

TransPharma Medical Ltd. Raises \$8.9 Million in a Second Round of Financing

Round led by Evergreen Partners and includes Canadian-based T²C²/Bio, Pitango Venture Capital, Vitalife and Biomedical Investments

HERZLIYA, Israel, 10 June 2003— TransPharma Medical Ltd. today announced that it has raised \$8.9 million in its second round of financing. The round was led by Evergreen Partners and includes a new investor from Canada, T²C²/Bio, and current investors Pitango Venture Capital, Vitalife and Biomedical Investments.

TransPharma Medical is engaged in the development of unique transdermal drug delivery systems, the first of which is the ViaDerm™, which creates microscopic passageways through the outer layer of the skin and administers the drug together with the use of a patch. Currently available systems are unable to optimize or control the drug flow through the skin and the delivery is limited to small-size drug molecules. TransPharma's RF-MicroChannels™ technology overcomes these limitations enabling delivery of a large variety of drugs including proteins in a pain-free, user friendly manner.

Dr. Ronit Bendori, Partner at Evergreen Partners, says that TransPharma is positioned in the inter-phase between medical device and pharma with clear innovative as well as superior solutions for the efficient transfer of large variety of active molecules across the skin. All these, combined with strong R&D team of experts in both electronics and formulation, together with a clear business direction, will lead the company to success.

Philip Coriat, Associate at T²C²/Bio says that TransPharma is poised to become a leader in the field of transdermal drug delivery with a focus on the growing chronic systemic biological therapeutic markets where oral administration is unsuitable and parenteral alternatives have low compliance. It has a widely applicable low cost state-of-the-art technology in a field where Israeli companies have a relative technological advantage and successful track record (medical devices), while belonging to a sector with an attractive business model (drug delivery) that has shown tremendous resilience throughout past biotechnology investment cycles. TransPharma has a good multi-disciplinary and product-focused management team along with an efficient industry-connected Board. TransPharma is T²C²/Bio's first investment in Israel.

Dr. Daphna Heffetz, CEO of TransPharma Medical Ltd. says, "We are very pleased to have Evergreen Partners and T²C²/Bio as our new investors and to have Dr. Bendori and Mr. Coriat join our Board. The support of the new and current investors endorses our transdermal delivery paradigm and this financing will move us closer to getting our first drug product into the market."

The funds raised will enable the continued development of a portfolio of transdermal products based on TransPharma's RF-MicroChannels™ technology. Furthermore, it will allow the broadening of activity in three particular areas: business development, manufacturing process and clinical studies. The company is based in Yehud, Israel and employs 25 highly qualified scientific and business professionals.

About T²C²/Bio

Founded in 1997, T²C²/Bio is a Montreal-based venture capital firm that focuses on seed and early-stage life sciences investments. One of Canada's pre-eminent, life sciences-dedicated funds, T²C²/Bio is international both in its investor base and investment scope. T²C²/Bio's particular investment preference is in innovative technologies that address unmet needs in human healthcare markets. To date, T²C²/Bio has founded and invested in more than 30 companies.

T²C²/Bio can get involved from the seed phase on to support the continuation of the research and to develop the business engineering of the company.

T²C²/Bio's second Fund, T²C²/Bio 2000 L.P, is a Limited Partnership, whose partners are CDP Sofinov, a subsidiary of the Caisse de dépôt et placement du Québec (CDP), Bombardier Trust (Canada), the Solidarity Fund QFL, CDC PME, a subsidiary of the Groupe Caisse des dépôts et consignations de France, Innovatech du Grand Montréal and RBC Technology Ventures Inc., a subsidiary of the Royal Bank of Canada.

About Pitango Venture Capital

Pitango Venture Capital, the leading venture capital firm in Israel, has been investing in technology entrepreneurs since 1993. With offices in Tel Aviv, Silicon Valley and London, Pitango currently manages several venture funds totaling over \$700 million in committed capital invested in more than 85 companies in a diversified range of technology sectors. Pitango specializes in providing long-term support and value-added services to its portfolio companies, with a focus on seed to late-stage companies in communications, software and Internet infrastructure, semiconductors and LifeScience. More information about Pitango is available at www.pitango.com.

About Vitalife

Vitalife, a life sciences venture capital fund, invests in Israeli and Israel-related companies in the fields of medical devices, drug discovery, drug delivery and bio-informatics. Vitalife's investors include Harbour Vest Partners, SCP Private Equity Partners, DCM and Boston Scientific. The fund's managing partners are Dr. Avi Ludomirski, an acknowledged expert in several medical areas and a successful businessman, and Jeff Dykan, a highly experienced business manager who has worked in senior positions at top global companies. Vitalife is based in Tel Aviv. For further information, visit: www.vitalifevc.com.