



Update – Investment Agreement in LaraPharm

August 16, 2015

The Company wishes to update, in respect of the Company's investment agreement in LaraPharm Ltd., that further to discussions recently held between the Company and LaraPharm's management, the latter has notified the Company of the termination of the agreement, *inter alia*, on grounds of its claim that the Company does not intend to continue investing additional funds in LaraPharm. It shall be clarified from the outset, that the Company is not obligated to make additional investments in Lara, unless certain conditions and/or milestones that have been determined shall have been fulfilled. The Company continues to hold shares of Lara Pharm and a director on its behalf serves on LaraPharm's Board.

It is expressed, that the Company objects to the unilateral termination of the agreement as aforesaid, and has officially notified LaraPharm of the same. In addition, the Company deems it fit to clarify, that LaraPharm's notice was preceded by several discussions with LaraPharm's management which were initiated by the Company, with a view to advance LaraPharm's research and development activity on the backdrop of what appeared to be a standstill in the formulation phase of the product that Lara was supposed to develop. The Company will act to protect its material interests in Lara, including by protecting its legal rights under the agreement and its investment in Lara.

Incidentally it is noted, that the Company estimates that the termination of the agreement will not materially effect the Company and/or its activity from any perspective whatsoever (accounting, business or otherwise). Lara's book value, which is accounted for by the equity method, is non-material. The unilateral termination of the agreement (to which the Company unequivocally objects as aforesaid), is not expected to have a material effect on the continuation of the Company's ongoing and proper business activity and its engagement in research and development in the field of cannabinoid-based medical products, since the Company has various effective alternatives for continuing to develop products for improved administration of cannabinoid-based drugs other than Lara's technology (i.e. via pulmonary administration), which are being examined by the Company.