Quarterly Report as of March 31, 2014

PART A

THERAPIX BIOSCIENCES LTD.

BOARD OF DIRECTORS' REPORT ON THE STATE OF THE CORPOTATION'S AFFAIRS AS OF MARCH 31, 2014

We hereby draw the attention of the reader to the fact that the Company is a "small corporation", as this term is defined in Regulation 5C to the Israel Securities Regulations (Periodic and Immediate Reports) (Revised), 2014 ("the Amendment to the Regulations").

In the context of exemptions granted to small corporations under the Amendment to the Regulations, the Company's Board has decided to adopt all the exemptions approved for small corporations as detailed in the Amendment to the Regulations (insofar as they are relevant to the Company), including:

a. Cancelling the duty to issue a report on internal control and an auditors' report on internal control.

b. Increasing the materiality threshold in connection with the attachment of valuations to 20%.

c. Increasing the minimum requirement for attachment of financial statements of material associates to interim financial statements to 40%.

d. Exemption from adopting the provisions of the Second Addendum to the Israel Securities Regulations (Periodic and Immediate Reports), 1970 regarding details of the exposure to market risks and their management.

It is hereby clarified that all the above mentioned exemptions have been adopted in this interim report insofar as they are relevant to the Company.

BOARD OF DIRECTORS' REPORT
ON THE STATE OF THE CORPOTATION'S AFFAIRS
AS OF MARCH 31, 2014

We are hereby pleased to present the Board of Directors' report on the state of affairs of Therapix Biosciences Ltd. (collectively with its subsidiaries - "**the Company**" or "**Therapix**") for the three months ended March 31, 2014, prepared in conformity with the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 ("**the Report Regulations**") and under the assumption that the readers of this report also have at their disposal the Company's complete periodic report as of December 31, 2013, published on March 27, 2014 (TASE reference: 2014-01-026091) ("**the report for 2013**").

a. Description of the Corporation and its areas of operations

The Company is developing several innovative immunotherapy products (immunotherapy is a therapeutic method in which the desired effect is achieved by activating the immune system) and owns an exclusive license over a series of protected patents in connection with the orally-administered Anti-CD3 antibody. The Company's main product portfolio focuses on the oral Anti-CD3 antibody used to treat inflammatory, autoimmune illnesses as well as other autoimmune-related disorders such as Non Alcoholic Steatohepatitis (fatty liver disease or NASH), Hepatitis C Virus, Colitis, Psoriasis etc. The Company also has rights to an antibody (BBS) used to treat Alzheimer's disease. In early January 2014, the Company received a letter from Ramot at Tel-Aviv University Ltd. ("**Ramot**"), the Tel-Aviv University's technology transfer company, in which Ramot announces its intention to terminate the license and research agreement that the parties had signed on February 23, 2009 in connection with the BBS technology. The Company's position is that Ramot's announcement is illegitimate and groundless. The parties are negotiating the issue.

The Company is currently in the process of transferring the Anti-CD3 technology to a subsidiary which is 90% held by the Company that will focus on developing this technology.

It should be clarified that all of the Company's products are being developed on the basis of licenses obtained from third parties.

For a description of the Company's rights and license agreements it received to develop its products, see paragraph 24 to Part A to the report for 2013.

As detailed in an immediate report of March 30, 2014 (TASE reference: 2014-01-029448), on March 30, 2014, the Company decided to revise its business strategy. Accordingly, as of the report date, the Company is focusing on identifying and investing in promising bio-pharma technologies simultaneously with promoting its current technologies, while emphasizing technologies that are based on a known biological mechanism in the post-proof of concept stage and provide responses for major medical needs in the global market and involve investing up to about two (2) million U.S. dollars for achieving a significant milestone. The Company aims to use its capabilities and experience in developing immunotherapy technologies in order to assist said technologies in achieving a significant milestone within a few years in a manner that will allow their commercialization and/or the introduction of strategic partners.

Based on the Company's revised strategy:

(a) On April 2, 2014, the Company announced that it had signed a master investment agreement with LaraPharm Ltd. ("**Lara**") an Israeli company that operates in the field of medical cannabis and is developing a synthesized formulation that is based on Cannabinoids (active components found in the Cannabis plant) to be administered through an inhaler. The Company conducted an initial examination of Lara's IP rights whose results showed that there is a justification to make a deeper examination of the investment in Lara. See full details in paragraph b below.

(b) On May 4, 2014, the Company announced that it was holding negotiations with the investment arm of a Chinese pharma company ("**the Chinese company**") for entering into a master agreement for establishing and managing a joint venture in China for the development and commercialization of the Anti-CD3 antibody in the Chinese market (including Taiwan, Hong Kong and Macau) ("**the joint venture**") according to which, among others, the Chinese company will make a monetary investment in the joint venture. The Company also announced that concurrently with holding the negotiations with the Chinese company, the Company continues to hold negotiations for an agreement, as detailed in the Company's immediate report of September 3, 2013 (TASE reference: 2013-01-16041), that will grant another Chinese company, Acebright Holding Limited ("**Acebright**"), a license to manufacture a humanized Anti-CD3 antibody and an exclusive right to market it for treating the NASH indication in the Chinese and Far East markets (excluding Japan) and that the Company will explore the possibility of using both the Chinese company and Acebright in the development of the Anti-CD3 activity in said markets or, if this option fails to materialize, choose the optimal transaction for it based on the progress achieved in negotiations. The Company also announced that it had decided to terminate the negotiations with ViroPro, see full details in paragraph b below.

On May 8, 2014, based on a shelf offering report, the Company raised approximately NIS 2,900 thousand (gross) in return for the issuance of shares and options (series 3 and 4) as detailed in paragraph b below.

As of the report date, the Company has not yet completed the development of any product and accordingly has not yet applied for obtaining the necessary approvals for product manufacturing and commercial marketing. Consequently, the Company does not generate any revenues from sales and its activities focus on research and development. It should also be clarified that at this stage the Company has yet to initiate licensing processes for any of its products and that the manufacture of these products will require the Company to purchase manufacturing capabilities or collaborate with a drug manufacturer that has such capabilities. The Company has not yet begun any negotiations for entering into such engagements and there is no certainty whether it will be able to enter into such engagements or at which terms.

b. **Main events**

1. On January 1, 2014, a special meeting approved to consolidate the authorized share capital and the issued and outstanding share capital of the Company such that every existing 10 Ordinary shares of NIS 0.01 par value each in the authorized share capital and the issued and outstanding share capital of the Company will be consolidated into one Ordinary share of the Company of NIS 0.1 par value. The number of the warrants that exist in the Company's equity will be adjusted accordingly. See details in an immediate report of December 18, 2013 (TASE reference: 2013-01-099970).

2. At the beginning of January 2014, the Company received a letter from Ramot in which Ramot announces its intention to bring to an end the license and research agreement that the parties had signed on February 23, 2009 in connection with the BBS technology. The Company's position is that Ramot announcement is illegitimate and groundless. The parties are negotiating the issue. See details in immediate reports of January 13, 2014 (TASE reference: 2014-01-013072) and January 29, 2014 (TASE reference: 2014-01-026068).

3. On February 16, 2014, the Company and the CEO, Mr. Ari Aminetzah, reached understandings regarding the termination of Mr. Aminetzah's tenure as the Company's CEO at the end of March 2014 and a change in the terms of the consulting agreement of June 2, 2013 signed between the Company and Amira B.V. ("**the consulting company**") according to which the consulting company grants the Company CEO services through Mr. Aminetzah. From April 1, 2014 through July 1, 2014, the consulting company will continue to render the Company business development services through Mr. Aminetzah. See details in immediate reports of February 16, 2014 (TASE reference: 2014-01-039718) and April 1, 2014 (TASE reference: 2014-01-035349 and 2014-01-035343).

4. On March 24, 2014, the general meeting of the Company's shareholders approved payment of compensation to the Chairman of the Company's Board and the Company's compensation policy. See full details in immediate reports of March 24, 2014 (TASE reference: 2014-01-022311) and February 6, 2014 (TASE reference: 2014-01-034204).

5. On March 30, 2014, the Company issued a notice regarding a revision of its strategy and the reorganization of its Board. See full details in an immediate report of March 30, 2014 (TASE reference: 2014-01-029448).

6. On April 2, 2014, the Company announced that it had entered into a master investment agreement with Lara according to which the Company will invest US$ 1.5 million in the capital of Lara based on milestones and deadlines that will be determined in the final agreement. According to the master agreement, in the first stage, the Company will invest US$ 50 thousand ("**the initial investment**") against the allocation of 5% of the share capital of Lara. After the date of the initial investment, the Company will have a 60-day period to decide, at its sole discretion, whether or not to continue with the investment. To the extent that the Company decides to continue the investment, it will be done in keeping with a plan approved by the parties. If the Company decides to continue the investment, it will be allocated additional shares of Lara which, collectively with the shares that will be allocated for the initial investment, will represent 49% of Lara's issued share capital. The shares will be allocated pro rata to the funds invested by the Company. The parties agreed to act to have the final agreement signed by May 9, 2014 and the consummation date by no later than July 9, 2014. On May 21, 2014, the Company announced that the parties agreed to extend the last date for signing a final agreement to June 10, 2014. See full details in immediate reports of April 2, 2014 (TASE reference: 2014-01-035922) and May 21, 2014 (TASE reference: 2014-01-069705).

7. On May 4, 2014, the Company announced that it was holding negotiations with the Chinese company for entering into a joint venture that includes, among others, the Chinese company's monetary investment in the joint venture. The Company also announced that concurrently with holding the negotiations with the Chinese company, the Company continues to hold negotiations for signing an agreement that will grant Acebright a license to manufacture a humanized Anti-CD3 antibody and an exclusive right to market it for treating the NASH indication in the Chinese and Far East markets (excluding Japan). The Company will explore the possibility of using both the Chinese company and Acebright in the development of the Anti-CD3 activity in said markets or, if this option fails to materialize, choose the optimal transaction for it based on the progress achieved in negotiations. The Company also announced that it had decided to terminate the negotiations with ViroPro. See full details in an immediate report of May 2, 2014 (TASE reference: 2014-01-056541).

8. On May 11, 2014, the Company issued 3,009,400 Ordinary shares, 3,009,400 warrants (series 3) and 3,009,400 warrants (series 4) of the Company based on a shelf offering report issued by the Company on May 8, 2014 and a shelf prospectus of August 8, 2012. See details of the shelf offering report in an immediate report of May 8, 2014 (TASE reference: 2014-01-059028) and immediate reports of May 8, 2014 (TASE reference: 2014-01-059742) and May 11, 2014 (TASE reference: 2014-01-060570).

9. See a presentation of the Company's operations issued in the context of an immediate report on May 8, 2014 (TASE reference: 2014-01-059022).

10. On May 18, 2014, the Company announced that according to a report that it received (TASE reference: 2014-01-065805), researchers at the Boston Children's Hospital, Brigham & Women's Hospital (BWH) and Harvard University in Boston reported that clinical trial Phase 2A at the Boston Medical Center for proving feasibility of oral anti-CD3 antibody technology for the treatment of ulcerative colitis patients was successful and met its primary endpoints - examining the safety of the treatment and testing changes in immunological markers that may form indication of treatment efficacy. Also, it was reported to the Company that the secondary endpoint of the trial was achieved - testing markers efficacy in patients with moderate to severe UC. It is clarified that although the Company participated in financing the above trial, we are speaking of a trial that was not conducted by the Company and the Company did not take part in the trial. To the Company's best knowledge, additional laboratory tests checking samples from patients are still ongoing in this research in order to get a better understanding of the active mechanism of oral administration of the anti-CD3 antibody. A final report on the results of the trial is expected to be received in the coming months. It is clarified that the above trial used mice induced cells (OKT3). The Company developed an analogous antibody for OKT3 which underwent humanization and immunogenetic reduction and which is more suitable to give to patients for a long period of time. As a condition for the continued development of the humanized antibody, as above, an evidence is required that the above human therapy acts similarly to mice induced therapy.

c. The financial position

The Company's condensed consolidated balance sheets in NIS in thousands:

	March 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	2,791	5,122
Accounts receivable	558	449
	3,349	**5,571**
NON-CURRENT ASSETS:		
Property, plant and equipment	288	318
	288	**318**
Total assets	**3,637**	**5,889**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	1,137	1,556
Other accounts payable	341	343
Warrants	72	396
	1,550	**2,295**
NON-CURRENT LIABILITIES:		
Government grants	137	128
	137	**128**
EQUITY :		
Share capital	1,410	1,410
Share premium	78,276	78,276
Share-based payment	15,092	15,071
Warrants	4,377	4,377
Capital reserve from transactions with non-controlling interests	941	941
Accumulated deficit	(97,946)	(96,384)
	2,150	3,691
Non-controlling interests	(200)	(225)
Total equity	**1,950**	**3,466**
Total liabilities and equity	**3,637**	**5,889**

Current assets

Cash and cash equivalents as of March 31, 2014 amounted to NIS 2,791 thousand compared to NIS 5,122 thousand as of December 31, 2013. The decrease arises from expenses used in operating activities totaling approximately NIS 2,331 thousand.

Accounts receivable as of March 31, 2014 amounted to NIS 558 thousand compared to NIS 449 thousand as of December 31, 2013. The main increase arises from the balance of VAT receivable.

Total current assets as of March 31, 2014 amounted to NIS 3,349 thousand compared to NIS 5,571 thousand as of December 31, 2013, mainly deriving from the decrease in the cash balance as discussed above.

Non-current assets

Property, plant and equipment, net as of March 31, 2014 amounted to NIS 288 thousand compared to NIS 318 thousand as of December 31, 2013. The decrease is mainly a result of depreciation expenses on the assets.

Current liabilities

Trade payables as of March 31, 2014 amounted to NIS 1,137 thousand compared to NIS 1,556 thousand as of December 31, 2013. The decrease is mainly a result of the payment of some of the Company's current liabilities.

Other accounts payable as of March 31, 2014 amounted to NIS 341 thousand compared to NIS 343 thousand as of December 31, 2013. The balance of other accounts payable is mainly comprised of liabilities to employees and to Government authorities.

Liabilities in respect of warrants as of March 31, 2014 amounted to NIS 72 thousand compared to NIS 396 thousand as of December 31, 2013. On December 25, 2013, in keeping with the investment agreement signed between the Company and Acebright, the Company allocated to Acebright shares and options as described above. The options are denominated in U.S. dollars and are for a period of 12 months and therefore they are presented in the Company's financial statements as a current liability. The Company updates the value of said options at each balance sheet date.

Total current liabilities as of March 31, 2014 amounted to NIS 1,550 thousand compared to NIS 2,295 thousand as of December 31, 2013.

Non-current liabilities

Liabilities in respect of Government grants as of March 31, 2014 amounted to NIS 137 thousand compared to NIS 128 thousand as of December 31, 2013. The balance represents the fair value of the loans received from the Chief Scientist for the Anti-CD3 project and the Alzheimer's project.

Equity

The Company's equity as of March 31, 2014 amounted to NIS 1,950 thousand compared to equity of NIS 3,466 thousand as of December 31, 2013. The decrease in equity mainly stems from the loss for the period.

d. **Operating results**

The Company's consolidated statements of comprehensive income in NIS in thousands:

	Three months ended March 31,	
	2014	**2013**
Research and development expenses, net	(646)	(1,103)
General and administrative expenses	(1,212)	(809)
Operating loss	(1,858)	(1,912)
Financial income	326	69
Financial expenses	(5)	(43)
Total financial income	321	26
Loss and total comprehensive loss	(1,537)	(1,886)
Attributable to:		
Equity holders of the parent	(1,562)	(1,886)
Non-controlling interests	25	-
	(1,537)	(1,886)

The Company is the development stage and does not generate any sales.

Research and development expenses

In the three months ended March 31, 2014, research and development expenses amounted to NIS 646 thousand compared to NIS 1,103 thousand in the corresponding period of last year. The Company's research and development expenses consist of wages, subcontractors, patents etc. which are used in the Company's research and development activity in all its projects as detailed above. The decrease is mainly a result of cuts made in the Company's work plan and employee downsizing.

General and administrative expenses

In the three months ended March 31, 2014, general and administrative expenses amounted to NIS 1,212 thousand compared to NIS 809 thousand in the corresponding period of 2013. The Company's general and administrative expenses consist of wages, professional services etc. The increase mainly arises from an increase in business development expenses and a change in the Company's headcount.

Operating loss

In the three months ended March 31, 2014, the operating loss amounted to NIS 1,858 thousand compared to an operating loss of NIS 1,912 thousand in the corresponding period of 2013.

Financial income/expenses, net

In the three months ended March 31, 2014, financial income, net amounted to NIS 321 thousand compared to financial income, net of NIS 26 thousand in the corresponding period of 2013. Financial income mainly derived from the valuation of the warrants granted to Acebright as described above.

Loss for the period and comprehensive loss

In the three months ended March 31, 2014, net loss and comprehensive loss attributable to equity holders of the Company amounted to NIS 1,562 thousand compared to a loss of NIS 1,886 thousand in the corresponding period of 2013. The change in the current year is due to minimizing operations.

Cash flows

Being a development stage company with no sales, the cash flows used in operating activities in the three months ended March 31, 2014 amounted to approximately NIS 2,331 thousand compared to approximately NIS 2,333 thousand in the corresponding period of last year. The cash flows were mainly used by the Company for business development and to promote its research activities.

There was no cash from investing activities in the three months ended March 31, 2014 compared to net cash provided by investing activities of NIS 3 thousand in the corresponding period of last year. The cash from investing activities last year derived from the sale of property, plant and equipment.

There was no cash from financing activities in the three months ended March 31, 2014 compared to net cash provided by financing activities of NIS 3,782 thousand in the corresponding period of last year. The cash flows last year derived from receipts of funds raised by the Company and from the exercise of warrants.

e. Financing resources

Since its inception, the Company financed its activities using the capital raised from the public in December 2005 in the context of which the Company's securities were listed for trade on the Tel-Aviv Stock Exchange and from private placements. In early 2013, the Company completed a raising round of approximately NIS 4.4 million by issuing shares to private investors. In July 2013, the Company raised, through a shelf prospectus, a gross amount of approximately NIS 4.6 million in return for the issuance of shares and options. In December 2013, the Company raised approximately NIS 2.6 million in a private placement of shares and warrants. In May 2014, the Company completed a capital raising round of gross amount of approximately NIS 2.9 million.

The liquid financial assets available to the Company as of March 31, 2014 comprise cash and cash equivalents totaling NIS 2,791 thousand. The Company invests its funds in solid channels in NIS, dollar and Euro deposits against the annual budget which estimates the diversification of expenses between the different currencies.

The Company's Board of Directors and Management focus on securing the Company's financial stability and explore various financing opportunities.

f. Issues to which the Company's auditor draws attention in the auditors' report on the financial statements

Due to the Company's accumulated losses and negative cash flows from operating activities, in the auditors' report, the Company's auditor draws attention to the existence of doubts as to the Company's ability to continue as a going concern.

g. Exposure to market risks and their management

The investment in the Company's securities involves risks that are typical of seed biotechnological and pharmaceutical companies. As of the report date, the Company does not generate any sales and there is no certainty that the Company will be able to complete the development of its products and market them.

1. Description of risks

The Company is exposed to fluctuations in the exchange rate of the NIS in relation to the U.S. dollar and of the NIS in relation to the Euro. The Company has outstanding payments to advisors and subcontractors in foreign currency and the majority of the Company's cash is held in NIS.

As per the Company's policy, as discussed and approved by the Company's Board of Directors, the Company takes measures to minimize the currency risk by retaining liquid cash balances based on forecasted future needs and holds certain current assets in short-term foreign currencies. This exposure is immaterial.

2. The Company's market risk management policy

In keeping with the Company's policy, as discussed and approved by the Company's Board, the Company acts to reduce the currency risk by investing its cash in solid short-term NIS, U.S. dollar and Euro deposits for financing its operating activities in keeping with the exposure described above.

The investment policy is in conformity with the annual budget which is approved by the Board at the beginning of each year.

3. The individuals in charge of market risk management at the Company

Until March 31, 2014, the people in charge of market risk management at the Company were Mr. Ari Aminetzah, the Company's CEO at the time (on March 31, 2014, Mr. Aminetzah ceased to serve as the CEO of the Company and as of that date is no longer in charge of market risk management in the Company) and Mrs. Dorit Kreiner, the Company's CFO.

Effective from April 1, 2014 through the report date, the officers in charge of market risk management in the Company are Mr. Asher Shmulevitz, the Chairman of the Company's Board, and Mrs. Dorit Kreiner, the Company's CFO.

See details of Mr. Ari Aminetzah, Mr. Asher Shmulevitz and Mrs. Dorit Kreiner pursuant to Regulation 26a to the Report Regulations in Chapter D to the report for 2013.

4. **Supervision of the market risk management policy and its execution**

No changes occurred from the date of the report for 2013 through the date of issuing this report.

5. **Risk exposure report**

Linked balances as of March 31, 2014 (NIS in thousands)

Item	In or linked to U.S. dollar	In or linked to Euro	Unlinked	Non-monetary items	Total
Assets:					
Cash and cash equivalents	2,054	208	529	-	2,791
Accounts receivable	-	-	501	57	558
Property, plant and equipment, net	-	-	-	288	288
Total assets	**2,054**	**208**	**1,030**	**345**	**3,637**
Liabilities:					
Trade payables	10	270	144	713	1,137
Other accounts payable	-	79	262	-	341
Warrants	72	-	-	-	72
Government grants	137	-	-	-	137
Non-controlling interests	-	-	-	(200)	(200)
Equity	-	-	-	1,950	1,950
Total liabilities	**219**	**349**	**406**	**2,463**	**3,637**

Linked balances as of December 31, 2013 (NIS in thousands)

Item	In or linked to U.S. dollar	In or linked to Euro	Unlinked	Non-monetary items	Total
Assets:					
Cash and cash equivalents	2,623	508	1,991	-	5,122
Accounts receivable	-	-	414	35	449
Property, plant and equipment, net	-	-	-	318	318
Total assets	**2,623**	**508**	**2,405**	**353**	**5,889**
Liabilities:					
Trade payables	58	-	416	1,082	1,556
Other accounts payable	59	-	284	-	343
Government grants	128	-	-	-	128
Non-controlling interests	-	-	-	(225)	(225)
Warrants	396	-	-	-	396
Equity	-	-	-	3,691	3,691
Total liabilities	**641**	**-**	**700**	**4,548**	**5,889**

6. **Derivative positions**

The Company has no financial derivatives.

h. Corporate governance aspects

1. **Donations**

The Company has a policy for making donations to the research institutions with which it cooperates. In the first quarter of 2014, the Company did not make any donations.

2. **Directors with accounting and financial expertise**

No changes occurred from the date of the report for 2013 through the date of issuing this report.

3. **Independent directors**

The Company did not adopt in its articles of association the directive in section 219(e) to the Israeli Companies Law, 1999 ("**the Companies Law**") regarding the rate of independent directors.

4. **Update on events or matters that are subject to Regulation 37a2(a) to the Report Regulations**

a) A nonbinding MOU with Acebright signed on September 2, 2013 which specifies the principal conditions of the license agreement which the Company and Acebright intend to sign, as detailed in an immediate report of September 3, 2013 (TASE reference: 2013-01-136041). On May 4, 2014, the Company announced that concurrently with holding the negotiations with the Chinese company, as detailed in paragraph b7 above, the Company continues to hold negotiations for signing an agreement that will grant Acebright a license to manufacture a humanized Anti-CD3 antibody and an exclusive right to market it for treating the NASH indication in the Chinese and Far East markets (excluding Japan). The Company also announced that it will explore the possibility of using both the Chinese company and Acebright in the development of the Anti-CD3 activity in said markets or, if this option fails to materialize, choose the optimal transaction for it based on the progress achieved in negotiations.

b) A letter of intent regarding the merger transaction with ViroPro of December 4, 2013, as detailed in an immediate report of December 4, 2013 (TASE reference: 2013-01-088129). On May 4, 2014, the Company announced its decision to terminate the negotiations with ViroPro.

c) A letter received from Ramot regarding the termination of the research and license agreement for the BBS technology, as detailed in immediate reports of January 13, 2014 (TASE reference: 2014-01-013072) and January 29, 2014 (TASE reference: 2014-01-026068). The parties are currently holding negotiations.

d) The engagement in a master agreement with Lara as detailed in an immediate report of April 2, 2014 (TASE reference: 2014-01-035922). The parties are currently in final stages of negotiations towards reaching a final agreement and have agreed to defer the last date of signing to June 10, 2014.

5. **Remuneration of interested parties and senior officers**

On March 1, 2014, Mr. Elran Haber was appointed as VP Business and Strategic Development at a scope of position of 80% with a monthly salary of approximately NIS 39 thousand. As part of the remuneration approved for Mr. Haber, the Company granted him 266,242 non-marketable warrants that are convertible into 266,242 Ordinary shares of the Company. See details of the warrants and their terms in an immediate report of April 23, 2014 (TASE reference: 2014-01-049038).

The terms of Mr. Haber's employment were approved on April 1, 2014 by the Compensation Committee and on April 7, 2014 by the Company's Board. They were determined to be fair and reasonable and in keeping with the Company's compensation policy.

In its meeting on May 27, 2014, the Company's Board approved that no material changes occurred in the relationship between the remuneration paid to each interested party and senior officer in the Company, as detailed in the Report of the Board of Directors for 2013 and in Regulation 21 to Chapter D to the report for 2013 and their individual contribution to the Company in the reporting period and found that each individual remuneration was fair and reasonable and in conformity with the Company's compensation policy.

6. **Disclosure of the internal auditor**

As of March 31, 2014 and the report date, no material changes occurred in the details of the Company's internal auditor as disclosed in the report for 2013.

The Audit Committee's meeting on March 18, 2014 determined the audit plan for 2014.

7. **Financial statement approval process**

The Company's Management prepares the financial statements and the Company's auditor audits them. The entity in the Company in charge of entity-level controls and of the approval of the financial statements is the Board of Directors. See details of the Board members in an immediate report of April 8, 2014 (TASE reference: 2014-01-042231).

The approval of the financial statements as of March 31, 2014 took place in two meetings as follows:

(a) A meeting of the Financial Statement Review Committee;
(b) A meeting of the Board of Directors for discussing and approving the financial statements.

The Financial Statement Review Committee met on May 25, 2014 and was attended by all its members: Mrs. Yosefa Landskroner - external director, Mr. Zohar Heiblum - external director, Mrs. Tamar Kfir - director, the Company's legal advisor, representatives of Management and the Company's external auditors. The Financial Statement Review Committee discussed the effectiveness of internal control and disclosure in the Company. It also concluded that the financial statements are prepared in compliance with applicable laws.

The Committee held a comprehensive and fundamental discussion of the critical reporting issues and also formulated its recommendations to the Board of Directors for the financial statement approval process. This included examining the evaluations and estimates made in connection with the financial statements as of March 31, 2014, including the external valuation performed, as attached to these reports, the internal controls over financial reporting, the completeness and adequacy of disclosures in the financial statements as of March 31, 2014, the accounting policies adopted and the accounting treatment of critical processes in the Company, including the going concern warning in the Company's financial statements. The Committee also examined various aspects of risk management and control, both those reflected in the financial statements as of March 31, 2014 and those affecting the reliability of the financial statements.

The relevant materials for the meeting were delivered to the Board members a week before the meeting. In its meeting of May 27, 2014, the Board of Directors discussed the Financial Statement Review Committee's recommendations and approved the financial statements.

Date: May 27, 2014

Signatories	Position
Ascher Shmulewitz	Chairman of the Board
Avraham Meizler	Director

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PART B

THERAPIX BIOSCIENCES LTD.

FINANCIAL STATEMENTS

THERAPIX BIOSCIENCES LTD.
(Formerly: NasVax Ltd.)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2014

UNAUDITED

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Building a better working world

Auditors' review report to the shareholders of
Therapix Biosciences Ltd. (formerly: NasVax Ltd.)

Introduction

We have reviewed the accompanying financial information of Therapix Biosciences Ltd. (formerly: NasVax Ltd.) and subsidiaries ("the Group"), which comprises the condensed consolidated balance sheet as of March 31, 2014 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three months period then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "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 generally accepted auditing standards 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 the abovementioned, 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 requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Without qualifying our above conclusion, we draw attention to the matter discussed in Note 1c to the financial statements. As of March 31, 2014, the Company had accumulated deficit totaling NIS 97,946 thousand and it had negative cash flow from operating activities totaling NIS 2,331 thousand for the three months period ended March 31, 2014. These factors, along with other factors detailed in that Note, raise substantial doubt as to the Company's ability to continue as a going concern. Management's plans with respect to these matters are discussed in Note 1c. The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company was unable to continue as a going concern.

Haifa, Israel
May 27, 2014

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED BALANCE SHEETS

	March 31,		December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	2,791	4,327	5,122
Accounts receivable	558	632	449
	3,349	4,959	5,571
NON-CURRENT ASSETS:			
Property, plant and equipment	288	434	318
	3,637	5,393	5,889

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

CONSOLIDATED BALANCE SHEETS

	March 31,		December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
LIABILITIES AND EQUITY (DEFICIT)			
CURRENT LIABILITIES:			
Trade payables	1,137	1,538	1,556
Other accounts payable	341	403	343
Share options	72	-	396
	1,550	1,941	2,295
NON-CURRENT LIABILITIES:			
Government grants	137	8,797	128
Employee benefit liabilities	-	21	-
	137	8,818	128
EQUITY (DEFICIT):			
Share capital	1,410	756	1,410
Share premium	78,276	72,573	78,276
Receipts on account of shares	-	1,080	-
Share options	4,377	3,414	4,377
Reserve from share-based payment transactions	15,092	15,288	15,071
Reserve from transactions with non-controlling interests	941	-	941
Accumulated deficit	(97,946)	(98,477)	(96,384)
	2,150	(5,366)	3,691
Non-controlling interests	(200)	-	(225)
Total equity (deficit)	1,950	(5,366)	3,466
	3,637	5,393	5,889

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

May 27, 2014			
Date of approval of the financial statements	Dorit Kreiner CFO	Avraham Meizler Director	Asher Shmulevitz Chairman of the Board

CONSOLIDATED STATEMENTS COMPREHENSIVE INCOME

	Note	Three months ended March 31,		Year ended December 31,
		2014	2013	2013
		Unaudited		Audited
		NIS in thousands (except per share data)		
Research and development expenses, net	3	(646)	(1,103)	(4,649)
General and administrative expenses		(1,212)	(809)	(3,919)
		(1,858)	(1,912)	(8,568)
Other income, net		-	-	7,246
Operating loss		(1,858)	(1,912)	(1,322)
Finance income		326	69	1,603
Finance expenses		(5)	(43)	(72)
Net income (loss) and total comprehensive income (loss)		(1,537)	(1,886)	209
Attributable to:				
Equity holders of the Company		(1,562)	(1,886)	207
Non-controlling interests		25	-	2
		(1,537)	(1,886)	209
Basic and diluted net earning (loss) per share attributable to equity holders of the Company (in NIS)		(0.11)	(0.3)	0.02

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital	Share premium	Receipts on account of shares	Capital reserve from share-based payment transactions	Share options	Capital reserve from transactions with non-controlling interests	Accumulated deficit	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS in thousands									
Balance at January 1, 2014 (audited)	1,410	78,276	-	15,071	4,377	941	(96,384)	3,691	(225)	3,466
Total comprehensive loss	-	-	-	-	-	-	(1,562)	(1,562)	25	(1,537)
Cost of share-based payment	-	-	-	21	-	-	-	21	-	21
Balance at March 31, 2014	1,410	78,276	-	15,092	4,377	941	(97,946)	2,150	(200)	1,950
Balance at January 1, 2013 (audited)	478	69,947	-	15,141	3,616	-	(96,591)	(7,409)	-	(7,409)
Total comprehensive loss	-	-	-	-	-	-	(1,886)	(1,886)	-	(1,886)
Allocation of shares *)	250	2,114	-	-	-	-	-	2,364	-	2,364
Receipts on account of shares, net *)	-	-	1,080	-	-	-	-	1,080	-	1,080
Exercise of options into shares	28	512	-	-	(202)	-	-	338	-	338
Cost of share-based payment	-	-	-	147	-	-	-	147	-	147
Balance at March 31, 2013	756	72,573	1,080	15,288	3,414	-	(98,477)	(5,366)	-	(5,366)

*) Less issuance expenses of NIS 206 thousand (NIS 136 thousand and NIS 70 thousand for allocation of shares and receipts on account of shares, respectively).

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital	Share premium	Receipts on account of shares	Capital reserve from share-based payment transactions	Share options	Capital reserve from transactions with non-controlling interests	Accumulated deficit	Total	Non-controlling interests	Total equity
	Audited									
	NIS in thousands									
Balance at January 1, 2013	478	69,947	-	15,141	3,616	-	(96,591)	(7,409)	-	(7,409)
Total comprehensive income	-	-	-	-	-	-	207	207	2	209
Allocation of shares *)	904	7,817	-	84	963	-	-	9,768	-	9,768
Exercise of options into shares	28	512	-	-	(202)	-	-	338	-	338
Issue of shares to non-controlling shareholders	-	-	-	-	-	941	-	941	(227)	714
Cost of share-based payment	-	-	-	(154)	-	-	-	(154)	-	(154)
Balance at December 31, 2013	1,410	78,276	-	15,071	4,377	941	(96,384)	3,691	(225)	3,466

*) Less issuance expenses of NIS 775 thousand.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,		Year ended December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
Cash flows from operating activities:			
Net income (loss)	(1,537)	(1,886)	209
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	30	52	170
Gain from sale of property, plant and equipment	-	-	(40)
Change in employee benefit liabilities, net	-	1	(20)
Cost of share-based payment	21	147	(154)
Write down of liability to the Chief Scientist	-	-	(7,206)
Erosion of outstanding liability to the Chief Scientist (including amounts recorded in research and development expenses)	9	(65)	(1,805)
Finance income, net	(2)	(5)	(20)
Impairment of share options (series 1) and (series 2)	(324)	-	(47)
	(266)	130	(9,122)
Changes in operating asset and liability items:			
Decrease (increase) in accounts receivable	(109)	79	53
Decrease in trade payable	(419)	(630)	(612)
Decrease in other accounts payable	(2)	(31)	(91)
	(530)	(582)	(650)
Cash paid and received during the period for:			
Interest received	2	5	20
	2	5	20
Net cash used in operating activities	(2,331)	(2,333)	(9,543)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,		Year ended December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	-	4	45
Purchase of property, plant and equipment	-	(1)	(4)
Net cash provided by investing activities	-	3	41
Cash flows from financing activities:			
Issue of share capital and share options (less issuance expenses)	-	2,364	10,211
Issue of shares to non-controlling shareholders	-	-	714
Exercise of options into shares	-	338	338
Receipts from the Chief Scientist	-	-	486
Receipts on account of shares	-	1,080	-
Net cash provided by financing activities	-	3,782	11,749
Increase (decrease) in cash and cash equivalents	(2,331)	1,452	2,247
Cash and cash equivalents at the beginning of the period	5,122	2,875	2,875
Cash and cash equivalents at the end of the period	2,791	4,327	5,122

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

NOTE 1:- GENERAL

a. These financial statements have been prepared in a condensed format as of March 31, 2014 and for the three months period then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2013 and for the year then ended and accompanying notes ("annual consolidated financial statements").

b. Therapix Biosciences Ltd. (formerly: NasVax Ltd.) was incorporated in Israel and commenced its operations on August 23, 2004. On March 30, 2014, the Company decided to revise its business strategy. As of the date of the financial statements, the Company will focus on identifying and investing in promising technologies in the bio-pharma field and, at the same time, it will develop the existing technologies. The Company owns an exclusive license on a series of patents for the oral antibody Anti-CD3. The Company's main product portfolio focuses on an oral antibody (Anti-CD3) used to treat inflammatory, autoimmune illnesses as well as other autoimmune-related disorders and an antibody to treat Alzheimer's disease.

c. The Company had negative cash flow from operating activities totaling NIS 2,331 thousand and accumulated deficit totaling NIS 97,946 thousand.

The balance of cash at the Company's hands may not be sufficient to finance its operating activities in the period beyond 12 months after the date of the approval of the financial statements.

These factors raise substantial doubt as to the Company's ability to continue as a "going concern".

The Company finances its operations by raising capital from private and institutional sources and by collaborating with leading multinational corporations in the industry. The Company's management is focusing on securing the Company's financial stability, among others, by regularly exploring one or more of the above alternatives.

The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company was unable to continue as a going concern.

After the reporting date, the Company raised NIS 2.9 million through a shelf prospectus, see Note 6(3) below.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

b. New standards, interpretations and amendments applied for the first time by the Company:

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements, except as noted below:

Amendments to IAS 32, "Financial Instruments: Presentation" regarding offsetting financial assets and financial liabilities:

The IASB issued amendments to IAS 32 ("the amendments to IAS 32") regarding the offsetting of financial assets and financial liabilities. The amendments to IAS 32 clarify, among others, the meaning of "currently has a legally enforceable right of set-off" ("the right of set-off"). Among others, the amendments to IAS 32 prescribe that the right of set-off must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. The amendments to IAS 32 also state that in order for the right of set-off to be currently available, it must not be contingent on a future event, there may not be periods during which the right is not available, or there may not be any events that will cause the right to expire.

The effect of the adoption of the amendments to IAS 32 on the Company's financial statements was immaterial

NOTE 3:- RESEARCH AND DEVELOPMENT EXPENSES, NET

Composition:

	Three months ended March 31,		Year ended December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
Research and development expenses	646	1,103	4,927
Less - grants from the Chief Scientist and the European Union which were not recognized as a liability	-	-	(278)
	646	1,103	4,649

NOTE 4:- OPERATING SEGMENTS

General:

As described in the annual consolidated financial statements, the Group has the following operating segments:

1. The Anti-CD3 oral immunotherapy for treating inflammatory diseases.

2. Alzheimer's disease immunotherapy.

The Company did not present a note on segments since it believes that it complies with the segment aggregation criteria established in IFRS 8.

NOTE 5:- EVENTS DURING THE REPORTING PERIOD

a. On January 1, 2014, a special meeting approved to consolidate the authorized share capital and the issued and outstanding share capital such that any existing 10 Ordinary shares of NIS 0.01 par value each in the authorized share capital and the issued and outstanding share capital of the Company will be consolidated into one Ordinary share of the Company of NIS 0.1 par value. The number of the share options that exist in the Company's equity will be adjusted accordingly.

b. At the beginning of January 2014, the Company received a letter from Ramot in which Ramot announces its intention to bring to an end the license and research agreement that the parties signed on February 23, 2009 in connection with the BBS technology. The Company's position is that Ramot announcement is illegitimate and groundless. The parties are negotiating the issue.

c. On January 8, 2014, the Company's Board appointed Mr. Asher Shmulevitz as active Chairman of the Company's Board.

d. On February 16, 2014, the Company and the CEO, Mr. Ari Aminetzah, reached understandings regarding the termination of his tenure as the Company's CEO at the end of March 2014. During April-June Mr. Aminetzah will render business development services to the Company.

e. On March 24, 2014, the general meeting of shareholders approved payment of compensation to the Company's chairman: (1) for September-December 2013 - monthly payment of US$ 10 thousand (2) from the date of his appointment, January 8, 2014, the chairman is entitled to monthly payment of NIS 50 thousand (3) allocation of 423,037 unlisted share options of the Company at exercise price of not less than the share market price in the 30 days before the allocation plus 10%. The share options vest during 3 years in equal portions on a quarterly basis.

NOTE 5:- EVENTS DURING THE REPORTING PERIOD (Cont.)

Also, the general meeting approved the Company's remuneration policy. The share options were allocated on April 1, 2014. The grant date fair value was estimated at approximately NIS 180 thousand. The compensation was computed using the binomial model based on expected share price volatility of 71.44% computed at the grant date, grant date share price of NIS 0.791 per share, exercise price of NIS 0.789 per share, risk free interest rates of 0.7%-5.74% per year computed at the grant date and a forfeiture rate of 0%.

NOTE 6:- EVENTS AFTER THE REPORTING DATE

a. On April 2, 2014, the Company informed that it had entered into an investment agreement with LaraPharm Ltd. ("Lara") an Israeli company that operates in the field of medical cannabis and is developing a synthesized formulation that is based on Cannabinoids (active components found in the Cannabis plant) to work in an inhaler. The Company conducted an initial examination of the IP of Lara whose results showed that there is a justification to make a deeper examination of the investment in Lara. According to the key elements of the investment agreement, the Company will invest US$ 1.5 million in the capital of Lara based on milestones and deadlines that will be determined in the final agreement. According to the key elements of the agreement, the Company will invest US$ 50 thousand in the first stage ("the initial investment") for the allocation of 5% of the share capital of Lara. After the date of the first investment, the Company will have a 60-day period to decide, at its sole discretion, whether or not it should continue to invest.

b. On May 4, 2014, in furtherance to the decision of the Company's Board, the Company allocated to the Deputy CEO for Strategy and Business Development 266,242 unlisted options which are exercisable into 266,242 Ordinary shares of the Company. The exercise price of the options is NIS 0.99 and it is equal to the average share price in the 30 days before the allocation plus 10%. The options vest during 4 years from their allocation date in such a manner that they vest in equal portions on a quarterly basis.

c. On May 8, 2014, the Company raised approximately NIS 2.9 million (gross) in the issuance of 3,009,400 Ordinary shares, 3,009,400 share options (series 3) and 3,009,400 share options (series 4) of the Company under a shelf offering report that the Company published on May 8, 2014 and a shelf prospectus from August 8, 2012. On May 15, 2014, the Company allocated 406,269 share options (series 4) to Clal Finance Underwriting Ltd. as part of raising costs.

d. On May 14, 2014, 112,500 options that had been allocated to the outgoing CEO, Mr. Ari Aminetzah, expired.

NOTE 6:- EVENTS AFTER THE REPORTING DATE (Cont.)

e. On May 18, 2014, the Company informed that researchers at the Boston Children's Hospital, Brigham & Women's Hospital (BWH) and Harvard University in Boston reported that clinical trial Phase 2A at the Boston Medical Center for proving feasibility of oral anti-CD3 antibody technology for the treatment of ulcerative colitis patients was successful and met its primary endpoints - examining the safety of the treatment and testing changes in immunological markers that may form indication of treatment efficacy. Also, it was reported to the Company that the secondary endpoint of the trial was achieved - testing markers efficacy in patients with moderate to severe UC. It is clarified that although the Company participated in financing the above trial, we are speaking of a trial that was not conducted by the Company and the Company did not take part in the trial. To the Company's best knowledge, additional laboratory tests checking samples from patients are still ongoing in this research in order to get a better understanding of the active mechanism of oral administration of the anti-CD3 antibody. A final report on the results of the trial is expected to be received in the coming months. It is clarified that the above trial used mice induced cells (OKT3). The Company developed an analogous antibody for OKT3 which underwent humanization and immunogenetic reduction and which is more suitable to give to patients for a long period of time. As a condition for the continued development of the humanized antibody, as above, an evidence is required that the above human therapy acts similarly to mice induced therapy.

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PART C

THERAPIX BIOSCIENCES LTD.

COMPANY FINANCIAL STATEMENTS

THERAPIX BIOSCIENCES LTD.
(Formerly: NasVax Ltd.)

PRESENTATION OF FINANCIAL INFORMATION FROM

THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ATTRIBUTABLE TO THE COMPANY

AS OF MARCH 31, 2014

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Building a better working world

To
The shareholders of Therapix Biosciences Ltd. (formerly: NasVax Ltd.)

Dear Sirs/ Mmes.,

Re: Special Report to the Review of the Separate Interim Financial Information in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information disclosed in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 of Therapix Biosciences Ltd. (formerly: NasVax Ltd.) ("the Company") as of March 31, 2014 and for the three months period then ended. The Company's board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion on the separate interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of the separate 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 generally accepted auditing standards 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 separate interim financial information is not prepared, in all material respects, in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Without qualifying our conclusion, we draw attention to the matter discussed in a to the additional information to the separate financial data and financial information attributable to the Company itself from the Group's consolidated financial statements. In the three months period ended March 31, 2014, the Company incurred losses totaling NIS 1,562 thousand and it had negative cash flow from operating activities totaling NIS 2,042 thousand for that period. These factors raise substantial doubt as to the Company's ability to continue as a going concern. Management's plans with respect to these matters are discussed in that paragraph. The separate financial data and financial information attributable to the Company itself from the Group's consolidated financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company was unable to continue as a going concern.

Haifa, Israel
May 27, 2014

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Special Report in accordance with Regulation 38d

Financial Data and Financial Information from the

Interim Consolidated Financial Statements Attributable to the Company

Below is separate financial data and financial information attributable to the Company from the Group's interim consolidated financial statements as of March 31, 2014, published as part of the periodic reports ("consolidated financial statements") presented in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Financial Data from the Consolidated Balance Sheets
Attributable to the Company

	March 31,		December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	1,468	3,570	3,510
Accounts receivable	554	632	437
	2,022	4,202	3,947
NON-CURRENT ASSETS:			
Receivables from subsidiaries	4,774	4,535	4,720
Property, plant and equipment	269	402	297
	5,043	4,937	5,017
	7,065	9,139	8,964
LIABILITIES AND EQUITY (DEFICIT)			
CURRENT LIABILITIES:			
Trade payables	1,088	1,018	1,216
Other accounts payable	341	403	343
Share options	7	-	81
	1,436	1,421	1,640
NON-CURRENT LIABILITIES:			
Government grants	137	8,797	128
Employee benefit liabilities	-	21	-
Provision for loss in respect of subsidiaries	3,342	4,266	-
Liabilities less assets attributable to subsidiaries	-	-	3,505
	3,479	13,084	3,633
EQUITY (DEFICIT) ATTRIBUTABLE TO THE COMPANY	2,150	(5,366)	3,691
	7,065	9,139	8,964

May 27, 2014			
Date of approval of the financial statements	Dorit Kreiner CFO	Avraham Meizler Director	Asher Shmulevitz Chairman of the Board

Financial Data from the Consolidated Statements of Comprehensive Income Attributable to the Company

	Three months ended March 31,		Year ended December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
Research and development expenses, net	(644)	(1,100)	(4,632)
General and administrative expenses	(1,209)	(804)	(3,903)
	(1,853)	(1,904)	(8,535)
Other income	-	1	7,240
Operating loss	(1,853)	(1,903)	(1,295)
Finance income	134	131	1,831
Finance expenses	(6)	(32)	(67)
Company's share of losses of investees (including impairment of goodwill), net	163	(82)	(262)
Income (loss) attributable to the Company	(1,562)	(1,886)	207

Financial Data from the Consolidated Statements of Cash Flows
Attributable to the Company

	Three months ended March 31,		Year ended December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
Cash flows from the Company's operating activities:			
Income (loss) attributable to the Company	(1,562)	(1,886)	207
Adjustments to reconcile income (loss) to net cash used in operating activities:			
Adjustments to the Company's profit or loss items:			
Depreciation and amortization	28	46	160
Loss (gain) from sale of property, plant and equipment	-	1	(34)
Change in employee benefit liabilities, net	-	1	(20)
Cost of share-based payment	21	147	(154)
Revaluation (erosion) of outstanding liability to the Chief Scientist (including amounts recorded in research and development expenses)	9	(65)	(1,805)
Finance income, net	(2)	(5)	(20)
Impairment of share options (series 1) and (series 2)	(74)	-	(30)
Write down of liability to the Chief Scientist	-	-	(7,206)
Company's share of losses of investees, net	(163)	82	262
	(181)	207	(8,847)
Changes in the Company's asset and liability items:			
Decrease (increase) in accounts receivable	(171)	56	(143)
Decrease in trade payable	(128)	(375)	(177)
Increase (decrease) in other accounts payable	(2)	7	(53)
	(301)	(312)	(373)
Cash received by the Company during the period for:			
Interest received	2	5	20
Net cash used in the Company's operating activities	(2,042)	(1,986)	(8,993)

Financial Data from the Consolidated Statements of Cash Flows
Attributable to the Company

	Three months ended March 31,		Year ended December 31,
	2014	2013	2013
	Unaudited		Audited
	NIS in thousands		
Cash flows from the Company's investing activities:			
Proceeds from sale of property, plant and equipment	-	3	34
Purchase of property, plant and equipment	-	(1)	(6)
Net cash provided by investing activities	-	2	28
Cash flows from the Company's financing activities:			
Proceeds from issue of shares and share options less issuance expenses	-	2,364	9,879
Receipts on account of shares	-	1,080	-
Exercise of options into shares	-	338	338
Receipts from the Chief Scientist	-	-	486
Net cash provided by financing activities	-	3,782	10,703
Increase (decrease) in cash and cash equivalents	(2,042)	1,798	1,738
Cash and cash equivalents at the beginning of the period	3,510	1,772	1,772
Cash and cash equivalents at the end of the period	1,468	3,570	3,510

a. General

This separate financial information has been prepared in a condensed format as of March 31, 2014 and for the three months period then ended in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be read in conjunction with the annual financial statements as of December 31, 2013 and for the year then ended and the accompanying additional information.

In the three months period ended March 31, 2014, the Company incurred losses totaling NIS 1,562 thousand and it had negative cash flow from operating activities totaling NIS 2,042 thousand for that period.

The balance of cash at the Company's hands may not be sufficient to finance its operating activities in the period beyond 12 months after the date of the approval of the financial statements. These factors raise substantial doubt as to the Group's ability to continue as a "going concern".

In the past, the Company financed its operations by raising capital from private and institutional sources and by collaborating with leading multinational corporations in the industry. The Company's management is focusing on securing the Company's financial stability, among others, by regularly exploring one or more of the above alternatives.

The separate financial data and financial information attributable to the Company itself from the Group's consolidated financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company was unable to continue as a going concern.

After the reporting date, the Company raised NIS 2.9 million through a shelf prospectus.

b. Events During the Reporting Period

See Note 5 to the interim consolidated financial statements.

c. Events After the Reporting Date

See Note 6 to the interim consolidated financial statements.

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