THERAPIX BIOSCIENCES LTD.

INTERIM REPORT
SECOND QUARTER 2014

INDEX

As of the date of this report, the Company is considered a "small corporation", under the terms defined in Regulation 5C to the Israel Securities Regulations (Periodic and Immediate Reports) (Revised), 2014 ("the Regulations").

Based on the decision of the Company's Board, the Company has adopted and applied the following exemptions provided in the Regulations (insofar as they are or will be relevant to the Company):

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 scope[4].**

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[1] Regulation 5d(b)(1) to the Regulations. Pursuant to the ISA Staff legal resolution SLB 105-23, as updated on March 13, 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; **<u>or</u>**
(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, **<u>and</u>** 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.

PART A - UPDATE OF THE DESCRIPTION OF THE CORPORATION'S BUSINESS CHAPTER FOR THE PERIODIC REPORT FOR 2013[5] OF THERAPIX BIOSCIENCES LTD.[6]

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

1. **Update to section 1 to Chapter A to the Annual Report - the Corporation's Activities and Description of its Business Development**

    1.1 In late March 2014, the Company announced its updated business strategy according to which it will focus 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 global market and involve investing up to about $ 2 million 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, all while continuing to promote the Company's existing technologies[7].

    1.2 The Company's investment strategy is based on the following parameters[8]: (1) building an investment portfolio of 2-5 companies/technologies; (2) providing an available response to major medical needs which currently do not have one; (3) focusing on technologies that have undergone the proof of concept phase; (4) focusing on a known and familiar mechanism of operation; (5) reaching a significant milestone with an investment of up to $ 2 million; (6) achieving significant returns on the investment; (7) spreading the investment over a few years based on predetermined milestones (in order to minimize risks).

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[5] The Company's periodic report for 2013 as published on the TASE website (magna) on March 27, 2014 (TASE reference: 2014-01-026091) ("**the Annual Report**").

[6] The update is in accordance with Regulation 39A of the Securities Regulations (Periodic and Immediate Reports), 1970 and consists of material changes or developments in the Company's business with respect to any matter that needs to be disclosed (and was not disclosed) in the Annual Report which occurred in the interim period and as of the date of issuance of this update.

[7] See the Company's immediate report of March 30, 2014 (TASE reference: 2014-01-029448).

[8] See the Company's presentation to the capital market in an immediate report of May 8, 2014 (TASE reference: 2014-01-059022).

2. **<u>Update to section 3 to Chapter A to the Annual Report - the Corporation's Equity and Share Transactions</u>**

2.1 On May 8, 2014, the Company issued a shelf offering report[9] by way of a uniform tender offering of units to the public (each unit consisting of 100 shares, 100 warrants (series 3) and 100 warrants (series 4)). On the same date, the Company completed raising 30,094 units (at a price of NIS 95 per unit as determined in the tender). According to this offering, the Company raised gross proceeds totaling approximately NIS 2.86 million[10]. The proceeds were designed to promote the investment in a related company (as described in paragraph 3.1 below), to explore new projects and expand the portfolio, promote the Company's existing technologies and finance its operating activities, all in accordance with the Company's Board's decisions as they will be from time to time.

2.2 <u>ADR listing procedures</u> - based on the Company's Board's decision of May 28, 2014, as of the report date, the Company is in the process of listing its Level 1 American Depository Receipts ("**ADRs**") for over-the-counter (OTC) trade in the United States, subject to completing all the necessary procedures and obtaining the relevant approvals. The ADRs are aimed at exposing the Company's securities to US and other foreign investors. On July 18, 2014, the Company filed an F-6 Registration Form to the US Securities and Exchange Commission ("**the SEC**") for registering its Level 1 ADRs for OTC trade in the US. Each ADR will consist of 20 Ordinary shares of the Company. The OTC trade of the ADRs in the US will begin once the SEC approves the F-6 and the registration process is completed. The Company will issue an immediate report once the SEC approval is obtained as above[11].

<u>Forward-looking information warning</u> - the Company's evaluations and expectations regarding the registration process of its ADRs and the beginning of trade therein as well as regarding the timeframe needed for completing the registration process all represent forward-looking information, as this term is defined in the Israeli Securities Law, 1968, which is based on the Company's expectations as of the report date and whose materialization is contingent on various factors which are not under the Company's control. These evaluations and expectations and the timeframe needed for their completion might not materialize at all or materialize in a manner that is significantly different from that anticipated by the Company, among others, due to failure to complete the required regulatory procedures, failure to receive the required approvals from the regulatory authorities in a timely manner and/or at all, change in the financial markets in the US, failure to market the Company's projects to US and foreign investors and other risk factors to which the Company's activities are exposed as described in section 21 to Chapter A to the Annual Report.

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9 See details of the shelf offering report in the Company's immediate report of May 8, 2014 (TASE reference: 2014-01-059028).

10 See details of the offering results in the Company's immediate report of May 8, 2014 (TASE reference: 2014-01-059742).

11 See the Company's immediate reports of May 28, 2014 (TASE reference: 2014-01-075777) and of July 20, 2014 (TASE reference: 2014-01-117225).

3. **Update to section 18 to Chapter A to the Annual Report - Material Agreements**

3.1 Agreement for investment in medical cannabis with LaraPharm Ltd.

On April 2, 2014, the Company 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 medical product**")[12]. On June 15, 2014, a final investment agreement was signed between the parties (in this paragraph, "**the agreement**") according to which, subject to the fulfillment of several prerequisites[13], the Company will transfer to Lara an initial investment amount of $ 800 thousand (based on the schedules and dates determined in the agreement) against shares that will represent about 26% of Lara's issued and outstanding share capital (on a fully diluted basis) ("**the initial stage**")[14]. The agreement also stipulates that the overall amount that the Company will invest in Lara will be $ 1.5 million (including the initial investment amount), subject to the fulfillment of certain milestones[15] and according to predetermined timetables. It was also determined in the agreement that the investment funds will be used by Lara to manage and promote its activities based on the approved budget and work plans. The agreement also stipulates rights and conditions for appointing directors on Lara's board and additional rights as customary in this type of agreement. Assuming that Lara successfully meets all the milestones determined in the agreement and the Company invests the entire investment amount as above, the Company will hold 49% of Lara's issued and outstanding share capital (on a fully diluted basis)[16]. On August 10, 2014, all the prerequisites for completing the initial stage in the purchase of Lara's shares by the Company were met[17].

3.2 Receipt of unilateral option for making an additional investment in the medical cannabis field

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12 See the Company's immediate report of April 2, 2014 (TASE reference: 2014-01-035922).

13 Among others, these prerequisites include the completion of related agreements and the completion of various operating, monetary and commercial information and data and additional background studies of Lara to the Company's satisfaction.

14 It should be noted that according to the agreement, the percentage of the Company's holdings in Lara's shares as mentioned above (26%) will be reduced pro rata to the amounts that will be transferred if the Company fails to provide the remaining payments on the predetermined dates.

15 Among others, the milestones include obtaining an expert's approval for the medical product's successful compliance with biotechnological criteria determined both in the context of a simulator test and in preclinical trials (animal testing).

16 See the Company's immediate reports of June 16, 2014 (TASE reference: 2014-01-091608) and of June 23, 2014 (TASE reference: 2014-01-097152).

17 See details of Lara and its business ventures, including the structure of its market, the products which it develops and the R&D stage in the Company's immediate report of August 11, 2014 (TASE reference: 2014-01-131130).

3.3 Negotiations for joint venture for developing and commercializing the Company's Anti-CD3 antibody in the Chinese market

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 Company's 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 joint venture will be controlled by the Chinese company but the distribution of holdings in the venture has not yet been agreed upon. According to the understandings reached between the parties, the Chinese company is expected to finance the joint venture's entire operations and the Company will not be required to invest material amounts in the joint venture. The other engagement terms have yet to be agreed between the parties[18]. The Company will provide updates of any developments in this issue.

3.4 Negotiations for granting a license for manufacturing and marketing the Company's Anti-CD3 antibody for treating the NASH indication in the Chinese and Far East markets

Simultaneously with the negotiations with the Chinese company as described in paragraph 3.3 above, the Company announced that it was holding negotiations with an interested party in the Company, Acebright Holding Limited ("**Acebright**"), another Chinese company, regarding 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)[19]. The Company explored the possibility of using both the Chinese company and Acebright in the development of the Anti-CD3 activity in said markets or collaborating with whichever party is chosen based on the progress achieved in negotiations. The Company will provide updates of any developments in this issue.

3.5 Termination of negotiations for the Company's operating merger with ViroPro

On May 4, 2014, the Company announced that it has decided to terminate the negotiations for a possible operating merger with the American ViroPro[20].

3.6 Termination of research and license agreement for the Alzheimer's drug - BBS technology

In January 2014, the Company announced that it has 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 in connection with the BBS technology (the Alzheimer's drug). The Company's position is that Ramot's announcement is illegitimate and groundless[21]. The parties are negotiating the disputes between them. The will provide updates of any developments in this issue.

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18 See the Company's immediate report of May 4, 2014 (TASE reference: 2014-01-056541).

19 See the Company's immediate reports of September 3, 2013 (TASE reference: 2013-01-136041) and of May 4, 2014 (TASE reference: 2014-01-056541).

20 See the Company's immediate report of May 4, 2014 (TASE reference: 2014-01-056541); see details of the negotiations with ViroPro in an immediate report of December 4, 2013 (TASE reference: 2014-01-088129).

21 See the Company's immediate reports of January 13, 2014 (TASE reference: 2014-01-013072) and of January 29, 2014 (TASE reference: 2014-01-026068).

4. **<u>Update to section 8 to Chapter A to the Annual Report - the Company's Products - R&D</u>**

<u>Phase IIA clinical trial of the Anti-CD3 antibody</u> - on May 18, 2014, the Company announced that according to a report that it received, researchers at the Boston Children's Hospital, Brigham & Women's Hospital (BWH) and Harvard University in Boston reported that the Phase IIA clinical trial at the Boston Medical Center for proving feasibility of oral anti-CD3 antibody technology for the treatment of ulcerative colitis ("**UC**") 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. The trial was conducted on 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 human patients for a long period of time. The Company made it clear that as a condition for the continued development of the humanized antibody, as above, evidence is required that the above human therapy acts similarly to mice induced therapy. As of the report date, a final report of the clinical trial's results has not yet been received but is expected to be received in the coming months[22].

Yours truly,

Therapix Biosciences Ltd.

Date: August 24, 2014

Names of signatories and their positions:
Dr. Asher Shmulevitz, Chairman of the Board
Mrs. Dorit Kreiner, CFO

[22] See the Company's immediate report of May 18, 2014 (TASE reference: 2014-01-065805).

THERAPIX BIOSCIENCES LTD.

CHAPTER B - BOARD OF DIRECTORS' INTERIM REPORT ON THE STATE OF THE CORPOTATION'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 June 30, 2014 and for the six and 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 In late March 2014, the Company updated its business strategy according to which it will focus 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 global market and involve investing up to about $ 2 million for achieving a significant milestone.

1.2 On April 2, 2014, the Company entered into 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 medical product**"). On June 15, 2014, a final investment agreement was signed between the parties according to which, subject to the fulfillment of several prerequisites, the Company will transfer to Lara an initial investment amount of $ 800 thousand against shares that will represent about 26% of Lara's issued and outstanding share capital (on a fully diluted basis). The overall amount that the Company will invest in Lara will be $ 1.5 million (including the initial investment amount), subject to the fulfillment of certain milestones and according to predetermined timetables. Against the investment of the overall investment amount as described above, the Company will hold 49% of Lara's issued and outstanding share capital (on a fully diluted basis).

1.3 Based on the Company's Board's decision of May 28, 2014, as of the report date, the Company is in the process of listing its Level 1 American Depository Receipts ("**ADRs**") for over-the-counter (OTC) trade in the United States, as detailed below. The ADRs are aimed at exposing the Company's securities to US and other foreign investors. Each ADR will consist of 20 Ordinary shares of the Company. The OTC trade of the ADRs in the US will begin once the approvals mentioned below are obtained.

2. **The financial position**

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

	June 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	3,563	5,122
Accounts receivable	649	449
	4,212	**5,571**
NON-CURRENT ASSETS:		
Property, plant and equipment	265	318
	265	**318**
Total assets	**4,477**	**5,889**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Trade payables	1,216	1,556
Other accounts payable	229	343
Warrants	7	396
	1,452	**2,295**
NON-CURRENT LIABILITIES:		
Government grants	145	128
	145	**128**
EQUITY:		
Share capital	1,711	1,410
Share premium	80,272	78,276
Capital reserve from share-based payment transactions	15,153	15,071
Warrants	4,650	4,377
Capital reserve from transactions with non-controlling interests	941	941
Accumulated deficit	(99,602)	(96,384)
	3,125	3,691
Non-controlling interests	(245)	(225)
Total equity	**2,880**	**3,466**
Total liabilities and equity	**4,477**	**5,889**

2.1 Current assets

Cash and cash equivalents as of June 30, 2014 amounted to NIS 3,563 thousand compared to NIS 5,122 thousand as of December 31, 2013. The decrease arises from expenses used in operating activities totaling approximately NIS 4,180 thousand, offset by amounts totaling approximately NIS 2,588 thousand received in the public offering in May 2014.

Accounts receivable as of June 30, 2014 amounted to NIS 649 thousand compared to NIS 449 thousand as of December 31, 2013. The main increase arises from recording prepaid expenses in respect of the Lara transaction totaling NIS 105 thousand and an increase in the balance of VAT receivable.

Total current assets as of June 30, 2014 amounted to NIS 4,212 thousand compared to NIS 5,571 thousand as of December 31, 2013, mainly deriving from the decrease in the cash balance as discussed above.

2.2 Non-current assets

Property, plant and equipment, net as of June 30, 2014 amounted to NIS 265 thousand compared to NIS 318 thousand as of December 31, 2013. The decrease is mainly a result of depreciation expenses on the assets.

2.3 Current liabilities

Trade payables as of June 30, 2014 amounted to NIS 1,216 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 June 30, 2014 amounted to NIS 229 thousand compared to NIS 343 thousand as of December 31, 2013. The change is a result of employee downsizing. The balance of other accounts payable is mainly comprised of liabilities to employees and to Government authorities.

Liabilities in respect of warrants as of June 30, 2014 amounted to NIS 7 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 June 30, 2014 amounted to NIS 1,452 thousand compared to NIS 2,295 thousand as of December 31, 2013. The change is mainly due to the decrease in the outstanding liability in respect of warrants.

2.4 Non-current liabilities

Liabilities in respect of Government grants as of June 30, 2014 amounted to NIS 145 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. The increase is mainly a result of the exchange rate differences in the period.

2.5 Equity

The Company's equity as of June 30, 2014 amounted to NIS 2,880 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 offset by the capital raised in May 2014.

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

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

	Six months ended June 30,		Three months ended June 30,	
	2014	**2013**	**2014**	**2013**
Research and development expenses, net	(1,134)	(2,388)	(488)	(1,285)
General and administrative expenses	(2,485)	(1,344)	(1,273)	(535)
Other income	33	7,218	33	7,218
Operating income (loss)	(3,586)	3,486	(1,728)	5,398
Financial income	392	1,489	66	1,432
Financial expenses	(44)	(49)	(39)	(18)
Income (loss) and total comprehensive income (loss)	(3,238)	4,926	(1,701)	6,812
Attributable to:				
Equity holders of the parent	(3,218)	4,926	(1,656)	6,812
Non-controlling interests	(20)	-	(45)	-
	(3,238)	4,926	(1,701)	6,812

Analysis of operating results

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

3.1 Research and development expenses

In the six months ended June 30, 2014, research and development expenses amounted to NIS 1,134 thousand compared to NIS 2,388 thousand in the corresponding period of last year. In the three months ended June 30, 2014, research and development expenses amounted to NIS 488 thousand compared to NIS 1,285 thousand in the corresponding quarter 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 six months ended June 30, 2014, general and administrative expenses amounted to NIS 2,485 thousand compared to NIS 1,344 thousand in the corresponding period of last year. In the three months ended June 30, 2014, general and administrative expenses amounted to NIS 1,273 thousand compared to NIS 535 thousand in the corresponding quarter of last year. The Company's general and administrative expenses consist of wages, professional services etc. The increase mainly arises from an increase in business development expenses in Israel and in the US, the ADR registration process described above and a change in the Company's headcount.

3.3 Other income

In the six and three months ended June 30, 2014, other income amounted to NIS 33 thousand arising from the sale of property, plant and equipment. In the six and three months ended June 30, 2013, other income amounted to NIS 7,218 thousand arising from a decrease in the liabilities to the Chief Scientist due to the transfer of the Vaxisome® technology to Yissum.

3.4 Operating loss

In the six months ended June 30, 2014, operating loss amounted to NIS 3,586 thousand compared to operating income of NIS 3,486 thousand in the corresponding period of last year. In the three months ended June 30, 2014, operating loss amounted to NIS 1,728 thousand compared to operating income of NIS 5,398 thousand in the corresponding quarter of last year. The change is a result of other income derived in the previous year from the transfer of the Vaxisome® technology to Yissum.

3.5 Financial income/expenses, net

In the six months ended June 30, 2014, financial income, net amounted to NIS 348 thousand compared to financial income, net of NIS 1,440 thousand in the corresponding period of last year. In the three months ended June 30, 2014, financial income, net amounted to NIS 27 thousand compared to financial income, net of NIS 1,414 thousand in the corresponding quarter of last year. Financial income this year mainly derived from the valuation of the warrants granted to Acebright as described above. In the previous year, financial income derived from the valuation of the liabilities to the Chief Scientist.

3.6 Income (loss) for the period and comprehensive income (loss)

In the six months ended June 30, 2014, net loss and comprehensive loss attributable to equity holders of the Company amounted to NIS 3,238 thousand compared to income of NIS 4,926 thousand in the corresponding period of last year. In the three months ended June 30, 2014, net loss and comprehensive loss attributable to equity holders of the Company amounted to NIS 1,701 thousand compared to comprehensive income of NIS 6,812 thousand in the corresponding quarter of last year. Last year, the transfer of the Vaxisome® technology back to Yissum created an accounting gain for the Company as described above.

3.7 Cash flows

Being a development stage company with no sales, the cash flows used in operating activities in the six months ended June 30, 2014 amounted to approximately NIS 4,180 thousand compared to approximately NIS 4,728 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.

Cash flows used in operating activities in the three months ended June 30, 2014 amounted to approximately NIS 1,849 thousand compared to approximately NIS 2,395 thousand in the corresponding quarter of last year.

Cash flows provided by investing activities in the six months ended June 30, 2014 amounted to approximately NIS 33 thousand compared to net cash provided by investing activities of NIS 15 thousand in the corresponding period of last year. Cash flows provided by investing activities in the three months ended June 30, 2014 amounted to approximately NIS 33 thousand compared to approximately NIS 12 thousand in the corresponding quarter of last year.

Cash flows provided by financing activities in the six and three months ended June 30, 2014 amounted to approximately NIS 2,588 thousand due to the capital raised in May 2014, compared to approximately NIS 4,496 thousand in the corresponding quarter of last year, arising mainly from capital raised and receipts from the Chief Scientist. Cash flows provided by financing activities in the three months ended June 30, 2013 amounted to approximately NIS 714 thousand.

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. 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 a gross amount of approximately NIS 2.9 million. The liquid financial assets available to the Company as of June 30, 2014 comprise cash and cash equivalents totaling NIS 3,563 thousand. The Company invests its funds in solid channels in NIS and dollar deposits against the annual budget which estimates the diversification of expenses between the different currencies.

4.2 The Company's Board of Directors and Management focus on securing the Company's financial stability and explore various financing opportunities, including private placements and capital raising rounds using ADRs once they are registered.

4.3 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.

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 in the terms of remuneration of officers in the Company, the reasonableness of the remuneration and the correlation between the compensation 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 the former interim report and as described below.

5.2 For more details, see Chapter A (Update of the 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 XXXXX, 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 XX.

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**

7.1 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 date which requires disclosure.

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 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. The Audit Committee's meeting held on August 24, 2014 discussed the internal auditor's report on an administrative enforcement plan.

11. **Details of outstanding certificates of liability**

11.1 In the Interim Period and as of the report date, the Company has no outstanding certificates of liability.

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

12.1 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.

12.2 As of the report date, the members of the Company's Board consist of: Dr. Asher Shmulevitz - Chairman of the Board, Mr. Avi Meizler, Mr. Zohar Heiblum (external director), Mrs. Tamar Kfir and Mr. Amit Berger (external director).

12.3 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.

12.4 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.

12.5 The Committee met on August 24, 2014 and in addition to all its members was also attended by the Company's external auditor, internal auditor, officers and other holders of positions in the Company. The 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, 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. The Committee also examined various aspects of risk management and control, both those reflected in the Financial Statements and those affecting the reliability of the Financial Statements. The Committee's recommendation to approve the Financial Statements was delivered in writing to the Board members on August 24, 2014 without any material observations.

12.6 The Board's meeting of August 24, 2014 which discussed, among others, the approval of the Financial Statements, was attended by Dr. Asher Shmulevitz - the Chairman of the Board, Mr. Avi Meizler, Mr. Zohar Heiblum (external director), Mrs. Tamar Kfir and Mr. Amit Berger (external director). In addition to the above 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 date of transferring the Committee's recommendations to the Board, which convened on the same day, was determined to be reasonable for delivering the recommendations given 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

13. Disclosure of events after the balance sheet date

13.1 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 Note 4 to the Interim Financial Statements. See also details in Chapter C (Update of the Description of the Corporation's Business) to this report.

d. Repurchases

14. Repurchase plan

14.1 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: August 24, 2014

Signatories (*)	Position
Dr. Asher Shmulevitz	Chairman of the Board
Abraham Meizler	Director

(*) On August 24, 2014, the Company's Board authorized Dr. Asher Shmulevitz and Mr. Abraham Meizler who serve as the Chairman of the Board and Director, respectively, to sign the Board of Directors' Interim Report on behalf of the Company, pursuant to the provisions of Regulation 48(d) to the Report Regulations.

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[23]

I, Asher Shmulevitz/Elran Haber, certify that:

1. I have reviewed the Interim Report of Therapix Biosciences Ltd. ("**the Company**") for the second quarter of 2014 ("**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: August 24, 2014

Dr. Asher Shmulevitz, Chairman of the Board of Directors /
Elran Haber, VP Business and Strategic Development[24]

---

23 As of the report date, a permanent CEO has not yet been appointed for the Company. The Company's Management is currently in the process of recruiting a permanent CEO for the Company to replace the former CEO and in the meantime the Company intends to appoint Dr. Asher Shmulevitz, the Chairman of the Board of Directors, as the temporary CEO of the Company until a permanent CEO is appointed. The appointment of Dr. Shmulevitz as temporary CEO is subject to the approval of the Audit Committee, the Board and the general meeting of the Company's shareholders and the Company will act to convene a general meeting for the temporary appointment as soon as possible and provide all the necessary details as required by law. It should be noted that on July 9, 2014, following the approval of the Audit and Compensation Committee, the Company's Board decided to appoint Dr. Shmulevitz as temporary CEO in addition to serving as Chairman of the Board. Nevertheless, in view of the resignation of the external director which took place on the same date, and for caution sake, the Company wishes to obtain approval of the appointment by the Company's qualified organs as soon as an alternative external director is appointed (the Company is taking steps to appoint such alternative external distractor). See also the Company's immediate report of July 13, 2014 (TASE reference: 2014-01-112740).

24 It should be clarified that Dr. Asher Shmulevitz/Elran Haber has signed this statement although he was not appointed in practice and does not actually act as temporary CEO of the Company and/or as acting CEO of the Company.

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, Dorit Kreiner, 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 second quarter of 2014 ("**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: August 24, 2014

Dorit Kreiner, CFO

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DRAFT: 18.8.2014

THERAPIX BIOSCIENCES LTD.
(Formerly: NasVax Ltd.)

PRESENTATION OF FINANCIAL INFORMATION FROM

THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ATTRIBUTABLE TO THE COMPANY

AS OF JUNE 30, 2014

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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 June 30, 2014 and for the periods of six and three months 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 paragraph (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. The Company has accumulated losses totaling NIS 3,218 thousand in the six months ended June 30, 2014, and has negative cash flows from operating activities totaling NIS 3,580 thousand in the six months then ended. These factors, along with other factors detailed in paragraph (a) mentioned above, 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 paragraph (a) mentioned above. The financial data and separate financial information attributable to the Company itself 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
August 24, 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 June 30, 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

	June 30, 2014	June 30, 2013	December 31, 2013
	Unaudited	Unaudited	Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	2,551	1,891	3,510
Accounts receivable	573	701	437
	3,124	2,592	3,947
NON-CURRENT ASSETS:			
Receivables from subsidiaries	4,936	4,602	4,720
Property, plant and equipment	249	359	297
	5,185	4,961	5,017
	8,309	7,553	8,964
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	1,040	798	1,216
Other accounts payable	199	429	343
Warrants	-	-	81
	1,239	1,227	1,640
NON-CURRENT LIABILITIES:			
Government grants	145	174	128
Employee benefit liabilities	-	16	-
Liabilities less assets attributable to subsidiaries	3,800	4,335	3,505
	3,945	4,525	3,633
EQUITY ATTRIBUTABLE TO THE COMPANY	3,125	1,801	3,691
	8,309	7,553	8,964

August 24, 2014			
Date of approval of the financial statements	Dorit Kreiner CFO	Abraham Meizler Director	Asher Shmulevitz Chairman of the Board

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

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2014	**2013**	**2014**	**2013**	**2013**
	Unaudited				**Audited**
	NIS in thousands				
Research and development expenses, net	(749)	(2,377)	(105)	(1,277)	(4,632)
General and administrative expenses	(2,382)	(1,336)	(1,173)	(532)	(3,903)
	(3,131)	(3,713)	(1,278)	(1,809)	(8,535)
Other income	33	7,220	33	7,219	7,240
Operating income (loss)	(3,098)	3,507	(1,245)	5,410	(1,295)
Finance income	201	1,611	67	1,480	1,831
Finance expenses	(26)	(41)	(20)	(9)	(67)
Company's share of losses of investees (including impairment of goodwill), net	(295)	(151)	(458)	(69)	(262)
Income (loss) attributable to the Company	(3,218)	4,926	(1,656)	6,812	207

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

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	Unaudited				Audited
	NIS in thousands				
Cash flows from the Company's operating activities:					
Income (loss) attributable to the Company	(3,218)	4,926	(1,656)	6,812	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	48	91	20	45	160
Gain from sale of property, plant and equipment	(33)	(13)	(33)	(14)	(34)
Change in employee benefit liabilities, net	-	(4)	-	(5)	(20)
Cost of share-based payment	64	(212)	43	(359)	(154)
Revaluation (erosion) of outstanding liability to the Chief Scientist (including amounts recorded in research and development expenses)	17	(1,482)	8	(1,417)	(1,805)
Finance income, net	(4)	(7)	(2)	(2)	(20)
Impairment of warrants	(81)	-	(7)	-	(30)
Write down of liability to the Chief Scientist	-	(7,206)		(7,206)	(7,206)
Company's share of losses of investees, net	295	151	458	69	262
	306	(8,682)	487	(8,889)	(8,847)
Changes in the Company's asset and liability items:					
Increase in accounts receivable	(352)	(80)	(181)	(136)	(143)
Decrease in trade payable	(176)	(595)	(48)	(220)	(177)
Increase (decrease) in other accounts payable	(144)	33	(142)	26	(53)
	(672)	(642)	(371)	(330)	(373)
Cash received by the Company during the period for:					
Interest received	4	7	2	2	20
Net cash used in the Company's operating activities	(3,580)	(4,391)	(1,538)	(2,405)	(8,993)

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

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	Unaudited				Audited
	NIS in thousands				
Cash flows from the Company's investing activities:					
Proceeds from sale of property, plant and equipment	33	15	33	12	34
Purchase of property, plant and equipment	-	(1)	-	-	(6)
Net cash provided by investing activities	33	14	33	12	28
Cash flows from the Company's financing activities:					
Proceeds from issuance of shares and warrants less issuance expenses	2,588	4,158	2,588	714	9,879
Exercise of options into shares	-	338	-	-	338
Receipts from the Chief Scientist	-	-	-	-	486
Net cash provided by financing activities	2,588	4,496	2,588	714	10,703
Increase (decrease) in cash and cash equivalents	(959)	119	1,083	(1,679)	1,738
Cash and cash equivalents at the beginning of the period	3,510	1,772	1,468	3,570	1,772
Cash and cash equivalents at the end of the period	2,551	1,891	2,551	1,891	3,510

Additional Information

a. General

This separate financial information has been prepared in a condensed format as of June 30, 2014 and for the periods of six and three months 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 six months ended June 30, 2014, the Company incurred losses totaling NIS 3,218 thousand and has negative cash flows from operating activities totaling NIS 3,580 thousand for the period then ended.

The balance of cash available to the Company may not be sufficient to finance its operating activities beyond the 12-month period 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 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.

On May 8, 2014, the Company raised gross proceeds of approximately NIS 2.9 million through a shelf prospectus.

b. Events during the Reporting Period

See Note 4 to the interim consolidated financial statements.

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THERAPIX BIOSCIENCES LTD.

CHAPTER C - INTERIM FINANCIAL STATEMENTS

THERAPIX BIOSCIENCES LTD.
(Formerly: NasVax Ltd.)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2014

UNAUDITED

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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 balance sheet as of June 30, 2014 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the periods of six and three months 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. The Company has accumulated losses totaling NIS 3,238 thousand and NIS 1,701 thousand in the periods of six and three months ended June 30, 2014, respectively, and has negative cash flows from operating activities totaling NIS 4,180 thousand and NIS 1,849 thousand in the periods of six and three months then ended, respectively. 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
August 24, 2014

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

CONSOLIDATED BALANCE SHEETS

	June 30,		December 31,
	2014	**2013**	**2013**
	Unaudited		**Audited**
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	3,563	2,658	5,122
Accounts receivable	649	701	449
	4,212	3,359	5,571
NON-CURRENT ASSETS:			
Property, plant and equipment	265	389	318
	4,477	3,748	5,889

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

CONSOLIDATED BALANCE SHEETS

	June 30,		December 31,
	2014	**2013**	**2013**
	Unaudited		**Audited**
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	1,216	1,328	1,556
Other accounts payable	229	429	343
Warrants	7	-	396
	1,452	1,757	2,295
NON-CURRENT LIABILITIES:			
Government grants	145	174	128
Employee benefit liabilities	-	16	-
	145	190	128
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital	1,711	946	1,410
Share premium	80,272	74,177	78,276
Warrants	4,650	3,414	4,377
Reserve from share-based payment transactions	15,153	14,929	15,071
Reserve from transactions with non-controlling interests	941	-	941
Accumulated deficit	(99,602)	(91,665)	(96,384)
	3,125	1,801	3,691
Non-controlling interests	(245)	-	(225)
Total equity	2,880	1,801	3,466
	4,477	3,748	5,889

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

August 24, 2014			
Date of approval of the financial statements	Dorit Kreiner CFO	Abraham Meizler Director	Asher Shmulevitz Chairman of the Board

CONSOLIDATED STATEMENTS COMPREHENSIVE INCOME

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	Unaudited				Audited
	NIS in thousands (except per share data)				
Research and development expenses, net	(1,134)	(2,388)	(488)	(1,285)	(4,649)
General and administrative expenses	(2,485)	(1,344)	(1,273)	(535)	(3,919)
	(3,619)	(3,732)	(1,761)	(1820)	(8,568)
Other income, net	33	7,218	33	7,218	7,246
Operating income (loss)	(3,586)	3,486	(1,728)	5,398	(1,322)
Finance income	392	1,489	66	1,432	1,603
Finance expenses	(44)	(49)	(39)	(18)	(72)
Net income (loss) and total comprehensive income (loss)	(3,238)	4,926	(1,701)	6,812	209
Attributable to:					
Equity holders of the Company	(3,218)	4,926	(1,656)	6,812	207
Non-controlling interests	(20)	-	(45)	-	2
	(3,238)	4,926	(1,701)	6,812	209
Basic and diluted net earnings (loss) per share attributable to equity holders of the Company (in NIS)	(0.22)	*) 0.65	(0.11)	*) 0.9	0.02

*) Adjusted for share consolidation.

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**	**Warrants**	**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	-	-	-	-	-	-	(3,218)	(3,218)	(20)	(3,238)
Issuance of shares *)	301	1,996	-	18	273	-	-	2,588	-	2,588
Cost of share-based payment	-	-	-	64	-	-	-	64	-	64
Balance at June 30, 2014	1,711	80,272	-	15,153	4,650	941	(99,602)	3,125	(245)	2,880
Balance at January 1, 2013 (audited)	478	69,947	-	15,141	3,616	-	(96,591)	(7,409)	-	(7,409)
Total comprehensive income	-	-	-	-	-	-	4,926	4,926	-	4,926
Issuance of shares	440	3,718	-	-	-	-	-	4,158	-	4,158
Exercise of warrants into shares	28	512	-	-	(202)	-	-	338	-	338
Cost of share-based payment	-	-	-	(212)	-	-	-	(212)	-	(212)
Balance at June 30, 2013	946	74,177	-	14,929	3,414	-	(91,665)	1,801	-	1,801

*) Less issuance expenses of NIS 271 thousand.

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	Warrants	Capital reserve from transactions with non-controlling interests	Accumulated deficit	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS in thousands									
Balance at April 1, 2014	1,410	78,276	-	15,092	4,377	941	(97,946)	2,150	(200)	1,950
Total comprehensive loss	-	-	-	-	-	-	(1,656)	(1,656)	(45)	(1,701)
Issuance of shares *)	301	1,996	-	18	273	-	-	2,588	-	2,588
Cost of share-based payment	-	-	-	43	-	-	-	43	-	43
Balance at June 30, 2014	1,711	80,272	-	15,153	4,650	941	(99,602)	3,125	(245)	2,880
Balance at April 1, 2013	756	72,573	1,080	15,288	3,414	-	(98,477)	(5,366)	-	(5,366)
Total comprehensive income	-	-	-	-	-	-	6,812	6,812	-	6,812
Issuance of shares	190	1,604	(1,080)	-	-	-	-	714	-	714
Cost of share-based payment	-	-	-	(359)	-	-	-	(359)	-	(359)
Balance at June 30, 2013	946	74,177	-	14,929	3,414	-	(91,665)	1,801	-	1,801

*) Less issuance expenses of NIS 271 thousand.

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**	**Warrants**	**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 warrants into shares	28	512	-	-	(202)	-	-	338	-	338
Issuance 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

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	Unaudited				Audited
	NIS in thousands				
Cash flows from operating activities:					
Net income (loss)	(3,238)	4,926	(1,701)	6,812	209
Adjustments to reconcile net income (loss) to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	53	97	23	45	170
Gain from sale of property, plant and equipment	(33)	(12)	(33)	(12)	(40)
Change in employee benefit liabilities, net	-	(4)	-	(5)	(20)
Cost of share-based payment	64	(212)	43	(359)	(154)
Revaluation (write down) of liability to the Chief Scientist	-	(7,206)	-	(7,206)	(7,206)
Erosion of outstanding liability to the Chief Scientist (including amounts recorded in research and development expenses)	17	(1,482)	8	(1,417)	(1,805)
Finance income, net	(4)	(7)	(2)	(2)	(20)
Decrease in value of warrants	(389)	-	(65)	-	(47)
	(292)	(8,826)	(26)	(8,956)	(9,122)
Changes in operating asset and liability items:					
Decrease (increase) in accounts receivable	(200)	10	(91)	(69)	53
Increase (decrease) in trade payable	(340)	(840)	79	(210)	(612)
Increase (decrease) in other accounts payable	(114)	(5)	(112)	26	(91)
	(654)	(835)	(124)	(253)	(650)
Cash paid and received during the period for:					
Interest received	4	7	2	2	20
Net cash used in operating activities	(4,180)	(4,728)	(1,849)	(2,395)	(9,543)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	Unaudited				Audited
	NIS in thousands				
Cash flows from investing activities:					
Proceeds from sale of property, plant and equipment	33	16	33	12	45
Purchase of property, plant and equipment	-	(1)	-	-	(4)
Net cash provided by investing activities	33	15	33	12	41
Cash flows from financing activities:					
Issuance of share capital and warrants (less issuance expenses)	2,588	4,158	2,588	714	10,211
Issuance of shares to non-controlling shareholders	-	-	-	-	714
Exercise of options into shares	-	338	-	-	338
Receipts from the Chief Scientist	-	-	-	-	486
Net cash provided by financing activities	2,588	4,496	2,588	714	11,749
Increase (decrease) in cash and cash equivalents	(1,559)	(217)	772	(1,669)	2,247
Cash and cash equivalents at the beginning of the period	5,122	2,875	2,791	4,327	2,875
Cash and cash equivalents at the end of the period	3,563	2,658	3,563	2,658	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 June 30, 2014 and for the periods of six and three months 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 for a series of patents for the orally administered Anti-CD3 antibody. The Company's main product portfolio focuses on the orally administered antibody (Anti-CD3) used to treat inflammatory, autoimmune diseases as well as other autoimmune-related disorders. The Company also has rights to an antibody to treat Alzheimer's disease.

c. The Company has accumulated losses totaling NIS 3,238 thousand and NIS 1,701 thousand in the periods of six and three months ended June 30, 2014, respectively, and has negative cash flows from operating activities totaling NIS 4,180 thousand and NIS 1,849 thousand in the periods of six and three months then ended, respectively. The balance of cash available to the Company may not be sufficient to finance its operating activities beyond the 12-month period from 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 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. On May 8, 2014, the Company raised an amount of approximately NIS 2.9 million (before tax) through a shelf prospectus, see Note 4(9) 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:- 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 4:- 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 warrants 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-May 2014, Mr. Aminetzah rendered business development services to the Company.

e. On July 9, 2014, the Company's Board authorized Mr. Abraham Meizler to sign the financial statements.

f. 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 January 8, 2014, the Chairman is entitled to monthly payment of NIS 50 thousand (3) allocation of 423,037 unlisted warrants of the Company at exercise price of not less than the share market price in the 30 days before the allocation plus 10%. The warrants vest during 3 years in equal portions on a quarterly basis. Also, the general meeting approved the Company's remuneration policy. The warrants were allocated on April 1, 2014. The grant date fair value was estimated at approximately NIS 181 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 4:- EVENTS DURING THE REPORTING PERIOD (Cont.)

g. On April 2, 2014, the Company 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 medical product"). On June 15, 2014, a final investment agreement was signed between the parties (in this paragraph, "the agreement") according to which, subject to the fulfillment of several prerequisites, the Company will transfer to Lara an initial investment amount of $ 800 thousand (based on the schedules and dates determined in the agreement) against shares that will represent about 26% of Lara's issued and outstanding share capital (on a fully diluted basis) ("the initial stage"). The agreement also stipulates that the overall amount that the Company will invest in Lara will be $ 1.5 million (including the initial investment amount), subject to the fulfillment of certain milestones and according to predetermined timetables. Assuming that Lara successfully meets all the milestones determined in the agreement and the Company invests the entire investment amount as above, the Company will hold 49% of Lara's issued and outstanding share capital (on a fully diluted basis). On August 10, 2014, all the prerequisites for completing the initial stage in the purchase of Lara's shares by the Company were met.

h. On May 4, 2014, in furtherance to the decision of the Company's Board, the Company allocated to the VP of Strategic and Business Development 266,242 unlisted options which are exercisable into 266,242 Ordinary shares of the Company. The options will vest over a period of four years from the date of allocation on a quarterly basis in equal portions. The grant date fair value was estimated at approximately NIS 149 thousand. The compensation was computed using the binomial model based on expected share price volatility of 72.47% computed at the grant date, grant date share price of NIS 0.978 per share, exercise price of NIS 0.99 per share that represents the average share market price in the 30 days before the allocation plus 10%, risk free interest rates of 3.69% computed at the grant date and a forfeiture rate of 0%.

i. 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 warrants (series 3) and 3,009,400 warrants (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 warrants (series 4) to Clal Finance Underwriting Ltd. as part of raising costs.

j. On May 14, 2014, 112,500 options were forfeited following the termination of the tenure of the CEO, Mr. Ari Aminetzah.

NOTE 4:- EVENTS DURING THE REPORTING PERIOD (Cont.)

k. Based on the Company's Board's decision of May 28, 2014, as of the date of the financial statements, the Company is in the process of listing its Level 1 American Depository Receipts ("ADRs") for over-the-counter (OTC) trade in the United States, subject to completing all the necessary procedures and obtaining the relevant approvals. The ADRs are aimed at exposing the Company's securities to US and other foreign investors.

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