



Therapix Biosciences Ltd.

Quarterly Report

1st Quarter | 2015



CONTENTS

<u>Chapter A</u>	Update to the Chapter of Description of the Corporation's Business
<u>Chapter B</u>	The Report of the Board of Directors on the State of the Corporation's Affairs for the Interim Period
<u>Chapter C</u>	Interim Financial Statements
<u>Chapter D</u>	Letters of Representation

As of the Report Date, Therapix Biosciences Ltd. ("the Company") is a "small corporation" in accordance with the conditions stipulated in Regulation 5c to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 ("the Regulations"). According to the decision of the Company's Board, the Company adopts and applies (to the extent that such application is relevant or irrelevant to the Company) several exemptions prescribed in the Regulations as follows:

1. Increasing the materiality threshold in connection with the attachment of valuations to 20%¹;
2. Increasing the minimum requirement for attachment of financial statements of material associates to interim financial statements to 40% (the materiality threshold for attaching annual financial statements is (remains) 20%²;
3. Exemption from adopting the provisions of the Second Addendum to the Regulations regarding (details of the exposure to market risks and their management (the Galai Report))³;
4. Cancelling the duty to issue a report on internal control and an auditors' report on internal control thereby allowing the Company to attach only letters of representation that are limited in scope⁴.

¹ Regulation 5d(b)(1) to the Regulations. Pursuant to the ISA Staff legal resolution SLB 105-23, as updated on March 13, 2014 and July 16, 2014, regarding parameters for testing the materiality of valuations, "**a very material valuation in a small corporation**" is defined as a valuation:

- (a) whose subject matter represents at least 20% of the Company's total assets; **or**
- (b) whose effect of the change in value on the net income or comprehensive income, as applicable, represents at least 20% of total net income or comprehensive income, respectively, **and** the effect of said change represents at least 10% of the Corporation's equity.

² Regulation 5d(b)(2) to the Regulations.

³ Regulation 5d(b)(3) to the Regulations.

⁴ Regulation 5d(b)(4) to the Regulations.

Therapix Biosciences Ltd.

Chapter A - Update to the Chapter of Description of the Corporation's Business in the Periodic Report for 2014⁵ of Therapix Biosciences Ltd.⁶

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

1. Update to section 1 (the Corporation's activities and description of its business development) in Chapter A to the Annual Report

1.1 Effective from the second quarter of 2014, the Company has been focusing on identifying and investing in promising bio-pharma technologies while emphasizing technologies based on a known biological mechanism that are in the post-proof of concept stage and provide responses for major medical needs in the market and involve investing up to US\$ 2 million for achieving a significant milestone. As of the Report Date, the Company is focusing on creating a portfolio of technologies and assets based on cannabinoid therapeutics. The Company is also continuing to promote its Anti CD3 project from both a commercial and a scientific perspective⁷.

2. Update to section 13 (fixed assets, real estate and facilities) in Chapter A to the Annual Report

2.1 Effective from August 2014, the Company is subleasing from an unrelated third party spaces in an office building in Tel-Aviv which are used as the Company's offices and headquarters. The lease fees are immaterial to the Company. To secure the Company's obligations under the sublease agreement the Company provided the lessor a bank guarantee in an immaterial amount. As of the Report Date, the sublease agreement is in effect until June 30, 2016.

⁵ The Company's periodic report for 2014 as published on the TASE's website (the magna) on March 31, 2015 (TASE reference: 2015-01-069427) ("the Annual Report").

⁶ The update has been prepared in conformity with Regulation 39a to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 and consists of all material developments or changes in the Company's business that occurred in the interim period through the date of this update, regarding all matters that require disclosure in the Annual Report (which was not provided).

⁷ For additional information of the change in the Company's business strategy from March 2014, see section 1 to Chapter A (Description of the Corporation's Business) to the Annual Report.

3. Update to section 3 (the investments in the Company's capital and transactions in its shares) in Chapter A to the Annual Report

3.1 Private placement to three private Israeli investors

According to a private placement agreement of November 2014 and in the context of the completion of the investments of three separate private investors in an aggregate of NIS 0.65 million, on December 21, 2014, the Company issued 1,300,000 Ordinary shares of the Company and 2,600,000 options of the Company to said investors at a price of NIS 0.5 per share and an exercise price of NIS 0.5 per option that vests immediately and NIS 0.65 per contingent option allocated according to the investment agreement⁸. The exercise period of the immediately vested options was extended to May 19, 2015 and later to June 19, 2015⁹.

3.2 Private placement to two private Israeli investors

According to a private placement agreement of February 2015 and in the context of the completion of the investments of two separate private investors in an aggregate of NIS 0.25 million, on March 15, 2015, the Company issued 500,000 Ordinary shares of the Company and 1,000,000 options of the Company to two private investors at a price of NIS 0.5 per share and an exercise price of NIS 0.65 per option that vests immediately and NIS 1.10 per contingent option allocated according to the investment agreement¹⁰. The Company also allocated in the context of this private placement 40,000 options to another third party at an exercise price of NIS 0.5 per share¹¹.

3.3 Private placement to private Israeli investor

According to a private placement agreement of late March 2015, on April 29, 2015, a private investor completed his investment in the Company's share capital in a total of approximately NIS 2.2 million in return for 4,400,000 Ordinary shares of the Company at a price of NIS 0.5 per share¹².

⁸ For details, see the Company's immediate report of December 21, 2014 (TASE reference: 2014-01-226122) and an immediate report on the extension of the vesting date of the options that vest immediately of March 15, 2015 (TASE reference: 2015-01-050608).

⁹ For details, see the Company's immediate reports of March 15, 2015 (TASE reference: 2015-01-050605) and March 18, 2015 (TASE reference: 2015-01-022104).

¹⁰ For details, see the Company's irregular immediate report of February 19, 2015 (TASE reference: 2015-01-035320) and an immediate report of March 15, 2015 (TASE references: 2015-01-051154 and 2015-01-051157). These investments were made following former investments in the Company in November 2014 by other private investors (other than one identical investor). See details of these investments in the Company's private placement report of November 25, 2014 (TASE reference: 2014-01-204558).

¹¹ See additional information in the Company's (amended) private placement report of February 25, 2015 (TASE reference: 2015-01-038902).

¹² For details, see the Company's immediate reports of March 30, 2015 (TASE reference: 2015-01-065656), April 7, 2015 (TASE references: 2015-01-075517 and 2015-01-002034) and April 29, 2015 (TASE reference: 2015-01-008361).

3.4 Listing the ADRs for trade in the United States

As part of the Company's plan to enhance the accessibility of foreign investors to the Company's activities and in keeping with its new business strategy, in early October 2014, the Company completed the process of listing its Level 1 ADRs on the OTCQB in the US. As of the Report Date, each ADR is comprised of 20 Ordinary shares of the Company which are traded OTC in the US under the symbol of THXBY¹³.

4. Update to section 14 (human capital) in Chapter A to the Annual Report

4.1 On April 5, 2015, the Company reported that it was agreed with the Company's CEO that he will conclude his service as the Company's CEO effective from June 1, 2015¹⁴. The Company convened a general meeting for retroactively approving the service terms of the retiring CEO who had been acting in his position without written terms¹⁵. The Company is currently in the process of recruiting a temporary CEO.

5. Update to section 18 (material agreements) in Chapter A to the Annual Report

5.1 License agreement regarding the entourage effect technology (the Dekel transaction)

On January 11, 2015, the Company's Board approved the signing of a binding term sheet with Dekel Pharmaceuticals Ltd. ("**Dekel**", collectively with the Company - "**the parties**"). The term sheet provides the principles of a final and specific agreement for licensing Dekel's technology and IP including an option for Dekel to invest in the Company (by itself and/or through others) ("**the approved outline**"). The approved outline, which is subject to the approval of the Company's relevant entities, is a combined outline which sets forth terms for licensing Dekel's technology and for Dekel's capital investment in the Company (by itself and/or through others). The purpose of the engagement between the parties is to allow the Company to develop Dekel's technology under a final and specific license agreement and simultaneously raise the capital it needs¹⁶. It should be clarified that on October 1, 2014, the provisions of the term sheet relating to the exclusive negotiation arrangements in the interim period until the date of signing a final and specific agreement and the date of signing a license agreement were extended until May 31, 2015. On April 21, 2015, the Company convened a general meeting of shareholders for approving the approved outline¹⁷.

¹³ See the Company's immediate reports of May 28, 2014 (TASE reference: 2014-01-075777) and July 20, 2014 (TASE reference: 2014-01-117225). See also link to the OTCQB's website at <http://www.otcmart.com/stock/THXBY/quote>.

¹⁴ See the Company's immediate report of April 5, 2015 (TASE reference: 2015-01-074647).

¹⁵ For the main details of the retiring CEO's service terms, see Appendix D to the Company's meeting notice report of April 21, 2015 (TASE reference: 2015-01-003756), as amended on April 30, 2015 (TASE reference: 2015-01-009876).

¹⁶ See more details of the approved outline and the binding term sheet in the Company's immediate report of January 12, 2015 (TASE reference: 2015-01-010099) and paragraph 19.2 to Chapter A to the Annual Report.

¹⁷ See the Company's report of April 21, 2015 (TASE reference: 2015-01-003744) and the meeting notice report amended on April 30, 2015 (TASE reference: 2015-01-009879).

6. Update to section 20 (legal proceedings) in Chapter A to the Annual Report

6.1 In keeping with the Company's reports of early 2014 regarding Ramot's notification¹⁸ to the Company of its intention to cancel the license underlying the BBS technology ("**the Ramot case**")¹⁹, on March 15, 2015, the Company reported that to the best of its knowledge, the ISA is conducting an administrative inquiry of the public reporting dates of the Ramot case and of the quality of the disclosure provided by the Company in connection with the status of the technology's development during the relevant periods before Ramot's notification of cancellation. The Company is unaware of the exact stage of the inquiry and cannot assess its outcome, if any. As of the Report Date, the Company is fully cooperating with the ISA in this matter and will report any material developments²⁰.

Therapix Biosciences Ltd.

Date: May 20, 2015

Names of signatories and their positions:

Dr. Asher Shmulewitz
Mr. Jan Turek
CPA Jonathan Berger

Chairman of the Board
CEO²¹
CFO

¹⁸ Ramot at Tel-Aviv University Ltd., the Tel-Aviv University's technology transfer company ("**Ramot**").

¹⁹ See details of Ramot's cancellation notification in the Company's immediate reports of January 13, 2014 (TASE reference: 2014-01-013072) and January 29, 2014 (TASE reference: 2014-01-026068); see details of an agreement for settling the disputes between the parties in the Ramot case in the Company's immediate reports of December 3, 2014 (TASE reference: 2014-01-214758 and its amendment 2014-01-214758) and of March 4, 2015 (TASE reference: 2015-01-044713).

²⁰ See the Company's immediate report of March 15, 2015 (TASE reference: 2015-01-051955).

²¹ The CEO's signature is on the original English version.

THERAPIX BIOSCIENCES LTD.

CHAPTER D - LETTERS OF REPRESENTATION

Chief Executive Officer's Statement:

Pursuant to Regulation 5d(4)(b)-(c) and Regulation 38c(d)(1) to the Israel Securities Regulations (Periodic and Immediate Reports), 1970

Letter of Representation

Chief Executive Officer's Statement

I, Jan Turek, certify that:

1. I have reviewed the Interim Report of Therapix Biosciences Ltd. ("**the Company**") for the first quarter of 2015 ("**the Reports**");
2. To the best of my knowledge, the Reports do not contain any untrue statement of a material fact or omit to state a material fact necessary not to make the statements made therein, in light of the circumstances under which such statements were made, misleading with respect to the period covered by the Reports.
3. To the best of my knowledge, the financial statements and other financial information included in the Reports fairly present, in all material respects, the financial position, results of operations and cash flows of the Company as of and for the periods presented in the Reports.
4. I have disclosed to the Company's auditors, the Company's Board of Directors and the Company's Board's Audit Committee (which also acts as the Financial Statement Review Committee) any fraud, whether or not material, that involves the CEO or anyone directly subordinate to the CEO or that involves other employees who have a significant role in the Company's internal control over financial reporting and disclosure.

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

Date: May 20, 2015

Jan Turek, CEO²²

²² The CEO's signature is on the original English version.

Chief Financial Officer's Statement:

Pursuant to Regulation 5d(4)(b)-(c) and Regulation 38c(d)(1) to the Israel Securities Regulations (Periodic and Immediate Reports), 1970

Letter of Representation
Chief Financial Officer's Statement

I, Jonathan Berger, certify that:

1. I have reviewed the Interim Financial Statements and other financial information included in the Interim Report of Therapix Biosciences Ltd. ("**the Company**") for the first quarter of 2015 ("**the Reports**" or "**the Interim Reports**");
2. To the best of my knowledge, the Interim Financial Statements and other financial information included in the Interim Reports do not contain any untrue statement of a material fact or omit to state a material fact necessary not to make the statements made therein, in light of the circumstances under which such statements were made, misleading with respect to the period covered by the Reports.
3. To the best of my knowledge, the Interim Financial Statements and other financial information included in the Interim Reports fairly present, in all material respects, the financial position, results of operations and cash flows of the Company as of and for the periods presented in the Reports.
4. I have disclosed to the Company's auditors, the Company's Board of Directors and the Company's Board's Audit Committee (which also acts as the Financial Statement Review Committee) any fraud, whether or not material, that involves the CEO or anyone directly subordinate to the CEO or that involves other employees who have a significant role in the Company's internal control over financial reporting and disclosure.

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

Date: May 20, 2015

CPA Jonathan Berger, CFO

THERAPIX BIOSCIENCES LTD.

CHAPTER B - BOARD OF DIRECTORS' INTERIM REPORT ON THE STATE OF THE CORPORATION'S AFFAIRS

The Company's Board of Directors is hereby pleased to present the Board's report on the state of affairs of Therapix Biosciences Ltd. (collectively with its subsidiaries - "**the Company**" or "**Therapix**") as of March 31, 2015 and for the period of three months then ended ("**the Report Date**" and "**the Interim Period**", respectively), prepared in conformity with the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 ("**the Board of Directors' Interim Report**" and "**the Report Regulations**", respectively). The Board of Directors' Interim Report is attached to the interim consolidated financial statements ("**the Interim Financial Statements**") under the assumption that the readers of this report also have at their disposal the Interim Financial Statements. The financial data from the Interim Financial Statements attributable to the Company itself on a stand-alone basis are also attached to this report ("**the Stand-alone Interim Financial Statements**"; collectively with the Interim Financial Statements, as applicable - "**the Financial Statements**").

a. **The Board's explanations for the state of the Company's affairs, operating results, equity and cash flows**

1. **General**

- 1.1 Effective from the second quarter of 2014, the Company has been focusing on identifying and investing in promising bio-pharma technologies while emphasizing technologies based on a known biological mechanism that are in the post-proof of concept stage and provide responses for major medical needs in the market and involve investing up to US\$ 2 million for achieving a significant milestone.
- 1.2 As of the Report Date, the Company is focusing on creating a portfolio of technologies and assets based on cannabinoid therapeutics. The Company is also continuing to promote its Anti CD3 project from both a commercial and a scientific perspective.

2. **The financial position**

The Company's auditors draw attention to the matter discussed in Note 1c to the Interim Financial Statements according to which in the three months ended March 31, 2015, the Company incurred losses of NIS 1,527 thousand and has negative cash flows from operating activities totaling NIS 693 thousand. These factors, along with other factors specified in this note, raise substantial doubt about the Company's ability to continue as a going concern. The Interim 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.

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

	March 31, 2015	December 31, 2014
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	197	614
Restricted cash	44	44
Accounts receivable	92	102
	333	760
NON-CURRENT ASSETS:		
Investment in investee	73	187
Property, plant and equipment	83	70
	111	257
Total assets	444	1,017
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	1,789	1,182
Other accounts payable	158	132
	1,947	1,314
NON-CURRENT LIABILITIES:		
Government grants	170	156
	170	156
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:		
Share capital	1,892	1,841
Share premium	83,411	80,460
Capital reserve from share-based payment transactions	15,257	15,215
Warrants	2,249	4,981
Capital reserve from translation of financial statements of foreign operation	5	10
Capital reserve from transactions with non-controlling interests	941	941
Accumulated deficit	(105,096)	(103,591)
	(1,341)	(143)
Non-controlling interests	(332)	(310)
Total equity deficit	(1,673)	(453)
Total liabilities and equity	444	1,017

2.1 Current assets

Cash and cash equivalents as of March 31, 2015 amounted to NIS 197 thousand compared to NIS 614 thousand as of December 31, 2014. The decrease mainly arises from expenses used in operating activities totaling approximately NIS 693 thousand, offset by amounts totaling approximately NIS 272 thousand received from the public capital raising in March 2015 and the exercise of options in the Reporting Period.

The balance of restricted cash as of March 31, 2015 amounted to NIS 44 thousand, similarly to December 31, 2014. The restricted deposit arises from the lease of the Company's offices.

Accounts receivable as of March 31, 2015 amounted to NIS 92 thousand compared to NIS 102 thousand as of December 31, 2014.

Total current assets as of March 31, 2015 amounted to NIS 333 thousand compared to NIS 760 thousand as of December 31, 2014. The change mainly derives from the decrease in the cash balance as discussed above.

2.2 Non-current assets

As of March 31, 2015, the carrying amount of the investment in Lara-Pharm Ltd. Amounted to approximately NIS 73 thousand compared to approximately NIS 187 thousand as of December 31, 2014. The decrease in the carrying amount of the investment which is accounted for at equity arises from losses incurred by Lara-Pharm in the Reporting Period.

Property, plant and equipment, net as of March 31, 2015 amounted to NIS 38 thousand compared to NIS 70 thousand as of December 31, 2014. The decrease is mainly a result of the sale of assets and their derecognition and the depreciation for the period.

Total non-current assets as of March 31, 2015 amounted to NIS 111 thousand compared to NIS 257 thousand as of December 31, 2014.

2.3 Current liabilities

Trade payables as of March 31, 2015 amounted to NIS 1,789 thousand compared to NIS 1,182 thousand as of December 31, 2014. The increase is mainly a result of the deferral of the payment of some of the Company's current liabilities.

Other accounts payable as of March 31, 2015 amounted to NIS 158 thousand compared to NIS 132 thousand as of December 31, 2014.

The balance of current liabilities as of March 31, 2015 amounted to NIS 1,947 thousand compared to NIS 1,314 thousand as of December 31, 2014. The increase is mainly due to the increase in trade payables.

2.4 Non-current liabilities

Liabilities in respect of Government grants as of March 31, 2015 amounted to NIS 170 thousand compared to NIS 156 thousand as of December 31, 2014. The balance represents the fair value of the loans received from the Chief Scientist for the Anti-CD3 project and the Alzheimer's project.

2.5 Equity

The Company's equity deficit as of March 31, 2015 amounted to NIS 1,673 thousand compared to equity deficit of NIS 453 thousand as of December 31, 2014. The decrease in equity mainly stems from the loss for the period offset by the capital raised in February 2015.

3. **Operating results (developments in profit and loss items)**

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

	Three months ended March 31,	
	2014	2013
	Unaudited	
Research and development expenses, net (see Note 3)	(230)	(646)
General and administrative expenses	(1,152)	(1,212)
	(1,382)	(1,858)
Other expenses, net	(19)	-
Operating loss	(1,401)	(1,858)
Financial income	-	326
Financial expenses	(17)	(5)
Group's share of losses of company accounted for at equity	(109)	-
Loss and total comprehensive loss	<u>(1,527)</u>	<u>(1,537)</u>
Attributable to:		
Equity holders of the parent	(1,505)	(1,562)
Non-controlling interests	(22)	25
	<u>(1,527)</u>	<u>(1,537)</u>

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

3.1 Research and development expenses

In the three months ended March 31, 2015, research and development expenses amounted to NIS 230 thousand compared to NIS 646 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 plans and employee downsizing.

3.2 General and administrative expenses

In the three months ended March 31, 2015, general and administrative expenses amounted to NIS 1,152 thousand compared to NIS 1,212 thousand in the corresponding period of last year. The Company's general and administrative expenses consist of wages, professional services, office lease expenses etc.

3.3 Other expenses

In the three months ended March 31, 2015, other expenses amounted to NIS 19 thousand.

3.4 Operating loss

In the three months ended March 31, 2015, operating loss amounted to NIS 1,401 thousand compared to operating loss of NIS 1,858 thousand in the corresponding period of last year. The change is a result of reducing expenses in the Reporting Period.

3.5 Financial income/expenses, net

In the three months ended March 31, 2015, financial expenses, net amounted to NIS 17 thousand compared to NIS 5 thousand in the corresponding period of last year.

3.6 Loss for the period and comprehensive loss

In the three months ended March 31, 2015, loss and comprehensive loss attributable to equity holders of the Company amounted to NIS 1,527 thousand compared to NIS 1,537 thousand in the corresponding period of last year.

3.7 Cash flows

Being a development stage company with no sales, the cash flows used in operating activities in the three months ended March 31, 2015 amounted to approximately NIS 693 thousand compared to approximately NIS 2,331 thousand in the corresponding period of last year.

Cash flows provided by investing activities in the three months ended March 31, 2015 amounted to approximately NIS 2 thousand.

Cash flows provided by financing activities in the three months ended March 31, 2015 amounted to approximately NIS 272 thousand due to the capital raised in February 2015 and the exercise of options into Company shares. In the corresponding period of last year, the Company had no cash flows from financing activities.

4. **Liquidity, cash flows and financing resources**

- 4.1 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.
- 4.2 On February 19, 2015, the Company reported raising capital with proceeds totaling NIS 250 thousand from the offering of 500,000 Ordinary shares of the Company of NIS 0.01 par value each, 1,000,000 options that vest immediately and 1,000,000 contingent options. The options that vest immediately can be exercised at a 1:1 ratio for an exercise price of NIS 0.65 per share from the allocation date for a period of 45 days. The contingent options can be exercised at a 1:1 ratio, subject to the exercise date of the options that vest immediately and for an exercise price of NIS 1.10 per share for a period of 24 months. In addition, 40,000 options were allocated to the Company's consultant as an investment brokerage fee. The overall fair value of the options is estimated at approximately NIS 87 thousand.
- 4.3 **Issues to which the Company's auditor draws attention in the auditors' review report on the Interim Financial Statements**

Due to the Company's accumulated losses and negative cash flows from operating activities, in the auditors' review report, the Company's auditor draws attention to the existence of doubts as to the Company's ability to continue as a going concern, as discussed in section 2 above.

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

- 5.1 In the Interim Period, there were no material changes compared to the Annual Board of Directors' Report regarding the examination of the remuneration terms of officers in the Company, the reasonableness of the remuneration and the correlation between the remuneration of officers and interested parties in the Company and their contribution to the Company, as required by Regulation 21 to the Securities Regulations (Periodic and Immediate Reports), 1970, other than the matters described in Chapter A (Update to the Chapter of Description of the Corporation's Business) to this Report.

b. **Corporate governance aspects**

6. **Details of directors with accounting and financial expertise**

- 6.1 On August 24, 2014, the Company's Board decided that the minimum required number of directors (including external directors) with accounting and financial expertise on the Board ("**the minimum number**") should be one.
- 6.2 In the Interim Period and as of the Report Date, the number of directors with accounting and financial expertise was not below the minimum number.

7. **Independent directors**

In the Interim Period, 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.

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

8.1 In the Interim Period and as of the Report Date, the Company did not report any event or matter which might have occurred on a later date than the original report ("**the original report**") date which requires disclosure.

8.2 Without derogating from the aforementioned, see Chapter A (Update of the Description of the Corporation's Business) in this Report above or an update of the Company's activities and material changes that occurred during the Interim Period.

9. **Disclosure of the Company's internal auditor**

9.1 The Company's internal auditor meets all the provisions of sections 3(a) and 8 to the Israeli Internal Audit Law, 1992 ("**the Internal Audit Law**") and the requirements of section 146(b) to the Companies Law and serves as a senior officer in the Company by virtue of applicable law.

9.2 In the Interim Period and as of the Report Date, there was no material change regarding the Company's internal auditor compared to the disclosure provided in the Annual Board of Directors' Report.

10. **Details of outstanding certificates of liability**

In the Interim Period and as of the Report Date, the Company has no outstanding certificates of liability.

11. **Details of the financial statement approval process**

11.1 The Company's Management prepared the Financial Statements and the Company's auditor reviewed 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.

11.2 As of the Report Date, the members of the Company's Board consist of: Dr. Asher Shmulewitz (Chairman of the Board), Mr. Avi Meizler (director), Mr. Zohar Heiblum (external director), Mrs. Tamar Kfir (director) and Mr. Amit Berger (external director).

11.3 Pursuant to the provisions of the Companies Regulations (Provisions and Conditions underlying the Financial Statement Approval Process), 2010 ("**the Financial Statement Approval Regulations**"), the Company's Audit Committee was also appointed as the Company's Financial Statement Review Committee (in this paragraph, "**the Committee**"). As of the report date, the Committee consists of three members: Mr. Zohar Heiblum, external director and Chairman of the Committee, Mrs. Tamar Kfir, ordinary director, and Mr. Amit Berger, external director.

11.4 The approval of the financial statements took place in two meetings as follows:

- (1) A meeting of the Financial Statement Review Committee;
- (2) A meeting of the Board of Directors for discussing and approving the financial statements in view of the Committee's recommendations and comments.

- 11.5 The Committee met on May 18, 2015 and was attended by all the Committee members, the Company's external auditor, officers and other holders of positions in the Company. The Committee 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, including reviewing the need to continue to adopt the "small corporation" exemptions. This also included examining the evaluations and estimates made in connection with the Financial Statements, the internal controls over financial reporting, the completeness and adequacy of disclosures in the Financial Statements, 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 through the Company's CFO's comprehensive presentation and review. The external auditor addressed the issues presented in the meeting. The Committee discussed the accounting policies and presentation and disclosure in the Financial Statements.
- 11.6 The Board's meeting of May 20, 2015 which discussed, among others, the approval of the Financial Statements, was attended by all the members of the Board. In addition to the Board members, the meeting was also attended by the Company's external auditor, officers and other holders of positions in the Company who were available and prepared to answer any question raised by the Board members. In this meeting, the Board discussed the Committee's recommendations, reviewed the Company's financial results, financial position and cash flows and was presented with data on the Company's activities compared to previous periods reviewed. The timeframe for delivering the Committee's recommendations to the Board - two business days before the Board's meeting - was judged to be a reasonable timeframe for delivering recommendations in view of their scope and complexity. During the Board's meeting for approving the Financial Statements, the Company's CFO provided a comprehensive review of the main financial data presented in the Financial Statements, the major changes in the financial data in the Interim Period, the accounting policies applied and any changes therein and the adoption of the proper disclosure principle in the Financial Statements and accompanying information, including in all matters relating to the completeness and adequacy of the disclosure and reporting in the Financial Statements. A discussion was also held in the issue of the financial resources that will be used by the Company in carrying out its plans in the coming year. In the discussion, the Company's Management replied to the questions from the Board members and the external auditor addressed the Financial Statements. At the end of said discussion, once it became clear that the Financial Statements properly reflect the Company's business position and operating results, the Board adopted the Committee's recommendations and approved the Company's Financial Statements.

c. **Disclosure of the Company's financial reporting framework**

12. **Disclosure of events after the balance sheet date**

To the best of the Company's knowledge, there were no material events which occurred after the date of the statement of financial position which are mentioned in the Interim Financial Statements. See more details of events during and after the balance sheet date in Notes 3 and 4 to the Interim Financial Statements. See also details in Chapter A (Update of the Description of the Corporation's Business) to this Report above.

d. **Repurchases**

13. **Repurchase plan**

The Company has no plans for the repurchase of its securities, as the term "purchase" is defined in Regulation 10(b)(2)(i) to the Report Regulations.

The Company's Board thanks the Company's employees and managers for their contribution to promoting the Company's business.

Date: May 20, 2015

Signatories

Position

Dr. Asher Shmulewitz
Mr. Jan Turek
CPA Jonathan Berger

Chairman of the Board
CEO²³
CFO

²³ The CEO's signature is on the original English version.

THERAPIX BIOSCIENCES LTD.
(Formerly: NasVax Ltd.)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2015

UNAUDITED

INDEX

	<u>Page</u>
Review of Interim Consolidated Financial Statements	2
Consolidated Statements of Financial Position	3 - 4
Consolidated Statements of Profit or Loss	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Changes in Equity	7
Consolidated Statements of Cash Flows	8 - 9
Notes to Interim Consolidated Financial Statements	10 - 12

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**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 statement of financial position as of March 31, 2015 and the related condensed consolidated statements of profit or loss, 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. For the three months period ended March 31, 2015, the Company incurred losses totaling NIS 1,527 thousand and it had negative cash flow from operating activities totaling NIS 693 thousand. 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.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>March 31,</u>		<u>December 31,</u>
	<u>2015</u>	<u>2014</u>	<u>2014</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	197	2,791	614
Restricted cash	44	-	44
Accounts receivable	92	558	102
	<u>333</u>	<u>3,349</u>	<u>760</u>
NON-CURRENT ASSETS:			
Investment in company accounted for at equity	73	-	187
Property, plant and equipment	38	288	70
	<u>111</u>	<u>288</u>	<u>257</u>
	<u><u>444</u></u>	<u><u>3,637</u></u>	<u><u>1,017</u></u>

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>March 31,</u>		<u>December 31,</u>
	<u>2015</u>	<u>2014</u>	<u>2014</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
LIABILITIES AND EQUITY (DEFICIT)			
CURRENT LIABILITIES:			
Trade payables	1,789	1,137	1,182
Other accounts payable	158	341	132
Share options	-	72	-
	<u>1,947</u>	<u>1,550</u>	<u>1,314</u>
NON-CURRENT LIABILITIES:			
Government grants	<u>170</u>	<u>137</u>	<u>156</u>
	<u>170</u>	<u>137</u>	<u>156</u>
EQUITY (DEFICIT) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital	1,892	1,410	1,841
Share premium	83,411	78,276	80,460
Capital reserve from financial statements of foreign operation	5	-	10
Share options	2,249	4,377	4,981
Reserve from share-based payment transactions	15,257	15,092	15,215
Reserve from transactions with non-controlling interests	941	941	941
Accumulated deficit	<u>(105,096)</u>	<u>(97,946)</u>	<u>(103,591)</u>
	<u>(1,341)</u>	<u>2,150</u>	<u>(143)</u>
Non-controlling interests	<u>(332)</u>	<u>(200)</u>	<u>(310)</u>
Total equity (deficit)	<u>(1,673)</u>	<u>1,950</u>	<u>(453)</u>
	<u>444</u>	<u>3,637</u>	<u>1,017</u>

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

20 May, 2015			
Date of approval of the financial statements	Jonathan Berger CFO	Jan Turek CEO	Asher Shmulevitz Chairman of the Board

CONSOLIDATED STATEMENTS PROFIT OR LOSS

	Three months ended		Year ended
	March 31,		December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands (except per share data)		
Research and development expenses, net	(230)	(646)	(1,800)
General and administrative expenses	(1,152)	(1,212)	(5,238)
	(1,382)	(1,858)	(7,038)
Other income (expenses)	(19)	-	115
Operating loss	(1,401)	(1,858)	(6,923)
Finance income	-	326	401
Finance expenses	(17)	(5)	(427)
Group's share of losses of company accounted for at equity	(109)	-	(343)
Loss	<u>(1,527)</u>	<u>(1,537)</u>	<u>(7,292)</u>
Attributable to:			
Equity holders of the Company	(1,505)	(1,562)	(7,207)
Non-controlling interests	(22)	25	(85)
	<u>(1,527)</u>	<u>(1,537)</u>	<u>(7,292)</u>
Basic and diluted loss per share attributable to equity holders of the Company (in NIS)	<u>(0.08)</u>	<u>(0.11)</u>	<u>(0.45)</u>

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

CONSOLIDATED STATEMENTS COMPREHENSIVE INCOME

	Three months ended		Year ended
	March 31,	March 31,	December 31,
	2015	2014	2014
	Unaudited	Unaudited	Audited
	NIS in thousands		
Net loss	(1,527)	(1,537)	(7,292)
Amounts that will be reclassified or that are reclassified to profit or loss when specific conditions are met:			
	(5)	-	10
Adjustments arising from translating financial statements of foreign operations	_____	_____	_____
Total other comprehensive income (loss)	(5)	-	10
Total comprehensive loss	<u>(1,532)</u>	<u>(1,537)</u>	<u>(7,282)</u>
Attributable to:			
Equity holders of the Company	(1,510)	(1,562)	(7,197)
Non-controlling interests	<u>(22)</u>	<u>(25)</u>	<u>(85)</u>
	<u>(1,532)</u>	<u>(1,537)</u>	<u>(7,282)</u>

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	Reserve from share-based payment transactions	Capital reserve from financial statements of foreign operation	Share options	Reserve from transactions with non-controlling interests	8. Accumulated deficit	9. Total	10. Non-controlling interests	Total equity
	NIS in thousands									
Balance at January 1, 2015 (audited)	1,841	80,460	15,215	10	4,981	941	(103,591)	(143)	(310)	(453)
Loss	-	-	-	-	-	-	(1,505)	(1,505)	(22)	(1,527)
Total other comprehensive loss	-	-	-	(5)	-	-	-	(5)	-	(5)
Total comprehensive loss	-	-	-	(5)	-	-	(1,505)	(1,510)	(22)	(1,532)
Issue of shares and share options (1)	50	193	2	-	-	-	-	245	-	245
Exercise of share options	1	29	-	-	(3)	-	-	27	-	27
Expiration of share options	-	2,729	-	-	(2,729)	-	-	-	-	-
Cost of share-based payment	-	-	40	-	-	-	-	40	-	40
Balance at March 31, 2015 (unaudited)	<u>1,892</u>	<u>83,411</u>	<u>15,257</u>	<u>5</u>	<u>2,249</u>	<u>941</u>	<u>(105,096)</u>	<u>(1,341)</u>	<u>(332)</u>	<u>(1,673)</u>
Balance at January 1, 2014 (audited)	1,410	78,276	15,071	-	4,377	941	(96,384)	3,691	(225)	3,466
Loss	-	-	-	-	-	-	(7,207)	(7,207)	(85)	(7,292)
Total other comprehensive loss	-	-	-	10	-	-	-	10	-	10
Total comprehensive loss	-	-	-	10	-	-	(7,207)	(7,197)	(85)	(7,282)
Issue of shares and share options (2)	431	2,184	-	-	604	-	-	3,219	-	3,219
Cost of share-based payment	-	-	144	-	-	-	-	144	-	144
Balance at December 31, 2014 (audited)	<u>1,841</u>	<u>80,460</u>	<u>15,215</u>	<u>10</u>	<u>4,981</u>	<u>941</u>	<u>(103,591)</u>	<u>(143)</u>	<u>(310)</u>	<u>(453)</u>

(1) Less issuance expenses of NIS 5 thousand.

(2) Less issuance expenses of NIS 290 thousand.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Net loss	(1,527)	(1,537)	(7,292)
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Depreciation and amortization	10	30	146
Loss (gain) from sale of property, plant and equipment	20	-	(116)
Change in employee benefit liabilities, net	-	-	-
Cost of share-based payment	40	21	144
Increase in remaining liability to the Chief Scientist	14	9	28
Finance income, net	-	(2)	(5)
Company's share of losses of company accounted for at equity	109	-	343
Decrease in value of share options	-	(324)	(396)
Change in fair value of financial derivatives	-	-	350
	<u>193</u>	<u>(266)</u>	<u>494</u>
Changes in operating asset and liability items:			
Decrease (increase) in accounts receivable	10	(109)	20
Increase (decrease) in trade payable	607	(419)	(374)
Increase (decrease) in other accounts payable	26	(2)	(211)
	<u>643</u>	<u>(530)</u>	<u>(565)</u>
Cash received during the period for:			
Interest received	-	2	5
Net cash used in operating activities	<u>(691)</u>	<u>(2,331)</u>	<u>(7,358)</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended
	March 31,		December 31,
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from investing activities:</u>			
Proceeds from sale of property, plant and equipment	2	-	220
Movement in restricted cash, net	-	-	283
Purchase of property, plant and equipment	-	-	(2)
Investment in financial derivatives	-	-	(350)
Investment in company accounted for at equity	-	-	(520)
Net cash provided by (used in) investing activities	<u>2</u>	<u>-</u>	<u>(369)</u>
<u>Cash flows from financing activities:</u>			
Issue of share capital and share options (less issuance expenses)	245	-	3,219
Exercise of options into shares	<u>27</u>	<u>-</u>	<u>-</u>
Net cash provided by financing activities	<u>272</u>	<u>-</u>	<u>3,219</u>
Decrease in cash and cash equivalents	(417)	(2,331)	(4,508)
Cash and cash equivalents at the beginning of the period	<u>614</u>	<u>5,122</u>	<u>5,122</u>
Cash and cash equivalents at the end of the period	<u><u>197</u></u>	<u><u>2,791</u></u>	<u><u>614</u></u>

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, 2015 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, 2014 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 reporting date, the Company focuses on identifying and investing in promising bio-pharma technologies in the field cannabinoid and, at the same time, it develops 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. The Company also owns rights in an antibody to treat Alzheimer's disease.
- c. For the three months period ended March 31, 2015, the Company incurred losses totaling NIS 1,527 thousand and it had negative cash flow from operating activities totaling NIS 693 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 (see Notes 3 and 4) 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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 3:- EVENTS DURING THE REPORTING PERIOD

- a. On March 4, 2015, the Company reported that the Chief Scientist approved its compliance with the conditions related to the BBS technology (the Alzheimer's drug) as set by the Research Committee and, accordingly, the agreed outline between the Company and Ramot at Tel-Aviv University Ltd. ("Ramot") became effective. The Company and Ramot will act according to the agreed outline to transfer the Company's developments under the license agreement from the Company to Ramot and the license agreement will be cancelled. The Company will return the license to Ramot and, in return, the Company will receive royalties if the assets and know-how of the Company are commercialized in the future.
- b. On March 15, 2015, the Company reported that to the best of its knowledge the Securities Authority is conducting an administrative clarification in connection with the Company's reports regarding the BBS technology and the intention at that time to cancel Ramot's license to the technology.
- c. On February 1, 2015, the Company's share options (series 2) expired.
- d. On February 19, 2015, the Company reported on a round of financing of NIS 250 thousand in consideration of 500,000 Ordinary shares of NIS 0.01 par value each, 1,000,000 immediate options and 1,000,000 contingent options. The immediate options may be exercised into shares on a 1:1 basis in consideration of the exercise price of NIS 0.65 from the date of allocation during 45 days. The contingent options may be exercised into shares on a 1:1 basis together with and subject to the exercise of the immediate options in consideration of the exercise price of NIS 1.10 during 24 months. Also, 40,000 options were issued to the Company's consultant as the investment broker. The fair value of the options granted to the consultant was estimated at NIS 2 thousand.

On April 30, 2015, the immediate and contingent options expired without being exercised.

NOTE 4:- EVENTS AFTER THE REPORTING PERIOD

- a. On April 2, 2015, the Company reported that Jonathan Berger, CPA, was appointed as the Company's CFO.
- b. On April 2, 2015, the Company reported that the Company's former CFO, Uri Ben-Or, CPA, and the former comptroller, Dov Weinberg, CPA, are leaving the Company.
- c. On April 5, 2015, the Company reported that the Company's CEO, Mr. Jan Turek, is leaving the Company and that his position as CEO will discontinue on May 31, 2015.
- d. On March 30, 2015, the Company reported a round of financing of NIS 2,200 thousand from Jesselson Investments Ltd. (unrelated to the Company). In consideration of this funding, the Company issued a total of 4,400,000 Ordinary shares of NIS 0.01 par value each at the price of NIS 0.50 per share. As a result of the issuance, Jesselson Investments holds about 18.87% of the Company's shares (about 16.2% on a fully diluted basis). On April 29, 2015, the full payment was received.
- e. On May 10, 2015, 3,415,669 options (series 4) of the Company expired.
