

A strategic investor is to invest 15 million dollars in Mediound which is controlled by Clal Biotechnology Industries at a (pre-money) value of 100 million dollars.

The transaction value may rise to approximately 300 million dollars, subject to compliance with milestones, and more than that subsequently.

Avi Fischer, Chairman of Clal Industries Biotechnology said today: “We have earmarked biotechnology as one of the principal fields for creating value in the group. The series of agreements signed after years of intensive activity, alongside continued enhancement of existing holdings and new investments, reveal a little of the enormous potential inherent in this field”

Ruben Krupik, CEO Clal Biotechnology Industries, said today: “The investment in Mediound is an expression of faith in the great potential inherent in the products developed by the company. We believe that the line of transactions we are executing and promoting dramatically increases the potential for the Company’s development and value, and that the combination of the high-quality staff, the uniqueness of Mediound’s product line and the power of the strategic investor will all lead to successful completion of the milestones in this transaction.”

The Mediound Transaction

- According to the Memorandum, the strategic investor (the “**Investor**”) will at first invest 15 million dollars in Mediound, of which 10 million dollars to shareholders and 5 million dollars into the company. Pursuant to the investment, the Investor will receive marketing rights in certain countries.
- As part of the present capital raising round, a supplementary amount of 10-15 million dollars is planned, from institutional investors.
- Upon completing the present investment stage, Clal Industries is expected to record a capital profit of approximately NIS 60 million in the course of 2007.
- Under the Memorandum, a number of milestones were agreed upon and as soon as these are completed, the strategic investor will have increased his holding in Mediound up to 51% by way of purchasing shares from the shareholders.
- A detailed agreement is expected to be signed in the course of the first quarter of 2007.

Mediound

Mediound, in which Clal Biotechnology Industries holds approximately 74%, is one of the most advanced biotechnology companies in Israel engaged in the development of drugs. The Company deals in the development and commercialization of medical products for the treatment of burns and wounds. Mediound’s leading product, which is presently in the most advanced stage (Phase III) of clinical trials, is a rapid, effective and selective enzymatic deriding agent, capable of assimilating damaged tissue without damaging healthy cells. To date, hundreds of patients have been treated with the product, at dozens of medical centers all over the world, with promising results.

The market size for which the product is designated is estimated at hundreds of millions of dollars.

In addition, the Company has a factory for the production of sterile drugs complying with strict quality requirements, and providing production services for clinical and pre-clinical trials for a large number of companies.

Prof. Marian Gorecki (Chairperson), Gal Cohen (CEO) and Prof. Lior Rosenberg (Entrepreneur) are leading the company's operations.

Clal Biotechnology Industries

Clal Biotechnology Industries (CBI) was established in 1998, and is presently one of the largest investors in Israel in the field of life sciences. CBI operates as an investments company with an operative infrastructure, and it is owned by Clal Industries and Teva. The company, which is managed by ARTE headed by Ruben Krupik, has made 11 investments to date, totaling over 120 million dollars, in a range of life sciences fields. The Company is expected to complete a number of additional investments in the course of 2007.

Principal portfolio companies: Mediwound, Curetech, D-Pharm, Polyheal, Compugen (NASDAQ: CEGN) NST, IDM (NASDAQ: IDMI)

Sincerely,

Ran Rahav
Spokesman for Clal Biotechnology Industries.