	7,220,000	1,875,000	9,095,000		3,702

1) The options will vest as follows: for directors and employees of the Company and the Company's subsidiary who had provided services exceeding one year as of the grant date, options will vest in 16 equal quarterly installments over a four-year period. For directors and employees of the Company and the Company's subsidiary who had not provided services exceeding one year as of the grant date, the options will vest as follows: 1/4 of the options will vest one year following the grant date and the rest over 12 equal quarterly installments. During the contractual term, the options will be exercisable, either in full or in part, from the vesting date until the end of 10 years from the date of grant.

2) The options include both options exercisable into the Company's ordinary shares and options exercisable into the Company's ADSs.

The fair value of the options was computed using the binomial model and the underlying data used was mainly the following: price of the Company's ordinary share: $0.68-$0.81, expected volatility: 57.53%-58.27%, risk-free interest rate: 2.02-2.67% and the expected term was derived based on the contractual term of the options, the expected exercise behavior and expected post-vesting forfeiture rates.

b. On December 27, 2018, the BoD approved a 3-years extension of the exercise period of fully-vested options exercisable into the Company's ordinary shares granted to the Chief Executive Officer (followed by approval in general meeting of the Company's shareholders held on June 24, 2019) and to a consultant that were originally scheduled to expire in February 2019. Accordingly, 1,000,000 options were extended with the new terms: the exercise price will increase by 50% to $1.08 per ordinary share, respectively, and will not be exercisable within one year of the extension. The total incremental fair value of the options as of the date of the extension was approximately $0.2 million and was recorded to the Statements of Comprehensive Loss immediately

NOTE 5 - NET REVENUES:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	U.S dollars in thousands		U.S dollars in thousands	
Commercialization of product	525	1,174	1,119	2,792
Promotional services	1,038	1,176	2,181	2,003
Total Net Revenues	1,563	2,350	3,300	4,795

NOTE 6 - FINANCIAL INSTRUMENTS:

a. Fair value hierarchy

The following table presents Company assets and liabilities measured at fair value:

	Level 1	Level 3	Total
	U.S. dollars in thousands		
June 30, 2019:			
Assets -			
Financial assets at fair value through profit or loss	16,471	—	16,471
Liabilities -			
Derivative financial instruments	—	13	13
December 31, 2018:			
Assets -			
Financial assets at fair value through profit or loss	15,909	—	15,909
Liabilities -			
Derivative financial instruments	—	344	344

During the six months ended June 30, 2019, there were no transfers of financial assets and liabilities between Levels 1, 2 or 3 fair value measurements. There have been no changes in the methodologies used since December 31, 2018.

b. Fair value measurements using significant unobservable input (Level 3)

The following table presents the change in derivative financial liabilities measured at Level 3 for the three and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	U.S. dollars in thousands			
Balance at beginning of the period	1,317	398	344	448
Fair value adjustments recognized in profit or loss	(1,304)	1,667	(331)	1,617
Balance at end of the period	13	2,065	13	2,065

The fair value of the above-mentioned derivative financial liabilities that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions at the end of each reporting period.

The fair value of the above-mentioned derivative financial liabilities is computed using the Black-Scholes option pricing model. The fair value of the derivative financial liabilities as of June 30, 2019 is based on the price of an ADS on June 30, 2019 and on the following key parameters: risk-free interest rate of 2.09% and an average standard deviation of 42.33%. The fair value of the derivative financial liabilities as of December 31, 2018, was based on the price of an ADS on December 31, 2018 and on the following key parameters: risk-free interest rate of 2.63% and an average standard deviation of 60.55%.

c. The carrying amount of cash equivalents, current and non-current bank deposits, receivables, account payables and accrued expenses approximate their fair value due to their short-term characteristics.

NOTE 7– SEGMENT INFORMATION

The Company has two segments, Commercial Operations and Research and Development. The following tables present net revenues and operating loss for the Company's segments for the three and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30, 2019			Six Months Ended June 30, 2019		
	Commercial Operations	Research and Development	Consolidated	Commercial Operations	Research and Development	Consolidated
	U.S. dollars in thousands			U.S. dollars in thousands		
Net revenues	1,563	—	1,563	3,300	—	3,300
Operating loss	3,604	8,776	12,380	5,871	15,722	21,593

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	Commercial Operations	Research and Development	Consolidated	Commercial Operations	Research and Development	Consolidated
	U.S. dollars in thousands			U.S. dollars in thousands		
Net revenues	2,350	—	2,350	4,795	—	4,795
Operating loss	2,000	7,557	9,557	4,095	15,457	19,552