UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
Or
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
Or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Or
☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 001-37521

INTEC PHARMA LTD.

(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

State of Israel
(Jurisdiction of incorporation or organization)

12 Hartom Street, Har Hotzvim, Jerusalem 9777512, Israel
(Address of principal executive offices)

Jeffrey A. Meckler
Chief Executive Officer
12 Hartom Street, Har Hotzvim
Jerusalem 9777512, Israel
Tel: (+972) (2) 586-4657
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	*Name of each exchange on which registered*
Ordinary shares, no par value	**Nasdaq Capital Market**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 26,075,770

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such a shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐
Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:
U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow: Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

TABLE OF CONTENTS

ABOUT THIS ANNUAL REPORT

All references to "we," "us," "our," "Intec", "the Company" and "our Company", in this Annual Report on Form 20-F, or our annual report, are to Intec Pharma Ltd. and its U.S. subsidiary Intec Pharma Inc., unless the context otherwise requires. All references to "ordinary shares" and "share capital" refer to ordinary shares and share capital of Intec. All references to "Israel" are to the State of Israel. Our consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. Our historical results do not necessarily indicate our expected results for any future periods. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. Unless otherwise indicated, or the context otherwise requires, references in this annual report to financial and operational data for a particular year refer to the fiscal year of our Company ended December 31 of that year.

In this annual report, "NIS" means New Israeli Shekel, and "$," "US$" and "U.S. dollars" mean United States dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements about our expectations, beliefs or intentions regarding, among other things, our product development efforts, business, financial condition, results of operations, strategies, plans and prospects. In addition, from time to time, we or our representatives have made or may make forward-looking statements, orally or in writing. Forward-looking statements can be identified by the use of forward-looking words such as "believe," "expect," "intend," "plan," "may," "should," "anticipate," "could," "might," "seek," "target," "will," "project," "forecast," "continue" or their negatives or variations of these words or other comparable words or by the fact that these statements do not relate strictly to historical matters. These forward-looking statements may be included in, among other things, various filings made by us with the Securities and Exchange Commission, or the SEC, press releases or oral statements made by or with the approval of one of our authorized executive officers. Forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements, including, but not limited to, the factors summarized below:

- We are a clinical stage biopharmaceutical company with a history of operating losses, are not currently profitable, do not expect to become profitable in the near future and may never become profitable.
- Our independent registered public accounting firm has expressed substantial doubt regarding our ability to continue as a going concern.
- Because of our limited operating history, we may not be able to successfully operate our business or execute our business plan.
- We face continuous technological change, and developments by competitors may render our products or technologies obsolete or non-competitive. If our new or existing product candidates are rendered obsolete or non-competitive, our marketing and sales will suffer and we may never be profitable.
- We license our core technology on an exclusive basis from Yissum (Hebrew University), and we could lose our rights to this license if a dispute with Yissum arises or if we fail to comply with the financial and other terms of the license.
- If we fail to adequately protect, enforce or secure rights to the patents which were licensed to us or any patents we may own in the future, the value of our intellectual property rights would diminish and our business and competitive position would suffer.

- Our product candidates are at various stages of preclinical and clinical development and may never be commercialized.
- We cannot be certain that the results of our potential Phase III clinical trials, even if all endpoints are met, will support regulatory approval of any of our product candidates for any indication.
- Our product candidates are subject to extensive regulation and are at various stages of regulatory development and may never obtain regulatory approval.
- We are subject to anti-kickback laws and regulations. Our failure to comply with these laws and regulations could have adverse consequences to us.
- Potential political, economic and military instability in the State of Israel, where some of our senior management, our head executive office, research and development, and manufacturing facilities are located, may adversely affect our results of operations.

We believe these forward-looking statements are reasonable; however, these statements are only current predictions and are subject to known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. We discuss many of these risks in this annual report in greater detail under the heading "Risk Factors" and elsewhere in this annual report. Given these uncertainties, you should not rely upon forward-looking statements as predictions of future events.

All forward-looking statements attributable to us or persons acting on our behalf speak only as of the date hereof and are expressly qualified in their entirety by the cautionary statements included in this annual report. We undertake no obligations to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events. In evaluating forward-looking statements, you should consider these risks and uncertainties.

EXPLANATORY NOTE

Market data and certain industry data and forecasts used throughout this annual report were obtained from market research databases, consultant surveys commissioned by us, publicly available information, reports of governmental agencies and industry publications and surveys. Industry surveys, publications, consultant surveys commissioned by us and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. We have relied on certain data from third-party sources, including internal surveys, industry forecasts and market research, which we believe to be reliable based on our management's knowledge of the industry. Statements as to our market position are based on the most currently available data. While we are not aware of any misstatements regarding the industry data presented in this annual report, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this annual report. Notwithstanding the foregoing, we remain responsible for the accuracy and completeness of the historical information presented in this annual report, as of the date on the front cover of this annual report.

PART I

ITEM 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

ITEM 2. Offer Statistics and Expected Timetable.

Not applicable.

ITEM 3. Key Information.

A. Selected Financial Data.

The following tables summarize our financial data. We have derived the selected statements of comprehensive loss data for the years ended December 31, 2015, 2016 and 2017 and the statements of financial position as of December 31, 2016 and 2017 from our audited consolidated financial statements included elsewhere in this annual report. The selected statements of comprehensive loss data for the years ended December 2013 and 2014, and the statements of financial position as of December 31, 2013, 2014 and 2015 have been derived from other audited financial statements not included in this Form 20-F. The following selected financial data for our Company should be read in conjunction with the financial information, "Item 5. Operating and Financial Review and Prospects" and other information provided elsewhere in this annual report on Form 20-F and our consolidated financial statements and related notes. The selected financial data in this section is not intended to replace the consolidated financial statements and is qualified in its entirety thereby.

Our consolidated financial statements included in this annual report were prepared in accordance with IFRS, as issued by the IASB.

Our functional and reporting currency for the years ended December 31, 2015 and earlier was the New Israeli Shekel. Effective January 1, 2016, our functional and reporting currency is the U.S. dollar as a result of the significant increase in our expenses denominated in U.S. dollars, primarily due to expenses associated with our Phase III clinical trial. Due to the change in our functional and reporting currency from the NIS to the U.S. dollar, effective January 1, 2016, the amounts for 2015 have been restated in U.S. dollars using the methodology set forth in Note 2c to our consolidated financial statements for the year ended December 31, 2017.

Unless otherwise noted, for the purposes of annual financial data, all conversions from NIS to U.S. dollars and from U.S. dollars to NIS were made at a rate of 3.467 NIS to $1.00 U.S. dollar, the daily representative rate in effect as of December 31, 2017. For the periods in which our functional currency was the NIS, the financial data presented in the following discussion has been translated into U.S. dollars using the method of conversion used to translate our financial statements, see Note 2c to our consolidated financial statements. No representation is made that the NIS amounts referred to in this annual report could have been or could be converted into U.S. dollars at any particular rate or at all.

As of December 31, 2017, the daily representative rate of NIS per U.S. dollars was 3.467. The following table sets forth information regarding the exchange rates of NIS per U.S. dollars for the periods indicated. Average rates are calculated by using the daily representative rates as reported by the Bank of Israel on the last day of each month during the periods presented.

	NIS per U.S. $			
Year Ended December 31,	**High**	**Low**	**Average**	**Period End**
2017	3.860	3.467	3.600	3.467
2016	3.983	3.746	3.841	3.845
2015	4.053	3.761	3.884	3.902
2014	3.994	3.402	3.577	3.889
2013	3.791	3.471	3.609	3.471

	NIS per U.S. $			
Month Ended	High	Low	Average	Period End
March 2018 (through March 7, 2018)	3.469	3.456	3.464	3.466
February 2018	3.535	3.427	3.494	3.485
January 2018	3.460	3.388	3.423	3.405
December 2017	3.550	3.467	3.5035	3.467
November 2017	3.544	3.499	3.5172	3.499
October 2017	3.542	3.491	3.5124	3.521

The following selected financial data for the periods and as of the dates indicated are qualified by reference to and should be read in conjunction with our consolidated financial statements and related notes and "Operating and Financial Review and Prospects," both of which are included elsewhere in this annual report.

	Year ended December 31,				
	2013	2014	2015	2016	2017
	USD in thousands				
Statements of comprehensive loss data:					
Research and development expenses	$ (5,065)	$ (4,959)	$ (7,533)	$ (15,349)	$ (21,492)
Participation in (repayment of) research and development expenses	2,325	1,550	2,718	4,600	(2,803)
Research and development expenses, net	(2,740)	(3,409)	(4,815)	(10,749)	(24,295)
General and administrative expenses	(2,427)	(2,609)	(2,788)	(3,097)	(5,144)
Other gains, net	131	234	19	34	218
Operating loss	(5,036)	(5,784)	(7,584)	(13,812)	(29,221)
Financial income	120	318	633	466	358
Financial expenses	(180)	(227)	(229)	(16)	(201)
Financial income, net	(60)	91	404	450	157
Loss before taxes on income	(5,096)	(5,693)	(7,180)	(13,362)	(29,064)
Taxes on income	—	—	—	—	(29)
Net loss	(5,096)	(5,693)	(7,180)	(13,362)	(29,093)
Other comprehensive income (loss)- currency translation differences	406	(805)	(664)	—	—
Comprehensive loss	$ (4,690)	$ (6,498)	$ (7,844)	$ (13,362)	$ (29,093)
Basic and diluted loss per ordinary share	$ (1.18)	$ (1.18)	$ (0.92)	$ (1.17)	$ (1.65)
Number of ordinary shares used in computing loss per ordinary share (in thousands)	4,322	4,825	7,791	11,448	17,660

	Year ended December 31,				
	2013	2014	2015	2016	2017
	USD in thousands				
Statement of financial position:					
Cash and cash equivalents	$ 3,389	$ 5,731	$ 23,649	$ 16,376	$ 53,324
Short term bank deposits	—	—	5,000	—	—
Financial assets at fair value through profit or loss	5,153	2,011	2,024	1,852	1,825
Restricted bank deposits	75	75	62	62	69
Other receivables	744	288	2,361	2,384	1,125
Property and equipment	4,319	4,397	4,076	4,047	8,206
Total assets	13,680	12,502	37,172	24,721	64,549
Accounts payable and accruals	1,418	1,857	1,315	1,920	5,747
Derivative financial instruments	2,967	1,164	327	97	—
Total liabilities	4,385	3,021	1,642	2,017	5,747
Total equity	$ 9,295	$ 9,481	$ 35,530	$ 22,704	$ 58,802

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.

Risks Related to Our Company and Its Business

An investment in our securities involves a high degree of risk. We operate in a dynamic and rapidly changing industry that involves numerous risks and uncertainties. You should carefully consider the factors described below, together with all of the other information contained in this annual report on Form 20-F, including the audited consolidated financial statements and the related notes included in this annual report beginning on page F-1, before deciding whether to invest in our ordinary shares. If any of the risks discussed below actually occur, our business, financial condition, operating results and cash flows could be materially adversely affected. The risks described below are not the only risks facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. This could cause the trading price of our ordinary shares to decline, and you may lose all or part of your investment.

We are a clinical stage biopharmaceutical company with a history of operating losses, are not currently profitable, do not expect to become profitable in the near future and may never become profitable.

We are a clinical stage biopharmaceutical company that was incorporated in 2000. Since our incorporation, we have primarily focused our efforts on research and development and clinical trials. Our two most advanced therapeutic candidates are in clinical stages. We are not profitable and have incurred losses since inception, principally as a result of research and development, clinical trials and general administrative expenses in support of our operations. We have not generated any revenue, expect to incur substantial losses for the foreseeable future and may never become profitable. We also expect to incur significant operating and capital expenditures and anticipate that our expenses and losses will increase substantially in the foreseeable future as we:

- initiate and manage preclinical development and clinical trials for our current and any new product candidates;
- prepare new drug applications, or NDAs, for our product candidates, assuming that the clinical trial data support an NDA;
- seek regulatory approvals for our current product candidates, or future product candidates, if any;
- implement internal systems and infrastructure;
- seek to in-license additional technologies for development, if any;
- hire additional management and other personnel; and
- move towards commercialization of our product candidates and future product candidates, if any.

We may out-license our ability to generate revenue from one or more of our product candidates, depending on a number of factors, including our ability to:

- obtain favorable results from and progress the clinical development of our product candidates;
- develop and obtain regulatory approvals in the countries and for the uses we intend to pursue for our product candidates;
- subject to successful completion of registration, clinical trials and perhaps additional clinical trials of any product candidate, apply for and obtain marketing approval in the countries we intend to pursue for such product candidate; and
- contract for the manufacture of commercial quantities of our product candidates at acceptable cost levels, subject to the receipt of marketing approval.

For the years ended December 31, 2016 and 2017, we had net losses of $13.4 million and $29.1 million, respectively, and we expect such losses to continue for the foreseeable future. As a result, we will ultimately need to generate significant revenues in order to achieve and maintain profitability. We may not be able to generate these revenues or achieve profitability in the future. If our product candidates fail in clinical trials or do not gain regulatory clearance or approval, or if our product candidates do not achieve market acceptance, we may never become profitable. Our failure to achieve or maintain profitability, or substantial delays in achieving profitability, could negatively impact the value of our ordinary shares and our ability to raise additional financing. A substantial decline in the value of our ordinary shares would also affect the price at which we could sell shares to secure future funding, which could dilute the ownership interest of current shareholders.

Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Accordingly, it is difficult to evaluate our business prospects. Moreover, our prospects must be considered in light of the risks and uncertainties encountered by an early-stage company in highly regulated and competitive markets, such as the biopharmaceutical market, where regulatory approval and market acceptance of our products are uncertain. There can be no assurance that our efforts will ultimately be successful or result in revenues or profits. As a result, our 2017 annual consolidated financial statements note that there is a substantial doubt about our ability to continue as a going concern.

Our independent registered public accounting firm has expressed substantial doubt regarding our ability to continue as a going concern.

Our independent registered public accounting firm has issued its report on our consolidated financial statements for the year ended December 31, 2017 and included an explanatory paragraph stating that the Company has suffered recurring losses from operations and negative cash outflows from operating activities that raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. We have no current source of revenue to sustain our present activities, and we do not expect to generate revenue until, and unless, the U.S. Food and Drug Administration, or the FDA, or other regulatory authorities approve, and we successfully commercialize, our product candidates. Accordingly, our ability to continue as a going concern will require us to obtain additional financing to fund our operations, such as public or private offerings. There can be no assurance that we will succeed in obtaining the necessary financing to continue our operations. The perception that we might be unable to continue as a going concern may make it more difficult for us to obtain financing for the continuation of our operations and could result in the loss of confidence by investors, suppliers and employees. If we cannot successfully continue as a going concern, our shareholders may lose their entire investment in our ordinary shares.

Because of our limited operating history, we may not be able to successfully operate our business or execute our business plan.

We have a limited operating history upon which to evaluate our proposed business and prospects. Our proposed business operations will be subject to numerous risks, uncertainties, expenses and difficulties associated with early-stage enterprises. Such risks include, but are not limited to, the following:

- the absence of a lengthy operating history;
- insufficient capital to fully realize our operating plan;
- our ability to obtain FDA approvals in a timely manner, if ever, or that the approved label indications are sufficiently broad to make sale of the products commercially feasible;
- expected continual losses for the foreseeable future;
- operating in an environment that is highly regulated by a number of agencies;
- social and political unrest;
- operating in multiple currencies;
- our ability to anticipate and adapt to a developing market(s);
- acceptance of our Accordion Pill platform technology, or Accordion Pill, by the medical community and consumers;
- limited marketing experience;
- a competitive environment characterized by well-established and well-capitalized competitors;
- the ability to identify, attract and retain qualified personnel; and
- reliance on key personnel.

Because we are subject to these risks, evaluating our business may be difficult, our business strategy may be unsuccessful and we may be unable to address such risks in a cost-effective manner, if at all. If we are unable to successfully address these risks our business could be harmed.

We have not yet commercialized any products or technologies, and we may never become profitable.

We have not yet commercialized any products or technologies, and we may never be able to do so. We do not know when or if we will complete any of our product development efforts, obtain regulatory approval for any product candidates incorporating our technologies or successfully commercialize any approved products. Even if we are successful in developing products that are approved for marketing, we will not be successful unless these products gain market acceptance for appropriate indications at favorable reimbursement rates. The degree of market acceptance of these products will depend on a number of factors, including, but not limited to:

- the timing of regulatory approvals in the countries, and for the uses, we intend to pursue with respect to the commercialization of our product candidates;
- the competitive environment;
- the establishment and demonstration in, and acceptance by, the medical community of the safety and clinical efficacy of our products and their potential advantages over other therapeutic products;
- our ability to enter into strategic agreements with pharmaceutical and biotechnology companies with strong marketing and sales capabilities;
- the adequacy and success of distribution, sales and marketing efforts;
- the establishment of external, and potentially, internal, sales and marketing capabilities to effectively market and sell our product candidates in the United States and other countries; and
- the pricing and reimbursement policies of government and third-party payors, such as insurance companies, health maintenance organizations and other plan administrators.

Physicians, patients, third-party payors or the medical community in general may be unwilling to accept, utilize or recommend, and in the case of third-party payors, cover payment for, any of our current or future products or products incorporating our technologies. As a result, we are unable to predict the extent of future losses or the time required to achieve profitability, if at all. Even if we successfully develop one or more products that incorporate our technologies, we may not become profitable.

Our business is currently in the research and development stage, and we have not yet generated revenues from our operations.

Our business is currently in the research and development stage, and we have not yet generated revenues from our operations. Our consolidated financial statements include a note describing our current operations and the incurrence of future losses from our research and development activities. As of December 31, 2017, we had incurred cumulative losses of approximately $90.5 million. We have no current source of revenue to sustain our present activities, and we do not expect to generate revenue until, and unless, the FDA or other regulatory authorities approve one of our product candidates and/or we successfully commercialize (including out-licensing) such product candidate. These factors raise substantial doubt about our ability to continue as a going concern. Accordingly, our ability to continue as a going concern will require us to obtain additional financing to fund our operations. If we are unsuccessful in raising capital, we may need to curtail or cease operations.

If we are unable to establish sales, marketing and distribution capabilities or enter into successful relationships with third parties to perform these services, we may not be successful in commercializing our product candidates if and when they are approved.

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing or distribution of products. To achieve commercial success for any product for which we have obtained marketing approval, we will need to establish a sales and marketing infrastructure or to out-license the product.

In the future, we may consider building a focused sales and marketing infrastructure to market AP-CDLD and potentially other product candidates in the United States, if and when they are approved (although we are not currently developing or seeking a partner to develop AP-ZP and we have not presently budgeted any funds toward its development. In the future, we may consider viable partnership opportunities for this product candidate). There are risks involved with establishing our own sales, marketing and distribution capabilities. For example, recruiting and training a sales force could be expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize our products on our own include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians;
- the lack of adequate numbers of physicians to prescribe any future products;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we are unable to establish our own sales, marketing and distribution capabilities or enter into successful arrangements with third parties to perform these services, our product revenues and our profitability, may be materially adversely affected.

In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute our product candidates inside or outside of the United States or may be unable to do so on terms that are favorable to us. We likely will have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish sales, marketing and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates.

The members of our management team are important to the efficient and effective operation of our business, and we may need to add and retain additional leading experts. Failure to retain our management team and add additional leading experts could have a material adverse effect on our business, financial condition or results of operations.

Our executive officers and our management team are important to the efficient and effective operation of our business. Our failure to retain our management personnel, who have developed much of the technology we utilize today, or any other key management personnel, could have a material adverse effect on our future operations. Our success is also dependent on our ability to attract, retain and motivate highly-trained technical and management personnel, among others, to continue the development and commercialization of our current and future products.

As such, our future success highly depends on our ability to attract, retain and motivate personnel required for the development, maintenance and expansion of our activities. There can be no assurance that we will be able to retain our existing personnel or attract additional qualified personnel. The loss of personnel or the inability to hire and retain additional qualified personnel in the future could have a material adverse effect on our business, financial condition and results of operation.

We expect to face significant competition. If we cannot successfully compete with new or existing products, our marketing and sales will suffer and we may never be profitable.

If any of our products are approved, we expect to compete against fully-integrated pharmaceutical and biotechnology companies and smaller companies that are collaborating with pharmaceutical companies, academic institutions, government agencies and other public and private research organizations. In addition, many of these competitors, either alone or together with their collaborative partners, operate larger research and development programs than we do, and have substantially greater financial resources than we do, as well as significantly greater experience in:

- developing drugs;

- undertaking preclinical testing and human clinical trials;
- obtaining FDA approvals and addressing various regulatory matters and obtaining other regulatory approvals of drugs;
- formulating and manufacturing drugs; and
- launching, marketing and selling drugs.

Our competitors are likely to include companies with marketed products and/or an advanced research and development pipeline. The competitive landscape of improving Levodopa for the treatment of Parkinson's disease symptoms includes Novartis AG, Orion Corporation, AbbVie, Impax Laboratories, Inc., XenoPort Inc., which was acquired by Arbor Pharmaceuticals in July 2016 and more. The competitive landscape in the gastric retention system field includes Depomed, Inc., Merrion Pharmaceuticals, Flamel Technologies S.A., XenoPort Inc., Sun Pharma and more. Management is not aware of any companies that are developing or planning to develop a drug delivery system similar to our Accordion Pill platform technology.

There is a substantial risk of product liability claims in our business. We currently do not maintain product liability insurance and a product liability claim against us could adversely affect our business.

We may incur substantial liabilities and may be required to limit commercialization of our products in response to product liability lawsuits, which may result in substantial losses.

Any of our product candidates could cause adverse events, including injury, disease or adverse side effects. These adverse events may or may not be observed in clinical trials, but may nonetheless occur in the future. If any of these adverse events occur, they may render our product candidates ineffective or harmful in some patients, and our sales would suffer, materially adversely affecting our business, financial condition and results of operations.

In addition, potential adverse events caused by our product candidates could lead to product liability lawsuits. If product liability lawsuits are successfully brought against us, we may incur substantial liabilities and may be required to limit the marketing and commercialization of our product candidates. Our business exposes us to potential product liability risks, which are inherent in the testing, manufacturing, marketing and sale of pharmaceutical products. We may not be able to avoid product liability claims. Product liability insurance for the pharmaceutical and biotechnology industries is generally expensive, if available at all. We do not have product liability insurance (and currently have insurance coverage for each specific clinical trial, which covers a certain number of trial participants and which varies based on the particular clinical trial) and if we are unable to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims, we may be unable to clinically test, market or commercialize our product candidates. A successful product liability claim brought against us in excess of our insurance coverage, if any, may cause us to incur substantial liabilities, and, as a result, our business, liquidity and results of operations would be materially adversely affected. In addition, the existence of a product liability claim could affect the market price of our ordinary shares.

We face continuous technological change, and developments by competitors may render our products or technologies obsolete or non-competitive. If our new or existing product candidates are rendered obsolete or non-competitive, our marketing and sales will suffer and we may never be profitable.

If our competitors develop and commercialize products faster than we do, or develop and commercialize products that are superior to our product candidates, our commercial opportunities could be reduced or eliminated. The extent to which any of our product candidates achieve market acceptance will depend on competitive factors, many of which are beyond our control. Competition in the biotechnology and biopharmaceutical industry is intense and has been accentuated by the rapid pace of technology development. Our potential competitors include large integrated pharmaceutical companies, biotechnology companies that currently have drug and target discovery efforts, universities, and public and private research institutions. Almost all of these entities have substantially greater research and development capabilities and financial, scientific, manufacturing, marketing and sales resources than we do. These organizations also compete with us to:

- attract parties for acquisitions, joint ventures or other collaborations;

- license proprietary technology that is competitive with the technology we are developing;
- attract funding; and
- attract and hire scientific talent and other qualified personnel.

Our competitors may succeed in developing and commercializing products earlier and obtaining regulatory approvals from the FDA more rapidly than we do. Our competitors may also develop products or technologies that are superior to those we are developing, and render our product candidates or technologies obsolete or non-competitive. If we cannot successfully compete with new or existing products, our marketing and sales could suffer and we may never be profitable.

We may encounter difficulties in managing our growth. Failure to manage our growth effectively could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to successfully grow and expand. Successful implementation of our business plan will require management of growth, including potentially rapid and substantial growth, which will result in an increase in the level of responsibility for management personnel and place a strain on our human and capital resources. To manage growth effectively, we will be required to continue to implement and improve our operating and financial systems and controls to expand, train and manage our employee base. Our ability to manage our operations and growth effectively requires us to continue to expend funds to enhance our operational, financial and management controls, reporting systems and procedures and to attract and retain sufficient talented personnel. If we are unable to scale up and implement improvements to our control systems in an efficient or timely manner, or if we encounter deficiencies in existing systems and controls, then we may not be able to make available the products required to successfully commercialize our technology. Failure to attract and retain sufficient talented personnel will further strain our human resources and could impede our growth or result in ineffective growth. Moreover, the management, systems and controls currently in place or to be implemented may not be adequate for such growth, and the steps taken to hire personnel and to improve such systems and controls might not be sufficient. If we are unable to manage our growth effectively, it could have a material adverse effect on our business, results of operations and financial condition.

If we are unable to obtain adequate insurance, our financial condition could be adversely affected in the event of uninsured or inadequately insured loss or damage. Our ability to effectively recruit and retain qualified officers and directors could also be adversely affected if we experience difficulty in obtaining adequate directors' and officers' liability insurance.

We may not be able to obtain insurance policies on terms affordable to us that would adequately insure our business and property against damage, loss or claims by third parties. To the extent our business or property suffers any damages, losses or claims by third parties, which are not covered or adequately covered by insurance, our financial condition may be materially adversely affected.

We may be unable to maintain sufficient insurance as a public company to cover liability claims made against our officers and directors. If we are unable to adequately insure our officers and directors, we may not be able to retain or recruit qualified officers and directors to manage our Company.

Global economic, capital market and political conditions could affect our ability to raise capital and could disrupt or delay the performance of our third-party contractors and suppliers.

Our ability to raise capital may be adversely affected by changes in global economic conditions and geopolitical risks, including credit market conditions, levels of consumer and business confidence, exchange rates, levels of government spending and deficits, trade policies, political conditions, actual or anticipated default on sovereign debt and other challenges that could affect the global economy. These economic conditions affect businesses such as ours in a number of ways. Tightening of credit in financial markets could adversely affect our ability to obtain financing. Similarly, such tightening of credit may adversely affect our supplier base and increase the potential for one or more of our suppliers to experience financial distress or bankruptcy. Our global business is also adversely affected by decreases in the general level of economic activity, such as decreases in business and consumer spending.

We incur significant costs as a result of the listing of our ordinary shares for trading on the NASDAQ Capital Market and thereby being a public company in the United States as well as in Israel, and our management is required to devote substantial additional time to new compliance initiatives as well as to compliance with ongoing U.S. and Israeli reporting requirements.

As a public company in both Israel and the U.S., we incur significant accounting, legal and other expenses in order to comply with requirements of the Securities and Exchange Commission, or the SEC, and the NASDAQ Capital Market, including requirements under Section 404 and other provisions of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. These rules and regulations have increased our legal and financial compliance costs, introduced new costs such as investor relations, stock exchange listing fees and shareholder reporting, and made some activities more time consuming and costly. Any future changes in the laws and regulations affecting public companies in the United States, including Section 404 and other provisions of the Sarbanes-Oxley Act, the rules and regulations adopted by the SEC and the NASDAQ Capital Market, for so long as they apply to us, will result in increased costs to us as we respond to such changes.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business, results of operation or financial condition. In addition, current and potential shareholders could lose confidence in our financial reporting, which could have a material adverse effect on the price of our ordinary shares.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We are required to document and test our internal control procedures in order to satisfy the requirements of Section 404, which requires annual management assessments of the effectiveness of our internal controls over financial reporting. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. Disclosing deficiencies or weaknesses in our internal controls, failing to remediate these deficiencies or weaknesses in a timely fashion or failing to achieve and maintain an effective internal control environment may cause investors to lose confidence in our reported financial information, which could have a material adverse effect on the price of our ordinary shares. If we cannot provide reliable financial reports or prevent fraud, our operating results could be harmed.

As an "emerging growth company" under the JOBS Act, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements.

As an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. We are an emerging growth company until the earliest of: (i) the last day of the fiscal year during which we have total annual gross revenues of $1.07 billion or more, (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of our ordinary shares pursuant to an effective registration statement, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt or (iv) the date on which we are deemed a "large accelerated issuer" as defined in Regulation S-K of the Securities Act of 1933, as amended, or the Securities Act. For so long as we remain an emerging growth company, we will not be required to:

- have an auditor report on our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board, or PCAOB, regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the consolidated financial statements (auditor discussion and analysis);
- submit certain executive compensation matters to shareholders advisory votes pursuant to the "say on frequency" and "say on pay" provisions (requiring a non-binding shareholder vote to approve compensation of certain executive officers) and the "say on golden parachute" provisions (requiring a non-binding shareholder vote to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and

- include detailed compensation discussion and analysis in our filings under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and instead may provide a reduced level of disclosure concerning executive compensation.

Although we intend to rely on the exemptions provided in the JOBS Act, the exact implications of the JOBS Act for us are still subject to interpretations and guidance by the SEC and other regulatory agencies. In addition, as our business grows, we may no longer satisfy the conditions of an emerging growth company under the JOBS Act. We are currently evaluating and monitoring developments with respect to these new rules and we cannot assure you that we will be able to take advantage of all of the benefits from the JOBS Act.

In addition, as an "emerging growth company," we may elect under the JOBS Act to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We are choosing to "opt out" of this provision and, as a result, we will comply with new or revised pronouncements applicable to public companies when they are required to be adopted by public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We are a "foreign private issuer" and have disclosure obligations that are different from those of U.S. domestic reporting companies.

We are a foreign private issuer and are not subject to the same requirements that are imposed upon U.S. domestic issuers by the SEC. Under the Exchange Act, we will be subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. For example, we will not be required to issue quarterly reports or proxy statements that comply with the requirements applicable to U.S. domestic reporting companies. Furthermore, although under regulations promulgated under the Israeli Companies Law, 5759-1999, or the Companies Law, as an Israeli public company listed overseas, we are required to disclose the compensation of our five most highly compensated officers on an individual basis (rather than on an aggregate basis, as was previously permitted for Israeli public companies listed overseas), however this disclosure will not be as extensive as that required of U.S. domestic reporting companies. We will also have four months after the end of each fiscal year to file our annual reports with the SEC and will not be required to file current reports as frequently or promptly as U.S. domestic reporting companies. Furthermore, our officers, directors and principal shareholders will be exempt from the requirements to report short-swing profit recovery contained in Section 16 of the Exchange Act. Also, as a "foreign private issuer," we are not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act. These exemptions and leniencies will reduce the frequency and scope of information and protections available to you in comparison to those applicable to a U.S. domestic reporting companies.

As a "foreign private issuer," we are permitted, and intend, to follow certain home country corporate governance practices instead of otherwise applicable SEC and NASDAQ Capital Market requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.

As a "foreign private issuer," we are permitted to follow certain home country corporate governance practices instead of those otherwise required under the Listing Rules of the NASDAQ Capital Market for domestic U.S. issuers. For instance, we currently follow home country practice in Israel with regard to director nomination procedures and quorum requirements. In addition, we may follow our home country law instead of the Listing Rules of the NASDAQ Capital Market that require that we obtain shareholder approval for certain dilutive events, such as the establishment or amendment of certain equity based compensation plans, an issuance that will result in a change of control of our Company, certain transactions other than a public offering involving issuances of a 20% or greater interest in our Company, and certain acquisitions of the stock or assets of another company. We may in the future elect to follow home country corporate governance practices in Israel with regard to other matters. Following our home country corporate governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on the NASDAQ Capital Market may provide less protection to you than what is accorded to investors under the Listing Rules of the NASDAQ Capital Market applicable to domestic U.S. issuers. See "Item 16G. Corporate Governance — NASDAQ Capital Market Listing Rules and Home Country Practices."

Were we to lose our status as a "foreign private issuer," the costs incurred and management time required in fulfilling the additional regulatory requirements of a U.S. domestic company could be substantial.

In order to maintain our current status as a "foreign private issuer", more than 50% of our outstanding voting securities must not be directly or indirectly owned by residents of the United States, and we must not have any of the following: (i) a majority of our executive officers or directors being Untied States citizens or residents, (ii) more than 50% of our assets being located in the United States, or (iii) our business being principally administered in the United States. If we were to lose our "foreign private issuer" status:

- we would no longer be exempt from certain of the provisions of U.S. securities laws, such as Regulation FD and the Section 16 short swing profit rules;
- we would be required to commence reporting on forms required of U.S. companies, such as Forms 10-K, 10-Q and 8-K, rather than the forms currently available to us, such as Forms 20-F and 6-K; and
- we may lose the ability to rely upon exemptions from NASDAQ Capital Market corporate governance requirements that are available to foreign private issuers.

A "foreign private issuer" must determine its status on the last business day of its most recently completed second fiscal quarter which in our case is June, and a change in status (if any) would take effect as of the first day of the following fiscal year. If a "foreign private issuer" no longer satisfies these requirements, it will become subject to U.S. domestic reporting requirements on the first day of its fiscal year immediately succeeding such determination.

The regulatory and compliance costs to us under U.S. securities laws to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the cost we would incur as a foreign private issuer.

Risks Related to Our Intellectual Property

We license our core technology on an exclusive basis from Yissum (Hebrew University), and we could lose our rights to this license if a dispute with Yissum arises or if we fail to comply with the financial and other terms of the license.

We license our core intellectual property from Yissum, an affiliate of Hebrew University. We initially entered into an exclusive license agreement with Yissum in 2000 and, in 2004 and 2005, we amended the license, which we refer to, as amended, as the License Agreement. According to the License Agreement, we hold an exclusive license for developing, manufacturing and/or world marketing of products that are directly or indirectly based on the patent owned by Yissum and/or other related intellectual property (including any information, research results and related know-how). Yissum is not permitted to transfer such intellectual property to third parties without our prior written consent. Yissum may obtain future financing from other entities for its research, provided that such entities will not be granted rights in its results (including other intellectual property rights) in a way prejudicing the rights granted to us in accordance with the License Agreement. We are entitled to grant perpetual sublicenses of this intellectual property to third parties, and such third parties will not be required to assume any undertaking towards Yissum. We are obligated to research and develop products that are based on the intellectual property of Yissum and to pay Yissum from the date of first sale an amount equal to 3% of our net sales of products based on the intellectual property and 15% from all other payments or benefits received from any such sublicense. In addition, also in consideration of the exclusive license granted to us pursuant to the License Agreement, we issued 5,618 ordinary shares to Yissum. As of the date of this annual report, no payments were paid and/or are due under the License Agreement. The License Agreement will be in effect until the latest of: (1) the expiration of the last registered patent within the relevant territory in November 2020; and (2) 15 years from the date of the first commercial sale. We also contracted with Yissum for laboratory services. In January 2008, we signed an addendum to the License Agreement to conduct an additional joint development and study regarding a technology, different from the Accordion Pill, for the gastric retention, or GR, of a drug. This addendum provides that the intellectual property rights produced as a result of the joint development and study will be jointly owned and we are entitled to receive a license for Yissum's share in these rights in return for payment of royalties. One patent application has been filed by Yissum and us as a result of the development related to that joint project, but this patent application was abandoned.

The License Agreement imposes certain payment, reporting, confidentiality and other obligations on us. In the event that we were to breach any of our obligations under the License Agreement and fail to cure such breach, Yissum would have the right to terminate the License Agreement upon 30 days' notice. In addition, Yissum has the right to terminate the License Agreement upon our bankruptcy or receivership. If any dispute arises with respect to our arrangement with Yissum, such dispute may disrupt our operations and would likely have a material and adverse impact on us if resolved in a manner that is unfavorable to us. Most of our current product candidates are partly based on the intellectual property licensed under the License Agreement, and if the License Agreement was terminated, it would have a material adverse effect on our business, prospects and results of operations.

If we fail to adequately protect, enforce or secure rights to the patents which were licensed to us or any patents we may own in the future, the value of our intellectual property rights would diminish and our business and competitive position would suffer.

Our success, competitive position and future revenues, if any, depend in part on our ability to obtain and successfully leverage intellectual property covering our products and product candidates, know-how, methods, processes and other technologies, to protect our trade secrets, to prevent others from using our intellectual property and to operate without infringing the intellectual property rights of third parties.

The risks and uncertainties that we face with respect to our intellectual property rights include, but are not limited to, the following:

- the degree and range of protection any patents will afford us against competitors;
- if and when patents will be issued;
- whether or not others will obtain patents claiming aspects similar to those covered by our own or licensed patents and patent applications;
- we may be subject to interference proceedings;
- we may be subject to opposition or post-grant proceedings in foreign countries;
- any patents that are issued may not provide sufficient protection;
- we may not be able to develop additional proprietary technologies that are patentable;
- other companies may challenge patents licensed or issued to us or our customers;
- other companies may independently develop similar or alternative technologies, or duplicate our technologies;
- other companies may design around technologies we have licensed or developed;
- enforcement of patents is complex, uncertain and expensive; and
- we may need to initiate litigation or administrative proceedings that may be costly whether we win or lose.

If patent rights covering our products and methods are not sufficiently broad, they may not provide us with any protection against competitors with similar products and technologies. Furthermore, if the United States Patent and Trademark Office, or the USPTO, or foreign patent offices issue patents to us or our licensors, others may challenge the patents or design around the patents, or the patent office or the courts may invalidate the patents. Thus, any patents we own or license from or to third parties may not provide any protection against our competitors.

We cannot be certain that patents will be issued as a result of any pending applications, and we cannot be certain that any of our issued patents or patents licensed from Yissum (or any other third party in the future), will give us adequate protection from competing products. For example, issued patents, including the patents licensed by us, may be circumvented or challenged, declared invalid or unenforceable, or narrowed in scope.

In addition, since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, we cannot be certain that we were the first to make our inventions or to file patent applications covering those inventions.

It is also possible that others may obtain issued patents that could prevent us from commercializing our products or require us to obtain licenses requiring the payment of significant fees or royalties in order to enable us to conduct our business. As to those patents that we have licensed, our rights depend on maintaining our obligations to the licensor under the applicable license agreement, and we may be unable to do so.

In addition to patents and patent applications, we depend upon trade secrets and proprietary know-how to protect our proprietary technology. We require our employees, consultants, advisors and collaborators to enter into confidentiality agreements that prohibit the disclosure of confidential information to any other parties. We also require our employees and consultants to disclose and assign to us their ideas, developments, discoveries and inventions. These agreements may not, however, provide adequate protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure.

We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.

A significant portion of our intellectual property has been developed by our employees in the course of their employment for us. Under the Israeli Patent Law, 5727-1967, or the Patent Law, inventions conceived by an employee in the course and as a result of or arising from his or her employment with a company are regarded as "service inventions," which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patent Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee, or the Committee, a body constituted under the Patent Law, shall determine whether the employee is entitled to remuneration for his inventions. Case law clarifies that the right to receive consideration for "service inventions" can be waived by the employee and that in certain circumstances, such waiver does not necessarily have to be explicit. The Committee will examine, on a case-by-case basis, the general contractual framework between the parties, using interpretation rules of the general Israeli contract laws. Further, the Committee has not yet determined one specific formula for calculating this remuneration (but rather uses the criteria specified in the Patent Law). Although we generally enter into assignment-of-invention agreements with our employees pursuant to which such individuals assign to us all rights to any inventions created in the scope of their employment or engagement with us, we may face claims demanding remuneration in consideration for assigned inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and/or former employees, or be forced to litigate such claims, which could negatively affect our business.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for noncompliance with these requirements.

Periodic maintenance fees on any issued patent are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Noncompliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In such an event, our competitors might be able to enter the market, which could have a material adverse effect on our business.

Costly litigation may be necessary to protect our intellectual property rights, and we may be subject to claims alleging the breach of license or other agreements that we have entered into with third parties or the violation of the intellectual property rights of others.

We may face significant expense and liability as a result of litigation or other proceedings relating to patents and other intellectual property rights of ours and others. In the event that another party has also filed a patent application or been issued a patent relating to an invention or technology claimed by us in pending applications, we may be required to participate in an interference proceeding declared by the USPTO to determine priority of invention, which could result in substantial uncertainties and costs for us, even if the eventual outcome were favorable to us. We, or our licensors, also could be required to participate in interference proceedings involving issued patents and pending applications of another entity. An adverse outcome in an interference proceeding could require us to cease using the technology or to license rights from prevailing third parties.

We have entered into license and collaboration agreements with other parties, including other pharmaceutical companies, and intend to continue to do so in the future. We and our counterparties to these agreements have granted and may grant each other, and have or may claim against each other, certain rights with respect to the other party's intellectual property and the intellectual property that we have or may jointly develop, including rights of co-ownership and rights of first refusal in the event that we or our counterparties seek to subsequently license or sell such intellectual property. For instance, a former partner under a terminated collaboration agreement previously indicated to us after the termination of such agreement that it believed it had a right of first offer with respect to a future license by us of certain intellectual property that existed in 2008 and is contained in AP-CDLD. We do not believe that this party has any such right. However, the cost to us of any litigation or other proceeding relating to our license and collaboration agreements, our licensed patents or patent applications or other intellectual property, even if resolved in our favor, could be substantial, divert management's resources and attention and delay or impair our ability to license or sell such intellectual property. Our ability to enforce our intellectual property protection could be limited by our financial resources, and may be subject to lengthy delays. A third party may claim that we are using inventions claimed by their intellectual property and may go to court to stop us from engaging in our normal operations and activities, such as research, development and the sale of any future products. Such lawsuits are expensive and would consume time and other resources. There is a risk that the court will decide that we are infringing the third party's intellectual property and will order us to stop the activities claimed by the intellectual property, redesign our products or processes to avoid infringement or obtain licenses (which may not be available on commercially reasonable terms or at all). In addition, there is a risk that a court will order us to pay the other party damages for having infringed their patents.

Moreover, there is no guarantee that any prevailing patent or other intellectual property owner would offer us a license so that we could continue to engage in activities claimed by the patent or other intellectual property, or that such a license, if made available to us, could be acquired on commercially acceptable terms. In addition, third parties may, in the future, assert other intellectual property infringement claims against us with respect to our product candidates, technologies or other matters. Any claims of infringement or other breach of license or collaboration agreement asserted against us, whether or not successful, may have a material adverse effect on us.

We rely on confidentiality agreements that could be breached and may be difficult to enforce, which could result in third parties using our intellectual property to compete against us.

Although we believe that we take reasonable steps to protect our intellectual property, including the use of agreements relating to the non-disclosure of confidential information to third parties, as well as agreements that purport to require the disclosure and assignment to us of the rights to the ideas, developments, discoveries and inventions of our employees and consultants while we employ them, the agreements can be difficult and costly to enforce. Although we seek to obtain these types of agreements from our contractors, consultants, advisors and research collaborators, to the extent that employees and consultants utilize or independently develop intellectual property in connection with any of our projects, disputes may arise as to the intellectual property rights associated with our products. If a dispute arises, a court may determine that the right belongs to a third party. In addition, enforcement of our rights can be costly and unpredictable. We also rely on trade secrets and proprietary know-how that we seek to protect in part by confidentiality agreements with our employees, contractors, consultants, advisors or others. Despite the protective measures we employ, we still face the risk that:

- these agreements may be breached;
- these agreements may not provide adequate remedies for the applicable type of breach;

- our trade secrets or proprietary know-how will otherwise become known; or
- our competitors will independently develop similar technology or proprietary information.

International patent protection is particularly uncertain, and if we are involved in opposition proceedings in foreign countries, we may have to expend substantial sums and management resources.

Patent law outside the United States may be different than in the United States. Further, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States, if at all. A failure to obtain sufficient intellectual property protection in any foreign country could materially and adversely affect our business, results of operations and future prospects. Moreover, we may participate in opposition proceedings to determine the validity of our foreign patents or our competitors' foreign patents, which could result in substantial costs and divert management's resources and attention. Additionally, due to uncertainty in patent protection law, we have not filed applications in many countries where significant markets exist.

Risks Related to the Regulation of our Company and Its Business

Our product candidates are at various stages of preclinical and clinical development and may never be commercialized.

The progress and results of any future preclinical testing or future clinical trials are uncertain, and the failure of our product candidates and additional product candidates which we may license, acquire or develop in the future to receive regulatory approvals could have a material adverse effect on our business, operating results and financial condition to the extent we are unable to commercialize any such products. None of our product candidates have received regulatory approval for commercial sale. In addition, we face the risks of failure inherent in developing therapeutic products. Our product candidates are not expected to be commercially available for several years, if at all.

Our product candidates are subject to extensive regulation and are at various stages of regulatory development and may never obtain regulatory approval.

Our product candidates must satisfy certain standards of safety and efficacy for a specific indication before they can be approved for commercial use by the FDA or foreign regulatory authorities. The FDA and foreign regulatory authorities have full discretion over this approval process. We will need to conduct significant additional research, including testing in animals and in humans, before we can file applications for product approval. Typically, in the pharmaceutical industry, there is a high rate of attrition for product candidates in preclinical testing and clinical trials. Also, even though we believe that some of our product candidates may be eligible for FDA review under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act, or FDCA, the FDA may not agree with that assessment, and may require us to submit the application under Section 505(b)(1) which usually requires more comprehensive clinical data than applications submitted under Section 505(b)(2). Even under Section 505(b)(2), satisfying FDA's requirements typically takes many years, is dependent upon the type, complexity and novelty of the product and requires the expenditure of substantial resources. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful. For example, a number of companies in the pharmaceutical industry, including biotechnology companies, have suffered significant setbacks in advanced clinical trials, even after promising results in earlier trials. In addition, delays or rejections may be encountered based upon additional government regulation, including any changes in legislation or FDA policy, during the process of product development, clinical trials and regulatory reviews. After clinical trials are completed, the FDA has substantial discretion in the drug approval process and may require us to conduct additional preclinical and clinical testing or to perform post-marketing studies.

In order to receive FDA approval or approval from foreign regulatory authorities to market a product candidate or to distribute our products, we must demonstrate through preclinical testing and through human clinical trials that the product candidate is safe and effective for its intended uses (e.g., treatment of a specific condition in a specific way subject to contradictions and other limitations). We anticipate that some foreign regulatory agencies will have different testing and approval requirements from those of the FDA. Even if we comply with all FDA requests, the FDA may ultimately reject or decline to approve one or more of our new drug applications, or it may grant approval for a narrowly intended use that is not commercially feasible. We might not obtain regulatory approval for our product candidates in a timely manner, if at all. Failure to obtain FDA approval of any of our product candidates in a timely manner or at all could severely undermine our business by delaying or halting commercialization of our products, imposing costly procedures, diminishing competitive advantages and reducing the number of salable products and, therefore, corresponding product revenues.

We have collected limited clinical data about the safety and efficacy of AP-CDLD in an open-label Phase II clinical trial that was not conducted under an FDA issued IND and we may be unable to replicate these results in large-scale and double-blind controlled clinical trials.

Although the clinical trials performed to date using AP-CDLD have shown promising results, these results were generated from open-label studies not performed under an FDA issued investigational new drug application, or IND, and were conducted at a limited number of clinical sites on a limited number of patients. An "open-label" trial is one where both the patient and investigator know whether the patient is receiving the test article or either an existing approved drug or placebo. Open-label trials are subject to various limitations that may exaggerate any therapeutic effect as patients in open-label studies are aware that they are receiving treatment. Open-label trials may be subject to a "patient bias" where patients perceive their symptoms to have improved merely due to their awareness of receiving an experimental treatment. Patients selected for early clinical studies often include the most severe sufferers and their symptoms may have been bound to improve notwithstanding the new treatment. In addition, open-label trials may be subject to an "investigator bias" where those assessing and reviewing the physiological outcomes of the clinical trials are aware of which patients have received treatment and may interpret the information of the treated group more favorably given this knowledge.

Given that these were open label studies, not conducted under an FDA issued IND, the FDA may decide not to consider the data that we collected from these open-label studies, even though we are obligated to submit these data to the FDA. The FDA will accept a well-designed, well-conducted, non-IND foreign study as support for an application for marketing approval if the study was conducted in accordance with Good Clinical Practice, or GCP, and if the FDA is able to validate the data from the study through an onsite inspection, if necessary. GCP is an international ethical and scientific quality standard for designing, conducting, recording, and reporting trials that involve the participation of human subjects. Compliance with this standard provides public assurance that the rights, safety, and well-being of study subjects are protected, and that the clinical trial data are credible. GCP includes review and approval by an independent ethics committee, or IEC, such as an institutional review board, or IRB, before initiating a study. It also includes continuing review of an ongoing study by an IEC, and obtaining the freely given informed consent of the subject (or a subject's legally authorized representative, if a subject is unable to provide informed consent) before initiating a study.

Our Phase II clinical trial for AP-CDLD was conducted at several medical centers in Israel. Patients in Israel are genetically similar to European patients and U.S. patients of European descent, but there may be unidentified genetic differences that may result in variable therapeutic response in certain subpopulations in these countries or in patients in other countries. Furthermore, although our initial safety profile has been favorable, safety could be dependent on operator skills. It is possible that we may experience a higher rate of adverse events in the future with wider application of our Accordion Pill technology in real-world practice outside of clinical trials.

If the FDA does not conclude that a given product candidate using our Accordion Pill technology satisfies the requirements for approval under the Section 505(b)(2) regulatory approval pathway, or if the requirements for approval of our product candidates under Section 505(b)(2) are not as we expect, the approval pathway will likely take significantly longer, cost significantly more and entail significantly greater complications and risks than anticipated, and in any case may not be successful.

We intend to seek FDA approval for our product candidates implementing our Accordion Pill technology through the Section 505(b)(2) regulatory pathway. Pursuant to Section 505(b)(2) of the FDCA, a NDA under Section 505(b)(2) is permitted to reference safety and effectiveness data submitted by the sponsor of a previously approved drug as part of its NDA, or rely on FDA's prior conclusions regarding the safety and effectiveness of that previously approved drug, or rely in part on data in the public domain. Reliance on data collected by others may expedite the development program for our product candidates by potentially decreasing the amount of clinical data that we would need to generate in order to obtain FDA approval. If the FDA does not allow us to pursue the Section 505(b)(2) regulatory pathway as anticipated, we may need to conduct additional clinical trials, provide additional data and information, and meet additional standards for product approval. If this were to occur, the time and financial resources required to obtain FDA approval, and complications and risks associated with regulatory approval of our product candidates, would likely substantially increase. Moreover, our inability to pursue the Section 505(b)(2) regulatory pathway may result in new competitive products reaching the market more quickly than our product, which would likely materially adversely impact our competitive position and prospects. Even if we are able to utilize the Section 505(b)(2) regulatory pathway, there is no guarantee this will ultimately lead to accelerated product development or earlier approval. A 505(b)(2) applicant may rely on the FDA's finding of safety and effectiveness for a previously approved drug only to the extent that the proposed product in the 505(b)(2) application shares characteristics (e.g., active ingredient, dosage form, route of administration, strength, indication, conditions of use) in common with the previously approved drug. To the extent that the previously approved drug and the drug proposed in the 505(b)(2) application differ (e.g., a product with a different dosage form or route of administration), the 505(b)(2) application must include sufficient data to support those differences.

In addition, the pharmaceutical industry is highly competitive, and Section 505(b)(2) NDAs are subject to special requirements designed to protect the patent rights of sponsors of previously approved drugs that may be referenced in a Section 505(b)(2) NDA. These requirements may give rise to patent litigation and mandatory delays in approval of our NDA for up to 30 months or longer depending on the outcome of any litigation. Further, it is not uncommon for a manufacturer of an approved product to file a citizen petition with the FDA seeking to delay approval of, or impose additional approval requirements for, pending competing products. If successful, such petitions can significantly delay, or even prevent, the approval of a new product. Even if the FDA ultimately denies such a petition, the FDA may substantially delay approval while it considers and responds to the petition. Amendments to the FDCA attempt to limit the delay that can be caused by a citizen petition to 150 days, although court action by a dissatisfied petitioner is a possibility and this could, in theory, adversely affect the approval process.

Moreover, even if product candidates implementing our Accordion Pill technology are approved under Section 505(b)(2), the approval may be subject to limitations on the indicated uses for which the products may be marketed or to other conditions of approval, or may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the products.

We will seek approval in the European Union, or the EU, on a product-by-product basis, either by ourselves or with a third-party licensee.

A fast track designation by the FDA may not actually lead to a faster development or regulatory review or approval process.

We may seek fast track designation for some of our product candidates and may seek such designation for future product candidates. The FDA has broad discretion whether to grant this designation, and even if we believe a particular product candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Even if we apply for and receive fast track designation for one or more of our product candidates or future product candidates, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw fast track designation if it believes that the designation is no longer supported by data from our clinical development program.

We might be unable to develop any of our product candidates to achieve commercial success in a timely and cost-effective manner, or ever.

Even if regulatory authorities approve any of our product candidates, they may not be commercially successful. Our product candidates may not be commercially successful because government agencies or other third-party payors may not provide reimbursement for the costs of the product or the reimbursement may be too low to be commercially successful. In addition, physicians and others may not use or recommend our products candidates, even following regulatory approval. A product approval, even if issued, may limit the uses for which such product may be distributed, which could adversely affect the commercial viability of the product. Moreover, third parties may develop superior products or have proprietary rights that preclude us from marketing our products. We also expect that our product candidates, if approved, will generally be more expensive than the non-Accordion Pill version of the same medication available to patients. Physician and patient acceptance of, and demand for, any product candidates for which we obtain regulatory approval or license will depend largely on many factors, including, but not limited to, the extent, if any, of reimbursement of costs by government agencies and other third-party payors, pricing, competition, the effectiveness of our marketing and distribution efforts, the safety and effectiveness of alternative products, and the prevalence and severity of side effects associated with such products. If physicians, government agencies and other third-party payors do not accept the use or efficacy of our products, we will not be able to generate significant revenue, if any.

We cannot be certain that the results of our current or potential Phase III clinical trials, even if all endpoints are met, will support regulatory approval of any of our product candidates for any indication.

Endpoints for most Phase III clinical trials may vary from drug candidate to drug candidate and from indication to indication; therefore, there are no universally accepted endpoints for Phase III clinical trials. It is possible that even if the results of our current or potential Phase III clinical trial meet the primary endpoints, the FDA will require other data of our product candidates prior to granting marketing approval.

Our product candidates and future product candidates will remain subject to ongoing regulatory requirements even if they receive marketing approval, and if we fail to comply with these requirements, we may not obtain such approvals or could lose those approvals that have been obtained, and the sales of any approved commercial products could be suspended.

Even if we receive regulatory approval to market a particular product candidate, any such product will remain subject to extensive regulatory requirements, including requirements relating to manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, distribution and record keeping. Even if regulatory approval of a product is granted, the approval may be subject to limitations on the uses for which the product may be marketed or the conditions of approval, or may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product, which could negatively impact us or our collaboration partners by reducing revenues or increasing expenses, and cause the approved product candidate not to be commercially viable. In addition, as clinical experience with a drug expands after approval, typically because it is used by a greater number and more diverse group of patients after approval than during clinical trials, side effects and other problems may be observed over time after approval that were not seen or anticipated during pre-approval clinical trials or other studies. Any adverse effects observed after the approval and marketing of a product candidate could result in limitations on the use of or withdrawal of FDA approval of any approved products from the marketplace. Absence of long-term safety data may also limit the approved uses of our products, if any. If we fail to comply with the regulatory requirements of the FDA and other applicable U.S. and foreign regulatory authorities, or previously unknown problems with any approved commercial products, manufacturers or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions or other setbacks, including, without limitation, the following:

- suspension or imposition of restrictions on the products, manufacturers or manufacturing processes, including costly new manufacturing requirements;
- warning letters;
- civil or criminal penalties, fines and/or injunctions;
- product seizures or detentions;
- import or export bans or restrictions;
- voluntary or mandatory product recalls and related publicity requirements;
- suspension or withdrawal of regulatory approvals;
- total or partial suspension of production; and

- refusal to approve pending applications for marketing approval of new products or supplements to approved applications.

If we or our collaborators are slow to adapt, or are unable to adapt, to changes in existing regulatory requirements or adoption of new regulatory requirements or policies, marketing approval for our product candidates may be lost or cease to be achievable, resulting in decreased revenue from milestones, product sales or royalties, which would have a material adverse effect on our business, financial condition or results of operations.

Clinical trials are very expensive, time-consuming and difficult to design and implement, and, as a result, we may suffer delays or suspensions to current or future trials which would have a material adverse effect on our ability to advance products and generate revenues.

Human clinical trials are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. Regulatory authorities, such as the FDA, may preclude clinical trials from proceeding. Additionally, the clinical trial process is time-consuming, failure can occur at any stage of the trial and we may encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including, but not limited to:

- unforeseen safety issues;
- clinical holds or suspension of a clinical trial by the FDA, us, ethics committees, or the data safety monitoring board(DSMB) to determine proper dosing;
- lack of effectiveness or efficacy during clinical trials;
- failure of our contract manufacturers to manufacture our product candidates in accordance with current Good Manufacturing Practices, or cGMP;
- failure of third party suppliers to perform final manufacturing steps for the drug substance;
- slower than expected rates of patient recruitment and enrollment;
- lack of healthy volunteers and patients to conduct trials;
- inability to monitor patients adequately during or after treatment;
- failure of third party contract research organizations to properly implement or monitor the clinical trial protocols;
- failure of IRBs to approve or renew approvals of our clinical trial protocols;
- inability or unwillingness of medical investigators to follow our clinical trial protocols; and
- lack of sufficient funding to finance the clinical trials.

As noted above, we, regulatory authorities, IRBs or DSMBs may suspend our clinical trials at any time if it appears that we are exposing participants to unacceptable health risks or if the regulatory authorities find deficiencies in our regulatory submissions or conduct of these trials. For example, a DSMB has been selected for the Phase III clinical trial of AP-CDLD and has been and will continue to periodically review the safety data of the trial. Any suspension of clinical trials will delay possible regulatory approval, if any, and adversely impact our ability to develop products and generate revenue.

We may be forced to abandon development of certain products altogether, which will significantly impair our ability to generate product revenues.

Upon the completion of any clinical trial, if at all, the results of these trials might not support the claims sought by us. Further, success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and the results of later clinical trials may not replicate the results of prior clinical trials and preclinical testing. The clinical trial process may fail to demonstrate that our product candidates are safe for humans and effective for its indicated uses. Any such failure may cause us to abandon a product candidate and may delay development of other product candidates. Any delay in, or termination or suspension of, our clinical trials will delay the requisite filings with the FDA and, ultimately, our ability to commercialize our product candidates and generate product revenues. If the clinical trials do not support our drug product claims, the completion of development of such product candidates may be significantly delayed or abandoned, which would significantly impair our ability to generate product revenues and would materially adversely affect our business, financial condition or results of operations.

Positive results in the previous clinical trials of one or more of our product candidates may not be replicated in future clinical trials of such product candidate, which could result in development delays or a failure to obtain marketing approval.

Positive results in the previous clinical trials of one or more of our product candidates may not be predictive of similar results in future clinical trials for such product candidate. Also, interim results during a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials even after achieving promising results in early-stage development. Accordingly, the results from the completed preclinical studies and clinical trials for our product candidates may not be predictive of the results we may obtain in later stage trials of such product candidates. Our clinical trials may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials. Clinical trial results may be inconclusive, or contradicted by other clinical trials, particularly larger clinical trials. Moreover, clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain FDA or European Medicines Agency, or other applicable regulatory agency, approval for their products.

Reimbursement may not be available for our products, which could make it difficult for us to sell our products profitably.

Market acceptance and sales of our products will depend on coverage and reimbursement policies and may be affected by healthcare reform measures. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which products they will pay for and establish reimbursement levels. We cannot be sure that coverage and reimbursement will be available for our products. We also cannot be sure that the amount of reimbursement available, if any, will not reduce the demand for, or the price of, our products. If reimbursement is not available or is available only at limited levels, we may not be able to successfully compete through sales of our proposed products.

Specifically, in both the United States and some foreign jurisdictions, there have been a number of legislative and regulatory proposals to change the healthcare system in ways that could affect our ability to sell our products profitably. In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, also called the Medicare Modernization Act, or MMA, changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and certain others. Prior to MMA, Medicare did not cover most outpatient prescription drugs. MMA created a new voluntary Part D, which covers outpatient drugs for Medicare beneficiaries and is administered by private insurance plans that operate partially at-risk under contract with the Centers for Medicare & Medicaid Services, or CMS. These private Part D plans have incentives to keep costs down. MMA also introduced a new reimbursement methodology based on average sales prices for physician-administered drugs. In addition, this legislation provided authority for limiting the number of certain outpatient drugs that will be covered in any therapeutic class. As a result of this legislation and the expansion of federal coverage of drug products, we expect that there will be additional pressure to contain and reduce costs. These and future cost-reduction initiatives could decrease the coverage and price that we receive for our products, if approved, and could seriously harm our business. While the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policies and payment limitations in setting their own reimbursement rates, and any reduction in reimbursement under Medicare may result in a similar reduction in payments from private payors.

In March 2010, the Patient Protection and Affordable Care Act, as amended, or the Affordable Care Act, which was amended by the Health Care and Education Affordability Reconciliation Act, or collectively, PPACA, became law in the United States. The goal of PPACA is to reduce the cost of healthcare and substantially change the way healthcare is financed by both governmental and private insurers. Among other measures, PPACA imposes increased rebates on manufacturers for certain covered drug products reimbursed by state Medicaid programs. The PPACA remains subject to continuing legislative scrutiny, including efforts by Congress to repeal and amend a number of its provisions, as well as administrative actions delaying the effectiveness of key provisions. In addition, there have been lawsuits filed by various stakeholders pertaining to certain portions of the PPACA that may have the effect of modifying or altering various parts of the law. Efforts to date to amend or repeal the PPACA have generally been unsuccessful. However, the 2016 Presidential and Congressional elections resulting in the election of the Republican presidential nominee and the continuation of Republican majorities in both chambers of Congress, have resulted in additional efforts to amend or delay implementation of parts of the PPACA. In December 2017, new tax legislation was passed which repealed the part of PPACA that had imposed penalties against individuals for failure to purchase health insurance, commonly known as the individual mandate. The nonpartisan Congressional Budget Office, or CBO, has predicted that the repeal of the individual mandate will cause 13 million fewer Americans to be insured in 2027 compared with the prior version of the law. We ultimately cannot predict with any assurance the ultimate effect of the PPACA or changes to the PPACA on our Company, nor can we provide any assurance that its provisions will not have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our ordinary shares. In addition, we cannot predict whether new proposals will be made or adopted, when they may be adopted or what impact they may have on us if they are adopted.

We expect to experience pricing pressures in connection with the sale of our products generally due to the trend toward managed healthcare, the increasing influence of health maintenance organizations, and additional legislative proposals. If we fail to successfully secure and maintain adequate coverage and reimbursement for our future products or are significantly delayed in doing so, we will have difficulty achieving market acceptance of our products and our business will be harmed.

We are subject to extensive and costly government regulation.

The products we are developing and planning to develop in the future are subject to extensive and rigorous domestic government regulation, including regulation by the FDA, the CMS, other divisions of the U.S. Department of Health and Human Services, including its Office of Inspector General, the Office of Civil Rights, which administers the privacy provisions of the Health Insurance Portability and Accountability Act of 1996, or HIPAA, the U.S. Department of Justice, the Departments of Defense and Veterans Affairs, to the extent our products are paid for directly or indirectly by those departments, state and local governments, and their respective foreign equivalents. The FDA regulates the research, development, preclinical and clinical testing, manufacture, safety, effectiveness, record keeping, reporting, labeling, storage, approval, advertising, promotion, sale, distribution, import and export of pharmaceutical products under various regulatory provisions. If any drug products we develop are tested or marketed abroad, they will also be subject to extensive regulation by foreign governments, whether or not we have obtained FDA approval for a given product and its uses. Such foreign regulation may be equally or more demanding than corresponding U.S. regulation.

Government regulation substantially increases the cost and risk of researching, developing, manufacturing, and selling our products. Our failure to comply with these regulations could result in, by way of example, significant fines, criminal and civil liability, product seizures, recalls, withdrawals, withdrawals of approvals, and exclusion and debarment from government programs. Any of these actions, including the inability of our proposed products to obtain and maintain regulatory approval, would have a materially adverse effect on our business, financial condition, results of operations and prospects.

In addition to government regulation, rules and policies of professional and other quasi and non-governmental bodies and organizations may impact the prescription of products, as well as the manner of their promotion, marketing, and education. Examples of such bodies are the American Medical Association, the Accreditation Council of Continuing Medical Education, American College of Physicians and the American Academy of Family Physicians.

The recent Presidential and Congressional elections in the United States could result in significant changes in, and uncertainty with respect to, legislation, regulation and government policy. While it is not possible to predict whether and when any such changes will occur, changes at the federal level could significantly impact our business and the health care industry; we are currently unable to predict whether any such changes would have a net positive or negative impact on our business. To the extent that such changes have a negative impact on us or the health care industry, including as a result of related uncertainty, these changes may materially and adversely impact our business, financial condition, results of operations, cash flows and the trading price of our ordinary shares.

We are subject to additional federal and state laws and regulations relating to our business, and our failure to comply with those laws could have a material adverse effect on our results of operations and financial conditions.

In the event that we were to market products in the United States, we would be subject to additional healthcare regulation and enforcement by the federal government and the states in which we conduct or will conduct our business. The laws that may affect our ability to operate include, but are not limited to, the following:

- the federal healthcare program Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under government healthcare programs such as the Medicare and Medicaid programs;

- the Anti-Inducement Law, which prohibits persons from offering or paying remuneration to Medicare and Medicaid beneficiaries to induce them to use items or services paid for in whole or in part by the Medicare or Medicaid programs;

- the Ethics in Patient Referrals Act of 1989, commonly referred to as the Stark Law, prohibits physicians from referring Medicare or Medicaid patients for certain designated items or services where that physician or family member has a financial interest in the entity provided the designated item or service;

- federal false claims laws that prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid or other government healthcare programs that are false or fraudulent;

- federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payer, including commercial insurers; and

- federal, state and local taxation laws applicable to the marketing and sale of our products.

Further, the PPACA, among other things, amended the intent requirement of the federal anti-kickback and criminal healthcare fraud statutes. A person or entity can now be found guilty of fraud or false claims under PPACA without actual knowledge of the statute or specific intent to violate it. In addition, PPACA provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statue constitutes a false or fraudulent claim for purposes of the false claims statutes. Possible sanctions for violation of these anti-kickback laws include monetary fines, civil and criminal penalties, exclusion from Medicare, Medicaid and other government programs and forfeiture of amounts collected in violation of such prohibitions. Any violations of these laws, or any action against us for violation of these laws, even if we successfully defend against it, could result in a material adverse effect on our reputation, business, results of operations and financial condition.

PPACA also contains legislation commonly known as the Physician Payments Sunshine Act, or Sunshine Act, which requires CMS to annually collect and display information reported by device and pharmaceutical manufacturers about payments to physicians and teaching hospitals and ownership of their stock by physicians. Pursuant to the Sunshine Act, CMS created the federal Open Payments program, under which data collected for each calendar year is published by CMS in June of the following calendar year. For example, data that was submitted by applicable manufacturers for the 2016 calendar year was published on June 30, 2017. Failure to submit required information may result in civil monetary penalties of up to an aggregate of $150,000 per year (or up to an aggregate of $1 million per year for "knowing failures"), for all payments, transfers of value or ownership or investment interests that are not reported.

The 2016 Presidential and Congressional elections resulting in the election of the Republican presidential nominee and the continuation of Republican majorities in both chambers of Congress, have resulted in additional efforts to amend or delay implementation parts of the PPACA. We ultimately cannot predict with any assurance the ultimate effect of the PPACA or changes to the PPACA on our Company, nor can we provide any assurance that its provisions will not have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our ordinary shares. In addition, we cannot predict whether new proposals will be made or adopted, when they may be adopted or what impact they may have on us if they are adopted.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians for marketing. Some states, such as California, Massachusetts and Vermont, mandate implementation of corporate compliance programs, along with the tracking and reporting of gifts, compensation and other remuneration to physicians, and some states limit or prohibit such gifts. Various trade associations, such as AdvaMed for devices and the Pharmaceutical Research and Manufacturers of America for drugs, have adopted voluntary standards of ethical behavior that limit the amount of and circumstances under which payments made be made to physicians.

The scope and enforcement of these laws is uncertain and subject to change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. We cannot predict the impact on our business of any changes in these laws. Federal or state regulatory authorities may challenge our current or future activities under these laws. Any such challenge could have a material adverse effect on our reputation, business, results of operations, and financial condition. Any state or federal regulatory review of us, regardless of the outcome, would be costly and time-consuming.

Changes in regulatory requirements and guidance or unanticipated events during our clinical trials may occur, which may result in necessary changes to clinical trial protocols, which could result in increased costs to us, delay our development timeline or reduce the likelihood of successful completion of our clinical trials.

Changes in regulatory requirements and guidance or unanticipated events during our clinical trials may occur, as a result of which we may need to amend clinical trial protocols. Amendments may require us to resubmit our clinical trial protocols to IRBs for review and approval, which may adversely affect the cost, timing and successful completion of a clinical trial. If we experience delays in the completion of, or if we terminate, any of our clinical trials, the commercial prospects for our affected product candidates would be harmed and our ability to generate product revenue would be delayed, possibly materially.

Our product candidates are manufactured through a compounding, film casting and assembly process, and if we or one of our materials suppliers encounters problems manufacturing our products or raw materials, our business could suffer.

We and our contract manufacturers, if any, are, and will be, subject to extensive governmental regulation in connection with the manufacture of any pharmaceutical products. The FDA and foreign regulators require manufacturers to register manufacturing facilities. The FDA and foreign regulators also inspect these facilities to confirm compliance with cGMP or similar requirements that the FDA or foreign regulators establish. We and our contract manufacturers must ensure that all of the processes, methods and equipment are compliant with cGMP for drugs on an ongoing basis, as mandated by the FDA and other regulatory authorities, and conduct extensive audits of vendors, contract laboratories and suppliers. The FDA will likely condition grant of any marketing approval, if any, on a satisfactory on-site inspection of our manufacturing facilities.

We currently manufacture our product candidates used in clinical testing and we order certain materials from single-source suppliers. If the supply of any of these single-sourced materials is delayed or ceases, we may not be able to produce the related product in a timely manner or in sufficient quantities, if at all, causing us to be unable to further develop our product candidates or bring them to market or continue to develop our technology, which could materially and adversely affect our business. In addition, a single-source supplier of a key component of one or more of our product candidates could potentially exert significant bargaining power over price, quality, warranty claims or other terms relating to the single-sourced materials. Our materials suppliers may face manufacturing or quality control problems causing product production and shipment delays or a situation where the supplier may not be able to maintain compliance with the FDA's cGMP requirements, or those of foreign regulators, necessary to continue manufacturing our drug substance or raw materials. Drug manufacturers are subject to ongoing periodic unannounced inspections by the FDA, the United States Drug Enforcement Agency, or DEA, and corresponding foreign regulatory agencies to ensure strict compliance with cGMP requirements and other governmental regulations and corresponding foreign standards. Any failure by us or our suppliers to comply with DEA requirements or FDA or foreign regulatory requirements could adversely affect our clinical research activities and our ability to market and develop our products.

We intend to manufacture our own product candidates for Phase III clinical trials and may, to some extent, manufacture our product candidates for commercialization or rely on third parties to implement our manufacturing strategies. Manufacturing our product candidates is subject to extensive governmental regulation. Our failure or the failure of these third parties in any respect (including noncompliance with governmental regulations) could have a material adverse effect on our business, results of operations and financial condition.

Completion of any current or future Phase III clinical trial and commercialization of our product candidates will require access to, or development of, facilities to manufacture a sufficient supply of our product candidates. There can be no assurance that our product candidates, if approved, can be manufactured in sufficient commercial quantities, in compliance with regulatory requirements and at an acceptable cost. Although we believe our facilities are sufficient to manufacture our product candidate needs for Phase III clinical trials, we may be incorrect and we may not have the resources or facilities to manufacture our product candidates for Phase III clinical trials or commercial purposes on our own, and we may not develop or acquire facilities for the manufacture of product candidates for such purposes in the foreseeable future. We may rely on contract manufacturers to produce sufficient quantities of our product candidates necessary for any Phase III clinical testing we undertake in the future and for commercialization of our products. With respect to the future commercialization of the AP-CDLD, we have decided to rely on third-party manufacturers, and currently are in advanced discussions with a Commercial Manufacturing Organization (CMO). Such a manufacturing partner (or any other potential contract manufacturer(s) in general) may be the sole source of production, and they may have limited experience at manufacturing, formulating, analyzing, filling and finishing our types of product candidates. Establishing a manufacturing facility to produce commercial quantities of our products will require a substantial investment by any party intending to manufacture our products. If our current and future manufacturing and supply strategies are unsuccessful, we may be unable to conduct and complete any future Phase III clinical trials or commercialize our product candidates in a timely manner, if at all.

Manufacturing our product candidates is subject to extensive governmental regulation. See "Item 4. Information on the Company - Government Regulation." Future FDA, state and foreign inspections may identify compliance issues at our facilities or at the facilities of our contract manufacturers, if any, that may disrupt production or distribution, or require substantial resources to correct. In addition, discovery of previously unknown problems with a product or the failure to comply with applicable requirements may result in restrictions on a product, manufacturer or holder of an approved NDA, including withdrawal or recall of the product from the market or other voluntary, FDA-initiated or judicial action that could delay or prohibit further marketing. Newly discovered or developed safety or effectiveness data may require changes to a product's approved labeling, including the addition of new warnings and contraindications, and also may require the implementation of other risk management measures. Also, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of our products under development. The FDA will likely condition grant of any marketing approval, if any, on a satisfactory on-site inspection of our manufacturing facilities.

We have limited experience manufacturing our product candidates at a commercial scale. We may not be able to manufacture our product candidates in quantities sufficient for commercial launch of our product candidates, if our product candidates are approved, or for any future commercial demand for our product candidates.

We have only limited experience in manufacturing commercial quantities of our product candidates. If our product candidates are approved for commercialization and marketing, we may be required to manufacture the product in large quantities to meet demand. Producing products in commercial quantities requires developing and adhering to complex manufacturing processes that are different from the manufacture of products in smaller quantities for clinical trials, including adherence to regulatory standards. Although we believe that we have developed processes and protocols that will enable us or any third-party manufacturer that we select to manufacture commercial-scale quantities of products at acceptable costs, we cannot provide assurance that such processes and protocols will enable us to manufacture in quantities that may be required for commercialization of the applicable product with yields and at costs that will be commercially attractive. If we or any third-party manufacturer that we select are unable to establish or maintain commercial manufacture of the product or are unable to do so at costs that we currently anticipate, our business could be adversely affected. With respect to the future commercialization of the AP-CDLD, we have decided to rely on third-party manufacturers, and currently are in advanced discussions with a Commercial Manufacturing Organization (CMO).

If we are unable to use our manufacturing facility for any reason, the manufacture of clinical supplies of our candidates would be delayed, which would harm our business.

We currently manufacture all clinical supply of all our product candidates at our own manufacturing facility. If we were to lose the use of our facility or equipment, our manufacturing facility and manufacturing equipment would be difficult to replace and could require substantial replacement lead time and substantial additional funds. Our facility may be affected by natural disasters, such as floods or fire, or we may lose the use of our facility due to manufacturing issues that arise at our facility, such as contamination or regulatory concerns following a regulatory inspection of our facility. We do not currently have back-up capacity. In the event of a loss of the use of all or a portion of our facility or equipment for the reasons stated above or any other reason, we would be unable to manufacture any of our product candidates until such time as our facility could be repaired, rebuilt or we are able to address other manufacturing issues at our facility. Although we currently maintain property insurance with personal property limits of up to NIS 40.0 million, business interruption insurance coverage of up to NIS 32.0 million for damage to our property and the disruption of our business from fire and other casualties, and up to NIS 120.0 million for expenses related to the ACCORDANCE study, our Phase III clinical trial for AP-CDLD, such insurance may not cover all occurrences of manufacturing disruption or be sufficient to cover all of our potential losses in the event of occurrences that are covered and may not continue to be available to us on acceptable terms, or at all.

We may rely on third-party manufacturers to manufacture commercial quantities of our product candidates, if our products are approved, and any failure by a third-party manufacturer or supplier may delay or impair our ability to commercialize our product candidates.

We have manufactured our product candidates for our preclinical studies, Phase I clinical trials, Phase II clinical trials and Phase III clinical trial in our own manufacturing facility, and with respect to the future commercialization of the AP-CDLD, we have decided to rely on third-party manufacturers, and currently are in advanced discussions with a Commercial Manufacturing Organization (CMO). We have relied, and we expect to continue to rely, on third-party manufacturers for certain raw materials (excipients, solvents and active pharmaceutical ingredients, or APIs), and as noted, possibly also for the commercial manufacturing of our AP-CDLD. Our reliance on third parties for the manufacture of these items increases the risk that we will not have sufficient quantities of these items or will not be able to obtain such quantities at an acceptable cost or quality, which could delay, prevent or impair our development or commercialization efforts. If the third-party manufacturers on whom we rely fail to supply these items and we need to enter into alternative arrangements with a different supplier, it could delay our product development activities, as we would have to requalify the casting and assembly processes pursuant to FDA requirements. If this failure of supply were to occur after we received approval for and commenced commercialization of AP-CDLD, we might be unable to meet the demand for this product and our business could be adversely affected. In addition, because we do not have any control over the process or timing of the supply of the APIs used in AP-CDLD, there is greater risk that we will not have sufficient quantities of these APIs at an acceptable cost or quality, which could delay, prevent or impair our development or commercialization efforts.

Our third-party manufacturers and suppliers may be subject to FDA inspection from time to time. Failure by our third-party manufacturers to pass such inspections and otherwise satisfactorily complete the FDA approval regimen with respect to our product candidates may result in regulatory actions such as the issuance of Form FDA 483 notices of observations, warning letters or injunctions or the loss of operating licenses. Based on the severity of the regulatory action, our clinical or commercial supply of the items manufactured by third-party manufacturers could be interrupted or limited, which could have a material adverse effect on our business.

If we acquire or license additional technologies or product candidates, we may incur a number of additional costs, have integration difficulties and/or experience other risks that could harm our business and results of operations.

We may acquire and in-license additional product candidates and technologies. Any product candidate or technologies we in-license or acquire will likely require additional development efforts prior to commercial sale, including extensive preclinical or clinical testing, or both, and approval by the FDA and applicable foreign regulatory authorities, if any. All product candidates are prone to risks of failure inherent in pharmaceutical product development, including the possibility that the product candidate or product developed based on in-licensed technology will not be shown to be sufficiently safe and effective for approval by regulatory authorities. In addition, we cannot assure you that any product candidate that we develop based on acquired or licensed technology that is granted regulatory approval will be manufactured or produced economically, successfully commercialized or widely accepted or competitive in the marketplace. Moreover, integrating any newly acquired or in-licensed product candidates could be expensive and time-consuming. If we cannot effectively manage these aspects of our business strategy, our business may not succeed.

We may be subject to extensive environmental, health and safety, and other laws and regulations in multiple jurisdictions.

Our business involves the controlled use, directly or indirectly through our service providers, of hazardous materials, various biological compounds and chemicals; therefore, we, our agents and our service providers may be subject to various environmental, health and safety laws and regulations, including those governing air emissions, water and wastewater discharges, noise emissions, the use, management and disposal of hazardous, radioactive and biological materials and wastes and the cleanup of contaminated sites. The risk of accidental contamination or injury from these materials cannot be eliminated. If an accident, spill or release of any regulated chemicals or substances occurs, we could be held liable for resulting damages, including for investigation, remediation and monitoring of the contamination, including natural resource damages, the costs of which could be substantial. We are also subject to numerous environmental, health and workplace safety laws and regulations, including those governing laboratory procedures, exposure to blood-borne pathogens and the handling of biohazardous materials and chemicals. Although we maintain workers' compensation insurance to cover the costs and expenses that may be incurred because of injuries to our employees resulting from the use of these materials, this insurance may not provide adequate coverage against potential liabilities. Additional or more stringent federal, state, local or foreign laws and regulations affecting our operations may be adopted in the future. We may incur substantial capital costs and operating expenses and may be required to obtain consents to comply with any of these or certain other laws or regulations and the terms and conditions of any permits or licenses required pursuant to such laws and regulations, including costs to install new or updated pollution control equipment, modify our operations or perform other corrective actions at our respective facilities or the facilities of our service providers. For instance, we have undergone inspections and obtained approvals from various governmental agencies. We hold a business license with respect to testing, developing, storing and manufacturing pharmaceutical products at our current location from the municipality of Jerusalem, which is accompanied by additional terms and conditions approved by the Israeli Ministry of Environmental Protection, or the Ministry of Environmental Protection. The business license is currently valid until April 1, 2018 and we are in the process of renewing it. We also hold a toxic substances permit from the Ministry of Environmental Protection (the Hazardous Material Division) and a Certificate of GMP Compliance of a Manufacturer from the Israeli Ministry of Health – Pharmaceutical Administration. Failure to renew any of the foregoing licenses and permits may harm our on-going and future operations. In addition, fines and penalties may be imposed for noncompliance with environmental, health and safety and other laws and regulations or for the failure to have, or comply with the terms and conditions of our business license or, required environmental or other permits or consents.

We are subject to government regulations and we may experience delays or may be unsuccessful in obtaining required regulatory approvals within or outside of the United States to market our proposed product candidates, and even if we obtain approval, the approved indications may impair our ability to successfully market the product or make commercial distribution not feasible.

Various aspects of our operations are subject to federal, state or local laws, rules and regulations, any of which may change from time to time. Costs arising out of any regulatory developments could be time-consuming and expensive and could divert management resources and attention and, consequently, could adversely affect our business operations and financial performance.

Delays in regulatory approval, limitations in regulatory approval and withdrawals of regulatory approval may have a material adverse effect on us. If we experience significant delays in testing or receiving approvals or sign-offs to conduct clinical trials, our product development costs, or our ability to license product candidates, will increase. If the FDA or other foreign regulatory entities grant regulatory approval to market a product, this approval will be limited to those diseases and conditions for which the product has demonstrated, through clinical trials, to be safe and effective. Any product approvals that we receive in the future could also include significant restrictions on the use or marketing of our products. Product approvals, if granted, can be withdrawn for failure to comply with regulatory requirements or upon the occurrence of adverse events following commercial introduction of the products. Failure to comply with applicable FDA or other applicable regulatory requirements may result in criminal prosecution, civil penalties, recall or seizure of products, total or partial suspension of production or injunction, as well as other regulatory action against our product candidates or us. If approval is withdrawn for a product, or if a product were seized or recalled, we would be unable to sell or license that product and our revenues would suffer. In addition, outside the United States, our ability to market any of our potential products is contingent upon receiving market application authorizations from the appropriate regulatory authorities. These foreign regulatory approval processes may include all of the risks associated with the FDA approval process described above, if not more.

We expect the healthcare industry to face increased limitations on reimbursement, rebates and other payments as a result of healthcare reform, which could adversely affect third-party coverage of our products and how much or under what circumstances healthcare providers will prescribe or administer our products.

In both the United States and other countries, sales of our products will depend in part upon the availability of reimbursement from third-party payors, which include governmental authorities, managed care organizations and other private health insurers. Third-party payors are increasingly challenging the price and examining the cost effectiveness of medical products and services.

Increasing expenditures for healthcare have been the subject of considerable public attention in the United States. Both private and government entities are seeking ways to reduce or contain healthcare costs. Numerous proposals that would effect changes in the U.S. healthcare system have been introduced or proposed in Congress and in some state legislatures, including reducing reimbursement for prescription products and reducing the levels at which consumers and healthcare providers are reimbursed for purchases of pharmaceutical products.

In the United States, the MMA changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for physician-administered drugs. In recent years, Congress has considered further reductions in Medicare reimbursement for drugs administered by physicians. CMS has issued and will continue to issue regulations to implement the law which will affect Medicare, Medicaid and other third-party payors. Medicare, which is the single largest third-party payment program and which is administered by CMS, covers prescription drugs in one of two ways. Medicare part B covers outpatient prescription drugs that are administered by physicians and Medicare part D covers other outpatient prescription drugs, but through private insurers. Medicaid, a health insurance program for the poor, is funded jointly by CMS and the states, but is administered by the states; states are authorized to cover outpatient prescription drugs, but that coverage is subject to caps and to substantial rebates. CMS also has the authority to revise reimbursement rates and to implement coverage restrictions for some drugs. Cost reduction initiatives and changes in coverage implemented through legislation or regulation could decrease utilization of and reimbursement for any approved products, which in turn would affect the price we can receive for those products. While the MMA and implementing regulations apply primarily to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates. Therefore, any reduction in reimbursement that results from federal legislation or regulation may result in a similar reduction in payments from private payors.

In March 2010, President Obama signed into law the Affordable Care Act, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on pharmaceutical and medical device manufacturers and impose additional health policy reforms. As amended, the PPACA expanded manufacturers' rebate liability to include covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations, increased the minimum rebate due for innovator drugs (both single source drugs and innovator multiple source drugs) from 15.1% of average manufacturer price, or AMP, to 23.1% of AMP or the difference between the AMP and best price, whichever is greater. The total rebate amount for innovator drugs is capped at 100.0% of AMP. The PPACA and subsequent legislation also narrowed the definition of AMP. Furthermore, the PPACA imposes a significant annual, nondeductible fee on companies that manufacture or import certain branded prescription drug products. Substantial new provisions affecting compliance have also been enacted, which may affect our business practices with healthcare practitioners, and a significant number of provisions are not yet, or have only recently become, effective. Although it is too early to determine the effect of the PPACA, it appears likely to continue to put pressure on pharmaceutical pricing, especially under the Medicare program, and may also increase our regulatory burdens and operating costs. However, the 2016 Presidential and Congressional elections resulting in the election of the Republican presidential nominee and the continuation of Republican majorities in both chambers of Congress, have resulted in additional efforts to amend or delay implementation parts of the PPACA. We ultimately cannot predict with any assurance the ultimate effect of the PPACA or changes to the PPACA on our Company, nor can we provide any assurance that its provisions will not have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our ordinary shares. In addition, we cannot predict whether new proposals will be made or adopted, when they may be adopted or what impact they may have on us if they are adopted.

In addition, other legislative changes have been proposed and adopted since the PPACA was enacted. In August 2011, then President Obama signed into law the Budget Control Act of 2011, which, among other things, creates the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee did not achieve a targeted deficit reduction of an amount greater than $1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to healthcare providers of up to 2.0% per fiscal year, starting in 2013. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several categories of healthcare providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. The Bipartisan Budget Act of 2015, signed into law on November 2, 2015, increased the rebates that generic drug manufacturers are obligated to pay under the Medicaid program by applying an inflation-based rebate formula to generic drugs that previously only applied to brand name drugs. If we ever obtain regulatory approval and commercialization of any of our product candidates, these new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on our customers and accordingly, our financial operations. Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates may be.

Although we cannot predict the full effect on our business of the implementation of existing legislation, including the PPACA or the enactment of additional legislation pursuant to healthcare and other legislative reform, we believe that legislation or regulations that would reduce reimbursement for or restrict coverage of our products could adversely affect how much or under what circumstances healthcare providers will prescribe or administer our products. This could materially and adversely affect our business by reducing our ability to generate revenue, raise capital, obtain additional collaborators and market our products. In addition, we believe the increasing emphasis on managed care in the United States has and will continue to put pressure on the price and usage of pharmaceutical products, which may adversely impact product sales.

Our AP-CBD/THC, AP-THC and AP-CBD product candidates (collectively "AP-Cannabinoids") use Cannabidiol and 9-Tetrahydrocannabinol individually or in combination, which are subject to U.S. and international controlled substance laws and regulations; our ability to commercialize the product will depend in part on the ultimate classification of the product under these laws and regulations.

Our AP-Cannabinoids product candidates for treatment of various indications, including low back pain, neuropathic pain and fibromyalgia, uses Cannabidiol, or CBD, and 9-Tetrahydrocannabinol, or THC. These products are quite distinct from crude herbal "medical marijuana," and we intend to seek FDA approval for these products in accordance with the customary FDA approval process and based on adequate and well-controlled clinical studies as contemplated by section 355 of the Food, Drug, and Cosmetic Act, or FDCA. However, the active ingredients in our products are defined as controlled substances under the federal Controlled Substances Act of 1970, or CSA. Under the CSA, the Drug Enforcement Administration of the United States Department of Justice, or DEA, places each drug that has abuse potential into one of five categories. The five categories, referred to as Schedules I-V, carry different degrees of restriction. Each schedule is associated with a distinct set of controls that affect manufacturers, researchers, healthcare providers, and patients. The controls include registration with the DEA, labeling and packaging, production quotas, security, recordkeeping, and dispensing. Schedule I is the most restrictive, covering drugs that have "no accepted medical use" in the United States and that have high abuse potential.

If and when any of our product candidates receive FDA approval, the DEA will make a scheduling determination and place the product in a schedule other than Schedule I in order for it to be prescribed to patients in the United States. Accordingly, our ability to ultimately commercialize the product will depend in part on the ultimate scheduling classification determination by DEA for our product.

The FDA has stated that it will continue to facilitate the work of companies interested in bringing safe, effective, and quality products to market, including scientifically-based research concerning the medical uses of products derived from marijuana and the FDA has approved synthetic compositions of the active ingredients found in marijuana. However, the use and abuse of controlled substances is currently subject to political and social pressures from certain constituencies related to their usage which could result in additional difficulty with respect to the approval of AP-Cannabinoids as a prescription pharmaceutical. For example, the FDA or DEA may require us to generate more clinical data about the potential for abuse than that which is currently anticipated, which could increase the cost and/or delay the launch of our product. In addition, DEA scheduling may limit our ability to achieve market share in the United States due to restricted access and the disinclination of some physicians to prescribe more restrictive scheduled controlled substances. For example, Schedule II drugs may not be refilled without a new prescription. These factors may limit the commercial viability of AP-Cannabinoids in the United States.

Most countries are parties to the Single Convention on Narcotic Drugs 1961, which governs international trade and domestic control of narcotic substances, including the compounds in our AP-Cannabinoids product candidates. Countries may interpret and implement their treaty obligations in a way that creates a legal obstacle to our obtaining approval to market our AP-Cannabinoids product candidates. Approval to market in these countries could require amendments or modifications to existing laws and regulations that such countries would be unwilling to undertake or may cause material delays in any marketing approval.

Risks Related to Our Industry

Governments outside the United States tend to impose strict price controls, which may adversely affect our revenues, if any.

In some countries, particularly the countries comprising the EU the pricing of pharmaceuticals and certain other therapeutics is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be materially harmed.

We are subject to anti-kickback laws and regulations. Our failure to comply with these laws and regulations could have adverse consequences to us.

There are extensive U.S. federal and state laws and regulations prohibiting fraud and abuse in the healthcare industry that can result in significant criminal and civil penalties. These federal laws include: the Anti-Kickback Statute, which prohibits certain business practices and relationships, including the payment or receipt of compensation for the referral of patients whose care will be paid by Medicare or other federal healthcare programs; the physician self-referral prohibition, commonly referred to as the Stark Law; the anti-inducement law, which prohibits providers from offering anything to a Medicare or Medicaid beneficiary to induce that beneficiary to use items or services covered by either program; the civil False Claims Act in 1986, or the False Claims Act, which prohibits any person from knowingly presenting or causing to be presented false or fraudulent claims for payment by the federal government, including the Medicare and Medicaid programs; and the Civil Monetary Penalties Law, which authorizes the U.S. Department of Health and Human Services to impose civil penalties administratively for fraudulent or abusive acts. In addition, the Sunshine Act requires device and drug manufacturers to report to the government any payments to physicians for consulting services, research activities, educational programs, travel, food, entertainment and the like.

Sanctions for violating these federal laws include criminal and civil penalties that range from punitive sanctions, damage assessments, monetary penalties, imprisonment, denial of Medicare and Medicaid payments or exclusion from the Medicare and Medicaid programs, or both, and debarment. As federal and state budget pressures continue, federal and state administrative agencies may also continue to escalate investigation and enforcement efforts to reduce or eliminate waste and to control fraud and abuse in governmental healthcare programs. Private enforcement of healthcare fraud has also increased, due in large part to amendments to the False Claims Act that were designed to encourage private persons, known as relators, to file *qui tam* actions on behalf of the government. The Fraud Enforcement and Recovery Act of 2009 further encouraged whistleblowers to file suit under the *qui tam* provisions of the False Claims Act. A violation of any of these federal and state fraud and abuse laws and regulations could have a material adverse effect on our liquidity and financial condition. An investigation into the use by physicians of any of our products, if ever commercialized, may dissuade physicians from either purchasing or using them, and could have a material adverse effect on our ability to commercialize those products.

In addition, we are subject to analogous foreign laws and regulations, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; foreign laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and foreign laws governing the privacy and security of health information in certain circumstances. Many of these laws differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Risks Related to Our Operations in Israel

Potential political, economic and military instability in the State of Israel, where some of our senior management, our head executive office, research and development, and manufacturing facilities are located, may adversely affect our results of operations.

Our head executive office, our research and development facilities, our current manufacturing facility, as well as some of our clinical sites are located in Israel. Some of our officers and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business and operations. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries, as well as terrorist acts committed within Israel by hostile elements. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations. During November 2012 and from July through August 2014, Israel was engaged in an armed conflict with a militia group and political party who controls the Gaza Strip, and during the summer of 2006, Israel was engaged in an armed conflict with Hezbollah, a Lebanese Islamist Shiite militia group and political party. In December 2008 and January 2009 there was an escalation in violence among Israel, Hamas, the Palestinian Authority and other groups, as well as extensive hostilities along Israel's border with the Gaza Strip, which resulted in missiles being fired from the Gaza Strip into Southern Israel. Similar hostilities accompanied by missiles being fired from the Gaza Strip into Southern Israel, as well at areas more centrally located near Tel Aviv and at areas surrounding Jerusalem, occurred during November 2012 and July through August 2014. These conflicts involved missile strikes against civilian targets in various parts of Israel, including areas in which our employees and some of our consultants are located, and negatively affected business conditions in Israel.

Since February 2011, Egypt has experienced political turbulence and an increase in terrorist activity in the Sinai Peninsula following the resignation of Hosni Mubarak as president. This included protests throughout Egypt, and the appointment of a military regime in his stead, followed by the elections to parliament which brought groups affiliated with the Muslim Brotherhood (which had been previously outlawed by Egypt), and the subsequent overthrow of this elected government by a military regime. Such political turbulence and violence may damage peaceful and diplomatic relations between Israel and Egypt, and could affect the region as a whole. Similar civil unrest and political turbulence has occurred in other countries in the region, including Syria which shares a common border with Israel, and is affecting the political stability of those countries. Since April 2011, internal conflict in Syria has escalated, and evidence indicates that chemical weapons have been used in the region. Intervention may be contemplated by outside parties in order to prevent further chemical weapon use. This instability and any intervention may lead to deterioration of the political and economic relationships that exist between the State of Israel and some of these countries, and may have the potential for additional conflicts in the region. In addition, Iran has threatened to attack Israel and may be developing nuclear weapons. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza, Hezbollah in Lebanon, and various rebel militia groups in Syria. These situations may potentially escalate in the future to more violent events which may affect Israel and us. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business have sometimes declined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

Our commercial insurance does not cover losses that may occur as a result of events associated with the security situation in the Middle East. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business. A campaign of boycotts, divestment and sanctions has been undertaken against Israel, which could also adversely impact our business.

Our operations may be disrupted as a result of the obligation of Israeli citizens to perform military service.

Many Israeli citizens are obligated to perform several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups, which may include the call-up of members of our management. Such disruption could materially adversely affect our business, financial condition and results of operations.

Investors may have difficulties enforcing a U.S. judgment, including judgments based upon the civil liability provisions of the U.S. federal securities laws against us, or our executive officers and directors or asserting U.S. securities laws claims in Israel.

Not all of our directors or officers are residents of the United States and most of their and our assets are located outside the United States. Service of process upon us or our non-U.S. resident directors and officers and enforcement of judgments obtained in the United States against us or our non-U.S. our directors and executive officers may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our non-U.S. officers and directors because Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our non-U.S. officers and directors.

Moreover, among other reasons, including but not limited to, fraud or absence of due process, or the existence of a judgment which is at variance with another judgment that was given in the same matter if a suit in the same matter between the same parties was pending before a court or tribunal in Israel, an Israeli court will not enforce a foreign judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases) or if its enforcement is likely to prejudice the sovereignty or security of the State of Israel.

Under current Israeli law, we may not be able to enforce employees' covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.

We generally enter into non-competition agreements with our key employees, in most cases within the framework of their employment agreements. These agreements prohibit our key employees, if they cease working for us, from competing directly with us or working for our competitors for a limited period. Under applicable Israeli law, we may be unable to enforce these agreements or any part thereof. If we cannot enforce our non-competition agreements with our employees, then we may be unable to prevent our competitors from benefiting from the expertise of our former employees, which could materially adversely affect our business, results of operations and ability to capitalize on our proprietary information.

Your rights and responsibilities as our shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

We are incorporated under Israeli law. The rights and responsibilities of holders of our ordinary shares are governed by our articles of association and the Companies Law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S. corporations. In particular, pursuant to the Companies Law each shareholder of an Israeli company has to act in good faith in exercising his or her rights and fulfilling his or her obligations toward the Company and other shareholders and to refrain from abusing his or her power in the Company, including, among other things, in voting at the general meeting of shareholders and class meetings, on amendments to a company's articles of association, increases in a company's authorized share capital, mergers, and transactions requiring shareholders' approval under the Companies Law. In addition, a controlling shareholder of an Israeli company or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or who has the power to appoint or prevent the appointment of a director or officer in the Company, or has other powers toward the Company has a duty of fairness toward the Company. However, Israeli law does not define the substance of this duty of fairness. Because Israeli corporate law has undergone extensive revision in recent years, there is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior.

Provisions of Israeli law and our articles of association may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets.

Certain provisions of Israeli law and our articles of association could have the effect of delaying or preventing a change in control and may make it more difficult for a third party to acquire us or for our shareholders to elect different individuals to our board of directors, even if doing so would be beneficial to our shareholders, and may limit the price that investors may be willing to pay in the future for our ordinary shares. For example, Israeli corporate law regulates mergers and requires that a tender offer be effected when more than a specified percentage of shares in a company are purchased. Further, Israeli tax considerations may make potential transactions undesirable to us or to some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. With respect to certain mergers, Israeli tax law may impose certain restrictions on future transactions, including with respect to dispositions of shares received as consideration, for a period of two years from the date of the merger. See "Item 10. Additional Information — Memorandum and Articles of Association — Acquisitions under Israeli Law."

Furthermore, under the Encouragement of Research, Development and Technological Innovation in the Industry Law 5744-1984 (formerly known as the Law for the Encouragement of Research and Development in Industry 5744-1984), and the regulations guidelines, rules, procedures and benefit tracks thereunder, or the Innovation Law, to which we are subject due to our receipt of grants from the Israel Innovation Authority, or IIA (formerly known as the Office of the Chief Scientist of the Ministry of Economy and Industry, or the OCS), a recipient of IIA grants such as us must report to IIA regarding any change of control or any change in the holding of its means of control of our Company which transforms any non-Israeli citizen or resident into an "interested party", as defined in the Israeli Securities Law 5728-1968, or the Israeli Securities Law, and in the latter event, the non-Israeli citizen or resident shall execute an undertaking in favor of IIA, in a form prescribed by IIA.

Because a certain portion of our expenses is incurred in currencies other than the U.S. Dollar, our results of operations may be harmed by currency fluctuations and inflation.

Beginning in 2016, our reporting and functional currency is the U.S. dollar, but some portion of our expenses is in the NIS and Euro. As a result, we are exposed to some currency fluctuation risks. We may, in the future, decide to enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rate of the currencies mentioned above in relation to the U.S. dollar. These measures, however, may not adequately protect us from adverse effects.

We have received Israeli government grants for certain of our research and development activities. The terms of these grants may require us to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel. We may be required to pay penalties in addition to the repayment of the grants. Such grants may be terminated or reduced in the future, which would increase our costs.

Under the Innovation Law, research and development programs that meet specified criteria and are approved by a committee of the IIA are eligible for grants. The grants awarded are typically up to 50% of the project's expenditures, as determined by the IIA committee and subject to the benefit track under which the grant was awarded. A company that receives a grant from the IIA, or a Participating Company, is typically required to pay royalties to IIA on income generated from products incorporating know-how developed using such grants (including income derived from services associated with such products), until 100% of the U.S. dollar-linked grant plus annual LIBOR interest is repaid. The rate of royalties to be paid may vary between different benefits tracks, as shall be determined by IIA. In general, the rate of royalties varies between 3% to 5% of the income generated from the IIA supported products.

The obligation to pay royalties is contingent on actual income generated from such products and services. In the absence of such income, no payment of royalties is required. It should be noted that the restrictions under the Innovation Law will continue to apply even after the repayment of such royalties in full by the Participating Company including restrictions on the sale, transfer or assignment outside of Israel of know-how developed as part of the programs under which the grants were given.

The terms of the grants under the Innovation Law also (generally) require that the products developed as part of the programs under which the grants were given be manufactured in Israel and that the know-how developed thereunder may not be transferred outside of Israel, unless prior written approval is received from the IIA (such approval is not required for the transfer of a portion of the manufacturing capacity which does not exceed, in the aggregate, 10% of the portion declared to be manufactured outside of Israel in the applications for funding (in which case only notification is required), and additional payments are required to be made to IIA, as described below. It should be noted that this does not restrict the export of products that incorporate the funded know-how.

Ordinarily, as a condition to obtaining approval to manufacture outside Israel, we may be required to pay royalties at an increased rate and up to an increased cap amount of three times the total amount of the IIA grants, plus interest accrued thereon, depending on the manufacturing volume to be performed outside Israel. The IIA approved our request to transfer 100% of the manufacturing rights of our AP-CDLD product candidate that was developed under one of the IIA funded programs to a non-Israeli manufacturer. As a result, we will be required to pay the IIA royalties from revenue generated from the AP-CDLD product candidate at an increased rate, and up to an increased cap amount. The IIA noted that the approval granted was exceptional and that the IIA will not approve manufacturing of additional product candidates out of Israel.

The Innovation Law restricts the ability to transfer know-how funded by IIA outside of Israel. Transfer of IIA-funded know-how outside of Israel requires prior approval and is subject to payment of a redemption fee to the IIA calculated according to a formula provided under the Innovation Law. A transfer for the purpose of the Innovation Law is generally interpreted very broadly and includes, inter alia, any actual sale of the IIA-funded know-how, any license to develop the IIA-funded know-how or the products resulting from such IIA-funded know-how or any other transaction, which, in essence, constitutes a transfer of the IIA-funded know-how. Generally, a mere license solely to market products resulting from the IIA-funded know-how would not be deemed a transfer for the purpose of the Innovation Law.

The IIA approval to transfer know-how created, in whole or in part, in connection with an IIA-funded project to a third party outside Israel where the transferring company remains an operating Israeli entity is subject to payment of a redemption fee to IIA calculated according to a formula provided under the Innovation Law that is based, in general, on the ratio between the aggregate IIA grants received by the company (including the accrued interest) and the company's aggregate investments in the project that was funded by these IIA grants, multiplied by the transaction consideration (taking into account any depreciation in accordance with a formula set forth in the in the Innovation Law) less any royalties already paid to the IIA. The transfer of such know-how to a party outside Israel where the transferring company ceases to exist as an Israeli entity is subject to a redemption fee formula that is based, in general, on the ratio between aggregate IIA grants received by the company (including the accrued interest) and the company's aggregate research and development expenses, multiplied by the transaction consideration (taking into account any depreciation in accordance with a formula set forth in the Innovation Law) less any royalties already paid to the IIA. The Innovation Law establishes a maximum payment amount of the redemption fee paid to the IIA under the above mentioned formulas and differentiates between two situations: (i) in the event that the company sells its IIA-funded know-how, in whole or in part, or is sold as part of certain merger and acquisition transactions, and subsequently ceases to conduct business in Israel, the maximum redemption fee under the above mentioned formulas shall be no more than six times the amount received (plus accrued interest) for the applicable know-how being transferred; and (ii) in the event that following the transactions described above (i.e., asset sale of IIA-funded know-how or transfer as part of certain merger and acquisition transactions), the company continues to conduct its research activity in Israel (for at least three years following such transfer, keeps on staff at least 75% of the number of research and development employees it had for the six months before the know-how was transferred and keeps the same scope of employment of such research and development staff), then the company is eligible for a reduced cap of the redemption fee of no more than three times the amounts received (plus accrued interest) for the applicable know-how being transferred. The obligation to pay royalties mentioned above will no longer apply following the payment of the redemption fee, as described above.

Subject to prior approval of the IIA, the Company may transfer the IIA-funded know-how to another Israeli company. If the IIA-funded know-how is transferred to another Israeli entity, the transfer would still require IIA approval but will not be subject to the payment of the redemption fee (although there will be an obligation to pay royalties to the IIA from the income of such sale transaction as part of the royalty payment obligation). In such case, the acquiring company would have to assume all of the selling company's restrictions and obligations towards the IIA (including the restrictions on the transfer of know-how and manufacturing capacity outside of Israel) as a condition to IIA approval.

Our research and development efforts have been financed, partially, through grants that we have received from the IIA. We therefore must comply with the requirements of the Innovation Law and related regulations. As of December 31, 2017, we had received approximately NIS 50.2 million of such grants. However, in February 2018, the Company received a notice from the IIA to repay part of the grant amounts received in 2016 in the amount of approximately NIS 8.0 million, including NIS 0.1 million of interest and linkage differences, following a review and assessment by the IIA on the 2016 program. For more information see note 11c(1) in our consolidated financial statements for the year ended December 31, 2017. As of the date of this annual report on Form 20-F, the Company has repaid the IIA the total of approximately NIS 8.0 million. The Innovation Law restricts the ability to transfer know-how funded by the IIA outside of Israel. Transfer of IIA-funded know-how outside of Israel requires the prior approval of the IIA and, under certain circumstances, is subject to significant payments to IIA (calculated according to a formula set forth under the Innovation Law), as further described above. Therefore, the discretionary approval of an IIA committee will be required for any transfer to third parties outside of Israel of rights related to our Accordion Pill, which has been developed with IIA-funding. The restrictions under the Innovation Law may impair our ability to enter into agreements which involve IIA-funded products or know-how without the approval of IIA. We cannot be certain that any approval of IIA will be obtained on terms that are acceptable to us, or at all. We may not receive the required approvals should we wish to transfer IIA-funded know-how, manufacturing and/or development outside of Israel in the future. Furthermore, in the event that we undertake a transaction involving the transfer to a non-Israeli entity of know-how developed with IIA-funding pursuant to a merger or similar transaction, the consideration available to our shareholders may be reduced by the amounts we are required to pay to IIA. Any approval, if given, will generally be subject to additional financial obligations. Failure to comply with the requirements under the Innovation Law may subject us to mandatory repayment of grants received by us (together with interest and penalties), as well as expose us to criminal proceedings. In addition, IIA may from time to time conduct royalties audits and such audits may lead to additional royalties being payable on additional products. Such grants may be terminated or reduced in the future, which would increase our costs. IIA approval is not required for the marketing of products resulting from the IIA-funded research or development in the ordinary course of business.

Risks Related to Ownership of Our Ordinary Shares

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our ordinary shares, our share price and trading volume could be negatively impacted.

The trading market for our ordinary shares could be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. We do not have any control over these analysts, and we cannot provide any assurance that analysts will cover us or provide favorable coverage. If any of the analysts who may cover us adversely change their recommendation regarding our ordinary shares, or provide more favorable relative recommendations about our competitors, our share price would likely decline. If any analyst who may cover us were to cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could negatively impact our share price or trading volume.

We have not paid, and do not intend to pay, dividends on our ordinary shares and, therefore, unless our ordinary shares appreciate in value, our investors may not benefit from holding our ordinary shares.

We have not paid any cash dividends on our ordinary shares since inception. We do not anticipate paying any cash dividends our ordinary shares in the foreseeable future. Moreover, the Companies Law imposes certain restrictions on our ability to declare and pay dividends. See “Item 10. Additional Information— Memorandum and Articles of Association—Dividends” for additional information. As a result, investors in our ordinary shares will not be able to benefit from owning our ordinary shares unless the market price of our ordinary shares becomes greater than the price paid for the shares by such investors and they are able to sell such shares. We cannot assure you that you will ever be able to resell our ordinary shares at a price in excess of the price paid for the shares.

The public trading market for our ordinary shares is volatile and may result in higher spreads in share prices, which may limit the ability of our investors to sell their ordinary shares at a profit, if at all.

Our ordinary shares currently trade on the NASDAQ Capital Market and the Tel Aviv Stock Exchange, or TASE. Our results of operations and the value of our investments are affected by volatility in the securities markets. These difficulties and the volatility of the securities markets in general, and specifically during economic slowdowns, have affected and may continue to affect our ability to realize our investments or to raise financing, which in turn may result in us having to record impairment charges.

Our ordinary shares are traded on more than one market and this may result in price variations.

Our ordinary shares have been traded on the NASDAQ Capital Market since August 2015 and the TASE since 2010. Trading in our ordinary shares on these markets will take place in different currencies (U.S. dollars on the NASDAQ Capital Market and NIS on the TASE), and at different times (resulting from different time zones, trading days and public holidays in the United States and Israel). The trading prices of our ordinary shares on these two markets may differ due to these and other factors. Any decrease in the price of our ordinary shares on the TASE could cause a decrease in the trading price of our ordinary shares in the United States.

It may be difficult for you to sell your ordinary shares at or above the purchase price therefor or at all.

Although our ordinary shares now trade on the NASDAQ Capital Market and on the TASE, an active trading market for our ordinary shares may not be sustained. The market price of our ordinary shares is highly volatile and could be subject to wide fluctuations in price as a result of various factors, some of which are beyond our control. It may be difficult for you to sell your ordinary shares without depressing the market price for the ordinary shares or at all. As a result of these and other factors, you may not be able to sell your ordinary shares at current market price or at all. Further, an inactive market may also impair our ability to raise capital by selling our ordinary shares and may impair our ability to enter into strategic partnerships or acquire companies or products by using our ordinary shares as consideration.

The market price of our ordinary shares may fluctuate significantly, which could result in substantial losses by our investors.

The market price of our ordinary shares may fluctuate significantly in response to numerous factors, some of which are beyond our control, such as:

- inability to obtain the approvals necessary to commence further clinical trials;
- results of clinical and preclinical studies;
- announcements of regulatory approval or the failure to obtain it, or specific label indications or patient populations for its use, or changes or delays in the regulatory review process;
- announcements of technological innovations, new products or product enhancements by us or others;
- adverse actions taken by regulatory agencies with respect to our clinical trials, manufacturing supply chain or sales and marketing activities;
- changes or developments in laws, regulations or decisions applicable to our product candidates or patents;
- any adverse changes to our relationship with manufacturers or suppliers;
- announcements concerning our competitors or the pharmaceutical or biotechnology industries in general;
- achievement of expected product sales and profitability or our failure to meet expectations;
- our commencement of or results of, or involvement in, litigation, including, but not limited to, any product liability actions or intellectual property infringement actions;
- any major changes in our board of directors, management or other key personnel;

- legislation in the United States, Europe and other foreign countries relating to the sale or pricing of pharmaceuticals;
- announcements by us of significant strategic partnerships, out-licensing, in-licensing, joint ventures, acquisitions or capital commitments;
- expiration or terminations of licenses, research contracts or other collaboration agreements;
- public concern as to the safety of therapeutics we, our licensees or others develop;
- success of research and development projects;
- developments concerning intellectual property rights or regulatory approvals;
- variations in our and our competitors' results of operations;
- changes in earnings estimates or recommendations by securities analysts, if our ordinary shares are covered by analysts;
- future issuances of ordinary shares or other securities;
- general market conditions, including the volatility of market prices for shares of biotechnology companies generally, and other factors, including factors unrelated to our operating performance; and
- the other factors described in this "Risk Factors" section.

These factors and any corresponding price fluctuations may materially and adversely affect the market price of our ordinary shares, which would result in substantial losses by our investors.

Further, the stock market in general, the NASDAQ Capital Market and the market for biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies like ours. Broad market and industry factors may negatively affect the market price of our ordinary shares regardless of our actual operating performance. In addition, a systemic decline in the financial markets and related factors beyond our control may cause our share price to decline rapidly and unexpectedly. Price volatility of our ordinary shares might be worse if the trading volume of our ordinary shares is low. In the past, following periods of market volatility, shareholders have often instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and attention of management from our business, even if we are successful. Future sales of our ordinary shares could also reduce the market price of such shares.

Moreover, the liquidity of our ordinary shares will be limited, not only in terms of the number of ordinary shares that can be bought and sold at a given price, but by potential delays in the timing of executing transactions in our ordinary shares and a reduction in security analyst and media's coverage of our Company, if any. These factors may result in lower prices for our ordinary shares than might otherwise be obtained and could also result in a larger spread between the bid and ask prices for our ordinary shares. In addition, without a large float, our ordinary shares will be less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our ordinary shares may be more volatile. In the absence of an active public trading market, an investor may be unable to liquidate its investment in our ordinary shares. Trading of a relatively small volume of our ordinary shares may have a greater impact on the trading price of our ordinary shares than would be the case if our public float were larger. We cannot predict the prices at which our ordinary shares will trade in the future.

The tax benefits that are available to us require us to continue to meet various conditions and may be terminated or reduced in the future, which could increase our costs and taxes.

We have obtained a tax ruling from the Israeli Tax Authority according to which our activity has been qualified as an "industrial activity," as defined in the Law for the Encouragement of Capital Investments, 1959, generally referred to as the Investment Law, and is eligible for tax benefits as a "Benefited Enterprise," which will apply to the turnover attributed to such enterprise, for a period of up to ten years from the first year in which we generated taxable income. The tax benefits under the Benefited Enterprise status are scheduled to expire at the end of 2023.

In order to remain eligible for the tax benefits of a Benefited Enterprise, we must continue to meet certain conditions stipulated in the Investment Law and its regulations, as amended. In addition, in order to remain eligible for the tax benefits available to the Benefited Enterprise, we must also comply with the conditions set forth in the tax ruling. These conditions include, among other things, that the production, directly or through subcontractors, of all our products should be performed within certain regions of Israel. If we do not meet these requirements, the tax benefits would be reduced or canceled.

There is no assurance that our future taxable income will qualify as Benefited Enterprise income or that the benefits described above will be available to us in the future.

We expect to be characterized as a passive foreign investment company for the taxable years ending December 31, 2017, and December 31, 2018, and, as such, our U.S. shareholders may suffer adverse tax consequences.

Generally, if for any taxable year 75% or more of our gross income is passive income, or at least 50% of our assets are held for the production of, or produce, passive income, we would be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. For the taxable year ending December 31, 2017, we expect to be classified as a PFIC. We also expect to be classified as a PFIC for 2018. Furthermore, because PFIC status is determined annually and is based on our income, assets and activities for the entire taxable year, there can be no assurance that we will not be classified as a PFIC in any future year. If we were to be characterized as a PFIC for U.S. federal income tax purposes in any taxable year during which a U.S. Investor, as defined in "Item 10. Additional Information — Taxation — U.S. Federal Income Tax Consequences", owns ordinary shares, such U.S. Investor could face adverse U.S. federal income tax consequences, including having gains realized on the sale of our ordinary shares classified as ordinary income, rather than as capital gain, the loss of the preferential rate applicable to dividends received on our ordinary shares by individuals who are U.S. Investors, and having interest charges apply to distributions by us and the proceeds of share sales. Certain elections exist that may alleviate some adverse consequences of PFIC status and would result in an alternative treatment (such as "qualified electing fund" and "mark-to-market" treatment) of our ordinary shares. Upon request, we expect to provide the information necessary for U.S. Investors to make "qualified electing fund elections" if we are classified as a PFIC. See "Item 10. Additional Information — Taxation — U.S. Federal Income Tax Consequences."

U.S. persons who own 10% or more of our ordinary shares may be subject to adverse U.S. tax consequences under the U.S. controlled foreign corporation rules

If we are or become a controlled foreign corporation, or "CFC," "10% U.S. Shareholders" (as defined below) may be taxed on their pro rata share of certain of our earnings, even if those earnings are not distributed by us. A non-U.S. corporation is a "CFC" if more than 50% of its shares (by vote or value) are owned by "10% U.S. Shareholders." A U.S. person is a "10% U.S. Shareholder" if such person owns (directly, indirectly and/or constructively) 10% or more of the total combined voting power of all classes of shares entitled to vote of such corporation or 10% more of the total value of shares of all classes of stock of such corporation.

In general, if a U.S. person sells or exchanges stock in a foreign corporation and such person is a "10% U.S. Shareholder" at any time during the 5-year period ending on the date of the sale or exchange when such foreign corporation was a CFC, any gain from such sale or exchange may be treated as a dividend to the extent of the corporation's earnings and profits attributable to such shares that were accumulated during the period that the shareholder held the shares while the corporation was a CFC (with certain adjustments).

The CFC rules are complex. The foregoing is merely a summary of certain potential application of these rules. No assurances can be given that we are not or will not become a CFC, and certain changes to the CFC constructive ownership rules introduced by recent U.S. tax legislation could, under certain circumstances, cause us to be classified as a CFC. Each investor is urged to consult its tax advisor with respect to the possible application of the CFC rules.

Your percentage ownership in us may be diluted by future issuances of share capital, which could reduce your influence over matters on which shareholders vote.

Our board of directors has the authority, in most cases without action or vote of our shareholders, to issue all or any part of our authorized but unissued shares, including ordinary shares issuable upon the exercise of outstanding warrants and options. Issuances of additional shares would reduce your influence over matters on which our shareholders vote.

The sale of a substantial number of our ordinary shares may cause the market price of our ordinary shares to decline.

Sales of a substantial number of ordinary shares in the public market, or the perception that these sales could occur, could cause the market price of our ordinary shares to decline. We had 26,075,770 ordinary shares outstanding as of December 31, 2017 and 26,075,770 ordinary shares outstanding as of the date of this report. All of our ordinary shares outstanding as of December 31, 2017 are freely tradable, without restriction, in the public markets in the United States and Israel. Any sales of our ordinary shares or any perception in the market that such sales may occur could cause the trading price of our ordinary shares to decline.

In March 2017, we completed a private placement of 2,289,638 of our ordinary shares at a price of $4.40 per share, with various investors for gross proceeds of approximately $10 million. The chairman of our board of directors, Dr. John Kozarich, and two other (former) directors, Messrs. Zvi Joseph and Giora Carni, participated in the private placement. On April 7, 2017, we filed a registration statement under the Securities Act to register for resale most of the ordinary shares issued in the private placement.

In August 2017, we completed an underwritten public offering of our ordinary shares on the NASDAQ Capital Market, pursuant to which we issued 12,224,500 ordinary shares at a price of $4.70 per share. The net proceeds from the sale of shares, after deducting underwriting discounts, commissions and other offering expenses, were approximately $53.6 million.

In addition, up to 3,845,869 ordinary shares that are subject to outstanding options under the 2005 Share Option Plan, or the 2005 Plan, and outstanding options and reserved options for future issuance under our 2015 Incentive Compensation Plan, or the 2015 Plan, will be eligible for sale in the public market. We filed registration statements on Form S-8 under the Securities Act on February 25, 2016, on August 1, 2016 and December 21, 2017 to register such ordinary shares.

If these additional ordinary shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our ordinary shares could decline.

Because our ordinary shares may be, or become, a "penny stock," it may be more difficult for investors to sell their ordinary shares, and the market price of our ordinary shares may be adversely affected.

Our ordinary shares may be, or become, a "penny stock" if, among other things, the share price is below $5.00 per share, they are not listed on a national securities exchange or they have not met certain net tangible asset or average revenue requirements. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. This document provides information about penny stocks and the nature and level of risks involved in investing in the penny-stock market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written determination that the penny stock is a suitable investment for the purchaser, and obtain the purchaser's written agreement to the purchase. Broker-dealers must also provide customers that hold penny stock in their accounts with such broker-dealer a monthly statement containing price and market information relating to the penny stock. If a penny stock is sold to an investor in violation of the penny stock rules, the investor may be able to cancel its purchase and get its money back.

If applicable, the penny stock rules may make it difficult for investors to sell their ordinary shares. Because of the rules and restrictions applicable to a penny stock, there is less trading in penny stocks and the market price of our ordinary shares may be adversely affected. Also, many brokers choose not to participate in penny stock transactions. Accordingly, investors may not always be able to resell their ordinary shares publicly at times and prices that they feel are appropriate and the market price of our ordinary shares may be adversely affected.

We must meet the NASDAQ Capital Market's continued listing requirements and comply with the other NASDAQ rules, or we may risk delisting. Delisting could negatively affect the price of our ordinary shares, which could make it more difficult for us to sell securities in a financing and for you to sell your ordinary shares.

We are required to meet the continued listing requirements of the NASDAQ Capital Market and comply with the other NASDAQ rules, including those regarding director independence and independent committee requirements, minimum shareholders' equity, minimum share price and certain other corporate governance requirements. If we do not meet these continued listing requirements, our ordinary shares could be delisted. Delisting of our ordinary shares from the NASDAQ Capital Market would cause us to pursue eligibility for trading on other markets or exchanges, or on the pink sheets. In such case, our shareholders' ability to trade, or obtain quotations of the market value of, our ordinary shares would be severely limited because of lower trading volumes and transaction delays. These factors could contribute to lower prices and larger spreads in the bid and ask prices for our securities. There can be no assurance that our ordinary shares, if delisted from the NASDAQ Capital Market in the future, would be listed on a national securities exchange or quoted on a national quotation service, the OTCBB or the pink sheets. Delisting from the NASDAQ Capital Market, or even the issuance of a notice of potential delisting, would also result in negative publicity, make it more difficult for us to raise additional capital, adversely affect the market liquidity of our ordinary shares, reduce security analysts' coverage of us and diminish investor, supplier and employee confidence. In addition, as a consequence of any such delisting, our share price could be negatively affected and our shareholders would likely find it more difficult to sell, or to obtain accurate quotations as to the prices of, our ordinary shares.

ITEM 4. Information on the Company.

Historical Background and Corporate Structure

Intec Pharma Ltd. was established and incorporated in Israel on October 23, 2000 as a private Israeli company under the name Orly Guy Ltd. In February 2001, our name was changed to Intec Pharmaceuticals (2000) Ltd. Our research and development activities began originally through a private partnership, Intec Pharmaceutical Partnership I.P.P, a general Israeli partnership, formed on September 21, 2000. Its operations were transferred in full to us at the beginning of 2002 in return for the allocation of shares in our Company to the partners in the partnership, pro rata with their ownership in the partnership. In March 2004, we changed our corporate name to Intec Pharma Ltd. In February 2010, we successfully completed an initial public offering in Israel on the TASE. In September 2017, the Company incorporated a wholly-owned subsidiary in the United States of America in the State of Delaware – Intec Pharma Inc.

We completed our initial public offering of securities in Israel in February 2010. In connection with the offering, we raised approximately NIS 35.3 million before issuance costs and issued 783,969 ordinary shares and registered warrants (Series 1) to purchase 313,588 of our ordinary shares. As of the date of this annual report, all warrants issued in our initial public offering in Israel have expired.

We completed our initial public offering of securities in the United States in August 2015. In connection with the offering, we raised gross proceeds of approximately $34.0 million before deducting underwriting discounts and commissions and other offering expenses. In August 2017, we completed an underwritten follow-on public offering in the United States in which we raised gross proceeds of approximately $57.5 million before deducting underwriting discounts and commissions and other offering expenses.

Our principal executive offices are located in Har Hotzvim at 12 Hartom Street, Jerusalem, Israel 9777512 and our telephone number is (+972) (2) 586-4657.

Overview

We are a clinical stage biopharmaceutical company focused on developing drugs based on our proprietary Accordion Pill platform technology, which we refer to as the Accordion Pill. Our Accordion Pill is an oral drug delivery system that is designed to improve the efficacy and safety of existing drugs and drugs in development by utilizing an efficient GR and specific release mechanism. Our product pipeline currently includes several product candidates in various clinical trial stages. Our leading product candidate, Accordion Pill Carbidopa/Levodopa, or AP-CDLD, is being developed for the indication of treatment of Parkinson's disease symptoms in advanced Parkinson's disease patients. We have successfully completed a Phase II clinical trial for AP-CDLD for the treatment of Parkinson's disease symptoms in advanced Parkinson's disease patients and have agreed with the FDA on the remaining clinical development program for AP-CDLD for the treatment of Parkinson's disease symptoms in advanced Parkinson's disease patients, including the main principles of the single required pivotal Phase III clinical trial in advanced Parkinson's disease patients. We enrolled the first patient in the ACCORDANCE study, the pivotal Phase III clinical trial for AP-CDLD, in April 2016 and we currently expect to complete patient enrollment in the trial during the second half of 2018. In our correspondence with the FDA, the FDA previously agreed that an acceptable regulatory pathway for AP-CDLD would be to file a new drug application, or NDA, pursuant to Section 505(b)(2) of the FDCA, which is a streamlined approval pathway that may accelerate the time to commercialize and decrease the costs of FDA approval for AP–CDLD, as compared to those typically associated with a new chemical entity, or NCE.

In addition, we have initiated a clinical development program for our Accordion Pill platform with the two primary cannabinoids contained in cannabis sativa, which we refer to as AP-Cannabinoids. We are formulating and testing cannabidiol, or CBD, and 9-tetrahydrocannabinol, or THC, for the treatment of various indications, including low back pain, neuropathic pain and fibromyalgia. AP-Cannabinoids are designed to extend the absorption phase of CBD and THC, resulting in more consistent levels for an improved therapeutic effect which may address several major drawbacks of current methods of treatments, such as short duration of effect, delayed onset, variability of exposure, variability of the administered dose and adverse events that correlate with peak levels. In March 2017, we initiated a Phase I single-center, single-dose, randomized, three-way crossover clinical trial in Israel to compare the safety, tolerability and pharmacokinetic (PK) of AP-THC/CBD, with Sativex®, an oral buccal spray containing CBD and THC that is commercially available outside of the United States. Initial results demonstrate that the Accordion Pill platform is well-suited to safely deliver CBD and THC with significant improvements in exposure compared with Sativex.

Our Accordion Pill Platform Technology

We believe that our Accordion Pill technology has the potential to improve the performance of approved drugs and drugs in development, including Levodopa, by providing several distinct advantages, including, but not limited to:

- increasing efficacy of the drug incorporated into the Accordion Pill;
- improving safety of the drug incorporated into the Accordion Pill by reducing the side effects of such drugs;
- reducing the number of daily administrations required to achieve the same or superior therapeutic effect as the non-Accordion Pill version of such drugs; and
- expanding the intellectual protection period of the drug incorporated into the Accordion Pill.

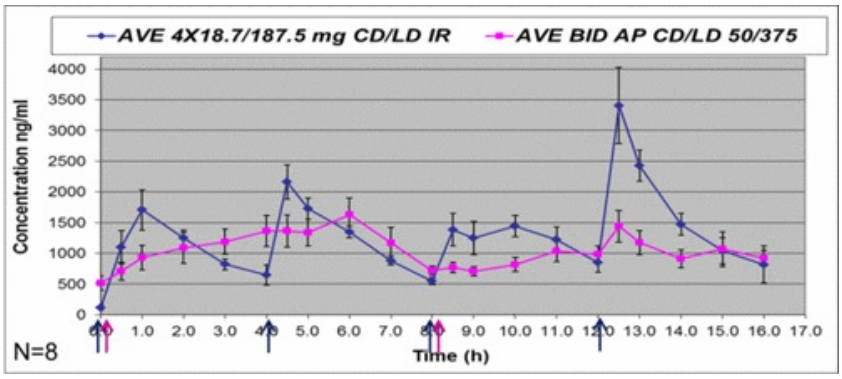
Our anticipated ability to file NDAs pursuant to Section 505(b)(2) for our existing pipeline and future products increases the likelihood of accelerating the time to commercialization of our products and decreasing costs when compared to those typically associated with NCEs.

Our Accordion Pill platform technology is designed to increase the time that drugs are retained in the stomach as compared to other oral dosage forms, such as tablets and capsules. This capability is particularly important to drugs with a narrow absorption window ("NAW"), which are absorbed mainly in the upper part of the gastrointestinal, or GI, tract. Regular controlled-release formulations of such drugs currently on the market sometimes fail to provide an efficient solution, as once the regular dosage form has passed the drug's NAW in the upper GI tract, the drug is not, or is very poorly, absorbed in the distal parts of the GI tract. The Accordion Pill platform technology is also designed for drugs with low solubility, which do not efficiently dissolve in the GI tract, and drugs with low permeability, which do not efficiently penetrate the intestinal wall and reach the blood stream, such as Biopharmaceutics Classification System, or BCS, Class II (low solubility, high permeability) and Class IV (low solubility, low permeability) drugs. According to The AAPS Journal published by the American Association of Pharmaceutical Scientists, of the top 200 oral drugs in the United States, Great Britain, Spain and Japan in 2006, approximately 30% to 35% were BCS Class II drugs and approximately 5% to 10% were BCS Class IV drugs. Further, according to Drug Development & Delivery, in 2006 approximately 90% of NCEs in development were either BCS Class II or Class IV drugs. Poorly soluble drugs are sometimes characterized by low bioavailability, which is strongly affected by the drug's solubility. In addition, the extent of absorption of poorly soluble drugs can be dose dependent, leading to non-linear PK behavior. The Accordion Pill's efficient GR and specific release mechanism prolongs the absorption phase of drugs with an NAW, which can result in significantly more stable plasma levels. In addition, the Accordion Pill has demonstrated an enhancement of the absorption of a poorly soluble, BCS Class II/IV drug in a crossover PK clinical study in 12 healthy volunteers. For poorly soluble drugs, we believe that our technology acts through the gradual delivery of an undissolved drug by the Accordion Pill in the stomach, which allows for the complete dissolution of the drug dose in the stomach over the delivery period. The gradual passage of the drug from the stomach to the upper part of the GI tract enables an increase in the amount of the drug that can be dissolved and thus absorbed, in the upper small bowel. In addition, we believe that bile secretion in the upper part of the GI tract also improves the intestinal environment for better absorption. Finally, the significant dilution of the drug solution in the small bowel caused by prolonged delivery increases the amount of the drug available for absorption.

Our clinical trials to date have demonstrated that the Accordion Pill is retained in the stomach for eight to 12 hours, as compared to significantly shorter time periods, typically as little as two to three hours, when using other solid dosage forms. The efficient GR and the predetermined release profile for each specific drug associated with our Accordion Pill technology demonstrated a significant improvement in PK, which is the drug plasma level over time and a corresponding improvement in efficacy and safety.

The following chart depicts the Accordion Pill's capability to improve the PK of Levodopa, which is a drug characterized by a narrow absorption window:

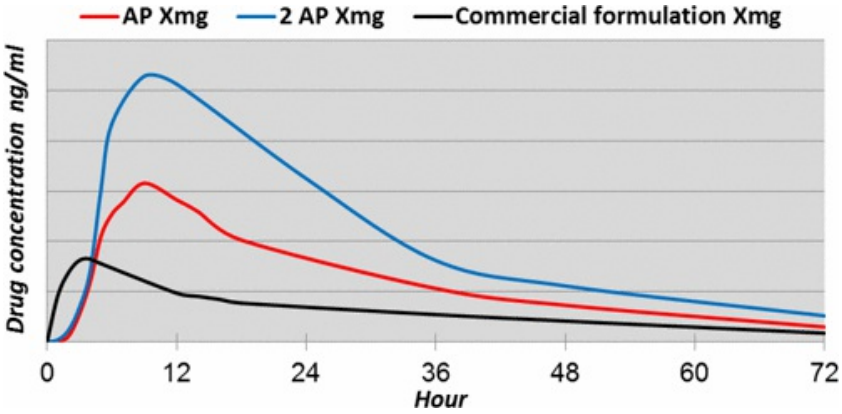
AP-CDLD Phase II clinical trial — more stable Levodopa levels with statistically significant reduced peak-to-trough fluctuations



Levodopa plasma levels in n=8 advanced Parkinson's disease patients following twice daily, or b.i.d, administration (eight hours apart) of AP-CDLD 50/375 versus four times daily, or q.i.d, administration (four hours apart) of a commercial Carbidopa/Levodopa formulation (equivalent daily Levodopa dose). The PK study was performed on day seven, following six days of drug administration at home. No Levodopa medication was allowed for ten hours before the first administration at day seven. The PK results showed that the peak to trough ratio, which measures the maximum average concentration relative to the minimum average concentration of LD plasma levels, was reduced from 29.9 to 3.2 with the AP-CDLD. Demonstration of the clinical benefits of these peak to trough ratios will be further studied and confirmed in the ACCORDANCE study.

The following chart depicts the Accordion Pill's capability to improve the PK of a BCS Class II/IV drug combined with our Accordion Pill technology that is currently on the market and is characterized with poor solubility:

PK results with the Accordion Pill with a BCS Class II/IV drug that is currently available on the market in 12 healthy volunteers

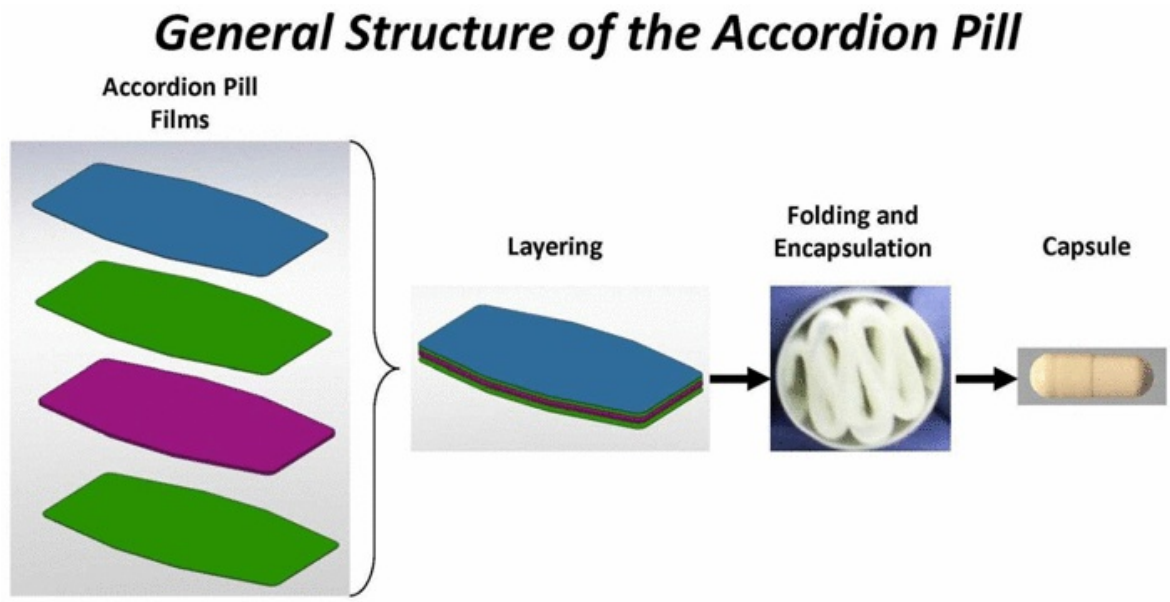


The results of our clinical trial have demonstrated approximately a 100% increase in bioavailability in 12 healthy volunteers with our Accordion Pill technology, as compared to the commercial formulation of the drug. Furthermore, the results demonstrated that the increase in bioavailability obtained when administering one Accordion Pill and two Accordion Pills was proportional to the increase in dosage, or linear absorption, whereas the commercial formulation does not show linear absorption in these dosage ranges.

Although there is no assurance that these results will be repeated in other instances, we believe that these results are important because the enhancement of bioavailability of poorly soluble drugs is one of the main challenges facing the pharmaceutical industry. According to The AAPS Journal published by the American Association of Pharmaceutical Scientists, of the top 200 oral drugs in the United States, Great Britain, Spain and Japan in 2006, approximately 30% to 35% were BCS Class II drugs and approximately 5% to 10% were BCS Class IV drugs. Further, according to Drug Development & Delivery, in 2006 approximately 90% of NCEs in development were either BCS Class II or Class IV drugs.

Our Accordion Pill technology enables us to combine active pharmaceutical ingredients, or APIs, which are also referred to as drugs, and inactive ingredients that are included in the FDA's list of approved inactive ingredients, into pharmaceutical-grade, biodegradable polymeric films, welded into a planar structure, folded into the shape of an accordion and placed inside of a capsule. While in the stomach, the capsule dissolves and the Accordion Pill unfolds and releases the drug in a predetermined profile. In order to provide optimum results for each drug, each Accordion Pill drug differs and will likely differ in several ways, including composition, structure and properties.

The diagram below illustrates the general structure of the Accordion Pill:



All of the ingredients in the Accordion Pill (active and inactive) are combined physically, not chemically, thus maintaining the chemical composition of the active ingredients.

The Accordion Pill has a drug release mechanism that is independent of the gastric retention mechanism. It can combine both immediate and controlled release profiles, as well as more than one drug. We have demonstrated that the Accordion Pill has the ability to carry a drug load of up to 550 mg. We have also demonstrated that the Accordion Pill fully degrades in the intestine once it is expelled from the stomach.

We have conducted more than 30 clinical trials to study the safety and efficacy of the Accordion Pill, including the Accordion Pill platform alone and the Accordion Pill platform with various APIs. No significant adverse events related to the Accordion Pill were reported in these clinical studies. These studies demonstrated that increasing gastro-retention time improves the performance of certain NAW and BCS Class II/IV drugs.

Our Product Pipeline

Our product pipeline currently includes several product candidates in various clinical trial stages. Our leading pipeline product, AP-CDLD, is focused on leveraging our Accordion Pill technology to improve the efficacy and safety of an approved drug for the treatment of Parkinson's disease symptoms in advanced Parkinson's disease patients. We have agreed with the FDA on the remaining clinical development program for AP-CDLD for the treatment of Parkinson's disease symptoms in advanced Parkinson's disease patients, including the main principles of the ACCORDANCE study. We enrolled the first patient in the ACCORDANCE study in April 2016 and we currently expect to complete patient enrollment in the trial during the second half of 2018. See "—Current Regulatory Status of AP-CDLD." We have also initiated a new clinical development program for our Accordion Pill platform with the two primary cannabinoids contained in cannabis sativa, which we refer to as AP-AP-Cannabinoids. We are formulating and testing cannabidiol, or CBD, and 9-tetrahydrocannabinol, or THC, for the treatment of various indications, including low back neuropathic pain and fibromyalgia. The AP-Cannabinoids are currently in Phase I.

Our Business Strategy

We plan to leverage our Accordion Pill technology platform to become a leading specialty pharmaceutical company focused on developing, manufacturing and commercializing improved proprietary versions of approved and development stage drugs for the treatment of various diseases.

We will continue to develop our existing product candidates while reviewing other drug candidates that may also benefit from our platform technology. We seek to create global partnerships to assist us in the development and marketing of our products and may also independently commercialize certain products in the U.S. We believe that our approach will allow us to continue to advance our current product candidates and should allow us to avoid dependency on a small number of drugs.

Using this approach, we have advanced our product candidates into various stages of clinical development. Specific elements of our current strategy include the following:

- ***Continue to advance our current pipeline by developing improved versions of drugs with reduced side effects and that enhance the efficacy of existing drugs***. We expect that our products will potentially offer significant advantages over the original versions of the drugs. Results from our completed Phase II clinical trial demonstrate that AP-CDLD can improve motor function in patients suffering "off time" episodes. "Off time" refers to debilitating periods of decreased motor and non-motor functions. We are pursuing the development and approval of AP-CDLD under the Section 505(b)(2) pathway, which allows an abbreviated path to approval relying on a single pivotal Phase III clinical trial. We expect to complete patient enrollment in the trial during the second half of 2018. If our pivotal Phase III clinical trial is successful, we intend to file for regulatory approval in the United States.

- ***Utilize the 505(b)(2) regulatory pathway to leverage extensive existing clinical and regulatory experience with the original drugs and bring our improved versions of these drugs to market more quickly***. An NDA submitted under Section 505(b)(2) of the FDCA may be permitted to reference safety and effectiveness data submitted by the sponsor of a previously approved drug as part of its NDA, be based on the FDA's prior conclusions regarding the safety and effectiveness of that previously approved drug, or rely in part on data in the public domain. Reliance on data collected by others may expedite the development program for our product candidates by potentially decreasing the amount of clinical data that we would need to generate to submit an NDA. As the FDA has previously agreed that our lead product, AP-CDLD, would likely be eligible to file under Section 505(b)(2), assuming the successful completion of the ACCORDANCE study, we believe that there is a strong likelihood that our future products would similarly qualify. The factors related to this qualification are expected to reduce the time and costs associated with clinical trials when compared to a traditional NDA for an NCE. We also believe the strategy of targeting drugs with proven safety and efficacy provides a better prospect of clinical success of our proprietary development portfolio as compared to de novo drug development. We estimate that the average time to market and cost of clinical trials for our products could be less than that required to develop a new drug.

- ***Use our expertise with our platform technology to evaluate drug development and commercialization opportunities***. We continuously seek attractive product candidates to develop and commercialize. We intend to focus on product candidates that we believe would be synergistic with our Accordion Pill technology. We intend to use our expertise in our technology and our pharmacological expertise to grow our product candidate portfolio.

- ***Seek attractive partnership opportunities***. We believe that our Accordion Pill technology can be applied to many drugs that have already been approved by the FDA, as well as developmental stage drugs. We believe that the proprietary rights provided by our Accordion Pill technology, together with the clinical and compliance benefits, will be attractive to potential partners. We will seek to build a portfolio of commercially attractive partnerships in a blend of co-developments and licenses. Where possible, we will seek partnerships that allow us to participate significantly in the commercial success of each of the drugs. Although we are currently developing most of our current pipeline, we are looking to partner with the owners of rights to patented drugs in order to develop Accordion Pill versions of those drugs, and we may seek strategic partners to market our Accordion Pill products worldwide. We may also seek arrangements with third parties to assist in the development and commercialization of our products. These arrangements will allow us to share the high development cost, minimize the risk of failure and enjoy our partners' marketing capabilities, while also enabling us to treat a more significant number of patients.

- ***Develop products that target significant commercial opportunities***. Our existing product candidates are intended to direct at diseases that have major global markets. Our intent is to continue to develop products that present significant market opportunities by leveraging our According Pill technology.

- ***Maintain a prominent intellectual property position***. We believe our licensed and proprietary patents and patent applications provide and will provide broad and comprehensive coverage for the use of our Accordion Pill technology for the treatment of certain diseases, focusing on BCS Class II/IV and NAW drugs, or drugs where longer retention in the upper GI could improve efficacy and absorption and reduce side effects. We seek to protect our proprietary position by, among other methods, filing U.S. and foreign patent applications related to our proprietary technology, inventions and improvements that we believe are important to the development of our business. We also rely on know-how and continuing technological innovation to develop and maintain our proprietary position. We have submitted and intend to continue to submit patent applications for various Accordion Pill and drug combinations that we develop.

AP-CDLD for the Treatment of Parkinson's Disease Symptoms in Advanced Parkinson's Disease Patients

Parkinson's disease

Parkinson's disease is a progressive, degenerative disease characterized by movement symptoms such as involuntary tremor or trembling in the hands, arms and legs; muscle rigidity of the limbs and trunk; slowness of and a decline in movement; and impaired balance and coordination. In its advanced stages, the disease causes comprehensive dysfunction of the patient's bodily systems, including difficulties in swallowing, speech disorders and significant mental decline. Parkinson's disease results from a continuing loss of dopamine-producing nerve cells. Dopamine is required for normal functioning of the central nervous system and smooth, coordinated function of the body's muscles and movement. According to the National Parkinson's Foundation, the symptoms of Parkinson's disease appear when approximately 60–80% of dopamine-producing cells are damaged.

Although there is presently no cure for Parkinson's disease, there are a number of medications that provide relief from the symptoms. Dopamine replacement therapy with Levodopa is generally considered to be the most effective treatment for Parkinson's disease. After 50 years of clinical use, Levodopa therapy still offers the best symptomatic control of Parkinson's disease and is the most widely used therapy. Levodopa is converted into dopamine in the brain and is usually administered with Carbidopa, which helps prevent Levodopa from converting to dopamine outside the brain. Levodopa helps reduce tremor, stiffness and slowness and helps improve muscle control, balance and walking. Virtually all Parkinson's disease patients will require Levodopa therapy during the course of their disease.

Parkinson's disease patients typically experience a satisfactory response to initial treatment with Levodopa. However, at later stages of Parkinson's disease, there is a decline in the capacity of the nigrostriatal dopaminergic system, or the brain pathways that moderate control of voluntary movement, to synthesize, store, and release dopamine. Therefore, the dopaminergic system becomes more and more dependent on dopamine from external sources, such as Levodopa treatment.

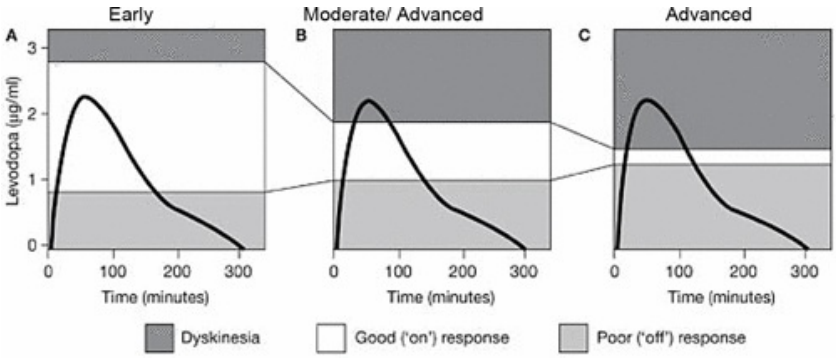
As the disease progresses, it becomes increasingly difficult to control the symptoms adequately by Levodopa treatment, and patients develop motor complications, for the following reasons:

- The duration of the response after each Levodopa dose declines, resulting in a "wearing off" effect, wherein the clinical benefits of Levodopa are lost until the next dose reaches therapeutic levels.

- The patients suffer from longer periods in which Levodopa does not provide symptom relief and patients' movements are severely restricted (i.e., off time).

- When Levodopa doses are increased to address the loss of clinical benefit, involuntary movements or troublesome dyskinesia emerges.

Recent studies have reported that up to 50% of patients show the onset of motor fluctuations within two years of starting conventional Levodopa therapy. For many patients with advanced Parkinson's disease, the repeated emergence of off states can occupy up to one-third or more of a typical waking day. The loss of consistent symptomatic control from Levodopa is a major challenge for the long-term management of Parkinson's disease. When Parkinson's disease patients experience "wearing off" between Levodopa doses, this short-duration response occurs in parallel to the drug's peripheral PK profile. Therefore, with the evolution of these short-duration responses, improving the consistency in Levodopa's plasma levels becomes the major factor for improving symptom control.



Oral Levodopa formulations currently on the market do not provide satisfactory consistent Levodopa plasma levels. There are two major challenges to maintaining consistency in Levodopa plasma levels: (i) the very short half-life of Levodopa (approximately 90 minutes) and (ii) the fact that Levodopa's absorption is confined to the upper part of the GI tract (i.e., it has an NAW). For drugs with an NAW, conventional controlled release formulations are limited in providing long-acting performance, as once the drug has passed through the upper GI tract, it will no longer be absorbed. These factors result in high peak-to-trough ratios of Levodopa in the plasma, namely high variability of the concentration of the drug in the blood, rather than a consistent level being maintained, reducing the clinical benefits of Levodopa therapy. Providing stable Levodopa plasma levels is therefore a major unmet need for the long-term management of Parkinson's disease.

Key opinion leaders interviewed by Datamonitor, a market research provider, summarized the unmet needs in Parkinson's disease treatment to include, among others, greater efficacy in reducing motor complications, reducing side effects and reducing pill burden.

Market. According to a 2015 report by Global Data, Parkinson's disease is the second most common chronic progressive neurodegenerative disorder in the elderly after Alzheimer's disease, affecting 1%–2% of individuals worldwide over the age of 65. The EPDA estimated in 2007 that 6.3 million people worldwide suffer from Parkinson's disease. According to a 2015 report by Global Data, the annual growth of Parkinson's disease cases in individuals over the age of 65 from 2012 to 2022, in the Seven Major Markets plus Brazil, is estimated to be 3.28%. According to Global Data, in 2012 the market for pharmaceutical treatments for Parkinson's disease was approximately $3.6 billion a year in the Seven Major Markets plus Brazil. Global Data estimates that the pharmaceutical market for Parkinson's disease will reach $4.67 billion in the Seven Major Markets plus Brazil by 2022.

We have also retained a leading consulting firm to conduct a market assessment of AP-CDLD for the treatment of the symptoms associated with advanced Parkinson's disease. The initial assessment indicates there is a substantial market for AP-CDLD with hundreds of thousands of patients suffering with Parkinson's disease appropriate for AP-CDLD treatment.

Our Solution — AP-CDLD

AP-CDLD, our lead product candidate, is in development for the treatment of Parkinson's disease symptoms. AP-CDLD is an Accordion Pill that contains the generic drugs Carbidopa and Levodopa, which are currently approved for the treatment of Parkinson's disease symptoms. We have successfully completed a Phase II clinical trial, and the FDA has permitted us to initiate a Phase III clinical trial of AP-CDLD. On May 5, 2015, we held an end of Phase II meeting with the FDA for AP-CDLD. We reached an agreement with the FDA on the remaining clinical development program for AP-CDLD, and the following are the main principles of the single required pivotal Phase III clinical trial:

- A multicenter, randomized, double-blind, double-dummy, parallel, active-controlled trial, comparing the efficacy and safety of AP-CDLD to Sinemet IR, an immediate release CDLD, which is a conventional Levodopa medication for the treatment of Parkinson's disease symptoms that is currently on the market.

- The total treatment period for each patient is 25 weeks, composed of:

  ○ Six weeks open-label titration/ conversion to Sinemet IR (all patients);

  ○ Six weeks open-label titration/ optimization of AP-CDLD (all patients); and

  ○ 13 weeks double-blind, double-dummy active comparator period, in which half of the patients are randomized to AP-CDLD and half of the patients are randomized to Sinemet IR.

- The primary efficacy endpoint is the change from baseline to endpoint in the percent of daily off time during waking hours, based on Hauser home diaries.

In November 2017, we announced an expansion of the then-planned enrollment from 328 patients to 420 patients to account for a higher than initially planned attrition rate during the open-label titration periods that precede patient randomization. As of the date of this annual report on Form 20-F, more than 300 patients are enrolled to the ACCORDANCE study.

As part of our agreement with FDA regarding the approval of the AP-CDLD product, we committed to perform additional safety studies on the first 100 patients with a predefined safety stopping rule related to gastric ulcers. These additional safety evaluations involved endoscopy procedures that would detect whether the AP was causing gastric ulcers of a predefined size that might be of medical concern. By the time the safety study completed enrollment of 123 patients, we were able to obtain evaluable paired gastroscopies (endoscopy procedures prior to AP treatment and at end of treatment) on 64 patients who completed all stages of the study. At the second scheduled periodic meeting of the DSMB in February 2018, the DSMB determined that based on available results, there did not appear to be a significantly increased rate of the prespecified gastric ulcers defined in the safety charter. At that meeting, the DSMB recommended to continue the ACCORDANCE study without modification. The DSMB will continue to monitor adverse events of special interest, and also recommended we submit its comments and findings to the FDA, which we intend to do.

Additionally, we have undertaken measures to optimize study activities, including enhancing patient selection, providing better site engagement to boost the rate of enrollment, eliminating selected clinical sites with low enrollment and, in some cases, opening new investigational sites. Given the increased patient enrollment target, the trial is now expected to complete enrollment in the second half of 2018.

We will also be required to submit evidence of the adequate safety experience of at least 100 patients receiving AP-CDLD for one year, with at least 50% receiving the highest proposed dose of AP-CDLD, as is required for drugs intended for long-term treatment of non-life-threatening conditions. We intend to collect this safety data, fully or partially, from an on-going open label extension of the ACCORDANCE study.

We also agreed, at the FDA's request, to conduct an additional bioavailability study to compare the PK between Sinemet IR and the to-be-marketed formulation of AP-CDLD because the formulation of AP-CDLD has changed from our previously completed comparative bioavailability study. We currently intend to conduct this study during 2019. The FDA also strongly suggested that we conduct additional dissolution testing and we anticipate doing so. See "— Current Regulatory Status of AP-CDLD."

AP-CDLD is designed to provide a combination of immediate release and a sustained release of Levodopa, in the stomach, in proximity to its absorption site through our Accordion Pill technology. AP-CDLD is designed to provide stable Levodopa plasma therapeutic levels, resulting in a reduction in total off time while also reducing or avoiding troublesome dyskinesia, or involuntary movements. The stable therapeutic levels of Levodopa in a patient's plasma provided by AP-CDLD are intended to significantly reduce the motor complications because the motor complications which are associated with Levodopa treatment are strongly correlated with the drug's peripheral PK profile.

We anticipate that AP-CDLD will be available in three dosages of Levodopa (200 mg, 400 mg and 500 mg), each provided in two release profiles (immediate release and controlled release), along with 50 mg of Carbidopa that is included in AP-CDLD. This array of dosages is designed to cover Parkinson's disease patients in various stages of the disease. AP-CDLD is designed to be taken b.i.d. and t.i.d.

AP-CDLD – Clinical Trials

Phase II Clinical Trial

Our Phase II clinical trial with AP-CDLD was a multi-center, open-label, randomized, crossover, active control trial that included five groups. Overall, 60 patients completed the trial per protocol, in several medical centers in Israel. The Phase II clinical trial assessed safety, PK and pharmacodynamics/efficacy in patients with various stages of Parkinson's disease compared with their current Levodopa treatment. Each group of the clinical trial was deemed to initiate upon the first patient enrolling in a group and to be completed upon the conclusion of data analysis. The initiation and completion dates for groups 1, 3, 4, 5 and 6 were August 2009 – December 2009, April 2010 – August 2010, December 2010 – July 2011, August 2011 – November 2011 and December 2011 – October 2012, respectively. The following table details the structure, design and purpose of the Phase II clinical trial:

Group Number	Trial Design	Trial Purpose	Population	N (PP)	Test Treatment	Treatment and Duration*
Group 1	Open-label, multi-dose, multi-center, randomized	2-way crossover comparative PK trial	Early-stage PD patients	12	AP-CDLD 50/250 mg	b.i.d for 7 days
Group 2	This trial was originally planned in early non-fluctuators with a dose of 50/375 mg b.i.d. In light of the satisfactory PK results with 50/250 mg b.i.d in this population, the higher dose was considered unnecessary and therefore the trial was not performed.					
Group 3	Open-label, multi-dose, multi-center, randomized	2-way crossover comparative PK and PHDS trial	Advanced PD patients	10[a]	AP-CDLD 50/375 mg	b.i.d for 7 days
Group 4**	Open-label, multi-dose, multi-center, randomized	2-way crossover comparative PHDS trial	Advanced PD patients	16	AP-CDLD 50/375 mg	b.i.d for 21 days
Group 5[b]**	Open-label, multi-dose, multi-center, randomized	2-way crossover comparative PHDS trial	Advanced PD patients	4	AP-CDLD 50/500 mg	b.i.d for 21 days
Group 6**	Open-label, multi-dose, multi-center, randomized	2-way crossover comparative PHDS trial	Advanced PD patients	18	AP-CDLD 50/500 mg	b.i.d for 21 days

a Eight patients completed the PK trial.
b Group 5 was terminated early due to low enrollment.

d = days; PP = Per Protocol; N = number of subjects; PD = Parkinson's disease; PHDS = pharmacodynamics.
* Not including add-on dosing of immediate release Carbidopa/Levodopa, if needed.
** Compared against each patient's optimized current Levodopa treatment.

Pharmacokinetic Results

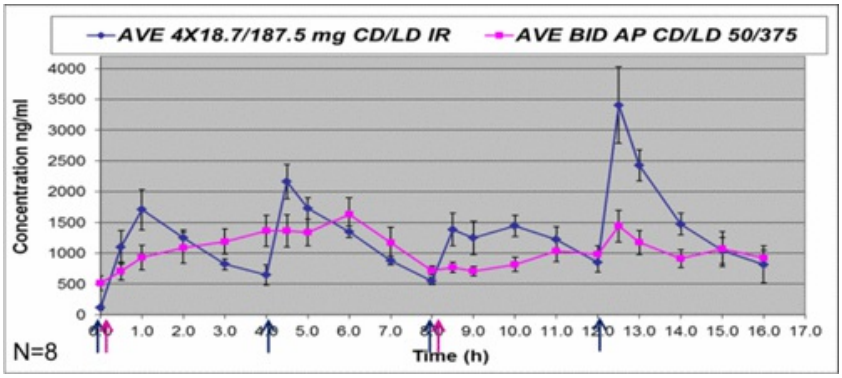
Group 1 of our Phase II clinical trial with AP-CDLD was conducted with 12 male and female patients with non-fluctuating Parkinson's disease. The crossover design included the following treatment arms: (i) AP-CDLD 50/250 mg administered b.i.d and (ii) immediate release CDLD 25/250 mg administered by half tablet q.i.d, resulting in a total daily dosage of 50/500mg. The treatments were administered for six days, with the seventh day consisting of PK testing. On the PK day of the control period, patients were given an additional 50 mg of Carbidopa (12.5 mg q.i.d) to achieve the recommended daily 70 – 100 mg dose of Carbidopa. Immediately following the PK testing on day seven, the patients crossed over to the other treatment to repeat the seven day process. This study concluded that (i) the bioavailability of Levodopa when administered via AP-CDLD was similar to the immediate release reference; (ii) AP-CDLD provided more stable plasma levels of Levodopa, with reduced peak-to-trough ratio, when compared to the immediate release reference; and (iii) AP-CDLD provided higher morning Levodopa plasma levels than the immediate release reference.

Group 3 of our Phase II clinical trial with AP-CDLD was conducted with ten male and female patients with advanced, fluctuating Parkinson's disease, of which eight completed the PK trial per protocol. The crossover design included the following treatment arms: in the AP-CDLD treatment arm, the AP-CDLD 50/375 mg was administered b.i.d for six at home days of treatment with up to an additional three add-on immediate release Carbidopa/Levodopa, as needed, and on day seven, b.i.d administration of AP-CDLD 50/375 mg. In the control arm, the patient's current treatments were administered for six at home days and, on the seventh day, they were given immediate release Carbidopa/Levodopa 18.75/187.5 mg q.i.d, resulting in a total dosage of 75/750 mg. On the seventh day of each treatment regime, we conducted PK testing. Immediately following the PK testing on day seven, the patients were crossed over to the other treatment to repeat the seven day process.

These trials concluded that (i) the PK of AP-CDLD demonstrated an efficient controlled-release profile, with significantly more stable Levodopa levels; (ii) the Levodopa absorption phase was increased more than six-fold versus the control treatment; (iii) the b.i.d administration of AP-CDLD provided daily coverage of therapeutic Levodopa plasma levels; (iv) the peak-to-trough ratio in Levodopa plasma levels was half of those of the control; (v) the morning, or pre-first dose, Levodopa plasma levels of AP-CDLD, were significantly higher than the control; and (vi) Levodopa's high bioavailability was preserved when using AP-CDLD.

The following figure displays the concentrations of Levodopa in plasma of patients over time, comparing AP-CDLD (pink) to the reference treatment (blue):

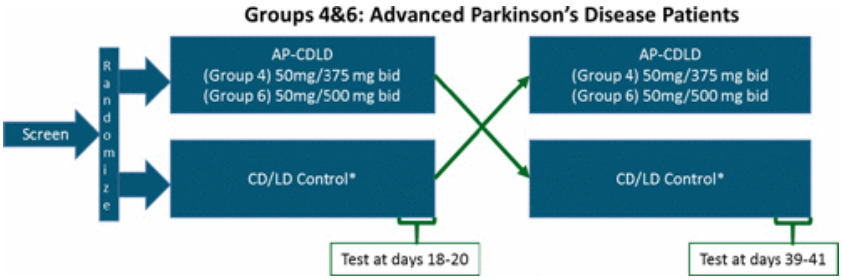
AP-CDLD Phase II clinical trial — more stable Levodopa levels with statistically significant reduced peak-to-trough fluctuations



The PK results showed that peak to trough ratio, which measures the maximum average concentration relative to the minimum average concentration of LD plasma levels, was reduced from 29.9 to 3.2 with the AP-CDLD. Cmax/Cmin with the AP-CDLD was 5.8. The average LD plasma levels during time 0-16 hours was 1,038 ng/ml.

Pharmacodynamics Results

The following figure sets forth the structure of the Phase II clinical trial for Groups 4 and 6:



* Patient's optimized CD/LD regimen.

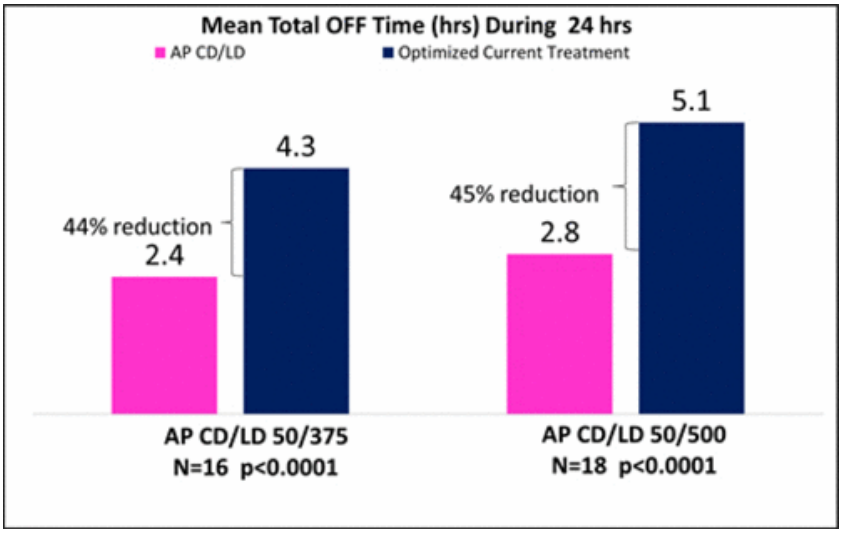
CD/LD = Carbidopa/Levodopa

Groups 3, 4 and 6 of our Phase II clinical trial examined the pharmacodynamic effects of AP-CDLD. Each group assessed the effects in patients with advanced Parkinson's disease; ten, 16 and 18 patients completed the trials per protocol in Groups 3, 4 and 6, respectively. Groups 3 and 4 tested AP-CDLD in the 50/375 mg strength, administered b.i.d. with additional CDLD immediate release tablets if needed; Group 6 tested the 50/500 mg strength administered b.i.d. with additional CDLD immediate release tablets if needed. In these three trials, AP-CDLD was compared to the patients' current Levodopa treatment (including a dopamine decarboxylase inhibitor, such as Carbidopa). All three groups were cross-over, with Group 3 receiving the treatments as described above and Groups 4 and 6 receiving each of their current treatment and AP-CDLD for 21 days, with the second tested treatment starting immediately after completion of the first. In Groups 4 and 6, off time, on time and dyskinesia were assessed by patient-completed home diaries during days 18 through 20 of each arm.

Because Levodopa is usually prescribed for long-term treatment, three weeks of treatment with AP-CDLD was sufficient to demonstrate statistically significant improvements in the primary endpoint, as well as most of the secondary endpoints. The statistical significance of a result was captured by the associated "p-value", or the estimated probability that the observed effect was by chance. A "p-value" of less than 0.05 implied that there was less than a 5% probability that the observed effect was by chance, and was generally accepted as a statistically significant event. These studies demonstrated that (i) total off time was decreased when taking AP-CDLD versus the control, by 44% and 45% in Groups 4 and 6, respectively (statistically significant $p<0.0001$); (ii) improvements in off time and on time without troublesome dyskinesia did not come at the expense of an increase of on time with troublesome dyskinesia, and, moreover, with the AP-CDLD 50/500 mg troublesome dyskinesia was decreased by 0.5 hours (statistically significant $p = 0.002$); (iii) the effect of AP-CDLD on total off time and on time with troublesome dyskinesia resulted in a total increase of "good" on time (i.e., without troublesome dyskinesia) of 2.1 and 2.7 hours per day in Groups 4 and 6, respectively (statistically significant $p<0.0001$); (iv) the improvements in treating symptoms with AP-CDLD were achieved with fewer daily doses; and (v) the improvements in treating symptoms with AP-CDLD correlate with stable Levodopa plasma levels throughout the day with appropriate therapeutic levels of the drug.

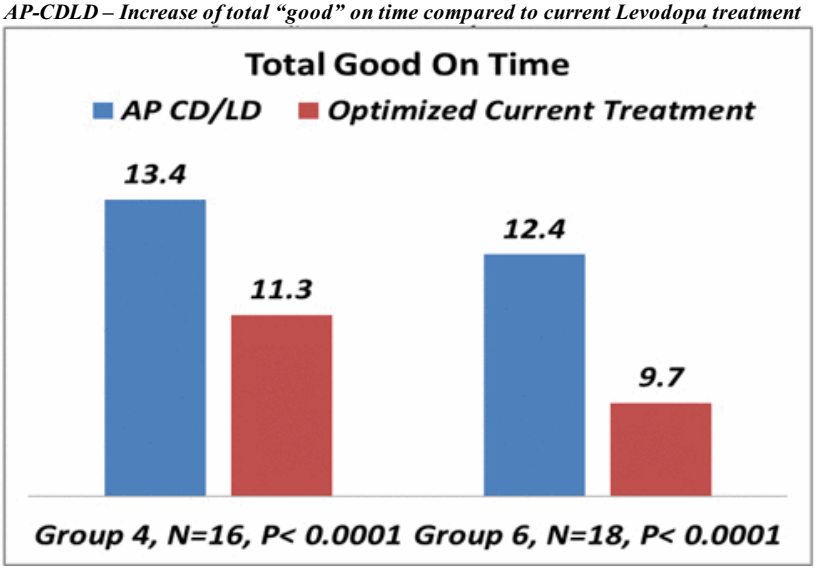
The figure below reflects the mean total off time in hours over a 24 hour period during days 18 through 20 of Groups 4 and 6. The average total off time was reduced by 1.9 hours and 2.3 hours with AP-CDLD 50/375 mg (Group 4) and 50/500 mg (Group 6), respectively. This reduction is statistically significant ($p<0.0001$).

AP-CDLD – Significant reduction of total off time compared to current Levodopa treatment



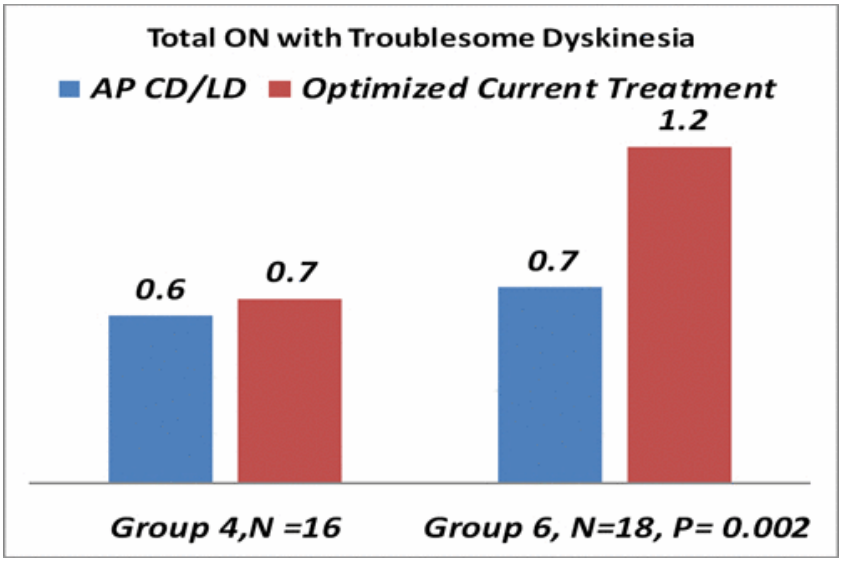
The figure below reflects the mean total "good" on time (on time without troublesome dyskinesia) in hours over a 24 hour period during days 18 through 20 of Groups 4 and 6. The average total "good" on time was increased by 2.1 hours and 2.7 hours with AP-CDLD 50/375 mg (Group 4) and 50/500 mg (Group 6), respectively. This reduction is statistically significant ($p<0.0001$).

AP-CDLD – Increase of total "good" on time compared to current Levodopa treatment



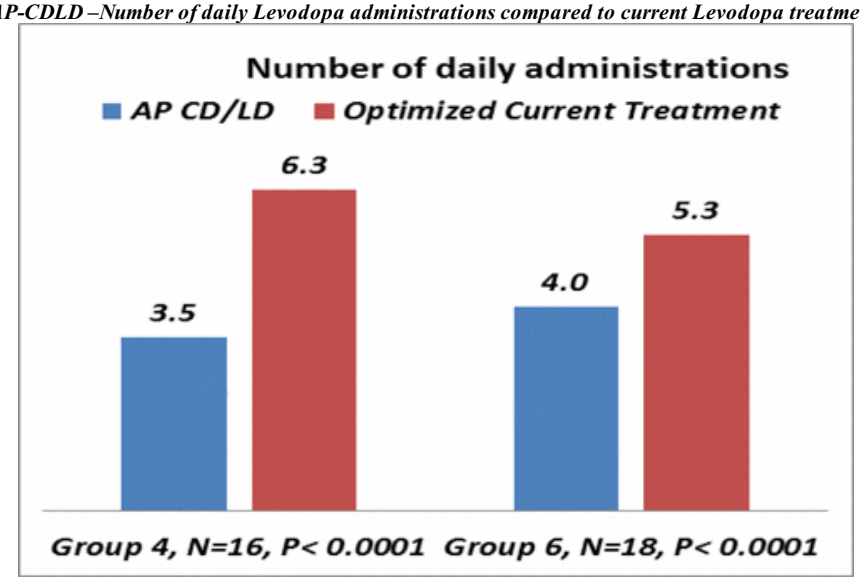
The figure below reflects the mean total on time with troublesome dyskinesia in hours over a 24 hour period during days 18 through 20 of Groups 4 and 6. On time with troublesome dyskinesia was not changed and decreased by 0.5 hours ($p = 0.002$) with AP-CDLD 50/375 mg (Group 4) and 50/500 mg (Group 6), respectively.

AP-CDLD – Reduction of total on time with dyskinesia compared to current Levodopa treatment



Finally, the figure below displays the mean number of daily Levodopa administrations of the treatments in Groups 4 and 6.

AP-CDLD –Number of daily Levodopa administrations compared to current Levodopa treatment



* In the administration of the AP-CDLD arm, patients received b.i.d AP-CDLD pills and were allowed to take additional commercially available immediate release Carbidopa/Levodopa formulations, as add-ons when needed. As seen in the figure above, patients took, in addition to the b.i.d AP-CDLD pills, one-and-a-half to two commercially available immediate-release Carbidopa/Levodopa formulations, in Groups 4 and 6, respectively.

Demonstration of the clinical benefits of these peak to trough ratios will be further studied and confirmed in the ACCORDANCE study.

Phase I Clinical Trials

We conducted four Phase I clinical trials - three to assess the PK profile of Levodopa when administered in several formulations and one to measure the GR time of our Accordion Pill without an active ingredient.

The first PK trial was conducted with early formulations in 24 healthy volunteers to assess the PK profile of Levodopa when administered in the following three forms: (i) in an Accordion Pill with a dosage of 75/300 mg; (ii) in the immediate release form currently on the market, Sinemet; and (iii) in the controlled release form currently on the market, Sinemet CR. This group underwent a partially randomized open trial compared with immediate release Sinemet and controlled release Sinemet. The trial results indicated a significant prolongation of Levodopa's mean residence time, or MRT, in the blood when administered with the Accordion Pill compared with the Sinemet and Sinemet CR. Furthermore, the study showed the level of Levodopa received with the Accordion Pill reached treatment-relevant levels.

The second PK trial was conducted with early formulations in 23 healthy volunteers to assess the PK profile of Levodopa when administered in the following two forms: (i) an Accordion Pill in two formulations, 75/300 mg and 50/200 mg; and (ii) in the currently marketed immediate release form, Sinemet. This was a randomized open trial, compared with immediate release Sinemet. The trial results indicated a very significant increase in the MRT of Levodopa in the blood when administered with the Accordion Pill in both formulations, and a very significant prolongation of the absorption phase (up to 12 hours) of Levodopa was demonstrated when administered with the Accordion Pill compared with Sinemet (two hours).

The third PK trial was conducted with the AP-CDLD 50/500 mg Phase II formulation in 18 healthy volunteers to assess the PK profile of Levodopa when administered in the following two forms: (i) AP-CDLD 50/500 mg; and (ii) the currently marketed immediate release form, Sinemet. This was a randomized open trial, compared with immediate release Sinemet. The trial results indicated that the absorption phase of Levodopa was increased to approximately ten hours when administered with the Accordion Pill compared to approximately two hours with Sinemet.

The GR Phase I clinical trial was a MRI study conducted with 17 Parkinson's patients to measure the GR time of the Accordion Pill without an active pharmaceutical ingredient. This trial was a non-randomized open trial comparison of a few formulations. The results indicated that GR of over 13 hours can be achieved in these patients using all three formulations.

Safety

AP-CDLD was tested for safety on Göttingen minipigs in accordance with the FDA's guidelines. The study was 180 days and a subgroup of minipigs were kept for recovery for an additional 30 days without receiving any treatments. This study included the following four arms: AP-CDLD 50/400 mg three times daily, AP-CDLD 50/500 mg b.i.d, a Carbidopa/Levodopa reference (Sinemet) and a placebo. The study was completed in March 2014. The study evaluated (i) animal wellbeing as represented by behavior, food consumption and weight, (ii) microscopic and macroscopic organ pathology, (iii) ophthalmic evaluation and (iv) electrocardiograms of the miniature pigs, which is the recording of the electrical activity of the heart. This study's results form an additional basis regarding the safety of AP-CDLD.

In the Phase I and Phase II clinical trials, AP-CDLD was well-tolerated with no serious adverse events that were related to the study drug. Adverse events were generally mild in severity and resolved without intervention. The most common adverse events reported included nausea, vomiting, diarrhea, abdominal pain, chest pain and fatigue, which are known adverse events associated with Levodopa treatment.

Current Regulatory Status of AP-CDLD

On May 5, 2015, we held an end of Phase II meeting with the FDA for AP-CDLD. We reached an agreement with the FDA on the remaining clinical development program for AP-CDLD, and the following are the main principles of the single required pivotal Phase III clinical trial:

- A multicenter, randomized, double-blind, double-dummy, parallel, active-controlled trial, comparing the efficacy and safety of AP-CDLD to Sinemet IR, an immediate release CDLD, which is a conventional Levodopa medication for the treatment of Parkinson's disease symptoms that is currently on the market.

- The total treatment period for each patient is 25 weeks, composed of:
  - Six weeks open-label titration / conversion to Sinemet IR (all patients);
  - Six weeks open-label titration / optimization of AP-CDLD (all patients); and
  - 13 weeks double-blind, double-dummy active comparator period, in which half of the patients are randomized to AP-CDLD and half of the patients are randomized to Sinemet IR.
- The primary efficacy endpoint is the change from baseline to endpoint in the percent of daily off time during waking hours, based on Hauser home diaries.

In November 2017, we announced an expansion of the then-planned enrollment from 328 patients to 420 patients to account for a higher than initially planned attrition rate during the open-label titration periods that precede patient randomization.

As part of our agreement with FDA regarding the approval of the AP-CDLD product, we committed to perform additional safety studies on the first 100 patients with a predefined safety stopping rule related to gastric ulcers. These additional safety evaluations involved endoscopy procedures that would detect whether the AP was causing gastric ulcers of a predefined size that might be of medical concern. By the time the safety study completed enrollment of 123 patients, we were able to obtain evaluable paired gastroscopies (endoscopy procedures prior to AP treatment and at end of treatment) on 64 patients who completed all stages of the study. At the second scheduled periodic meeting of the DSMB in February 2018, the DSMB determined that based on available results, there did not appear to be a significantly increased rate of the prespecified gastric ulcers defined in the safety charter. At that meeting, the DSMB recommended to continue the ACCORDANCE study without modification. The DSMB will continue to monitor adverse events of special interest, and also recommended we submit its comments and findings to the FDA, which we intend to do.

We will also be required to submit evidence of the adequate safety experience of at least 100 patients receiving AP-CDLD for one year, with at least 50% receiving the highest proposed dose of AP-CDLD, as is required for drugs intended for long-term treatment of non-life-threatening conditions. We intend to collect this safety data, fully or partially, from an on-going open label extension of the ACCORDANCE study.

We also agreed, at the FDA's request, to conduct an additional bioavailability study to compare the PK between Sinemet IR and the to-be-marketed formulation of AP-CDLD because the formulation of AP-CDLD has changed from our previously completed comparative bioavailability study. We currently intend to conduct this study during 2019. The FDA also strongly suggested that we conduct additional dissolution testing and we anticipate doing so.

In addition, we intend to conduct, during 2018, a new PK study to determine the performance of the to-be-marketed formulation of AP-CDLD when dosed three time per day (t.i.d). The PK study will compare Sinemet IR dosed five times per day to the AP-CDLD dosed t.i.d. We expect that the PK study results will be available in the second half of 2018.

Development of Accordion Pills with additional drugs

We are continuously evaluating the possibilities of developing Accordion Pills with various additional specific drugs for its pipeline. In August 2016, we announced the initiation of a new clinical development program for the Accordion Pill platform with the two primary cannabinoids contained in *Cannabis Sativa*, Cannabidiol (CBD) and 9-Tetrahydrocannabinol (THC), for treatment of various indications, including low back neuropathic pain and Fibromyalgia. The *Cannabis sativa* plant is used in treatment of chronic pain and a variety of other indications. Previous clinical studies conducted using the whole plant or specific extracts generated evidence of the cannabis analgesic activity. Furthermore, extracts containing known amounts of the active plant driven compounds (mainly THC and CBD) or diverse synthetic THC derivatives are promising treatments for painful conditions that do not respond properly to currently available treatments, such as chronic, neuropathic, and inflammatory pain.

We believe that AP-Cannabinoids hold the potential to address several major drawbacks of current methods of use and treatment with cannabis and cannabinoids, such as short duration of effect, delayed onset, variability of exposure, variability of the administered dose and adverse events that correlate with peak levels. AP-Cannabinoids are designed to extend the absorption phase of CBD and THC, resulting-in more consistent levels, for an improved therapeutic effect. We believe that the cannabis market has significant commercial potential and is projected to represent approximately 10% of the specialty pharmaceutical market over the next five years, or a market of at least $20 billion. According to Global Data, in 2016 the global low back neuropathic pain drug market was $6.2 billion and the global Fibromyalgia drug market was $1.8 billion.

In August 2017, we announced the results of a Phase I clinical trial that compared the safety, tolerability and PK of AP-THC/CBD with Sativex ®. This Phase I trial is a single-center, single-dose, randomized, three-way crossover study in Israel to compare the safety, tolerability and PK of two formulations of AP-CBD/THC with Buccal Sativex® in 21 normal healthy volunteers. The results showed that patients in the Accordion Pill CBD/THC arm demonstrated significant improvements in exposure to CBD (290% to 330%) and THC (25% to 50%) compared with Sativex®. The median time to peak concentration was 2-3 times longer than Sativex and absorption was significantly higher. Additionally, the formation of THC metabolites was meaningfully reduced, and the drug was found to be safe and well-tolerated with no serious adverse events reported. Sativex® is a commercially available oral buccal spray containing CBD and THC. Following the Phase 1 clinical trial, we evaluated the program and decided as a next step to develop two new Accordion Pills containing only the individual cannabinoid components, namely CBD and THC. Two Phase 1 PK studies are planned to be initiated in the second half of 2018. The Company believes exploring the individual components will provide additional indications to pursue.

We successfully completed a Phase II clinical trial for Accordion Pill Zaleplon, or AP–ZP, in November 2011 under an IND that we submitted to the FDA for AP–ZP as a treatment for the induction and maintenance of sleep in patients suffering from insomnia. The FDA also agreed that AP-ZP could also benefit from the streamlined pathway available through filing an NDA pursuant to Section 505(b)(2) of the FDCA. The FDA indicated in written correspondence to us that we may be able to design the development program for AP–ZP in a manner that would allow us to obtain sufficient data for the NDA submission for AP–ZP in one pivotal Phase III clinical trial. The details of such a trial were not determined or confirmed with the FDA. We are currently focusing on the development of, and are employing almost all of our resources toward, AP-CDLD and AP-Cannabinoids. We are not currently developing or seeking a partner to develop AP-ZP and we have not presently budgeted any funds toward its development. In the future, we may consider viable partnership opportunities for this product candidate.

In addition, in March 2016, we completed a Phase I clinical trial for one of our product candidates that is being developed for the prevention and treatment of gastroduodenal and small bowel NSAID induced ulcers. The PK results demonstrated in the Phase I trial were within the well-defined safety levels of the drug. At this time, we have not presently budgeted any funds toward the development of this product candidate.

In January 2018, we also entered into a Feasibility and Option Agreement with Novartis Pharmaceuticals to explore using the Accordion Pill platform for a proprietary Novartis compound. Following potentially successful feasibility studies, including a Phase I PK study, Novartis has the option to enter into negotiations with respect to a potential licensing agreement for employing Intec Pharma Accordion Pill™ technology.

Manufacturing

We currently manufacture the Accordion Pill in our production and packaging facility located in Har Hotzvim, in Jerusalem, Israel, in the same building as our offices. This production and packaging facility granted the Certificate of GMP Compliance of Manufacturer from the Israeli Ministry of Health in December 2015. This certificate applies in Israel, as well as in the EU, in accordance with the Conformity Assessment and Acceptance of Industrial Products (CAA) agreement between the EU and Israel. The certificate is valid until November 2018.

We have the capacity to manufacture the required quantities for the ACCORDANCE study. Our fully automated assembly line enables us to manufacture approximately two to three million capsules annually. With respect to the future commercialization of the AP-CDLD, we have decided to rely on third-party manufacturers, and currently are in advanced discussions with a Commercial Manufacturing Organization (CMO). We have not yet determined if we or one or more of our future commercial partners will manufacture commercial quantities of our other product candidates. See “Risk Factors — Risks Related to Our Operations in Israel.” We have received Israeli government grants for certain of our research and development activities. The terms of these grants may require us to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel. We may be required to pay penalties in addition to the repayment of the grants in case we decide to manufacture outside of Israel. With respect to the manufacturing of the AP-CDLD, the IIA approved our request to transfer 100% of the manufacturing rights to such product, which was developed under one of the IIA funded programs, to a non-Israeli manufacturer. As a result, we will be required to pay the IIA royalties from revenue generated from the AP-CDLD product candidate at an increased rate and up to an increased cap amount. The IIA noted that the approval granted was exceptional and that the IIA will not approve manufacturing additional product candidates out of Israel.

The FDA will likely condition granting any marketing approval, if any, on a satisfactory on-site inspection of our manufacturing facilities. See "Risk Factors — Risks Related to the Regulation of Our Company and its Business — Our product candidates are manufactured through a compounding, film casting and assembly process, and if we or one of our materials suppliers encounters problems manufacturing our products or raw materials, our business could suffer."

As noted, we anticipate that we will continue to produce our drug products for clinical trials and, we are currently in advanced discussions with a Commercial Manufacturing Organization (CMO) to enter into an agreement whereby the CMO would manufacture the AP-CDLD capsules using our proprietary production line. Establishing a manufacturing facility to produce commercial quantities of our products will require a substantial investment by any party intending to manufacture our products.

Our manufacturing process consists of the following stages: compounding, which includes manufacturing of solutions and/or suspensions; film casting, which involves manufacturing of specific layers of films, including films containing the applicable drug; assembly and capsulation, which is processing and folding the films into an accordion shape and capsulation; and packaging, which entails packaging the pills in plastic bottles or blister packs.

Raw Materials and Supplies

With the exception of three inactive ingredients, we believe the raw materials that we require to manufacture AP-CDLD and AP–Cannabinoids, as well as the raw materials that we require for our research and development operations relating to our products, are widely available from numerous suppliers and are generally considered to be generic pharmaceutical materials and supplies. Except as described below, we do not rely on a single supplier for the current production of any product in development or for our research and development operations relating to our products.

We usually contract with suppliers in Israel and worldwide to purchase the materials required for the research and development operations of our products. All the materials required in the research and development operations of our products are off-the-shelf pharmaceutical products; special production or special requirements are not required to order these materials. We have no written agreements with most of our suppliers. Rather, we submit purchase orders to our suppliers from time to time and as required.

Three of our inactive ingredients used in our products have only one supplier of each such ingredient. The three suppliers are each large, well-established suppliers (BASF, the Dow Chemical Company and Evonik), and most of the pharmaceutical industry relies on these suppliers when they need to purchase certain pharmaceutical products such as these inactive ingredients. To avoid a shortfall of these materials, we usually purchase sufficient material in advance for a period of at least one year. The pharmaceutical industry usually relies on these three manufacturers as suppliers of specific materials. The prices of these commonly used raw materials are not volatile.

Marketing and Sales

We do not currently have any marketing or sales capabilities. We intend to license to, or enter into strategic alliances with, companies in the pharmaceutical business, which are equipped to market and/or sell our products, if any, through their well-developed marketing and distribution networks. We may establish marketing and/or sales forces in the future in addition to licensing arrangements or strategic alliances.

Competition

The pharmaceutical and drug delivery technologies industries are characterized by rapidly evolving technology, intense competition and a highly risky, costly and lengthy research and development process. Adequate protection of intellectual property, successful product development, adequate funding and retention of skilled, experienced and professional personnel are among the many factors critical to success in the pharmaceutical industry.

Depomed, Inc. has several products on the market based on its GR technology. Several companies have reported research projects related to systems designed for GR including Teva Pharmaceutical Industries, Flamel Technologies S.A., Sun Pharma and others, all of which develop products delivered orally that are designed for GR. We are not aware of any approved drug delivery system currently on the market that is similar to the Accordion Pill, nor are we aware of any product candidates that are similar to our Accordion Pill with respect to mechanism of action.

Other drug delivery technologies, other drugs on the market, new drugs under development (including drugs that are in more advanced stages of development in comparison to our product pipeline) and additional drugs that were originally intended for other purposes, but were found effective for the indications we target, may all be competitive to the current products in our pipeline. In fact, some of these drug delivery systems and drugs are well-established and accepted among patients and physicians in their respective markets, are orally bioavailable, can be efficiently produced and marketed, and are relatively safe and inexpensive. Moreover, other companies of various sizes engage in activities similar to ours, including large pharmaceutical companies, such as Pfizer and Novartis, who have established in-house capabilities for the development of drug delivery technologies. Most, if not all, of our competitors have substantially greater financial and other resources available to them. Competitors include companies with marketed products and/or an advanced research and development pipeline.

Current Treatments on the Market and in Development for Parkinson's Disease

The current common treatments for Parkinson's disease include Levodopa (usually used in conjunction with other drugs such as Carbidopa), which is currently the standard and most efficient Parkinson's medication used, and dopamine agonists, such as bromocriptine, pergolide, pramipexole and ropinirole, as well as MAO inhibitors and COMT inhibitors. However, Levodopa therapy is associated with "wearing-off", a condition in which a treatment's effects diminish over time as the disease progresses, and dyskinesia, or involuntary disturbing movements.

We believe our direct competition will include other technologies designed to address the need for more stable Levodopa levels. As such, AP-CDLD will compete against other Levodopa-based Parkinson's drugs that are already on the market, such as Sinemet, a combination of Levodopa and Carbidopa, which is sold by Merck, as well as generic Sinemet, which is sold by various generic manufacturers. In addition, other technologies and drug delivery systems designed to address the Levodopa blood concentration problem currently exist. To our knowledge, based on publicly-filed documents, press releases and published studies, we believe the companies described below would be our primary competition with respect to AP-CDLD.

Novartis and Orion combine Levodopa and Carbidopa with Comtan (entacapone), a drug that inhibits the clearance of Levodopa from the blood, thereby slowing the rapid drop in the Levodopa level in the blood. Additional drug candidates that are developed by Bial and Orion are based on the same approach.

Solvay Pharmaceuticals, which has been acquired by AbbVie Inc., introduced a drug delivery system based on implanting a tube in the duodenum area attached to an external pump that releases Levodopa formulation directly to the NAW. This product has been approved for marketing in the United States and Europe. The invasive nature of implanting a tube in patients, most of whom are elderly, as well as various difficulties related to the system, are certain disadvantages of this technology.

Impax Laboratories has developed a product, Rytary™, or IPX066, a continuous release Levodopa capsule formulation. The product was launched in April 2015. In addition, Impax Laboratories is developing IPX203, a new extended-release oral capsule formulation of carbidopa and levodopa, as a potential treatment for symptoms of Parkinson's disease. IPX203 has completed Phase II.

Civitas Therapeutics, Inc., which was acquired by Acorda Therapeutics, Inc. in September 2014, has developed a product, INBRIJA™, or CVT-301, a self-administered, adjunctive, as needed, inhaled oral Levodopa, for the ability to rapidly and predictably treat "off" episodes as they occur. In February 2018, Acorda announced that the FDA had accepted an NDA for INBRIJA™.

NeuroDerm Ltd., which was acquired by Mitsubishi Tanabe Pharma Corporation in October 2017, has the following subcutaneous product candidates, ND0612H and ND0612L for the treatment of patients suffering from Parkinson's disease. These product candidates have completed Phase II clinical trials.

Other technologies for delivering Levodopa, such as through the skin (transdermal administration) using a patch, injections or inhalations, as well as new formulations and chemical modifications of Levodopa and/or complementary drugs, currently exist and might compete with AP-CDLD as well, but, to our knowledge, these technologies, formulations and modifications have not yet been submitted for approval.

Government Regulation

In the United States, the FDA regulates pharmaceuticals and biologics under the FDCA and the Public Health Service Act, or PHS Act, and their implementing regulations. These products are also subject to other federal, state, and local statutes and regulations, including federal and state consumer protection laws, laws protecting the privacy of health-related information, and laws prohibiting unfair and deceptive acts and trade practices.

The process required by the FDA before a new drug product may be marketed in the United States generally involves the following: completion of extensive preclinical laboratory tests and preclinical animal studies, all performed in accordance with the FDA's Good Laboratory Practice, or GLP, regulations; submission to the FDA of an IND which FDA must allow to become effective before human clinical trials may begin and must be updated annually; performance of adequate and well-controlled human clinical trials to establish the safety and efficacy of the product candidate for each proposed indication; and submission to the FDA of an NDA for a drug, and BLA for biological product, after completion of all pivotal clinical trials.

An IND is a request for authorization from the FDA to administer an investigational drug product to humans. We currently have effective INDs for two of our potential products: AP-CDLD for the treatment of Parkinson's disease symptoms and AP–ZP for the treatment of insomnia.

Clinical trials involve the administration of the investigational drug to human subjects under the supervision of qualified investigators in accordance with Current Good Clinical Practices, or cGCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. Additionally, approval must also be obtained from each clinical trial site's Institutional Review Board, or IRB, before the trials may be initiated, and the IRB must monitor the trial until completed. There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries.

Clinical trials are usually conducted in three phases. Phase I clinical trials are normally conducted in small groups of healthy volunteers to assess acute toxicity and find the potential dosing range. After an acceptable dose has been established, the drug is administered to small populations of sick patients (Phase II) to look for initial signs of efficacy in treating the targeted disease or condition and to continue to assess safety. Phase III clinical trials are usually multi-center, double-blind controlled trials in hundreds or even thousands of subjects at various sites to assess as fully as possible both the safety and effectiveness of the drug.

The FDA, the IRB, or the clinical trial sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Additionally, some clinical trials are overseen by a DSMB. This group reviews unblinded data from clinical trials and provides authorization for whether or not a trial may move forward at designated check points. A DSMB may order a trial halted if it believes the dangers posed by the trial are unacceptable or the product is so effective as to make it unethical to administer placebos or alternate treatments to the non-treatment arms. We may also suspend or terminate a clinical trial based on evolving business objectives and/or competitive climate.

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, detailed investigational drug product information is submitted to the FDA in the form of an NDA requesting approval to market the product for one or more indications. The application includes all relevant data available from pertinent preclinical and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls and proposed labeling, among other things.

Once the NDA submission has been accepted for filing, the FDA's goal is to review applications within ten months of filing. However, the review process is often significantly extended by FDA requests for additional information or clarification. The FDA may refer the application to an advisory committee for review, evaluation and recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it typically follows such recommendations.

After the FDA evaluates the NDA and conducts inspections of manufacturing facilities where the drug product will be formulated and its drug will be produced, it may issue an approval letter or, instead, a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application is not ready for approval. A Complete Response Letter may require additional clinical data or an additional pivotal Phase III clinical trial(s), or other significant, expensive and time-consuming requirements related to clinical trials, preclinical studies or manufacturing, or any combination thereof. Even if such additional information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. The FDA could also approve the NDA with restrictive indications, labeling that includes particular risk information, or a risk evaluation and mitigation strategy, or REMS, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling, development of adequate controls and specifications, or a commitment to conduct one or more post-market studies or clinical trials. Such post-market testing may include Phase IV clinical trials and surveillance to further assess and monitor the product's safety and effectiveness after commercialization.

After regulatory approval of a drug product is obtained, we are required to comply with a number of post-approval requirements. As a holder of an approved NDA, we would be required to report, among other things, certain adverse reactions and production problems to the FDA, to provide updated safety and efficacy information, and to comply with requirements concerning advertising and promotional labeling for any of our products. Also, quality control and manufacturing procedures must continue to conform to cGMP after approval to ensure and preserve the long term stability of the drug product. The FDA periodically inspects manufacturing facilities to assess compliance with cGMP, which imposes extensive procedural, substantive, and record keeping requirements. In addition, changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

We produce, and expect to continue to produce, the quantities of our product candidates required for our clinical trials, and we do not yet have a need to produce our product candidates for commercial purposes. Future FDA and state inspections may identify compliance issues at our facilities or at the facilities of our contract manufacturers or licensees that may disrupt production or distribution, or require substantial resources to correct. In addition, discovery of previously unknown problems with a product or the failure to comply with applicable requirements may result in restrictions on a product, manufacturer or holder of an approved NDA, including withdrawal or recall of the product from the market or other voluntary withdrawal of the product's approval, seizure, or FDA-initiated judicial action that could delay or prohibit further marketing. Newly discovered or developed safety or effectiveness data may require changes to a product's approved labeling, including the addition of new warnings and contraindications, and also may require the implementation of other risk management measures. Also, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of our products under development.

In addition, as the NDA holder, we are responsible for legal and regulatory compliance for advertising and promotion of the drug product. We are required to provide to the FDA copies of all drug promotion at the time of first use, and to ensure that all information disseminated conforms to the product's approved labeling and other FDA regulations and policies.

505(b)(2) Applications

We intend to submit NDAs for our proposed products, assuming that the clinical data justify submission, under Section 505(b)(2) of the FDCA, and assuming the FDA agrees with our assessment that a given proposed product qualifies for review under that section. If the FDA disagrees with that assessment or revises its decision at a later date, we would be compelled to file under section 505(b)(1), which is the normal route used for traditional new drugs where the data relied upon for the NDA filing have been developed by the sponsor during its clinical trials. In contrast, Section 505(b)(2) permits the filing of an NDA when at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference. The applicant may rely on published literature and the FDA's findings of safety and effectiveness based on certain pre-clinical or clinical studies conducted for an approved product. The FDA may also require companies to perform additional studies or measurements to support the change from the approved product. The FDA may then approve the new product candidate for all or some of the label indications for which the referenced product has been approved, as well as for any new indication sought by the Section 505(b)(2) applicant. The abbreviated Section 505(b)(2) approval pathway increases the likelihood that the timeframe and costs associated with commercializing products will be lower than under a typical Section 505(b)(1) approval pathway.

Upon approval of an NDA or a supplement thereto, NDA sponsors are required to list with the FDA each patent with claims that cover the applicant's product or an approved method of using the product. Each of the patents listed by the NDA sponsor is published in the Orange Book, which is an FDA resource listing approved drug products with therapeutic equivalence evaluations. When an Abbreviated New Drug Application, or ANDA, applicant files its application with the FDA, the applicant is required to certify to the FDA concerning any patents listed for the reference product in the Orange Book, except for patents covering methods of use for which the ANDA applicant is not seeking approval. To the extent that the Section 505(b)(2) applicant is relying on studies conducted for an already approved product, the applicant is required to certify to the FDA concerning any patents listed for the approved product in the Orange Book to the same extent that an ANDA applicant would.

Specifically, the applicant must certify with respect to each patent that:

- the required patent information has not been filed;
- the listed patent has expired;
- the listed patent has not expired, but will expire on a particular date and approval is sought after patent expiration; or
- the listed patent is invalid, unenforceable or will not be infringed by the new product.

A certification that the new product will not infringe the already approved product's listed patents or that such patents are invalid or unenforceable is called a Paragraph IV certification. If the applicant does not challenge the listed patents or indicates that it is not seeking approval of a patented method of use, the ANDA application will not be approved until all the listed patents claiming the referenced product have expired.

If the ANDA applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the NDA and patent holders once the ANDA has been accepted for filing by the FDA. The NDA and patent holders may then initiate a patent infringement lawsuit in response to the notice of the Paragraph IV certification. The filing of a patent infringement lawsuit within 45 days after the receipt of a Paragraph IV certification automatically prevents the FDA from approving the ANDA until the earlier of 30 months after the receipt of the Paragraph IV notice, expiration of the patent, or a decision in the infringement case that is favorable to the ANDA applicant. This same procedure that applied to an ANDA applicant also applies to an NDA applicant under Section 505(b)(2).

Patent Term Restoration and Extension

A patent claiming a new drug product may be eligible for a limited patent term extension under the Hatch-Waxman Act, which permits a patent restoration of up to five years for the patent term lost during product development and the FDA regulatory review. The restoration period granted is typically one-half the time between the effective date of an IND and the submission date of an NDA, plus the time between the submission date of an NDA and the ultimate approval date. Patent term restoration cannot be used to extend the remaining term of a patent past a total of 14 years from the product's approval date. Only one patent applicable to an approved drug product is eligible for the extension, and the application for the extension must be submitted prior to the expiration of the patent in question. A patent that covers multiple drugs for which approval is sought can only be extended in connection with one of the approvals. The USPTO reviews and approves the application for any patent term extension or restoration in consultation with the FDA.

Marketing Exclusivity

A Section 505(b)(2) NDA applicant may be eligible for its own regulatory exclusivity period, such as three-year exclusivity. A Section 505(b)(2) NDA applicant for a new condition of use, or change to a marketed product, such as a new extended release formulation for a previously approved product, may be granted a three-year market exclusivity if one or more clinical studies, other than bioavailability or bioequivalence studies, were essential to the approval of the application and were conducted or sponsored by the applicant. Should this occur, the FDA would be precluded from approving any other application for the same new condition of use or for a change to the drug product that was granted exclusivity until after that three-year exclusivity period has run. Additional exclusivities may also apply.

Other U.S. Healthcare Laws and Compliance Requirements

For products distributed in the United States, we will also be subject to additional healthcare regulation and enforcement by the federal government and the states in which we conduct our business. Applicable federal and state healthcare laws and regulations include the following:

- The federal healthcare Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving, or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order, or recommendation of, any good or service, for which payment may be made under federal healthcare programs such as Medicare and Medicaid.

- The federal Anti-Inducement Act which prohibits persons from offering remuneration to beneficiaries to induce them to use a particular item or service payable in whole or in part by Medicare or Medicaid.

- The Ethics in Patient Referrals Act of 1989, commonly referred to as the Stark Law, and its corresponding regulations, prohibit physicians from referring patients for designated health services (including outpatient drugs) reimbursed under the Medicare or Medicaid programs to entities with which the physicians or their family members have a financial relationship or an ownership interest, subject to narrow regulatory exceptions, and prohibits those entities from submitting claims to Medicare or Medicaid for payment of items or services provided to a referred beneficiary.

- The federal False Claims Act imposes criminal and civil penalties, including civil whistleblower or *qui tam* actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government claims for payment that are false or fraudulent or making a false statement to avoid, decrease, or conceal an obligation to pay money to the federal government.

- HIPAA imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program and also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information.

- The federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items, or services.

- Analogous state laws and regulations, such as state anti-kickback and false claims laws, apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, and some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government.

- A PPACA provision, generally referred to as the Physician Payments Sunshine Act or Open Payments Program, imposes reporting requirements for applicable drug and device manufacturers of covered products with regard to payments or other transfers of value made to physicians, dentists and teaching hospitals, and certain investment/ownership interests held by physicians in the reporting entity. These disclosures are publicly disclosed by CMS.

Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations could be costly. Although we believe our business practices are structured to be compliant with applicable laws, it is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our past or present operations, including activities conducted by our sales team or agents, are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from third party payor programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians, providers or entities with whom we do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusion from government funded healthcare programs.

Many aspects of these laws have not been definitively interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of subjective interpretations which increases the risk of potential violations. In addition, these laws and their interpretations are subject to change. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business, and damage our reputation.

In addition, from time to time in the future, we may become subject to additional laws or regulations administered by the U.S. Federal Trade Commission, or FTC, or by other federal, state, local or foreign regulatory authorities, to the repeal of laws or regulations that we generally consider favorable or to more stringent interpretations of current laws or regulations. We are not able to predict the nature of such future laws, regulations, repeals or interpretations, and we cannot predict what effect additional governmental regulation, if and when it occurs, would have on our business in the future. Such developments could, however, require reformulation of certain products to meet new standards, recalls or discontinuance of certain products not able to be reformulated, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labeling, additional scientific substantiation, additional personnel or other new requirements. Any such developments could have a material adverse effect on our business.

The growth and demand for electronic commerce, or eCommerce, could result in more stringent consumer protection laws that impose additional compliance burdens on online retailers. These consumer protection laws could result in substantial compliance costs and could interfere with the conduct of our business.

There is currently great uncertainty in many states whether or how existing laws governing issues such as property ownership, sales and other taxes, and libel and personal privacy apply to the Internet and commercial online retailers. These issues may take years to resolve. For example, tax authorities in a number of states, as well as a Congressional advisory commission, are currently reviewing the appropriate tax treatment of companies engaged in online commerce and new state tax regulations may subject us to additional state sales and income taxes. New legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business, or a change in application of existing laws and regulations to the Internet and commercial online services could result in significant additional taxes on our business. These taxes could have an adverse effect on our results of operations.

Intellectual Property

Our success depends, at least in part, on our ability to protect our proprietary technology and intellectual property, and to operate without infringing or violating the proprietary rights of others. We rely on a combination of patent, trademark, trade secret and copyright laws, know-how, intellectual property licenses and other contractual rights (including confidentiality and invention assignment agreements) to protect our proprietary technology and intellectual property, including related intellectual property rights.

Patents

As of December 31, 2017, we own or exclusively license six families of patents to use within our field of business. Five of the patent families have granted us with patents which are registered in various countries, including the United States, Israel, Australia, Canada, South Africa, France, Germany, Spain, Switzerland, Ireland, the United Kingdom and other countries. With the exception of the first family of patents (IN-1) out of such five families, the remaining four families have active pending applications under examination. Our patents and patent applications generally relate to gastroretentive drug delivery devices for oral intake, the integration of the drugs into our delivery devices and their production, and are expected to expire at various dates between 2020 and 2036. The sixth patent family currently comprises one pending PCT application. We also rely on trade secrets to protect certain aspects of our technology. The following discussion describes certain patents/patent applications which we consider to be our material patents and patent applications.

IN-1 and Yissum License Agreement

At present, among other patents, we consider our patent family that we exclusively license from Yissum (i.e., Gastroretentive Controlled Release Pharmaceutical Dosage Forms) pursuant to the license agreement described below, or the License Agreement, and which we refer to as IN-1, to be material to the operation of our business. This patent covers gastroretentive system/device for controlled release of an active ingredient in the GI tract. This patent does not cover the implementation of the accordion technology with respect to any particular drug or in a manner that is readily manufactured commercially, but it broadly covers folded gastroretentive forms, and forms the basis for the accordion technology in its most basic form. The system is intended mainly for drugs with NAW, drugs that act locally in the digestive system and drugs whose active receptors are in the upper part of the GI tract. The system is intended for clinical use in humans and in animals. The patent is issued in the United States, Israel, Japan Australia, Canada, South Africa, the United Kingdom and six other European countries, and expires in 2020.

In the License Agreement, Yissum granted us an exclusive license for developing, manufacturing and marketing of products based, directly or indirectly, on the IN-1 patent, the know-how and research results defined therein. Under the provisions of the License Agreement, as amended, Yissum may not transfer its rights in the patent without our prior written consent. In consideration of the license, we have undertaken to pay Yissum royalties equaling 3% of the total net revenues from the sale of products based on Yissum's patent and royalties equal to 15% of any payment or benefit whatsoever received by us from any sublicensee. At the current time we have not commenced sales and have not granted any sublicenses to any third parties. The parties to the License Agreement are entitled to terminate the agreement in case of bankruptcy or receivership of the other party, or a material breach (including in respect of any payment obligations) that is not cured within 30 days. The License Agreement will remain in effect until the later of the expiration date of the patent or 15 years from the first commercial sale on the basis of the license. We have the right to assign our rights in the License Agreement with the prior consent of Yissum, not to be unreasonably withheld, and we are entitled to grant sublicenses under the licensed intellectual property of Yissum to third parties in our sole discretion, and any sublicensee(s) thereunder will not be required to assume any undertaking towards Yissum.

IN-3

An additional patent family (i.e., Method and Apparatus for Forming Delivery Devices for Oral Intake of an Agent), which we refer to as IN-3, covers various methods for making and folding the gastroretentive drug delivery system, and for folding it in an accordion configuration allowing its integration into an ordinary oral capsule. The IN-3 family patents, which will expire in 2027, except for the first United States patent of this family, which will expire in 2028, allow the Accordion Pill to be manufactured in mass quantities and therefore to be more readily commercialized. We consider our licensed proprietary process for folding and cutting the films forming the drug delivery system for integration in an accordion-like configuration into an ordinary oral capsule to be material to our business. We have four granted patents in the U.S. and an additional pending patent application in connection with IN-3, as well as granted patents in Israel (3 patents), Europe (granted patent validated in 15 countries and a pending divisional application) and Japan. Importantly, the second IN-3 patent granted in the U.S. covers a specific embodiment of the Accordion Pill, particularly suitable for insoluble or poorly soluble drugs. Similar divisional applications have been filed in other countries and patents for these have already been granted in Israel and Japan.

IN-7 and IN-8

Two additional patents families (i.e., "frameless" Accordion Pill, specifically but not limited to Levodopa as the active drug (IN-7) and Accordion Pill with Zaleplon as the active ingredient (IN-8)) that we consider material to our business are referred to as IN-7 and IN-8. The accordion technology covered by our other patents may sometimes need to be specifically adapted for a given drug that might benefit from prolonged gastroretentive release. Thus, the layered structure of an Accordion Pill may be varied and specially designed by reference to factors that are unique to any given drug and indication, such as the quantity of active ingredient desired to be released, the length of time over which the active drug is released, the relative solubility of a particular drug molecule, and other factors. IN-7 patents/patent applications relate to a special Accordion Pill, which is "frameless", and is suitable for carrying various active drugs, including but not limited to Levodopa, optionally in combination with Carbidopa. IN-8 patents/patent applications protect the integration of Zaleplon into an Accordion Pill. The IN-7 patent family relates to the Accordion Pill dosage form, the main feature of which is the uniform inner drug-containing layer, which allows for, but does not require, high load of the drug, while maintaining the requisite structural or mechanical strength of the Accordion Pill. These two patent families each includes patents/patent applications filed in the United States, the European Patent Office, Japan and several other countries in April 2009. We have four granted U.S. patents for an Accordion Pill with specific claims to Carbidopa/Levodopa as the active ingredient(s) (IN-7), which will be in force until April 17, 2029, and have been granted IN-7 patents in China, Japan, Hong Kong, Canada, Europe, Israel, South Africa and South Korea. Applications in Europe (divisional) and in India are pending.

Patent applications with respect to IN-8 are still pending in some countries. Patents for IN-8 in the United States, Europe, Japan, Israel, South Africa and China were granted.

An additional patent family, related to IN-7, which we refer to as IN-11, seeks protection for an Accordion Pill containing Levodopa that is specifically formulated for treatment of Parkinson's disease in a specific treatment regimen. We have been granted two United States patents, and have pending applications in Canada, EPO, India and Israel. Any granted patent of IN-11 will expire in November 2031.

IN-21

This patent family is directed to Accordion Pill comprising cannabinoid/s as active drugs (including THC and CBD) currently includes a pending, published PCT application. National phase entry is due by January 11, 2019.

General

We intend to submit patent applications for each Accordion Pill and/or drug combination that we develop. The patent outlook for companies like ours is generally uncertain and may involve complex legal and factual questions. Our ability to maintain and consolidate our proprietary position for our technology will depend on our success in obtaining effective claims and enforcing those claims once granted. We do not know whether any of our patent applications or any patent applications that we license will result in the issuance of any patents. Our issued patents and those that may be issued in the future, or patents that we exclusively license, may be challenged, narrowed, circumvented or found to be invalid or unenforceable, which could limit our ability to stop competitors from marketing related products or the length of term of patent protection that we may have for our products. We cannot be certain that we were the first to invent the inventions claimed in our owned patents or patent applications, or that Yissum was the first to invent the invention claimed in the patent that we exclusively license from Yissum. In addition, our competitors may independently develop similar technologies or duplicate any technology developed by us, and the rights granted under any issued patents may not provide us with any meaningful competitive advantages against these competitors. Furthermore, because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that, before any of our products can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of the patent.

Trademarks

We rely on trade names, trademarks and service marks to protect our name brands. Our trademark/service mark ACCORDION PILL is registered in Israel in Class 5. A more recent application in Israel in classes 5, 40 and 42 has been accepted and published. We are in the process of registering the ACCORDION PILL trademark/ service mark in the United States and Europe.

Trade Secrets and Confidential Information

In addition to patents, we rely on trade secrets and know-how to develop and maintain our competitive position. Trade secrets and know-how can be difficult to protect. We rely on, among other things, confidentiality and invention assignment agreements to protect our proprietary know-how and other intellectual property that may not be patentable, or that we believe is best protected by means that do not require public disclosure. For example, we require our employees to execute confidentiality agreements in connection with their employment relationships with us, and to disclose and assign to us inventions conceived in connection with their services to us. However, there can be no assurance that these agreements will be enforceable or that they will provide us with adequate protection. We also seek to preserve the integrity and confidentiality of our data, trade secrets and know-how by maintaining physical security of our premises and physical and electronic security of our information technology systems.

We may be unable to obtain, maintain and protect the intellectual property rights necessary to conduct our business, and may be subject to claims that we infringe or otherwise violate the intellectual property rights of others, which could materially harm our business. For a more comprehensive summary of the risks related to our intellectual property, see "Risk Factors — Risks Related to Our Intellectual Property."

Properties

Our principal executive offices are located in Har Hotzvim at 12 Hartom Street, Jerusalem, Israel 9777512. The space is in a commercial office building and houses our office space of approximately 900 square meters, manufacturing facility for our clinical trials of approximately 670 square meters, which includes production, packaging, warehousing and logistics areas, and our laboratory facilities of approximately 200 square meters. In January 2018, we amended our lease agreement to add approximately 400 square meters that will allow us to expand our research and development activities.

The manufacturing and laboratory facilities are fully equipped for manufacturing and testing of the required quantities for Phase III clinical trials, including, mixers, casting equipment, laminating equipment, capsulating equipment and analytical equipment such as High Pressure/Performance Liquid Chromatography and dissolution testers. These facilities are cGMP compliant and approved by Israeli and European regulatory authorities and qualified for Phase III manufacturing.

We lease this space, which presently consists of a total area of approximately 2,170 square meters, from an unaffiliated third party, pursuant to a lease agreement which, as amended, expires June 30, 2021. Pursuant to the lease, as amended, our annual rental costs for 2017 were $490,000 (excluding VAT). We also lease four standard size offices, three offices in Modi'in, Israel and an office in New York City for our U.S. subsidiary, Intec Pharma Inc. Our expected rental costs for 2018 are approximately $695,000 (excluding VAT).

Although we will continue to produce product candidates ourselves for use in clinical trials, with respect to the future commercialization of the AP-CDLD, we have decided to rely on third-party manufacturers, and currently are in advanced discussions with a Commercial Manufacturing Organization (CMO).

Insurance

We maintain directors' and officers' liability insurance with maximum coverage of $40.0 million in the aggregate for the benefit of our office holders and directors. Such directors' and officers' liability insurance contains certain standard exclusions.

We also maintain insurance for our premises for a maximum of NIS 40.0 million, including coverage of equipment and lease improvements against risk of loss (fire, natural hazard and allied perils, excluding damage from theft - hereinafter "named perils") and business interruption insurance coverage caused by named perils out of which up to NIS 32.0 million for fixed cost and up to NIS 120.0 million for expenses related to the ACCORDANCE study, our Phase III clinical trial for AP-CDLD. In addition, we maintain the following insurance: employer liability with coverage of NIS 20.0 million; third-party liability with coverage of NIS 20.0 million; and all risk coverage for machinery breakdown of our casting machine of approximately NIS 5.0 million.

We also procure additional insurance for each specific clinical trial which covers a certain number of trial participants and which varies based on the particular clinical trial. Certain of such policies are based on the Declaration of Helsinki, which is a set of ethical principles regarding human experimentation developed for the medical community by the World Medical Association, and certain protocols of the Israeli Ministry of Health.

We believe our insurance policies are adequate and customary for a business of our kind. However, because of the nature of our business, we cannot assure you that we will be able to maintain insurance on a commercially reasonable basis or at all, or that any future claims will not exceed our insurance coverage.

Research Grants

Grants under the Innovation Law

Under the Innovation Law, research and development programs that meet specified criteria and are approved by a committee of the IIA are eligible for grants. The grants awarded are typically up to 50% of the project's expenditures, as determined by the IIA committee and subject to the benefit track under which the grant was awarded. A company that receives a grant from the IIA, or a Participating Company, is typically required to pay royalties to the IIA on income generated from products incorporating know-how developed using such grants (including income derived from services associated with such products), until 100% of the U.S. dollars-linked grant plus annual LIBOR interest is repaid. The rate of royalties to be paid may vary between different benefits tracks, as shall be determined by the IIA. Under the regular benefits tracks the rate of royalties varies between 3% to 5% of the income generated from the IIA-supported products. The obligation to pay royalties is contingent on actual income generated from such products and services. In the absence of such income, no payment of such royalties is required.

The terms of the grants under the Innovation Law also (generally) require that the products developed as part of the programs under which the grants were given be manufactured in Israel and that the know-how developed thereunder may not be transferred outside of Israel, unless a prior written approval is received from the IIA (such approval is not required for the transfer of a portion of the manufacturing capacity which does not exceed, in the aggregate, 10% of the portion declared to be manufactured outside of Israel in the applications for funding, in which case only notification is required) and additional payments are required to be made to the IIA. It should be noted, that this does not restrict the export of products that incorporate the funded know-how. See "Risk Factors — Risks Related to Our Operations in Israel" for additional information.

The IIA approved our request to transfer 100% of the manufacturing rights of a certain product that was developed under one of the IIA funded programs to a non-Israeli manufacturer. As a result, we will be required to pay the IIA royalties from revenue generated from the AP-CDLD product candidate at an increased rate and up to an increased cap amount. The IIA noted that the approval granted was exceptional and that the IIA will not approve manufacturing additional product candidates out of Israel.

From January 1, 2009 through December 31, 2016, we received from IIA approximately NIS 50.2. However, in February 2018, the Company received a notice from the IIA to repay part of the grant amounts received in 2016 in the amount of approximately NIS 8.0 million, including NIS 0.1 million of interest and linkage differences, following a review and assessment by the IIA on the 2016 program. For more information see note 11c(1) in our consolidated financial statements for the year ended December 31, 2017. As of the date of this annual report on Form 20-F, the Company has repaid the IIA the total of approximately NIS 8.0 million.

Environmental Matters

We are subject to various environmental, health and safety laws and regulations, including those governing air emissions, water and wastewater discharges, noise emissions, the use, management and disposal of hazardous materials and wastes and the cleanup of contaminated sites. In addition, all of our laboratory personnel participate in instruction on the proper handling of chemicals, including hazardous substances before commencing employment, and during the course of their employment with us. In addition, all information with respect to any chemical substance that we use is filed and stored as a Material Safety Data Sheet, as required by applicable environmental regulations. Based on information currently available to us, we do not expect environmental costs and contingencies to have a material adverse effect on us. The operation of our facilities, however, entails risks in these areas. Significant expenditures could be required in the future if we are required to comply with new or more stringent environmental or health and safety laws, regulations or requirements.

We hold a business license from the Jerusalem Municipality with respect to manufacturing pharmaceutical products at 12 Hartom Street, Har Hotzvim in Jerusalem. The license is currently valid until April 1, 2018 and we are in the process of renewing it. The business license was granted after an inspection of our raw materials inventory, which we are permitted to maintain in our facilities and warehouses located at 12 Hartom Street. We also hold a toxic substance permit from July 14, 2015, which is valid until July 29, 2018.

On December 15, 2015, following our discussions with the Ministry of Environmental Protection to relax certain restrictions included in our business license, including, among others, to remove certain conditions the compliance with which is not feasible in the premises in which our facility is located, our business license was updated with additional terms which match our current activity.

We believe that our business, operations and facilities are being operated in compliance in all material respects with applicable environmental and health and safety laws and regulations.

Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. There are currently no pending material legal proceedings, and we are currently not aware of any legal proceedings or claims against us or our property that we believe will have any significant effect on our business, financial position or operating results. None of our officers or directors is a party against us in any legal proceeding.

ITEM 4A. Unresolved Staff Comments.

Not applicable.

ITEM 5. Operating and Financial Review and Prospects.

You should read the following discussion along with our consolidated financial statements and the related notes included in this annual report. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions, including those discussed under "Risk Factors." Our actual results, performance and achievements may differ materially from those expressed in, or implied by, these forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements." We have prepared our consolidated financial statements in accordance with IFRS, as issued by the IASB.

Overview

We are a clinical stage biopharmaceutical company focused on developing drugs based on our proprietary Accordion Pill platform technology, which we refer to as the Accordion Pill. Our Accordion Pill is an oral drug delivery system that is designed to improve the efficacy and safety of existing drugs and drugs in development by utilizing an efficient GR and specific release mechanism. Our product pipeline currently includes several product candidates in various clinical trial stages. Our leading product candidate, Accordion Pill Carbidopa/Levodopa, or AP-CDLD, is being developed for the indication of treatment of Parkinson's disease symptoms in advanced Parkinson's disease patients. We have successfully completed a Phase II clinical trial for AP-CDLD for the treatment of Parkinson's disease symptoms in advanced Parkinson's disease patients and have agreed with the U.S. Food and Drug Administration, or the FDA, on the remaining clinical development program for AP-CDLD for the treatment of Parkinson's disease symptoms in advanced Parkinson's disease patients, including the main principles of the single required pivotal Phase III clinical trial in advanced Parkinson's disease patients. We enrolled the first patient in the ACCORDANCE study, the pivotal Phase III clinical trial for AP-CDLD, in April 2016 and we currently expect to complete patient enrollment in the trial during the second half of 2018.

In our correspondence with the FDA, the FDA previously agreed that an acceptable regulatory pathway for AP-CDLD would be to file a new drug application, or NDA, pursuant to Section 505(b)(2) of the FDCA, which is a streamlined approval pathway that may accelerate the time to commercialize and decrease the costs of FDA approval for AP–CDLD, as compared to those typically associated with an NCE.

In addition, we have initiated a new clinical development program for our Accordion Pill platform with the two primary cannabinoids contained in cannabis sativa, which we refer to as AP-Cannabinoids. We are formulating and testing cannabidiol, or CBD, and 9-tetrahydrocannabinol, or THC, for the treatment of various indications, including low back neuropathic pain and fibromyalgia. AP-CBD/THC is designed to extend the absorption phase of CBD and THC, resulting in more consistent levels for an improved therapeutic effect which may address several major drawbacks of current methods of treatment, such as short duration of effect, delayed onset, variability of exposure, variability of the administered dose and adverse events that correlate with peak levels. In March 2017, we initiated a Phase I single-center, single-dose, randomized, three-way crossover clinical trial in Israel to compare the safety, tolerability and PK of AP-THC/CBD with Sativex®, a commercially available oral buccal spray containing CBD and THC. Initial results demonstrate that the Accordion Pill platform is well suited to safely deliver CBD and THC with significant improvements in exposure compared with Sativex®. In the trial, the median time of peak concentration for AP-THC/CBD was two to three times longer than Sativex® and absorption was significantly higher.

Our Accordion Pill platform technology is designed to increase the time that drugs are retained in the stomach as compared to other oral dosage forms, such as tablets and capsules. This capability is particularly important to drugs with a NAW, which are absorbed mainly in the upper part of the gastrointestinal, or GI, tract. Regular controlled-release formulations of such drugs currently on the market sometimes fail to provide an efficient solution, as once the regular dosage form has passed the drug's NAW in the upper GI tract, the drug is not, or is very poorly, absorbed in the distal parts of the GI tract. The Accordion Pill platform technology is also designed for drugs with low solubility, which do not efficiently dissolve in the GI tract, and drugs with low permeability, which do not efficiently penetrate the intestinal wall and reach the blood stream, such as Biopharmaceutics Classification System, or BCS, Class II (low solubility, high permeability) and Class IV (low solubility, low permeability) drugs. According to The AAPS Journal published by the American Association of Pharmaceutical Scientists, of the top 200 oral drugs in the United States, Great Britain, Spain and Japan in 2006, approximately 30% to 35% were BCS Class II drugs and approximately 5% to 10% were BCS Class IV drugs. Further, according to Drug Development & Delivery, in 2006 approximately 90% of NCEs in development were either BCS Class II or Class IV drugs. The Accordion Pill's efficient GR and specific release mechanism prolongs the absorption phase of drugs with an NAW, which can result in significantly more stable plasma levels. In addition, the Accordion Pill has demonstrated an enhancement of the absorption of a poorly soluble, BCS Class II/IV drug in a crossover PK clinical study in 12 healthy volunteers. For poorly soluble drugs, we believe that our technology acts through the gradual delivery of an undissolved drug by the Accordion Pill in the stomach, which allows for the complete dissolution of the drug dose in the stomach over the delivery period. The gradual passage of the drug from the stomach to the upper part of the GI tract enables an increase in the amount of the drug that can be dissolved and thus absorbed, in the upper small bowel. In addition, we believe that bile secretion in the upper part of the GI tract also improves the intestinal environment for better absorption. Finally, the significant dilution of the drug solution in the small bowel caused by prolonged delivery increases the amount of the drug available for absorption.

Our clinical trials to date have demonstrated that the Accordion Pill is retained in the stomach for eight to 12 hours, as compared to significantly shorter time periods, typically as little as two to three hours, when using other solid dosage forms. The efficient GR and the predetermined release profile for each specific drug associated with our Accordion Pill technology demonstrated a significant improvement in PK, which is the drug plasma level over time and a corresponding improvement in efficacy and safety.

History of Losses

Since our inception, we have generated significant losses in connection with our research and development, including the clinical development of AP-CDLD. As of December 31, 2017, we had an accumulated deficit of $90.5 million. We expect that additional losses will be accumulated in the near future as a result of our research and development activities. Such research and development activities will require further resources if we are to be successful. As a result, we may continue to incur operating losses, and we may need to obtain additional funds to further develop our research and development programs and our product candidates.

As a result of, among other things, our research and development activities, as well as the fact that we have not generated revenues since our inception, for the year ended December 31, 2017, our net loss was approximately $29.1 million.

We have funded our operations primarily through the sale of equity securities (both in private placements and in public offerings on the NASDAQ Capital Market and the TASE as described above), funding received from the IIA and other funds, and reimbursements received pursuant to collaborations with multinational pharmaceutical companies in connection with certain research and development activities. Since our inception, we have raised approximately $158 million in various investment rounds, private placements, an initial public offering in Israel in February 2010, various rights issuances, an initial public offering on the NASDAQ Capital Market in August 2015 and a public offering on the NASDAQ Capital Market in August 2017. We received approximately $34 million and $57.5 million from our initial U.S. public offering and U.S. follow-on public offering on the NASDAQ Capital Market, respectively. As of December 31, 2017, we had approximately $55.2 million of cash, cash equivalents and financial assets at fair value.

Operating Expenses

Our current operating expenses consist of two components, research and development expenses and general and administrative expenses.

Research and Development Expenses:

Our research and development expenses during the 12 months ended 2015, 2016 and 2017 relate primarily to the development of AP–CDLD. We record expenses for each product candidate on a direct cost basis only, rather than on a project basis. Direct costs, which include contract research organization expenses, clinical trials and pre-clinical trials, consulting expenses, APIs, and other similar expenses are recorded to the product candidate for which such expenses are incurred. However, salaries and related personnel expenses, indirect materials and costs for facilities and equipment are considered overhead and are shared among all of our product candidates and are not recorded on a product-by-product basis. Our direct costs related to product candidates other than AP–CDLD for 2015, 2016 and 2017 were insignificant. We expect our research and development expense to remain our primary expense in the near future as we continue to develop our products. Increases or decreases in research and development expenditures are primarily attributable to the number and/or duration of the clinical studies that we conduct.

We expect that a large percentage of our research and development expense in the future will be incurred in support of our current and future clinical development projects. Due to the inherently unpredictable nature of clinical development processes, we are unable to estimate with any certainty the costs we will incur in the continued development of our product candidates in our pipeline for potential commercialization. Clinical development timelines, the probability of success and development costs can differ materially from expectations. We expect to continue to conduct additional clinical trials for our product candidates.

While we are currently focused on advancing our product development, our future research and development expenses will depend on the clinical success of our product candidates, as well as ongoing assessments of the candidates' commercial potential. As we obtain results from clinical studies, we may elect to discontinue or delay clinical studies for one or more of our product candidates in certain indications in order to focus our resources on more promising product candidates. Completion of clinical studies may take several years or more, but the length of time generally varies according to the type, complexity, novelty and intended use of a product candidate.

We expect our research and development expenses to increase in the future from current levels as we continue the advancement of our clinical product development. The lengthy process of completing clinical studies and seeking regulatory approval for our product candidates requires the expenditure of substantial resources. Any failure or delay in completing clinical studies, or in obtaining regulatory approvals, could cause a delay in generating product revenue and cause our research and development expenses to increase and, in turn, have a material adverse effect on our operations. Because of the factors set forth above, we are not able to estimate with any certainty when we would recognize any net cash inflows from our projects.

General and Administrative Expenses:

Our general and administrative expenses consist primarily of salaries and expenses related to employee benefits, including share-based compensation, for our general and administrative employees, which includes employees in executive and operational roles, including finance and human resources, as well as consulting, legal and professional services related to our general and administrative operations.

Our general and administrative expenses, such as accounting and legal fees, have increased since we have become a public company in the United States.

Other Gains, Net

Other gains, net, consist of change in the fair value of the financial assets at fair value through profit or loss.

Financial Expense and Income

Financial expense and income consist of interest earned on our cash, cash equivalents and short-term bank deposits; bank fees and other transactional costs; change in fair value of derivative financial instruments and expenses or income resulting from fluctuations of the NIS and other currencies, in which a portion of our assets and liabilities are denominated, against the U.S. dollar (our functional currency).

Results of Operations

The table below provides our results of operations for the periods indicated.

	Year ended December 31,				
	2013	**2014**	**2015**	**2016**	**2017**
	USD in thousands				
Statements of comprehensive loss data:					
Research and development expenses	$ (5,065)	$ (4,959)	$ (7,533)	$ (15,349)	$ (21,492)
Participation in (repayment of) research and development expenses	2,325	1,550	2,718	4,600	(2,803)
Research and development expenses, net	(2,740)	(3,409)	(4,815)	(10,749)	(24,295)
General and administrative expenses	(2,427)	(2,609)	(2,788)	(3,097)	(5,144)
Other gains, net	131	234	19	34	218
Operating loss	(5,036)	(5,784)	(7,584)	(13,812)	(29,221)
Financial income	120	318	633	466	358
Financial expenses	(180)	(227)	(229)	(16)	(201)
Financial income, net	(60)	91	404	450	157
Loss before taxes on income	(5,096)	(5,693)	(7,180)	(13,362)	(29,064)
Taxes on income	—	—	—	—	(29)
Net loss	(5,096)	(5,693)	(7,180)	(13,362)	(29,093)
Other comprehensive income (loss)- currency translation differences	406	(805)	(664)	—	—
comprehensive loss	$ (4,690)	$ (6,498)	$ (7,844)	$ (13,362)	$ (29,093)
Basic and diluted loss per ordinary share	$ (1.18)	$ (1.18)	$ (0.92)	$ (1.17)	$ (1.65)
Number of ordinary shares used in computing loss per ordinary share (in thousands)	4,322	4,825	7,791	11,448	17,660

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Research and Development Expenses, Net

Our research and development expenses, net, for the year ended December 31, 2017 amounted to approximately $24.3 million, an increase of $13.6 million, or approximately 127%, compared to approximately $10.7 million for the year ended December 31, 2016. The increase was primarily due to an increase in expenses related to the progression of the ACCORDANCE study, our Phase III clinical trial for AP-CDLD, payroll and related expenses, mostly due to an increase in headcount and salary raises. This was offset by a decrease in the IIA's participation in research and development expenses (which was due to the Company's decision not to accept the IIA grant for 2017, given its conditions) and by repayment to IIA of research and development expenses following IIA's notice to repay part of the grants received in 2016.

General and Administrative Expenses

Our general and administrative expenses for the year ended December 31, 2017 amounted to approximately $5.1 million, an increase of $2.0 million, or approximately 65%, compared to approximately $3.1 million for the year ended December 31, 2016. The increase was primarily due to the increase in professional services, share-based compensation to employees and payroll and related expenses primarily related to the hiring of management personnel in the United States during 2017.

Other Gains, Net

Our other gains, net, for the year ended December 31, 2017 amounted to approximately $218,000, compared to approximately $34,000 for the year ended December 31, 2016. The other gains, net consist of change in the fair value of financial assets.

Operating Loss

As a result of the foregoing, for the year ended December 31, 2017 our operating loss was approximately $29.2 million, an increase of $15.4 million, or approximately 112%, compared to our operating loss for the year ended December 31, 2016 of approximately $13.8 million. The increase was mainly due to an increase in research and development expenses, as detailed above.

Financial Income, Net

For the year ended December 31, 2017, we had financial income from interest on cash equivalents and bank deposits in the amount of approximately $286,000 and foreign currency exchange income in the amount of approximately $72,000 offset by financial expenses from change in fair value of derivative financial instruments in the amount of approximately $184,000 and bank fees.

Taxes on income

During 2017 and 2016, we have not generated taxable income in Israel. However, in 2017 we had incurred tax expenses in our U.S. subsidiary in the amount of $29,000.

Comprehensive Loss

As a result of the foregoing, for the year ended December 31, 2017 our loss and comprehensive loss was approximately $29.1 million, an increase of $15.7 million, or approximately 117%, compared to our loss and comprehensive loss for the year ended December 31, 2016 of approximately $13.4 million. The increase was mainly due to an increase in research and development expenses, as detailed above.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Research and Development Expenses, Net

Our research and development expenses, net, for the year ended December 31, 2016 amounted to approximately $10.7 million, an increase of $5.9 million, or approximately 123%, compared to approximately $4.8 million for the year ended December 31, 2015. The increase was primarily due to an increase in expenses for the ACCORDANCE study, payroll and related expenses, which were partially offset by an increase in participation in research and development expenses from the IIA received in 2016 compared to 2015.

General and Administrative Expenses

Our general and administrative expenses for the year ended December 31, 2016 amounted to approximately $3.1 million, an increase of $0.3 million, or approximately 11%, compared to approximately $2.8 million for the year ended December 31, 2015. The increase was primarily due to an increase in other expenses associated with being a public company in the United States since August 2015.

Other Gains, Net

Our other gains, net, for the year ended December 31, 2016 amounted to approximately $34,000, compared to approximately $19,000 for the year ended December 31, 2015. The other gains, net consist of change in the fair value of financial assets.

Operating Loss

As a result of the foregoing, research and development, net, general and administrative expenses, and other gains, net, as well as our failure to generate revenues since our inception, for the year ended December 31, 2016 our operating loss was approximately $13.8 million, an increase of $6.2 million, or approximately 82%, compared to our operating loss for the year ended December 31, 2015 of approximately $7.6 million. This increase primarily resulted from an increase in expenses of the ACCORDANCE study, payroll and related expenses and other expenses associated with being a public company in the United States since August 2015, which were partially offset by an increase in participation in research and development expenses from the IIA received in 2016 compared to 2015.

Financial Income, Net

For the year ended December 31, 2016, we had financial income from interest on cash equivalents and bank deposits in the amount of approximately $176,000, financial income from change in fair value of derivative financial instruments in the amount of approximately $230,000 and foreign currency exchange income in the amount of approximately $60,000. In addition, we had financial expenses from bank fees.

Other comprehensive loss - currency translation differences

We had no other comprehensive loss from currency translation differences for the year ended December 31, 2016. Our currency translation differences for the year ended December 31, 2015 amounted to approximately $664,000. This currency translation difference resulted from the change in functional currency from NIS to U.S. dollar, effective January 1, 2016.

Comprehensive Loss

As a result of the foregoing research and development, net, general and administrative expenses, other gains, net, financial expense/income, net, and other comprehensive loss - currency translation differences, as well as our failure to generate revenues since our inception, for the year ended December 31, 2016 our loss and comprehensive loss was approximately $13.4 million, an increase of $5.6 million, or approximately 72%, compared to our loss and comprehensive loss for the year ended December 31, 2015 of approximately $7.8 million. This increase primarily resulted from an increase in expenses of the ACCORDANCE study, payroll and related expenses and other expenses associated with being a public company in the United States since August 2015, which were partially offset by an increase in participation in research and development expenses from the IIA received in 2016 compared to 2015 and less other comprehensive loss - currency translation differences which were recorded only in 2015.

Liquidity and Capital Resources

Since our inception, we have funded our operations primarily through public and private offerings (in Israel and in the U.S.) of our equity securities, grants from the IIA and other grants from organizations such as the Michael J. Fox Foundation, and payments received under the feasibility and related agreements we have entered into with multinational pharmaceutical companies, pursuant to which we are entitled to full coverage of our development costs with regard to the projects specified in those agreements.

As of December 31, 2017, we had cash and cash equivalents and financial assets at fair value through profit or loss of approximately $55.2 million. As of December 31, 2016, we had cash and cash equivalents and financial assets at fair value through profit or loss of approximately $18.2 million.

Net cash used in operating activities was approximately $22.1 million for the year ended December 31, 2017 compared with net cash used in operating activities of approximately $12.0 million for the year ended December 31, 2016. This increase primarily resulted from an increase in our net loss of approximately $15.7 million, which was partially offset by a decrease in changes in operating asset and liability items of approximately $4.7 million.

We had negative cash flow from investing activities of approximately $4.7 million for the year ended December 31, 2017 compared to positive cash flow from investing activities of approximately $ 4.7 million for the year ended December 31, 2016. The change resulted primarily from the maturities of short-term deposits, net, in the amount of $5.0 million in 2016 and an increase in purchase of property and equipment in the amount of approximately $4.5 million.

We had the following major financing activities during 2017. In March 2017, we completed a private placement of 2,289,638 ordinary shares of the Company, at a price of $4.40 per share, with various investors for gross proceeds of approximately $10 million, and in August 2017, we completed an underwritten public offering of our ordinary shares on the NASDAQ Capital Market, pursuant to which we issued 12,224,500 ordinary shares at a price of $4.70 per share for net proceeds of approximately $53.6 million.

Current Outlook

As of December 31, 2017, we believe that, without further fund raising, we will not have sufficient working capital to enable us to continue advancing our activities, including the development, manufacturing and marketing of our products for a period of at least 12 months from the date of approval of the consolidated financial statements. As a result, there is substantial doubt about our ability to continue as a going concern. We expect to satisfy our future cash needs through submissions of applications for grants from private funds, license agreements with third parties and capital raising from the public, private investors and institutional investors, such as through the private placement of ordinary shares that we conducted in March 2017 and the public offering we completed in August 2017. We may also engage with a partner in order to share the costs associated with the development and manufacturing of our product candidates. For more information see note 1a(2) in our consolidated financial statements for the year ended December 31, 2017.

Developing drugs, conducting clinical trials, obtaining commercial manufacturing capabilities and commercializing products is expensive and we will need to raise substantial additional funds to achieve our strategic objectives. We will require significant additional financing in the future to fund our operations, including if and when we progress into additional clinical trials of our product candidates, obtain regulatory approval for one or more of our product candidates, obtain commercial manufacturing capabilities and commercialize one or more of our product candidates. Our future capital requirements will depend on many factors, including, but not limited to:

- the progress and costs of our clinical trials and other research and development activities;
- the scope, prioritization and number of our clinical trials and other research and development programs;
- the amount of revenues and contributions we receive under future licensing, collaboration, development and commercialization arrangements with respect to our product candidates;
- the costs of the development and expansion of our operational infrastructure;
- the costs and timing of obtaining regulatory approval for one or more of our product candidates;
- the ability of us, or our collaborators, to achieve development milestones, marketing approval and other events or developments under our potential future licensing agreements;
- the costs of filing, prosecuting, enforcing and defending patent claims and other intellectual property rights;
- the costs and timing of securing manufacturing arrangements for clinical or commercial production;
- the costs of contracting with third parties to provide sales and marketing capabilities for us or establishing such capabilities ourselves;
- the costs of acquiring or undertaking development and commercialization efforts for any future products, product candidates or technology;
- the magnitude of our general and administrative expenses; and
- any cost that we may incur under future in- and out-licensing arrangements relating to one or more of our product candidates.

Until we can generate significant recurring revenues, we expect to satisfy our future cash needs through debt or equity financings or by out-licensing applications of one or more of our product candidates. We cannot be certain that additional funding will be available to us on acceptable terms, if at all. If funds are not available, we may be required to delay, reduce the scope of or eliminate research or development plans for, or commercialization efforts with respect to, one or more of our product candidates and make necessary change to our operations to reduce the level of our expenditures in line with available resources.

Contractual Obligations

Our significant contractual obligations as of December 31, 2017 included the following:

	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	More than 5 Years
Operating Lease Obligations in $ (payments due by June 30, 2021)	2,280,000	685,000	1,270,000	325,000	—

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have had or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Trend Information

We are a development stage company and it is not possible for us to predict with any degree of accuracy the outcome of our research and development efforts. As such, it is not possible for us to predict with any degree of accuracy any significant trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net loss, liquidity or capital resources, or that would cause financial information to not necessarily be indicative of future operating results or financial condition. However, to the extent possible, certain trends, uncertainties, demands, commitments and events are in this "Item 5. Operating and Financial Review and Prospects."

Critical Accounting Policies

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with IFRS as issued by the IASB. The preparation of these consolidated financial statements requires management to make estimates that affect the reported amounts of our assets, liabilities and expenses. Significant accounting policies employed by us, including the use of estimates, are presented in the notes to the consolidated financial statements included elsewhere in this annual report. We periodically evaluate our estimates, which are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. Critical accounting policies are those that are most important to the portrayal of our financial condition and results of operations and require management's subjective or complex judgments, resulting in the need for management to make estimates about the effect of matters that are inherently uncertain. If actual performance should differ from historical experience or if the underlying assumptions were to change, our financial condition and results of operations may be materially impacted.

Share-based payments

For the purpose of the evaluation of the fair value and the manner of the recognition of share-based compensation, our management is required to estimate, among others, various parameters that are included in the calculation of the fair value of the option as well as our results and the number of options that will vest. Prior to our initial public offering in the United States, the fair value of our ordinary shares used in the calculation of the fair value of the option was the market price of our ordinary shares on the TASE. Since the completion of our initial public offering in the United States, the fair value of our ordinary shares used in the calculation of the fair value of the option is the market price of our ordinary shares on the NASDAQ Capital Market. The actual results and the estimates that are made in the future may be significantly different from the current estimates.

Jumpstart Our Business Startups Act of 2012

We are an emerging growth company within the meaning of the rules under the Securities Act, and we will utilize certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies. Such exemptions include, but are not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404, (ii) being exempt from adoption of new or revised financial accounting standards until they would apply to private companies, (iii) being exempt from compliance with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about our audit and our consolidated financial statements and (iv) reduced disclosure obligations regarding executive compensation. We could remain an "emerging growth company" for up to five years from the date of our first sale of common equity securities pursuant to an effective registration statement under the Securities Act, or until the earliest of (a) the last day of the first fiscal year in which our annual gross revenue exceeds $1.07 billion (as such amount is indexed for inflation every five years by the SEC to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics) or more, (b) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our ordinary shares that is held by non-affiliates exceeds $700.0 million as of the last business day of our most recently completed second fiscal quarter, or (c) the date on which we have issued more than $1.0 billion in nonconvertible debt during the preceding three year period.

The JOBS Act also permits us, as an "emerging growth company," to take advantage of an extended transition period to comply with certain new or revised accounting standards if such standards apply to companies that are not issuers. We are choosing to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards when they are required to be adopted by issuers. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

Government Policies and Factors

We believe certain governmental policies and factors could materially affect, directly or indirectly, our operations or your investment. Please see "Risk Factors — Risks Related to Our Company and Its Business" and "Risk Factors — Risks Related to the Regulation of Our Company and Its Business."

ITEM 6. Directors, Senior Management and Employees.

A. Directors and Senior Management.

We are managed by a board of directors, which is currently comprised of six members, and our executive officers. Each of our executive officers is appointed by our board of directors. The table below sets forth our directors and executive officers as of December 31, 2017. The business address for each of our executive officers and directors is c/o Intec Pharma Ltd., 12 Hartom Street, Har Hotzvim, Jerusalem 9777512, Israel.

Name	Age	Position
Dr. John W. Kozarich	68	Chairman of the Board of Directors
Jeffrey A. Meckler	51	Chief Executive Officer and Vice Chairman of the Board of Directors
Dr. Nadav Navon	49	Chief Operating Officer
Walt A. Linscott, Esq.	57	Chief Administrative Officer
Nir Sassi	42	Chief Financial Officer
Dr. R. Michael Gendreau	62	Chief Medical Officer
Gil Bianco	66	External Director and Chairperson of the Audit Committee
Hila Karah	49	Director
Issac Silberman	66	External Director and Chairperson of the Compensation Committee
Anthony J. Maddaluna	65	Director

Our Executive Officers and Directors

Dr. John W. Kozarich has been our Chairman of the board of directors since July 2016. Dr. Kozarich has nearly 40 years of experience in the biopharmaceutical industry and academia. Dr. Kozarich currently serves as Chairman of Ligand Pharmaceuticals (NASDAQ: LGND). From 2004 until April 2017, Dr. Kozarich served as Chairman and President of ActivX Biosciences, Inc., or ActivX, where he is now a Distinguished Scientist. Prior to his role at ActivX, Dr. Kozarich was Vice President at Merck Research Laboratories where he was responsible for a variety of drug discovery and development programs and external biotech collaborations. Dr. Kozarich previously held full professorships at the University of Maryland and Yale School of Medicine. He was named Director of the Year for 2014 by the Corporate Directors Forum, has been an American Cancer Society Faculty Research Awardee, and received the Distinguished Scientist Award of the San Diego Section of the American Chemical Society. Dr. Kozarich currently serves as a director at Retrophin, Inc., a publicly-traded biopharmaceutical company (NASDAQ: RTRX). From 2007 until April 2015, Dr. Kozarich served as a director of Corium International, Inc., a publicly-traded commercial stage biopharmaceutical company (NASDAQ: CORI) and, from June 2012 until the company's merger with Aegerion Pharmaceuticals, Inc. and Istope Acquisition Corp. in November 2016, Dr. Kozarich served as a director of QLT, Inc., a biotechnology company (NASDAQ: QLTI). Dr. Kozarich holds a B.S. in chemistry from Boston College and a Ph.D. in biological chemistry from the Massachusetts Institute of Technology and was an NIH Postdoctoral Fellow at Harvard University.

Mr. Jeffrey A. Meckler has served as our Vice Chairman of the board of directors since April 2017 and as our Chief Executive Officer since July 2017. Mr. Meckler has served on numerous public and private corporate boards and is currently a director of Retrophin, Inc. (NASDAQ: RTRX). Mr. Meckler recently served as Chief Executive Officer and a Director of CoCrystal Pharma, Inc., a pharmaceutical company, from April 2015 to July 2016. He has also served as a Director of QLT, Inc. (NASDAQ: QLTI), a biotechnology company, from June 2012 to November 2016, as well as the Managing Director of The Andra Group, a life sciences consulting firm since 2009. Mr. Meckler also served as Chief Executive Officer of Trieber Therapeutics from January 2017 to July 2017. Earlier in his career, Mr. Meckler held a series of positions at Pfizer Inc. in manufacturing systems, market research, business development, strategic planning and corporate finance, which included playing a significant role in acquisitions and divestitures. Mr. Meckler is the past President and continues to serve on the board of directors of Children of Bellevue, a non-profit organization focused on advocating and developing pediatric programs at Bellevue Hospital Center. Mr. Meckler holds a B.S. in Industrial Management and M.S. in Industrial Administration from Carnegie Mellon University. In addition, Mr. Meckler received his J.D. from Fordham University School of Law.

Dr. Nadav Navon has been with us since March 2006 and has served as our Chief Operating Officer since July 2017. Between March 2015 and July 2017, Dr. Navon served as our Executive Vice President of Research & Development and Operations. Before that he served as our Vice President of Research & Development and Operations from May 2013 until March 2015. Prior to his service with us, Dr. Navon headed the analytical and quality assurance operations at Sharon Laboratories Ltd., a chemical company that develops and manufactures raw materials for the pharmaceutical, cosmetic and food industries, from 2001 to 2006. Prior to that, Dr. Navon led a number of research and development projects in the Negev's Nuclear Research Center. Dr. Navon has a Ph.D. in inorganic and analytical chemistry, and an MBA and a BSc in chemistry, each from Ben-Gurion University in Be'er Sheva, Israel.

Walt A. Linscott, Esq. has been our Chief Administrative Officer since October 2017. Prior to his service with us, Mr. Linscott co-founded a global consulting enterprise in October 2014 providing strategic advice to developing companies and most recently served as the President and Chief Operating Officer of Treiber Therapeutics, Inc. from March 2017. Mr. Linscott also has held senior level executive positions at public and private medical device and pharmaceutical companies, Cocrystal Pharma, Inc., from July 2015 to March 2017, Carestream Health, Inc., from January 2011 to January, 2015 and Solvay Pharmaceuticals, Inc., from 2001 to 2005. In addition to this experience, he was an associate and partner at Thompson Hine LLP from 1990 to 2001, and again as a partner from 2005 to 2010 where he founded the firm's Atlanta, Georgia office, served as Partner in Charge and Chair of the firm's Life Science Practice Group. Mr. Linscott holds a Postgraduate Diploma in Global Business from the University of Oxford and a Postgraduate Diploma in Entrepreneurship from Cambridge University. He earned a bachelor's degree from Syracuse University and a Juris Doctor from the University of Dayton School of Law. Mr. Linscott served on active duty as an Officer in the United States Marine Corps prior to attending law school.

Mr. Nir Sassi has been our Chief Financial Officer since August 2016. Prior to serving as our Chief Financial Officer, Mr. Sassi served as our VP Finance commencing in January 2015 and as our Chief Financial Officer between March 2010 and January 2015. Prior to his service with us, Mr. Sassi served as a Senior Manager at PricewaterhouseCoopers Israel, an accounting firm, from 2002 until 2010, including two years relocation to the PricewaterhouseCoopers New York office. Mr. Sassi is a certified public accountant in Israel and has a bachelor's degree in economics and accounting from Ben Gurion University in Be'er Sheva, Israel.

Dr. R. Michael Gendreau was named as our Chief Medical Officer in February 2018. In 2011, prior to joining Intec, Dr. Gendreau founded Gendreau Consulting, LLC, a consulting firm providing strategic advice and operational leadership on the design and management of clinical programs, strategic planning, and technology assessments for emerging pharmaceutical, diagnostic, and medical device companies. He has served on various scientific advisory boards, executive strategic planning boards, and Data Safety Monitoring Boards. Prior to his consulting career, Dr. Gendreau served from 1996 until 2011 as Chief Medical Officer at Cypress Bioscience, Inc., a clinical-stage biotech company developing therapies for central nervous system disorders. Prior to Cypress Bioscience, Dr. Gendreau was Chief Medical Officer of Microprobe Corporation from 1991 to 1994. Additionally, he has served as Chief Medical Officer/Therapeutic Area Head at other institutions, including Battelle Memorial Institute. Dr. Gendreau received his B.S. in Chemistry from Ohio University, and earned his M.D./Ph.D. from The Ohio State University.

Mr. Gil Bianco has served as one of our external directors since April 2010. From November 2009 to November 2012, Mr. Bianco served as a director of D-Pharm Ltd., an Israeli public biopharmaceutical company, and from May 2007 to May 2010, Mr. Bianco served as a director of BioLineRx Ltd. (NASDAQ: BLRX), a clinical-stage biopharmaceutical development company. From December 2003 to December 2009, Mr. Bianco served as an external director of the Tel Aviv Stock Exchange Ltd. Prior to that, from 2001 to 2003, Mr. Bianco served as chief executive officer of Agis Industries Ltd., a pharmaceutical manufacturer. Mr. Bianco currently serves as an external director at Mazor Robotics Ltd. (NASDAQ: MZOR and TASE: MZOR.TA), a medical device company. Mr. Bianco is also a director of several private companies in the fields of biotech and medical devices. Mr. Bianco holds a B.A. in economics and accounting from Tel-Aviv University in Tel-Aviv, Israel and is a certified public accountant in Israel.

Ms. Hila Karah has served as one of our directors since December 2009. Ms. Karah is the executive chairperson of FloraFotonica Ltd., an Israeli Agro Tech startup. Ms. Karah is an experienced board director and independent business consultant to private and public companies on strategy, operations, financing, regulatory and corporate governance. From 2006 until 2013, Ms. Karah was the chief investment officer of Eurotrust Ltd., a family office, where she focused primarily on investments in life science, internet and high-tech companies. Prior to joining Eurotrust, Ms. Karah served as a senior analyst at Perceptive Life Sciences Ltd., a New York-based hedge fund. Prior to her position at Perceptive, Ms. Karah was a research analyst at Oracle Partners Ltd., a healthcare-focused hedge fund based in Connecticut. Ms. Karah currently serves as a director at Cyren Ltd. a cyber security company (NASDAQ, TASE: CYRN), a director at Dario Health Corp., (NASDAQ: DRIO) a board observer at MyHeritage Ltd. (private company) and a director at GR Dome Ltd. (private company). She has a BA in molecular and cell biology from the University of California, Berkeley, and has studied at the UCSB – UCSF Joint Medical Program.

Mr. Issac Silberman has served as one of our external directors since April 2010. From 2007 through the end of 2016, Mr. Silberman also served as a special investment advisor at Sullam Holdings L.R. Ltd., a financial services corporation in the Lenny Recanati Group, focusing primarily on investments in high-tech, biotechnology and real estate companies. Mr. Silberman also serves as a director in other private Israeli companies, and has over 20 years of prior experience as an executive officer of various public and private companies. Mr. Silberman holds a B.A. in economics and accounting from Tel Aviv University in Tel Aviv, Israel, and he is a certified public accountant in Israel.

Mr. Anthony J. Maddaluna has served as one of our directors since December 2017. Mr. Maddaluna has more than 40 years of experience in the pharmaceutical manufacturing industry, including leadership positions in plants, regions and globally. From January 2011 to December 2016, Mr. Maddaluna held a series of positions at Pfizer Inc., most recently serving as the Executive Vice President and President of Pfizer Global Supply. Prior to that Mr. Maddaluna served as Senior Vice President of Pfizer Global Manufacturing Strategy and Supply Network Transformation from 2008 until 2011, and as Vice President of Pfizer Global Manufacturing Europe Area from 1998 until 2008. Mr. Maddaluna served as a director of Albany Molecular Research Inc. from February 2016 until its acquisition by The Carlyle Group and GTCR in August 2017 and currently serves on the board of managers for the private company. Mr. Maddaluna holds an B.S. in Chemical Engineering from Northeastern University and an M.B.A. from Southern Illinois University.

Our Scientific Advisory Team

Our Scientific Advisory Team including specialists and experts from the United States, Europe and Israel, with experience in the fields of the central nervous system, neurological diseases, and safety and regulation. Our Scientific Advisory Team plays an active role in advising us with respect to our products, technology development, clinical trials and safety. The following sets forth certain information with respect to our Scientific Advisory Team members.

Prof. Nir Giladi, a leader in the field of movement disorders, is an associate professor at the Sackler Faculty of Medicine at Tel Aviv University and chairman of the Department of Neurology at the Tel Aviv Sourasky Medical Center. Prof. Giladi has been a member of the International Movement Disorders Society (MDS) since 2010. Prof. Giladi is also a member of the International Board of the Research Group of the World Health Organization on Parkinson's Disease and other Movement Disorders. Prof. Giladi has published extensively in peer-reviewed journals and has served on the editorial boards of the *Movement Disorders Journal, Parkinsonism & Related Disorders* and the *Journal of Neural Transmission* (associate editor).

Dr. Peter LeWitt, a neurologist, is a professor of neurology at Wayne State University School of Medicine in Detroit and directs the Parkinson's Disease and Movement Disorders Program at Henry Ford Hospital in Detroit, Michigan, where he also maintains a movement disorders subspecialty practice. His clinical and basic neuroscience research has targeted neurodegenerative and symptomatic therapies for Parkinson's disease and other neurological disorders, and his range of research interests has included animal models of neurological disease, biomarkers, gene therapy and pharmacokinetic analysis. Dr. LeWitt is affiliated with the Parkinson Study Group and other clinical research consortia, and has extensive experience in clinical trials and regulatory aspects of drug development.

Dr. Werner Poewe, a neurologist, is a professor of neurology and director of the Department of Neurology at Innsbruck Medical University in Innsbruck, Austria. Dr. Poewe's main research interests are in the field of movement disorders with particular emphasis on the clinical pharmacology of Parkinson's disease and dystonia. He has authored and co-authored more than 550 original articles and reviews in the field of movement disorders. He served as President of the International Movement Disorder Society from 2000 through 2002, as President of the Austrian Society of Neurology from 2002 to 2004 and is the past President of the Austrian Parkinson's Disease Society.

Most of the members of our Scientific Advisory team are paid for their services to us at their hourly consulting fees. We paid members of our Scientific Advisory Team an aggregate of approximately $38,000 for services rendered during 2017.

There are no family relationships among our executive officers and directors.

B. Compensation.

The table below reflects the compensation granted to our five most highly compensated office holders (as defined in the Companies Law) during or with respect to the year ended December 31, 2017. We refer to the five individuals for whom disclosure is provided herein as our "Covered Executives." For purposes of the table below, "compensation" includes amounts accrued or paid in connection with salary cost, consultancy fees, bonuses, equity-based compensation, retirement or termination payments, benefits and perquisites such as car, phone and social benefits and any undertaking to provide such compensation. All amounts reported in the table are in terms of cost to the Company, as recognized in our consolidated financial statements for the year ended December 31, 2017, plus compensation paid to such Covered Executives following the end of the year in respect of services provided during the year. Each of the Covered Executives was covered by our director and officer liability insurance policy and was entitled to indemnification and exculpation in accordance with applicable law and our articles of association.

Individual Covered Executive Compensation

Name and Principal Position[1]	Salary[2]	Bonus	Equity-Based Compensation[3] USD $	All other compensation[4]	Total
John W. Kozarich – Chairman of the Board	80,000		181,185		261,185
Jeffrey A. Meckler – Chief Executive Officer and Vice Chairman	150,413	385,000	419,143		954,556
Dr. Nadav Navon – Chief Operating Officer	216,846	70,842	156,842	15,419	459,949
Nir Sassi – Chief Financial Officer	204,042	61,065	93,079	15,593	373,779
Giora Carni – Former Director of Technology and Interim Chief Executive Officer (5)	159,755		47,092	15,942	222,789

(1) All Covered Executives, except for Mr. Giora Carni, were employed on a full time (100%) basis during their term of employment in 2017. Mr. Meckler was appointed to act as our Vice Chairman in April 2017 and as our chief executive officer in December 2017.

(2) Salary includes the Covered Executive's gross salary plus payment of social benefits made by us on behalf of such Covered Executive. Such benefits may include, to the extent applicable to the Covered Executive, payments, contributions and/or allocations for savings funds (e.g., managers' life insurance policy), education funds (referred to in Hebrew as "keren hishtalmut"), pension, severance, risk insurances (e.g., life, or work disability insurance), payments for social security and tax gross-up payments, vacation, medical insurance and benefits, convalescence or recreation pay and other benefits and perquisites consistent with our policies. The salary for Mr. Jeffrey Meckler includes $112,532 of directors fees.

(3) Represents the share-based compensation expenses recorded in the Company's consolidated financial statements for the year ended December 31, 2017, based on the option's fair value, calculated in accordance with accounting guidance for equity-based compensation. For a discussion of the assumptions used in reaching this valuation, see Note 13 to our consolidated financial statements.

(4) Includes mainly leased car and mobile phone expenses.

(5) In May 2017, following the resignation of Mr. Weiss as our Chief Executive Officer, Mr. Carni (then Company's Director of Technology and a member of our board of directors) became our interim Chief Executive Officer until July 2017 when Mr. Meckler, our current Chief Executive Officer was appointed. As of our general meeting of shareholders held on December 11, 2017, Mr. Carni is no longer a director of the Company, and currently serves as a consultant (on a 50% basis).

Our employees are employed under the terms prescribed in their respective personal contracts, in accordance with the decisions of our management. Under these employment contracts, the employees are entitled to the social benefits prescribed by law and as otherwise provided in their personal contracts. These employment contracts each contain provisions standard for a company in our industry regarding non-competition, confidentiality of information and assignment of inventions. Under current applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees. See "Risk Factors — Risks Related to Our Company and Its Business" for a further description of the enforceability of non-competition clauses. We also provide certain of our employees with a company car, which is leased from a leasing company.

Our office holders are also employed under the terms and conditions prescribed in personal contracts. These personal contracts provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive base salary and benefits. These agreements also contain acceleration provisions upon material events such as a change of control or entry into a material agreement, customary provisions regarding non-competition, confidentiality of information and assignment of inventions. However, the enforceability of the non-competition and assignment of inventions provisions may be limited under applicable law. See "Risk Factors — Risks Related to Our Company and Its Business."

Services Agreement with Our Chairman of the Board of Directors, Dr. John W. Kozarich

Dr. Kozarich was elected to serve as our chairman of the board of directors in June 2016, and started his tenure on July 1, 2016. Under Dr. Kozarich's service agreement, he is entitled to an annual fee of $80,000, paid in four quarterly payments, as well as to reimbursement for out-of-pocket expenses incurred in connection with his services as chairman of the board of directors. Dr. Kozarich's service agreement is for a term of three years and can be terminated by either us or Dr. Kozarich upon 90 days' prior written notice, or immediately if Dr. Kozarich no longer acts as our chairman of the board of directors. Dr. Kozarich's agreement also includes customary non-disclosure, non-compete and ownership assignment of intellectual property undertakings.

As of December 31, 2017, Dr. Kozarich held options to purchase 224,478 ordinary shares with an exercise price of $3.526, of which 74,826 were vested. Dr. Kozarich's unvested options will vest in the event of a change of control (as such term is defined in the service agreement).

Services and Employment Agreements with Our Vice Chairman of the Board of Directors and Chief Executive Officer, Mr. Jeffrey A. Meckler

Mr. Meckler has served as our Vice Chairman of the board of directors since April 2017 until his appointment as our Chief Executive Officer in July 2017. During the term of his employment as Chief Executive Officer, Mr. Meckler is entitled to receive a base salary at the annual rate of $500,000. In addition, Mr. Meckler is entitled to (i) paid holidays as generally provided by the Company to its personnel and (ii) five weeks of paid vacation each calendar year.

Mr. Meckler is also entitled to an annual bonus. With respect to the period beginning on the date on which Mr. Meckler was appointed Chief Executive Officer and ending on December 31, 2017, we paid Mr. Meckler a discretionary bonus of $135,000. Going forward, for each calendar year beginning on or after January 1, 2018, during which Mr. Meckler's term of employment continues through December 31 of each such year, Mr. Meckler will be entitled to receive an annual bonus of up to 50% of his base salary. The annual bonus will be paid, subject to the achievement by Mr. Meckler of certain goals to be set by our board of directors after consultation with Mr. Meckler.

In addition, for his role as the Company's Chief Executive Officer, Mr. Meckler was granted options to purchase up to 380,000 of our ordinary shares, at an exercise price of $6.70 per share, which will vest over three years according to the following schedule: 33% of the options will vest and become exercisable on the first anniversary of the grant date, and the remaining portion of the options vest and become exercisable on a pro rata basis in eight equal quarterly installments thereafter. The options will be subject to a ten year expiration from the grant date, and such other terms and conditions set forth in the Company's option agreement and the provisions of our equity incentive plan. Previously, for his services as the Vice Chairman of the Company, Mr. Meckler received a one-time grant of options to purchase up to 120,000 ordinary shares of the Company, at an exercise price of $5.32 per share, with a 3-year vesting schedule (the options will vest in three equal annual tranches over a three-year period, provided Mr. Meckler continues to be a member of the board of directors of the Company). In addition, Mr. Meckler received a one-time grant of options to purchase up to 65,000 ordinary shares of the Company, at an exercise price of $5.32 per share, with a 9-month vesting schedule (such options were granted in connection with certain services provided by Mr. Meckler to the Company related to the financing activities of the Company in the United States).

The agreement with Mr. Meckler will terminate upon the earliest to occur of (i) a termination by the Company without cause, subject to 30 days' prior notice, (ii) immediate termination by the Company for cause, (iii) a termination by Mr. Meckler for good reason, subject to 30 days' prior notice (which will also serve as a cure period) to be provided to the Company within 60 days of the occurrence of the event that constitutes good reason, (iv) a termination by Mr. Meckler without good reason, subject to 90 days' prior notice, (v) Mr. Meckler's death, or (vi) a termination by the Company or Mr. Meckler by reason of Mr. Meckler's disability.

Upon termination by the Company without cause, Mr. Meckler will be entitled to a severance amount payable in six equal monthly installments, which will be equal to (i) 50% of Mr. Meckler's annual base salary, (ii) one-twelfth (1/12th) of Mr. Meckler's annual bonus for each completed month of such fiscal year provided the termination date is following June 30 of such fiscal year, and (iii) an amount equal to Mr. Meckler's cost of continued health insurance coverage for six months (collectively, the "Severance Amount"). In addition, if the termination by the Company without cause occurs following the first anniversary of the agreement, any options that have not previously vested will become vested and exercisable immediately prior to such termination.

If Mr. Meckler's employment is terminated by the Company without cause or by Mr. Meckler for good reason during the one year period immediately following a change in control, then Mr. Meckler will be entitled to receive a lump-sum payment equal to two times the Severance Amount.

Mr. Meckler's employment agreement includes additional customary provisions, such as non-solicitation, confidentiality, intellectual property assignment, participation in the Company's medical and similar insurance plans and reimbursement of expenses.

As of December 11, 2017 (the date on which the general meeting of our shareholders approved the terms of employment of Mr. Meckler as our Chief Executive Officer), Mr. Meckler's entitlement to receive compensation under his services agreement, dated August 29, 2017, which was previously approved by our shareholders on June 1, 2017, terminated. Notwithstanding the above, Mr. Meckler retains the options to purchase ordinary shares previously granted to him as Vice Chairman of our board of directors.

As of December 31, 2017, Mr. Meckler held options to purchase 565,000 ordinary shares with a weighted exercise price of US $6.25, of which 50,556 were vested and 514,444 will vest over time. Subject to Mr. Meckler's continued employment by the Company, in the event of (i) a change in control or (ii) the entry into a "Material Agreement" (as will be defined by our compensation committee and the board of directors) 380,000 options granted to Mr. Meckler in his capacity as chief executive officer that have not previously vested will become vested and exercisable immediately prior to such event.

Services and Employment Agreement with Our Chief Operating Officer, Dr. Nadav Navon

Dr. Navon was promoted to serve as our Chief Operating Officer in July 2017, and prior to that, from March 2015, he had served as our Executive Vice President of Research & Development and Operations. Under Dr. Navon's current employment agreement (amended as of January 2018), he is entitled to a monthly gross salary of NIS 62,500, and to social benefits, such as annual paid vacation days, convalescent payment, manager's insurance, sick leave vocational studies fund and disability insurance. In addition, we provide Dr. Navon with a leased company car and a mobile phone. Dr. Navon's employment agreement is terminable by either us or Dr. Navon upon 90 days' prior written notice. Dr. Navon's employment agreement contains customary provisions regarding noncompetition, confidentiality of information and assignment of inventions.

As of December 31, 2017, Dr. Navon held options to purchase 210,500 ordinary shares with a weighted exercise price of $4.70, of which 35,531 were vested, 124,969 will vest over time and 50,000 will vest in the event that a material agreement, as defined in our previous compensation policy, is signed between us and a third party.

Services and Employment Agreement with Our Chief Financial Officer, Nir Sassi

Mr. Sassi has served as our Chief Financial Officer since August 2016. Prior to serving as our Chief Financial Officer, he served as our VP Finance commencing in January 2015 and as our Chief Financial Officer between March 2010 and January 2015. Under Mr. Sassi's current employment agreement (amended as of January 2018), he is entitled to a monthly gross salary of NIS 49,166, and to social benefits, such as annual paid vacation days, convalescent payment, manager's insurance, sick leave vocational studies fund and disability insurance. In addition, we provide Mr. Sassi with a leased company car and a mobile phone. Mr. Sassi's employment agreement is terminable by either us or Mr. Sassi upon 90 days' prior written notice. Mr. Sassi's employment agreement contains customary provisions regarding noncompetition, confidentiality of information and assignment of inventions.

As of December 31, 2017, Mr. Sassi held options to purchase 5,422 ordinary shares with an exercise price of NIS 52.35, of which all were vested. In addition, as of December 31, 2017, Mr. Sassi also held options to purchase 133,300 ordinary shares with a weighted exercise price of $4.83, of which 13,944 were vested, 79,356 will vest over time and 40,000 will vest in the event that a material agreement, as defined in our compensation policy, is signed between us and a third party.

Services and Employment Agreement with Our Former Director of Technology, Giora Carni

Mr. Carni served as our Director of Technology from October 2014 as well as member our board of directors since March 2016. In May 2017, following the resignation of Mr. Weiss, Mr. Carni became our interim Chief Executive Officer until July 2017 when Mr. Meckler, our current Chief Executive Officer, was appointed. As of our general meeting of shareholders held on December 11, 2017, Mr. Carni's services as a director of the Company ended, and he currently serves as a consultant (on a 50% basis). Prior to his resignation Mr. Carni was entitled to a monthly gross salary of NIS 35,000 (70% scope of employment), and to social benefits, such as annual paid vacation days, severance pay, recuperation pay, manager's insurance, sick leave and studies fund. In addition, we provided Mr. Carni with a leased company car and a mobile phone.

In December 2017, following the lapse of this tenure as a member our board of directors, we entered into a new employment agreement with Mr. Carni. For more information, see "Item 7. Major Shareholders and Related Party Transactions – Related Party Transaction – Employment and Consulting Agreements."

As of December 31, 2017, Mr. Carni held options to purchase 70,909 ordinary shares with a weighted exercise price of NIS 16.25, of which all will vest in the event that a material agreement, as defined in our compensation policy, is signed between us and a third party. In addition, as of December 31, 2017, Mr. Carni also held options to purchase 148,000 ordinary shares that will vest over time with a weighted exercise price of $6.00, of which 80,000 will vest over time or immediately upon the earlier of: (i) the closing of a merger agreement, as defined in our 2015 Plan, or (ii) if Mr. Carni is terminated without cause prior to June 11, 2019). None of these options were vested as of December 31, 2017.

Equity Compensation Plans

We maintain the 2005 Plan, which was adopted by our board of directors on September 19, 2005, that provides for granting options to our directors, officers, employees, consultants, advisers and service providers. As of December 31, 2017, the 2005 Plan has expired, however 349,152 options that were previously granted under the 2005 Plan are still outstanding and remain subject to its terms and conditions. Such options will remain outstanding until the earlier of their exercise or expiration in accordance with the terms of the 2005 Plan and the applicable grant agreement. In addition, as of December 31, 2017, we had outstanding options to purchase 8,035 ordinary shares that were issued to consultants outside of the 2005 Plan; all of these options are vested and outstanding. Of such outstanding options, options to purchase 171,215 ordinary shares were vested as of December 31, 2017, with a weighted average exercise price of NIS 43.00 per share, and will expire between 2018 and 2020.

The 2005 Plan permitted options to be awarded to Participants (as such term is defined in the 2005 Plan) pursuant to Section 102 of the Israeli Income Tax Ordinance (New Version) 1961, or the Ordinance, and Section 3(i) of the Ordinance, based on entitlement and compliance with the terms for receiving options under these sections of the Ordinance. Section 102 of the Ordinance provides to employees, directors and officers who are not controlling shareholders (i.e., such persons are not deemed to hold 10% of the company's share capital, or to be entitled to 10% of the company's profits or to appoint a director to the company's board of directors) and are Israeli residents, favorable tax treatment for compensation in the form of shares or options issued or granted, as applicable, to a trustee under the "capital gains track" for the benefit of the applicable employee, director or officer and are (or were) to be held by the trustee for at least two years after the date of grant or issuance. Options granted under Section 102 of the Ordinance will be deposited with a trustee appointed by the company in accordance with Section 102 of the Ordinance and the relevant income tax regulations and guidelines, and will be granted in the employee income track or the capital gains track. The 2005 Plan is managed by our board of directors or any other committee or person that our board of directors authorizes for this purpose. According to our board of directors' resolution of September 19, 2005, the options granted under Section 102 of the Ordinance were granted under the capital gains track. The 2005 Plan also permitted us to grant options to U.S. residents, which may qualify as "incentive stock options" within the meaning of Section 422 of the U.S. Internal Revenue Code of 1986, as amended, or the Code, and to residents of other jurisdictions.

Options granted under the 2005 Plan are subject to applicable vesting schedules and generally for all awards granted after May 27, 2010, expire six years from the grant date (however, generally, awards granted prior to such date, expire ten years from the grant date).

Upon the termination of a Participant's engagement with us for any reason other than death, retirement, disability or due cause, all unvested options allocated will automatically expire 90 days after the termination, unless expired earlier due to their term. If the Participant's engagement was terminated for cause (as defined in the 2005 Plan), the Participant's right to exercise any unexercised options, awarded and allocated in favor of such Participant, whether vested or not, will immediately cease and expire as of the date of such termination. If the Participant dies, retires or is disabled, any vested but unexercised options will automatically expire 12 months from the termination of the engagement, unless expired earlier due to their term.

In the event of (i) the sale of all or substantially all of our assets; (ii) a sale (including an exchange) of all or substantially all of our share capital; or (iii) a merger, consolidation or like transaction of ours with or into another corporation, then, subject to obtaining the applicable approvals of the Israeli tax authorities, the board of directors in its sole discretion shall resolve: (a) if and how any unvested options shall be canceled, replaced or accelerated; (b) if and how any vested options (including options with respect to which the vesting period has been accelerated according to the foregoing) shall be exercised, replaced and/or sold by a trustee or us (as the case may be) on the behalf of the respective Israeli Participants; and (c) how any underlying shares issued upon exercise of the options and held by a trustee on behalf any Israeli Participants shall be replaced and/or sold by such trustee on behalf of the Israeli Participants.

On January 6, 2016, our board of directors adopted the 2015 Equity Incentive Plan, or the 2015 Plan. Originally, the maximum number of ordinary shares reserved for issuance under the 2015 Plan was 700,000, subject to future adjustments. On July 25, 2016, the board of directors increased the aggregate number of shares issuable under the 2015 Plan by 700,000 shares and another increase by 2,100,000 was approved by the general meeting of our shareholders on December 11, 2017. In connection with the aforementioned increase of 2016, we did not obtain shareholder approval as required under NASDAQ Listing Rules and instead followed home practice rules that do not require such approval. Similar to the 2005 Plan, the 2015 Plan permits options to be awarded to Participants (as such term is defined in the 2015 Plan) pursuant to Section 102 of the Ordinance and Section 3(i) of the Ordinance, based on entitlement and compliance with the terms for receiving options under these sections of the Ordinance. The 2015 Plan also permits us to grant options to U.S. residents, which may qualify as "incentive stock options" within the meaning of Section 422 of the Code, and to residents of other jurisdictions.

Options under the 2015 Plan are subject to applicable vesting schedules and will generally expire up to ten years from the grant date.

Upon the termination of a Participant's engagement with us for any reason other than death, retirement, disability or due cause, any vested but unexercised options will automatically expire 90 days after termination, unless earlier expired due to their term, and all unvested options will expire upon the date of termination. If the Participant's engagement was terminated for cause (as defined in the 2015 Plan), the Participant's right to exercise any unexercised options, awarded and allocated in favor of such Participant, whether vested or not, will immediately cease and expire as of the date of such termination. If the Participant dies, retires or is disabled, any vested but unexercised options will automatically expire 12 months from the termination of the engagement, unless expired earlier due to their term and all unvested options will expire upon the date of termination.

As of December 31, 2017, outstanding awards under the 2015 Plan totaled 1,872,683 ordinary shares and an additional 1,615,999 awards were available for grant. Of the 1,872,683 outstanding options, options to purchase 275,196 ordinary shares were vested as of December 31, 2017, with a weighted average exercise price of $4.41 per share, and will expire between 2026 and 2027.

C. Board Practices

Board of Directors

Under the Companies Law and our articles of association, the management of our business is vested in our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by our board of directors. Our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors, subject to his personal contract with the Company. All other executive officers are also appointed by our board of directors, and are subject to the terms of their personal employment agreements (as such may be updated from time to time).

Our board of directors affirmatively determined that a majority of our directors are independent in accordance with the NASDAQ Capital Market rules. Our board of directors determined that all of our directors other than Jeffrey A. Meckler are independent under such rules. The definition of independent director under the NASDAQ Capital Market rules and external director under the Companies Law overlap to a significant degree such that we would generally expect the two directors serving as external directors to satisfy the requirements to be independent under the NASDAQ Capital Market rules. The definition of external director includes a set of statutory criteria that must be satisfied, including criteria whose aim is to ensure that there is no factor which would impair the ability of the external director to exercise independent judgment. The definition of independent director specifies similar, if slightly less stringent, requirements in addition to the requirement that the board consider any factor which would impair the ability of the independent director to exercise independent judgment. In addition, our external directors each serve for a period of three years. However, external directors must be elected by a special majority of shareholders while independent directors may be elected by a simple majority. See "— External Directors" below for a description of the requirements under the Companies Law for a director to serve as an external director.

Under our articles of association, our board of directors must consist of at least four and not more than nine directors, including at least two external directors, which are required to be appointed under the Companies Law. Our board of directors currently consists of six members, including our non-executive Chairman of the board of directors. Other than our two external directors, our directors are elected at the annual and/or special general meeting of our shareholders by a simple majority. Because our ordinary shares do not have cumulative voting rights in the election of directors, the holders of a majority of the voting power represented at a shareholders meeting have the power to elect all of our directors, subject to the special approval requirements for external directors (See "— External Directors"). We have held elections for each of our non-external directors at each annual meeting of our shareholders since our initial public offering in Israel.

In addition, our articles of association allow our board of directors to appoint directors to fill vacancies on our board of directors, for a term of office ending on the earlier of the next annual general meeting of our shareholders, or the conclusion of the term of office in accordance with our articles or any applicable law, subject to the maximum number of directors allowed under our articles of association. External directors are elected for an initial term of three years and may be elected for up to two additional three-year terms, provided that, for Israeli companies traded on NASDAQ Capital Market and certain other international exchanges, such term may be extended indefinitely in increments of additional three-year terms. External directors may be removed from office only under the limited circumstances set forth in the Companies Law. See "— External Directors."

Under the Companies Law, our board of directors must determine the minimum number of directors who are required to have accounting and financial expertise. In determining the number of directors required to have such expertise, our board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that the minimum number of directors of our Company who are required to have accounting and financial expertise is one. Our board of directors has determined that Mr. Bianco and Mr. Silberman have accounting and financial expertise and possess professional qualifications as required under the Companies Law.

External Directors

Under the Companies Law, we are required to appoint at least two external directors to our board of directors. According to regulations promulgated under the Companies Law, a person may be appointed as an external director if such person has either professional qualifications or accounting and financial expertise. In addition, at least one of the external directors must be determined by our board of directors to have accounting and financial expertise. However, if at least one of our other directors (i) meets the independence requirements under the Exchange Act, (ii) meets the standards of the NASDAQ Capital Market Listing Rules for membership on the audit committee, and (iii) has accounting and financial expertise as defined under the Companies Law, then neither of our external directors is required to possess accounting and financial expertise as long as each possesses the requisite professional qualifications.

A director with accounting and financial expertise is a director who, due to his or her education, experience and skills, possesses an expertise in, and an understanding of, financial and accounting matters and financial statements, such that he or she is able to understand the consolidated financial statements of the company and initiate a discussion about the presentation of financial data. In determining whether the director has financial and accounting expertise the board of directors shall consider education, experience and the knowledge in the following subjects: (i) accounting issues and internal auditing issues typical to the company's industry and to companies of the same size and complexity as the company; (ii) the nature of the Internal Auditor's position in the company and his or her duties; and (iii) the preparation of financial statements and their approval subject to the Companies Law and the Israeli Securities Law.

A director is deemed to have professional qualifications if he or she has any of (i) an academic degree in economics, business management, accounting, law or public administration, (ii) an academic degree or has completed another form of higher education in the primary field of business of the company or in a field which is relevant to his/her position in the company, or (iii) at least five years of experience serving in one of the following capacities, or at least five years of cumulative experience serving in two or more of the following capacities: (a) a senior business management position in a company with a significant volume of business; (b) a senior position in a company's primary field of business; or (c) a senior position in public administration or service. The board of directors is charged with determining whether a director possesses financial and accounting expertise or professional qualifications.

Gil Bianco and Issac Silberman have served as our external directors since 2010. Mr. Bianco and Mr. Silberman were re-elected to serve as external directors for a third term from April 2016 until April 2019. Our board of directors has determined that both Mr. Bianco and Mr. Silberman have accounting and financial expertise and that Gil Bianco is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the rules of the NASDAQ Capital Market.

The provisions of the Companies Law set forth special approval requirements for the election of external directors. External directors must be elected by a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- such majority includes at least a majority of the shares held by all shareholders who are non-controlling shareholders and do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions, to which we refer as a disinterested majority; or

- the total number of shares voted by non-controlling shareholders and by shareholders who do not have a personal interest in the election of the external director, against the election of the external director, does not exceed 2% of the aggregate voting rights in the company.

The term "controlling shareholder" is defined in the Companies Law as a shareholder with the ability to direct the activities of the company, excluding such ability deriving solely from his or her position as a director of the company or from any other position with the company. A shareholder is presumed to be a controlling shareholder if such shareholder holds 50% or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its general manager. With respect to certain matters, the term "controlling shareholder" is deemed to include, in addition to the foregoing, a shareholder that holds 25% or more of the voting rights in a public company if no other shareholder holds more than 50% of the voting rights in the company.

The initial term of an external director is three years. Thereafter, an external director may be reelected by shareholders to serve in that capacity for up to two additional three-year terms, except as provided below, provided that either:

(i) his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company's voting rights and is approved at a shareholders' meeting by a disinterested majority (other than a personal interest not deriving from a relationship with a controlling shareholder), where the total number of shares held by non-controlling, disinterested shareholders voting for such reelection exceeds 2% of the aggregate voting rights in the company. In such event, the external director so reappointed may not be a Related or Competing Shareholder, or a relative of such shareholder, at the time of the appointment, and is not and has not had any affiliation with a Related or Competing Shareholder, at such time or during the two years preceding such person's reappointment to serve an additional term as external director. The term "Related or Competing Shareholder" means a shareholder proposing the reappointment or a shareholder holding 5% or more of the outstanding shares or voting rights of the company, provided, that at the time of the reappointment, such shareholder, the controlling shareholder of such shareholder, or a company controlled by such shareholder, have a business relationship with the company or are competitors of the company. Additionally, the Israeli Minister of Justice, in consultation with the Israeli Securities Authority, or the ISA, may determine matters that under certain conditions will not constitute a business relationship or competition with the company;

(ii) his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders meeting by the same majority required for the initial election of an external director (as described above); or

(iii) the external director proposed his or her own nomination, and such nomination was approved in accordance to the requirements described in the paragraph (i) above.

The term of office for external directors for Israeli companies traded on certain foreign stock exchanges, including the NASDAQ Capital Market, may be extended indefinitely in increments of additional three-year terms, in each case provided that the audit committee and the board of directors of the company determined that in light of the external director's expertise and special contribution to the work of the board of directors and its committees, the reelection for such additional period(s) is in the best interest of the company, and provided that the external director is reelected subject to the same shareholder vote requirements as if elected for the first time (as described above). Prior to the approval of the reelection of the external director at a general shareholders meeting, the company's shareholders must be informed of the term previously served by him or her and of the reasons, which led the board of directors and audit committee to recommend the extension of his or her tenure.

External directors may be removed from office by a special general meeting of shareholders called by the board of directors, which approves such dismissal by the same majority vote required for their election or by a court, in each case, only under limited circumstances, including ceasing to meet the statutory qualifications for appointment, or violating their duty of loyalty towards the company. If an external directorship becomes vacant and there are fewer than two external directors on the board of directors at the time, then the board of directors is required under the Companies Law to call a special shareholders' meeting as soon as practicable to appoint a replacement external director.

Each committee of the board of directors that is authorized to exercise the powers of the board of directors must include at least one external director, except that the audit committee and the compensation committee must include all external directors then serving on the board of directors. Under the Companies Law, external directors of a company are prohibited from receiving, directly or indirectly, any compensation from the company other than compensation and reimbursement of expenses amounts for their services as external directors prescribed under the Companies Law and the regulations promulgated thereunder. Compensation of an external director is determined prior to his or her appointment and may not be changed during his or her term (subject to certain exceptions).

The Companies Law provides that a person is not qualified to serve as an external director if (i) the person is a relative of a controlling shareholder of the company, or (ii) if that person or his or her relative, partner, employer, another person to whom he or she was directly or indirectly subordinate, or any entity under the person's control, has or had, during the two years preceding the date of appointment as an external director: (a) any affiliation with the company, with any person or entity controlling the company or a relative of such person on the date of appointment, or with any entity controlled by or under common control with the company; or (b) in the case of a company with no shareholder holding 25% or more of its voting rights, had at the date of appointment as an external director, any affiliation with a person then serving as chairman of the board or chief executive officer, a holder of 5% or more of the issued share capital or voting power in the company or the most senior financial officer.

The term "relative" is defined as a spouse, sibling, parent, grandparent or descendant; spouse's sibling, parent or descendant, and the spouse of each of the foregoing persons.

The term "affiliation" includes (subject to certain exceptions):

- an employment relationship;
- a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships);
- control; and
- service as an office holder, excluding service as a director in a private company prior to the initial public offering of its shares if such director was appointed as a director of the private company in order to serve as an external director following the initial public offering.

Additionally, the Israeli Minister of Justice, in consultation with the ISA, is authorized to determine that certain matters will not constitute an affiliation.

The term "office holder" is defined under the Companies Law as a general manager, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person's title, a director and any other manager directly subordinate to the general manager.

In addition, a person may not serve as an external director of a company if: (i) that person's position or professional or other activities create, or may create, a conflict of interest with that person's responsibilities as a director or otherwise interfere with that person's ability to serve as an external director; (ii) at the time of appointment, such person serves as a director of another company and an external director of the other company is also a director of the company; (iii) the person is an employee of the ISA or of an Israeli stock exchange; or (iv) such person received direct or indirect compensation from the company in connection with such person's services as an external director, other than as permitted by the Companies Law and the regulations promulgated thereunder.

Following the termination of an external director's service on a board of directors, such former external director and his or her spouse and children may not receive a direct or indirect benefit by the company, its controlling shareholder or any entity under the control of its controlling shareholder. The foregoing includes engagement as an office holder or director of the company or a company controlled by its controlling shareholder or employment by, or provision of services to, any such company for consideration, either directly or indirectly, including through a corporation controlled by such former external director. This restriction extends for a period of two years with regard to the former external director and his or her spouse or child and for one year with respect to other relatives of the former external director.

If at the time at which an external director is appointed all members of the board of directors who are not controlling shareholders or relatives of controlling shareholders of the company are of the same gender, the external director to be appointed must be of the other gender.

Under regulations promulgated pursuant to the Companies Law, companies with no controlling shareholder whose shares are listed for trading on specified exchanges outside of Israel, including the Nasdaq Capital Market, may adopt exemptions from various corporate governance requirements of the Companies Law so long as the company satisfies the applicable foreign country laws and regulations, including applicable stock exchange rules, that apply to companies organized in that country relating to the appointment of independent directors and the composition of audit and compensation committees. Such exemptions include an exemption from the requirement to appoint external directors and the requirement that an external director be a member of certain committees. We may rely on these exemptions in the future.

Audit Committee

Our audit committee consists of Ms. Hila Karah, along with our two external directors, Gil Bianco and Issac Silberman. Mr. Bianco serves as the Chairman of the audit committee.

Companies Law Requirements

Under the Companies Law, we are required to appoint an audit committee. The audit committee must be comprised of at least three directors, including all of the external directors, one of whom must serve as chairman of the committee. The audit committee may not include the chairman of the board of directors, a controlling shareholder of the company or a relative of a controlling shareholder, a director employed by or providing services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder or a director most of whose livelihood depends on a controlling shareholder.

In addition, under the Companies Law, the audit committee of a publicly traded company must consist of a majority of unaffiliated directors. An "unaffiliated director" under the Companies Law is generally defined as either an external director or as a director who meets the following criteria:

- he or she meets the qualifications for being appointed as an external director, except for the requirement that the director be an Israeli resident (which does not apply to companies such as ours whose securities have been offered outside of Israel or are listed outside of Israel); and

- he or she has not served as a director of the company for a period exceeding nine consecutive years, provided that, for this purpose, a break of less than two years in service shall not be deemed to interrupt the continuation of the service.

The Companies Law further requires that generally, any person who does not qualify to be a member of the audit committee may not attend the audit committee's meetings and voting sessions, unless such person was invited by the chairperson of the committee for the purpose of presenting on a specific subject, provided, however, that an employee of the company who is not the controlling shareholder or a relative thereof, may attend the discussions of the committee provided that the resolutions are resolved without his or her presence. A company's legal advisor and company secretary whom are not the controlling shareholder or a relative thereof may attend the meeting and voting sessions, if required by the committee.

The quorum required for the convening of meetings of the audit committee and for adopting resolutions by the audit committee is a majority of the members of the audit committee, provided such majority is comprised of a majority of independent directors, and at least one of those present is an external director.

Listing Requirements

Under the NASDAQ Capital Market corporate governance rules, we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the NASDAQ Capital Market corporate governance rules. Prior to the consummation of our initial public offering in the United States, our board of directors affirmatively determined that Gil Bianco is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the NASDAQ Capital Market corporate governance rules.

Each of the members of the audit committee is "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act, which is different from the general test for independence of board and committee members.

Audit Committee Role

Prior to the consummation of our initial public offering in the United States, our board of directors adopted an audit committee charter to be effective upon the listing of our shares on the NASDAQ Capital Market that sets forth the responsibilities of the audit committee consistent with the rules of the SEC and the Listing Rules of the NASDAQ Capital Market, as well as the requirements for such committee under the Companies Law, including the following:

- oversight of our independent registered public accounting firm and recommending the engagement, compensation or termination of engagement of our independent registered public accounting firm to the board of directors in accordance with Israeli law;

- recommending the engagement or termination of the person filling the office of our internal auditor; and
- recommending the terms of audit and non-audit services provided by the independent registered public accounting firm for pre-approval by our board of directors.

Our audit committee provides assistance to our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by pre-approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal control over financial reporting. Our audit committee also oversees the audit efforts of our independent accountants and takes those actions that it deems necessary to satisfy itself that the accountants are independent of management.

Under the Companies Law, our audit committee is responsible for:

(i) determining whether there are deficiencies in the business management practices of our Company, including in consultation with our internal auditor or the independent auditor, and making recommendations to our board of directors to improve such practices;

(ii) determining the approval process for transactions that are 'non-negligible' (i.e., transactions with a controlling shareholder that are classified by the audit committee as non-negligible, even though they are not deemed extraordinary transactions), as well as determining which types of transactions would require the approval of the audit committee, optionally based on criteria which may be determined annually in advance by the audit committee;

(iii) determining whether to approve certain related party transactions (including transactions in which an office holder has a personal interest and whether such transaction is extraordinary or material under Companies Law) (see "— Approval of Related Party Transactions under Israeli Law");

(iv) where the board of directors approves the working plan of the internal auditor, to examine such working plan before its submission to our board of directors and proposing amendments thereto;

(v) examining our internal controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities;

(vi) examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to our board of directors or shareholders, depending on which of them is considering the appointment of our auditor; and

(vii) establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees.

Our audit committee may not approve any actions requiring its approval (see "— Approval of Related Party Transactions under Israeli Law"), unless at the time of the approval a majority of the committee's members are present, which majority consists of unaffiliated directors including at least one external director.

Pursuant to an amendment to the Companies Law enacted on February 17, 2016, a company whose audit committee's composition meets the requirements set forth for the composition of a compensation committee (as further detailed below) is permitted to have one committee acting as both an audit and compensation committee.

Compensation Committee and Compensation Policy

Our compensation committee currently consists of Ms. Hila Karah, Mr. Issac Silberman and Mr. Gil Bianco. Mr. Silberman serves as the Chairman of the compensation committee.

Role of the Compensation Committee

Under the Companies Law, the board of directors of a public company must appoint a compensation committee and adopt a compensation policy. The compensation committee must be comprised of at least three directors, including all of the external directors, who must constitute a majority of the members of the compensation committee, and one of the external directors must serve as chairman of the committee. However, subject to certain exceptions, Israeli companies whose securities are traded on stock exchanges such as the NASDAQ Capital Market, and who do not have a controlling shareholder, do not have to meet this majority requirement; provided, however, that the compensation committee meets other Companies Law composition requirements, as well as the requirements of the jurisdiction where the company's securities are listed. Each compensation committee member that is not an external director must be a director whose compensation does not exceed an amount that may be paid to an external director (under the Companies Law and applicable regulations). The compensation committee is subject to the same Companies Law restrictions as the audit committee as to who may not serve as a member of the committee.

Under the Companies Law, the compensation committee is responsible, among other things, for (i) recommending to the board of directors regarding its approval of a compensation policy in accordance with the requirements of the Companies Law; (ii) overseeing the development and implementation of such compensation policy and recommending to the board of directors regarding any amendments or modifications that the compensation committee deems appropriate; (iii) determining whether to approve transactions concerning the terms of engagement and employment of our officers and directors that require compensation committee approval under the Companies Law; and (iv) resolving whether or not to exempt a transaction with a candidate for chief executive officer from shareholder's approval. In addition, any amendment of existing terms of office and employment of office holders (other than directors or controlling shareholders and their relatives, who serve as office holders) requires the sole approval of the compensation committee, if the committee determines that the amendment is not material in relation to its existing terms and if such amendment is in accordance with the approved compensation policy of the company then in effect.

The Compensation Policy

The compensation policy must be based on certain considerations, must include certain provisions and needs to reference certain matters as set forth in the Companies Law. The compensation policy must be approved by the company's board of directors after considering the recommendations of the compensation committee. In addition, the compensation policy needs to be approved by the company's shareholders by a simple majority, provided that (i) such majority includes a majority of the votes cast by the shareholders who are not controlling shareholders and who do not have a personal interest in the matter, present and voting (abstentions are disregarded) or (ii) the votes cast by shareholders who are not controlling shareholders and who do not have a personal interest in the matter who were present and voted against the compensation policy, constitute 2% or less of the voting power of the company. Such majority determined in accordance with clause (i) or (ii) is hereinafter referred to as the "Compensation Majority."

To the extent a compensation policy is not approved by shareholders at a duly convened shareholders meeting or by the Compensation Majority, the board of directors of a company may override the resolution of the shareholders following a re-discussion of the matter by the board of directors and the compensation committee and for specified reasons, and after determining that despite the rejection by the shareholders, the adoption of the compensation policy is in the best interest of the company. A compensation policy that is for a period of more than three years must be approved in accordance with the above procedure once in every three years.

Notwithstanding the above, the amendment of existing terms of office and employment of office holders (other than directors or controlling shareholders and their relatives, who serve as office holders) requires the sole approval of the compensation committee, if such committee determines that the amendment is not material in relation to its existing terms.

The compensation policy must serve as the basis for decisions concerning the consolidated financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the company's objectives, the company's business plan and its long-term strategy, and creation of appropriate incentives for office holders. It must also consider, among other things, the company's risk management, size and the nature of its operations. The compensation policy must furthermore consider the following additional factors:

- the knowledge, skills, expertise and accomplishments of the relevant office holder;
- the office holder's roles and responsibilities and prior compensation agreements with him or her;
- the ratio between the cost of the terms of employment of an office holder and the cost of the compensation of the other employees of the company, including those employed through manpower companies, in particular the ratio between such cost and the average and median compensation of the other employees of the company, as well as the impact such disparities may have on the work relationships in the company;
- the possibility of reducing variable compensation, if any, at the discretion of the board of directors; and the possibility of setting a limit on the exercise value of non-cash variable equity-based compensation; and
- as to severance compensation, if any, the period of service of the office holder, the terms of his or her compensation during such service period, the company's performance during that period of service, the person's contribution towards the company's achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the company.

The compensation policy must also include the following principles:

- the link between variable compensation and long-term performance and measurable criteria;
- the relationship between variable and fixed compensation, and the ceiling for the value of variable compensation;
- the conditions under which an office holder would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in the company's consolidated financial statements;
- the minimum holding or vesting period for variable, equity-based compensation; and
- maximum limits for severance compensation.

In accordance with the Companies Law, and following the recommendation of our compensation committee, our board of directors approved our compensation policy, and our shareholders, in turn, approved the compensation policy at our annual general meeting of shareholders that was held in January 2014, and therefore in January 2017 our compensation policy has expired. Following the recommendation of our compensation committee and our board of directors, our shareholders re-approved our compensation policy in June 2017, and later approved an amendment of its terms (at the general meeting of shareholders held on December 11, 2017).

Internal Auditor

Under the Companies Law, the board of directors of an Israeli public company must appoint an internal auditor in accordance with the recommendation of the audit committee. Each of the following may not be appointed as internal auditor:

- a person (or a relative of a person) who holds more than 5% of the company's outstanding shares or voting rights;
- a person (or a relative of a person) who has the power to appoint a director or the general manager of the company;

- an office holder (including a director) of the company (or a relative thereof); or
- a member of the company's independent accounting firm, or anyone on his or her behalf.

The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures. The audit committee is required to oversee the activities and to assess the performance of the internal auditor as well as to review the internal auditor's work plan. Mr. Haim Halfon has been appointed as our internal auditor. Mr. Haim Halfon is a certified internal auditor and a partner of Amit, Halfon CPA.

The board of directors shall determine the direct supervisor of the internal auditor. The internal auditor is required to submit his findings to the audit committee, unless specified otherwise by the board of directors.

Approval of Related Party Transactions under Israeli Law

Fiduciary Duties of Directors and Executive Officers

The Companies Law codifies the fiduciary duties that office holders owe to a company. Each person listed as an officer in the table under "Item 6. Directors, Senior Management and Employees — Directors and Senior Management" is an office holder under the Companies Law.

An office holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of loyalty requires that an office holder act in good faith and in the best interests of the company.

The duty of care includes a duty to use reasonable means to obtain:

- information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and
- all other important information pertaining to any such action.

The duty of loyalty includes a duty to:

- refrain from any conflict of interest between the performance of his or her duties to the company and his or her other duties or personal affairs;
- refrain from any activity that is competitive with the company;
- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or herself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that he or she may be aware of and all related material information or documents concerning any existing or proposed transaction with the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. A personal interest includes an interest of any person in an act or transaction of a company, including a personal interest of such person's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director or general manager or in which he or she has the right to appoint at least one director or the general manager, but excluding a personal interest stemming from one's ownership of shares in the company. A personal interest furthermore includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to his or her vote on behalf of a person for whom he or she holds a proxy even if such shareholder has no personal interest in the matter. An office holder is not however, obligated to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction. Under the Companies Law, an extraordinary transaction is defined as any of the following:

- a transaction other than in the ordinary course of business;
- a transaction that is not on market terms; or
- a transaction that may have a material impact on a company's profitability, assets or liabilities.

If it is determined that an office holder has a personal interest in a transaction, approval by the board of directors is required for the transaction, unless the company's articles of association provide for a different method of approval. Our articles of association do not provide otherwise. Further, so long as an office holder has disclosed his or her personal interest in a transaction, the board of directors may approve an action by the office holder that would otherwise be deemed a breach of the duty of loyalty. However, a company may not approve a transaction or action that is adverse to the company's interest or that is not performed by the office holder in good faith. An extraordinary transaction in which an office holder has a personal interest requires approval of the company's audit committee followed by the approval of the board of directors. The compensation of, or an undertaking to indemnify or insure, an office holder who is not a director requires approval by the company's compensation committee, followed by the approval of the company's board of directors, and, if such compensation arrangement or an undertaking to indemnify or insure is inconsistent with the company's stated compensation policy, or if the said office holder is the chief executive officer of the company (apart from a number of specific exceptions), then such arrangement is subject to the approval of a majority vote of the shares present and voting at a shareholders meeting, provided that either: (a) such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in the approval of such compensation arrangement (excluding abstaining shareholders); or (b) the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the approval of the compensation arrangement and who vote against the arrangement does not exceed 2% of the company's aggregate voting rights. We refer to this as the Special Approval for Compensation. Arrangements regarding the compensation, indemnification or insurance of a director require the approvals of the compensation committee, board of directors and shareholders by simple majority, and under certain circumstances, a Special Approval for Compensation.

Generally, a person who has a personal interest in a matter which is considered at a meeting of the board of directors or the audit committee may not be present at such a meeting or vote on that matter unless the chairman of the relevant committee or board of directors, as applicable, determines that he or she should be present in order to present the transaction that is subject to approval. Generally, if a majority of the members of the audit committee or the board of directors, as applicable, have a personal interest in the approval of a transaction, then all directors may participate in discussions of the audit committee or the board of directors, as applicable. In the event a majority of the members of the board of directors have a personal interest in the approval of a transaction, then the approval thereof shall also require the approval of the shareholders.

Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions

Pursuant to the Companies Law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. The approval of the audit committee or the compensation committee, as the case may be, the board of directors and the shareholders of the company, in that order is required for (a) extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, (b) the engagement with a controlling shareholder or his or her relative, directly or indirectly, for the provision of services to the company, (c) the terms of engagement and compensation of a controlling shareholder or his or her relative who is not an office holder or (d) the employment of a controlling shareholder or his or her relative by the company, other than as an office holder (collectively referred as Transaction with a Controlling Shareholder). In addition, such shareholder approval requires one of the following, which we refer to as a Special Majority:

- at least a majority of the shares held by all shareholders who do not have a personal interest in the transaction and who are present and voting at the meeting approving the transaction, excluding abstentions; or

- the shares voted against the transaction by shareholders who have no personal interest in the transaction and who are present and voting at the meeting do not exceed 2% of the voting rights in the company.

To the extent that any such Transaction with a Controlling Shareholder is for a period extending beyond three years, approval is required once every three years, unless, with respect to certain transactions, the audit committee determines that the duration of the transaction is reasonable given the circumstances related thereto.

Arrangements regarding the compensation, indemnification or insurance of a controlling shareholder in his or her capacity as an office holder require the approval of the compensation committee, board of directors and shareholders by a Special Majority and the terms thereof may not be inconsistent with the company's stated compensation policy.

Pursuant to regulations promulgated under the Companies Law, certain transactions with a controlling shareholder, a relative thereof, or with a director, that would otherwise require approval of a company's shareholders may be exempt from shareholder approval upon certain determinations of the audit committee and board of directors.

The Companies Law requires that every shareholder that participates, in person, by proxy or by voting instrument in a vote regarding a transaction with a controlling shareholder, must indicate in advance or in the ballot whether or not that shareholder has a personal interest in the vote in question. Failure to so indicate will result in the invalidation of that shareholder's vote.

Shareholder Duties

Pursuant to the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and its other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;

- an increase of the company's authorized share capital;

- a merger; or

- the approval of related party transactions and acts of office holders that require shareholder approval.

In addition, a shareholder also has a general duty to refrain from discriminating against other shareholders.

In addition, certain shareholders also have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that he or she has the power to determine the outcome of a shareholder vote at a general meeting or a shareholder class meeting, and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or other power towards the company. The Companies Law does not define the substance of the duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness.

Exculpation, Insurance and Indemnification of Directors and Officers

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our articles of association include such a provision. The company may not exculpate in advance a director from liability arising out of a prohibited dividend or distribution to shareholders.

Under the Companies Law, a company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed by him or her as an office holder, either pursuant to an undertaking made in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification:

- monetary liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to certain events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned foreseen events and amount or criteria;

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder (i) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (A) no indictment was filed against such office holder as a result of such investigation or proceeding; and (B) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (ii) in connection with a monetary sanction; and

Under the Companies Law and the Israeli Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed by him or her as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, provided that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;

- a breach of duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder; and

- a monetary liability imposed on the office holder in favor of a third party.

Under our articles of association, we may insure and indemnify an office holder against the aforementioned liabilities as well as the following liabilities:

- a breach of duty of care to the Company or to a third party;

- any other action which is permitted by law to insure an office holder against;

- expenses incurred and/or paid by the office holder in connection with an administrative enforcement procedure under any applicable law including the Efficiency of Enforcement Procedures in the Securities Authority Law (legislation amendments), 5771-2011 and the Israeli Securities Law, which we refer to as an Administrative Enforcement Procedure, and including reasonable litigation expenses and attorney fees; and

- a monetary liability in favor or a victim of a felony pursuant to Section 52ND of the Israeli Securities Law.

Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following:

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;
- a breach of duty of care committed intentionally or recklessly, excluding a breach arising solely out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a civil or administrative fine or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the compensation committee and the board of directors and, with respect to certain office holders or under certain circumstances, also by the shareholders. See "— Approval of Related Party Transactions under Israeli Law."

Our articles of association permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by the Companies Law and the Israeli Securities Law.

We have entered into agreements with each of our directors and executive officers exculpating them, to the fullest extent permitted by law and our articles of association, and undertaking to indemnify them to the fullest extent permitted by law and our articles of association. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances.

The maximum indemnification amount set forth in such agreements is limited to an amount which shall not exceed 25% of our shareholders equity based on our most recently audited or reviewed consolidated financial statements prior to actual payment of the indemnification amount. Such maximum amount is in addition to any amount paid (if paid) under insurance and/or by a third-party pursuant to an indemnification arrangement. In the opinion of the SEC, indemnification of directors and office holders for liabilities arising under the Securities Act, however, is against public policy and therefore unenforceable.

We have obtained directors' and officers' liability insurance for the benefit of our office holders and intend to continue to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Companies Law. In addition, prior to the closing of our initial public offering in the United States, we entered into agreements with each of our office holders undertaking to indemnify them to the fullest extent permitted by the Companies Law, including with respect to liabilities resulting from the offering to the extent that these liabilities are not covered by insurance.

Code of Ethics

In November 2011, our board of directors adopted a Code of Ethics that was amended in April 2014, applicable to all of our directors, officers, managers and employees, including our Chief Executive Officer, Chief Financial Officer, controller or principal accounting officer, or other persons performing similar functions. Our board of directors further amended the Code of Ethics prior to the effectiveness of the registration statement of our initial public offering in the United States so that the Code of Ethics qualifies as a "code of ethics" as defined in Item 16B of Form 20-F promulgated by the SEC. Upon the effectiveness of the registration statement of our initial public offering in the United States, the full text of the Code of Ethics was posted on our website at *www.intecpharma.com*. Information contained on, or that can be accessed through, our website does not constitute a part of this annual report and is not incorporated by reference herein. If we make any amendment to the Code of Ethics or grant any waivers, including any implicit waiver, from a provision of the Code of Ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC. Under Item 16B of the SEC's Form 20-F, if a waiver or amendment of the Code of Ethics applies to our principal executive officer, principal financial officer, principal accounting officer or controller and relates to standards promoting any of the values described in Item 16B(b) of Form 20-F, we are required to disclose such waiver or amendment on our website in accordance with the requirements of Instruction 4 to such Item 16B.

D. Employees.

As of December 31, 2017, we had 70 employees, four of whom were employed in management, seven of whom were employed in finance and administration, 41 of whom were employed in research and development and operations, seven of whom were employed in clinical trials and regulatory affairs and 11 of whom were employed in quality assurance. As of December 31, 2017, all of these employees are located in Israel or the United States, where the Company employs two employees.

Israeli labor laws principally govern the length of the workday, minimum wages for employees, procedures for hiring and dismissing employees, determination of severance pay, annual leave, sick days, advance notice of termination of employment, equal opportunity and anti-discrimination laws and other conditions of employment. Subject to certain exceptions, Israeli law generally requires severance pay upon the retirement, death or dismissal of an employee, and requires us and our employees to make payments to the National Insurance Institute, which is similar to the U.S. Social Security Administration. Our employees have defined benefit pension plans that comply with applicable Israeli legal requirements, which also include the mandatory pension payments required by applicable law and allocations for severance pay.

While none of our employees are party to any collective bargaining agreements, certain provisions of the collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordination Bureau of Economic Organizations (including the Industrialists' Associations) are applicable to our employees by extension orders issued by the Israel Ministry of Economy and Industry (previously the Israeli Ministry of Trade, Industry and Labor). These provisions primarily concern the length of the workweek, pension fund benefits for all employees and for employees in the industry section, insurance for work-related accidents, travel expenses reimbursement, holiday leave, convalescent payments and entitlement for vacation days. We generally provide our employees with benefits and working conditions beyond the required minimums. We have never experienced any employment-related work stoppages and believe our relationship with our employees is good.

E. Share Ownership.

The following table sets forth certain information regarding the beneficial ownership of our ordinary shares as of March 1, 2018 by:

- each of our directors and executive officers;
- all of our executive officers and directors as a group; and
- each person (or group of affiliated persons) known by us to be the beneficial owner of more than 5% of the outstanding ordinary shares.

Except as otherwise indicated in the footnotes to this table, we believe the persons named in this table have sole voting and investment power with respect to all the ordinary shares indicated.

	As of March 1, 2018	
	Ordinary Shares	%
Jeffrey A. Meckler	126,761(1)	+
Nadav Navon	58,649(2)	+
Nir Sassi	24,572(3)	+
John W. Kozarich	106,587(4)	+
Anthony J. Maddaluna	—	—
Gil Bianco	25,751(5)	+
Hila Karah	18,251(6)	+
Issac Silberman	25,751(5)	+
Walt A. Linscott	—(7)	—
R. Michael Gendreau	—(8)	—
All executive officers and directors as a group (10 people)	386,322(9)	1.46%
Adage Capital Partners, L.P.	1,725,000(10)	6.62%
Meitav Dash Investments Ltd.	2,191,705(11)	8.41%
venBio Select Advisor LLC	2,195,705(12)	8.42%
Acuta Capital Partners LLC	2,724,283(13)	10.44%

+ Less than 1%.

* Percentages and number of ordinary shares calculated in accordance with SEC rules and based upon 26,075,770 ordinary shares issued and outstanding as of March 1, 2018.

(1) Consists of 21,761 ordinary shares and options to purchase 105,000 ordinary shares with an exercise price of $5.32 per share and with an expiration date of April 10, 2027. All such options have vested or will vest within 60 days of March 1, 2018. Does not include 460,000 ordinary shares issuable upon exercise of outstanding options that are not exercisable within 60 days of March 1, 2018.

(2) Consists of 14,024 ordinary shares, options to purchase 22,750 ordinary shares with an exercise price of $4.14 and with an expiration date of March 27, 2026 and options to purchase 21,875 ordinary shares with an exercise price of $4.47 per share and with an expiration date of July 25, 2026. All such options have vested or will vest within 60 days of March 1, 2018. Does not include 250,875 ordinary shares issuable upon exercise of outstanding options that are not exercisable within 60 days of March 1, 2018.

(3) Consists of options to purchase 5,422 ordinary shares with an exercise price of NIS 52.35 per share and with an expiration date of March 1, 2020, options to purchase 1,650 ordinary shares with an exercise price of $4.14 and with an expiration date of March 27, 2026 and options to purchase 17,500 ordinary shares with an exercise price of $4.47 per share and with an expiration date of July 25, 2026. All such options have vested or will vest within 60 days of March 1, 2018. Does not include 164,150 ordinary shares issuable upon exercise of outstanding options that are not exercisable within 60 days of March 1, 2018.

(4) Consists of 31,761 ordinary shares and options to purchase 74,826 ordinary shares with an exercise price of $3.526 per share and with an expiration date of May 15, 2026. All such options have vested. Does not include 149,652 ordinary shares issuable upon exercise of outstanding options that are not exercisable within 60 days of March 1, 2018.

(5) Consists of options to purchase 10,751 ordinary shares with an exercise price of NIS 48.91 per share with an expiration date of July 1, 2020 and options to purchase 15,000 ordinary shares with an exercise price of $6 per share and with an expiration date of April 21, 2026. All such options have vested or will vest within 60 days of March 1, 2018. Does not include 7,500 ordinary shares issuable upon exercise of outstanding options that are not exercisable within 60 days of March 1, 2018.

(6) Consists of options to purchase 10,751 ordinary shares with an exercise price of NIS 48.91 per share with an expiration date of July 1, 2020 and options to purchase 7,500 ordinary shares with an exercise price of $6 per share and with an expiration date of May 22, 2026. All such options have vested. Does not include 15,000 ordinary shares issuable upon exercise of outstanding options that are not exercisable within 60 days of March 1, 2018.

(7) Does not include 200,000 ordinary shares issuable upon exercise of outstanding options that are not exercisable within 60 days of March 1, 2018.

(8) Does not include 250,000 ordinary shares issuable upon exercise of outstanding options that are not exercisable within 60 days of March 1, 2018.

(9) Consists of 67,546 ordinary shares and options to purchase 281,101 ordinary shares, which are currently exercisable and have vested or will become vested within 60 days of March 1, 2018 with a weighted average exercise price of $ 4.71 and options to purchase 37,675 ordinary shares, which are currently exercisable and have vested with a weighted average exercise price of NIS 49.1.

(10) Based on a Schedule 13G filed with the SEC on August 25, 2017.

(11) Based on a Schedule 13G filed with the SEC on January 8, 2018.

(12) Based on a Schedule 13G filed with the SEC on February 12, 2018.

(13) Based on a Schedule 13G filed with the SEC on February 14, 2018.

To our knowledge, the significant changes in the percentage of ownership held by our major shareholders during the past three years have been: (i) the increase in the percentage of ownership held by venBio Select Advisor LLC above 5% in 2017; (ii) the increase in the percentage of ownership held by Acuta Capital Partners LLC above 5% in 2017; (iii) the increase in the percentage of ownership held by Meitav Dash Investments Ltd. above 5% in 2017; (iv) the increase above 5% and later decrease below 5% in the percentage of ownership held by Ayalim Mutual Funds Ltd.; (v) the increase in the percentage of ownership held by Adage Capital Partners, L.P. above 5% in 2017; (vi) the increase above 5% and later decrease below 5% in the percentage of ownership held by Migdal Insurance & Financial Holdings Ltd. in 2017, (vii) the increase above 5% and later decrease below 5% in the percentage of ownership held by the Phoenix Holdings Ltd., Excellence Holdings Ltd., Itshak Sharon (Tshuva) and Delek Group Ltd. in 2016; (vii) the increase in 2015 above 5% and later decrease in 2016 below 5% in the percentage of ownership held by Sabby Healthcare Master Fund, Ltd.; (viii) the increase in 2015 above 5% and later decrease in 2016 below 5% in the percentage of ownership held by Opaleye Management Inc.; and (iv) the increase in the percentage of ownership held by Cormorant Asset Management, LLC above 5% in 2015.

As of March 1, 2018, our ordinary shares were held by one registered holder (not including CEDE & Co. and Registration Co, of United Mizrahi Bank Ltd.). Based on the information provided to us by our transfer agent, as of March 1, 2018, one registered holder was a U.S. domiciled holder and held approximately 0.08% of our outstanding ordinary shares.

ITEM 7. Major Shareholders and Related Party Transactions.

A. Major Shareholders.

Except as set forth in "Item 6. Directors, Senior Management and Employees—E. Share Ownership," to the best of our knowledge, no other person who we know beneficially owns 5.0% or more of the Company's ordinary shares outstanding as of March 1, 2018. None of our shareholders has different voting rights from other shareholders. Other than as described herein, to the best of our knowledge, we are not owned or controlled, directly or indirectly, by another corporation, by any foreign government or by any natural person or legal persons, severally or jointly, and we are not aware of any arrangement that may, at a subsequent date, result in a change of control of our Company.

B. Related Party Transactions

The following is a description of some of the transactions with related parties to which we are party and which were in effect within the past three fiscal years. The descriptions provided below are summaries of the terms of such agreements and do not purport to be complete and are qualified in their entirety by the complete agreements.

We believe that we have executed all of our transactions with related parties on terms no less favorable to us than those we could have obtained from unaffiliated third parties. See "Item 6. Directors, Senior Management and Employees — C. Board Practices — Approval of Related Party Transactions under Israeli Law."

Indemnification Agreements

Our articles of association permit us to exculpate, indemnify and insure our directors and officeholders to the fullest extent permitted by the Companies Law. We have obtained directors' and officers' insurance for each of our officers and directors and have entered into indemnification agreements with all of our current officers and directors.

We have entered into indemnification and exculpation agreements with each of our current office holders and directors exculpating them to the fullest extent permitted by the law and our articles of association and undertaking to indemnify them to the fullest extent permitted by the law and our articles of association, including with respect to liabilities resulting from this annual report, to the extent such liabilities are not covered by insurance. See "Item 6. Directors, Senior Management and Employees — C. Board Practices — Exculpation, Insurance and Indemnification of Directors and Officers."

2017 Private Placement

In March 2017, we completed a private placement of 2,289,638 of our ordinary shares with various investors at a price of $4.40 per share, for gross proceeds of approximately $10 million. The chairman of our board of directors, Dr. John Kozarich, and two other (former) directors, Messrs. Zvi Joseph and Giora Carni, participated in the private placement. On April 7, 2017, we filed a registration statement under the Securities Act to register for resale most of the ordinary shares issued in the private placement for those purchasers which elected to register their ordinary shares.

Employment and Consulting Agreements

We have entered into written employment agreements with each of our executive officers. These agreements provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive base salary and benefits. These agreements also contain customary provisions regarding confidentiality of information and ownership of inventions. Since our inception we have granted options to purchase our ordinary shares to our officers and certain of our directors. Such award agreements contain acceleration provisions upon certain events. We describe our option plans under "Item 6.B. Compensation—Equity Compensation Plans" and the equity-based compensation received by certain of our executive officers in "Item 6.B. Compensation— Employment and Service Agreements."

Additionally, we have entered into employment agreements with our former directors, Messrs. Zeev Weiss, Giora Carni and Zvi Joseph for their continued service to the Company (on a reduced scope of work and for a limited term). Mr. Weiss' agreement (40% scope of employment) is for a term starting on October 1, 2017 and ending June 30, 2019 for a monthly fee of NIS 25,000, Mr. Carni's agreement (50% scope of employment) is for a term starting on December 12, 2017 and ending June 11, 2019 for a monthly fee of NIS 35,000 and Mr. Joseph's agreement (50% scope of employment) is for a term starting on December 12, 2017 and ending June 11, 2019 for a monthly fee of NIS 25,000. For additional information on Mr. Carni's equity-based compensation see "Item 6.B. Compensation— Employment and Service Agreements."

As of December 31, 2017, Mr. Joseph held options to purchase 75,463 ordinary shares with a weighted exercise price of NIS 30.1, of which 26,000 were vested and 49,463 will accelerate in the event that a material agreement, as defined in our previous compensation policy, is signed between us and a third party. In addition, as of December 31, 2017, Mr. Joseph also held options to purchase 95,250 ordinary shares that will vest over time (or immediately upon the earlier of: (i) the closing of a merger agreement, as defined in our 2015 Plan, or (ii) if Mr. Joseph is terminated without cause prior to June 11, 2019) with an exercise price of $6.15 per share. None of these options were vested as of December 31, 2017. As of December 31, 2017, Mr. Weiss held options to purchase 97,023 ordinary shares with a weighted exercise price of NIS 28.55, of which 40,000 were vested and 57,023 will vest in the event that a material agreement, as defined in our previous compensation policy, is signed between us and a third party. In addition, as of December 31, 2017, Mr. Weiss also held options to purchase 35,000 ordinary shares that will vest over time (or immediately upon the earlier of: (i) the closing of a merger agreement, as defined in our 2015 Plan, or (ii) if Mr. Weiss is terminated without cause prior to June 30, 2019) with an exercise price of $7.44 per share. None of these options were vested as of December 31, 2017.

C. Interests of Experts and Counsel.

Not applicable.

ITEM 8. Financial Information.

A. Financial Statements and Other Financial Information.

See "Item 18. Financial Statements" for a list of all consolidated financial statements filed as part of this annual report on Form 20-F.

Legal Matters

We are not, nor have we been in the last fiscal year, a party to any legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings and those involving any third-party, nor any governmental proceedings pending or known to be contemplated, which may have, or have had in the recent past, significant effects on the company's financial position or profitability.

Dividend Policy

We have never declared or paid cash dividends to our shareholders. Currently we do not intend to pay cash dividends. We intend to reinvest any earnings in developing and expanding our business. Any future determination relating to our dividend policy will be at the discretion of our board of directors and will depend on a number of factors, including future earnings, our financial condition, operating results, contractual restrictions, capital requirements, business prospects, applicable Israeli law and other factors our board of directors may deem relevant. Accordingly, we have not appointed any paying agent.

In addition, the distribution of dividends is limited by the Companies Law, which permits the distribution of dividends only out of distributable profits. See "Item 10. Additional Information — B. Memorandum and Articles of Association. In addition, if we pay a dividend out of income attributed to our Benefited Enterprise during the tax exemption period, we may be subject to tax on the grossed-up amount of such income at the corporate tax rate which would have been applied to such Benefited Enterprise's income had we not enjoyed the exemption. See "Item 10. Additional Information—E. Taxation."

B. Significant Changes.

No significant changes with respect to our consolidated financial statements have occurred since December 31, 2017.

ITEM 9. The Offer and Listing.

A.4 Offer and Listing Details

Our ordinary shares have been listed on the Nasdaq Capital Market under the symbol "NTEC" since August 2015. Prior to that date, there was no public trading market for our ordinary shares in the United States. Our initial public offering was priced at $6.00 per share. The following table sets forth for the periods indicated the high and low sales prices per ordinary share as reported on the NASDAQ Capital Market:

	Low	High
Annual Information:		
2015 (commencing as of August 4, 2015)	$ 5.25	$ 6.19
2016	3.03	6.36
2017	4.20	9.80
Quarterly Information		
First Quarter 2016	$ 3.05	$ 5.21
Second Quarter 2016	3.03	4.91
Third Quarter 2016	4.14	6.36
Fourth Quarter 2016	4.45	6.10
First Quarter 2017	4.20	5.70
Second Quarter 2017	4.95	5.99
Third Quarter 2017	4.80	9.80
Fourth Quarter 2017	4.85	9.45
First Quarter 2018 (through March 7, 2018)	5.25	7.50
Monthly Information		
October 2017	$ 7.85	$ 9.45
November 2017	5.35	8.55
December 2017	4.85	5.85
January 2018	5.25	7.50
February 2018	5.50	6.55
March 2018 (through March 7, 2018)	5.75	6.30

Our ordinary shares have been listed on the TASE under the symbol "NTEC" since February 2010. Prior to that date, there was no public trading market for our ordinary shares in Israel. Our initial public offering was priced at NIS 45.28* per share. The following table sets forth for the periods indicated the high and low sales prices per ordinary share as reported on the TASE:

	Low		High	
Annual Information:				
2013*	NIS	32.70	NIS	79.40
2014*		17.50		53.45
2015		20.15		36.80
2016		11.50		24.49
2017		15.30		34.48
Quarterly Information				
First Quarter 2016	NIS	13.05	NIS	21.99
Second Quarter 2016		11.50		19.15
Third Quarter 2016		16.62		24.49
Fourth Quarter 2016		17.20		21.80
First Quarter 2017		15.30		21.70
Second Quarter 2017		18.11		20.50
Third Quarter 2017		17.42		34.48
Fourth Quarter 2017		17.00		33.44
First Quarter 2018 (through March 7, 2018)		17.99		26.70
Monthly Information				
October 2017	NIS	27.60	NIS	33.44
November 2017		20.67		30.61
December 2017		17.00		20.20
January 2018		17.99		26.70
February 2018		19.20		22.70
March 2018 (through March 7, 2018)		20.81		21.69

* adjusted to reflect a 50-to-1 reverse share split of the Company's ordinary shares effect on March 29, 2015.

B. Plan of distribution

Not applicable.

C. Market for Ordinary Shares

Our ordinary shares have been quoted on the NASDAQ Capital Market since August 2015 under the symbol "NTEC" and on the TASE since February 2010 under the symbol "NTEC".

D. Selling shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the issue

Not applicable.

ITEM 10. Additional Information.

A. Share Capital.

Not applicable.

B. Memorandum and Articles of Association.

The following are summaries of material provisions of our articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares.

Holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote of shareholders at a shareholder meeting. Shareholders may vote at shareholder meetings either in person, by proxy or by written ballot. The Companies Law does not allow public companies to adopt shareholder resolutions by means of written consent in lieu of a shareholder meeting, and accordingly, our articles of association do not allow shareholders to approve corporate matters by written consent. The board of directors shall determine and provide a record date for each shareholders meeting and all shareholders at such record date may vote. Unless stipulated differently in the Companies Law or in our articles of association, all shareholders' resolutions shall be approved by a simple majority vote. Except as otherwise disclosed herein, an amendment to our articles of association requires the prior approval of a simple majority of our shares represented and voting at a general meeting and of the holders of a class of shares whose rights are being affected (or the consent in writing of all the holders of such class of shares). Our number with the Israeli Registrar of Companies is 513022780. Our purpose is set forth in Section 3 of our articles of association and includes every lawful purpose.

Our ordinary shares that are fully paid for are issued in registered form and may be freely transferred under our articles of association, unless the transfer is restricted or prohibited by applicable law or the rules of a stock exchange on which the shares are traded. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our articles of association or Israeli law, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

Pursuant to the Companies Law and our articles of association, our board of directors may exercise all powers and take all actions that are not required under law or under our articles of association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Our articles of association enable us to increase or reduce our share capital. Any such changes are subject to the provisions of the Companies Law and must be approved by a resolution duly passed by our shareholders at a general or special meeting by voting on such change in the capital. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings and profits and an issuance of shares for less than their nominal value, require a resolution of our board of directors and court approval.

Dividends

Under the Companies Law, we may declare and pay dividends only if, upon the determination of our board of directors, there is no reasonable concern that the distribution will prevent us from being able to meet the terms of our existing and foreseeable obligations as they become due. Under the Companies Law, the distribution amount is further limited to the greater of retained earnings or earnings generated over the two most recent years legally available for distribution according to our then last reviewed or audited consolidated financial statements, provided that the date of the consolidated financial statements is not more than six months prior to the date of distribution. In the event that we do not have retained earnings or earnings generated over the two most recent years legally available for distribution, we may seek the approval of the court in order to distribute a dividend. The court may approve our request if it is convinced that there is no reasonable concern that the payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

Shareholder Meetings

Under the Companies Law, we are required to hold an annual general meeting of our shareholders once in every calendar year and no later than 15 months following the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to as special general meetings. Our board of directors may call special general meetings whenever it deems fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law and our articles of association provide that our board of directors is required to convene a special meeting upon the written request of (i) any two of our directors or one quarter of the directors then in office (ii) one or more shareholders holding, in the aggregate, 5% of the our issued share capital and 1% of our outstanding voting power or 5% of our outstanding voting power.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the board of directors. Furthermore, the Companies Law and our articles of association require that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our articles of association;
- appointment or termination of our auditors;
- appointment of directors and appointment and dismissal of external directors;
- approval of acts and transactions requiring general meeting approval pursuant to the Companies Law;
- director compensation, indemnification and change of the principal executive officer;
- increases or reductions of our authorized share capital;
- a merger;
- the exercise of our board of directors' powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management; and
- authorizing the chairman of the board of directors or his relative to act as the company's chief executive officer or act with such authority; or authorize the company's chief executive officer or his relative to act as the chairman of the board of directors or act with such authority.

The Companies Law requires that a notice of any annual or special shareholders meeting be provided at least 21 days prior to the meeting and if the agenda of the meeting includes the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting.

Pursuant to our articles of association, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting.

Quorum

The quorum required for our general meetings of shareholders consists of at least two shareholders present in person, by proxy or written ballot who hold or represent between them at least 25% of the total outstanding voting rights, within half an hour from the appointed time.

A meeting adjourned for lack of a quorum is adjourned to the same day in the following week at the same time and place or on a later date if so specified in the summons or notice of the meeting. At the reconvened meeting, any number of our shareholders present in person or by proxy shall constitute a lawful quorum.

Resolutions

Our articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by applicable law.

Under the Companies Law, a shareholder of a public company may vote in a meeting and in a class meeting by means of a written ballot in which the shareholder indicates how he or she votes on resolutions relating to the following matters:

- an appointment or removal of directors;
- an approval of transactions with office holders or interested or related parties, that require shareholder approval;
- an approval of a merger;
- authorizing the chairman of the board of directors or his relative to act as the company's chief executive officer or act with such authority; or authorize the company's chief executive officer or his relative to act as the chairman of the board of directors or act with such authority;
- any other matter that is determined in the articles of association to be voted on by way of a written ballot (our articles of association do not stipulate any additional matters); and
- other matters which may be prescribed by Israel's Minister of Justice.

The provision allowing the vote by written ballot does not apply where the voting power of the controlling shareholder is sufficient to determine the vote.

The Companies Law provides that a shareholder, in exercising his or her rights and performing his or her obligations toward the company and its other shareholders, must act in good faith and in a customary manner, and avoid abusing his or her power. This is required when voting at general meetings on matters such as changes to the articles of association, increasing the company's registered capital, mergers and approval of certain interested or related party transactions. A shareholder also has a general duty to refrain from depriving any other shareholder of its rights as a shareholder. In addition, any controlling shareholder, any shareholder who knows that its vote can determine the outcome of a shareholder's vote and any shareholder who, under such company's articles of association, can appoint or prevent the appointment of an office holder or has other power towards the company, is required to act with fairness towards the company. The Companies Law does not describe the substance of this duty except that the remedies generally available upon a breach of contract will also apply to a breach of the duty to act with fairness, and, to the best of our knowledge, there is no binding case law that addresses this subject directly.

Under the Companies Law, unless provided otherwise in a company's articles of association, a resolution at a shareholders meeting requires approval by a simple majority of the voting rights represented at the meeting, in person, by proxy or written ballot, and voting on the resolution. Generally, a resolution for the voluntary winding up of the company requires the approval of holders of 75% of the voting rights represented at the meeting, in person, by proxy or by written ballot and voting on the resolution.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Access to Corporate Records

Under the Companies Law, all shareholders of a company generally have the right to review minutes of the company's general meetings, its shareholders register and principal shareholders register, its articles of association, its consolidated financial statements and any document the company is required by law to file publicly with the Israeli Companies Registrar and the ISA. Any of our shareholders may request access to review any document in our possession that relates to any action or transaction with a related party, interested party or office holder that requires shareholder approval under the Companies Law. We may deny a request to review a document if we determine that the request was not made in good faith, that the document contains a commercial secret or a patent or that the document's disclosure may otherwise prejudice our interests.

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares or a class of shares of an Israeli public company and who would, as a result, own more than 90% of the target company's issued and outstanding share capital or of a certain class of its shares, is required by the Companies Law to make a full tender offer (as defined in the Companies Law) to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company or class of shares. If either (i) the shareholders who do not accept the offer hold, in the aggregate, less than 5% of the issued and outstanding share capital of the company or of the applicable class, and more than half of the shareholders who do not have a personal interest in the offer accept the offer, or (ii) the shareholder who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class, then all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. However, a shareholder that had its shares so transferred, whether or not it accepted the tender offer (unless otherwise provided in the offering memorandum), may, within six months from the date of acceptance of the tender offer, petition the court to determine that the tender offer was for less than fair value and that the fair value should be paid as determined by the court. If the shareholders who did not accept the tender offer hold at least 5% of the issued and outstanding share capital of the company or of the applicable class of shares, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's issued and outstanding share capital or of the applicable class from shareholders who accepted the tender offer.

Special Tender Offer

According to the Companies Law, an acquisition pursuant to which a purchaser shall hold a "controlling stake", that is defined as 25% or more of the voting rights if no other shareholder holds a controlling stake, or an acquisition pursuant to which such purchaser shall hold more than 45% of the voting rights of the company if no other shareholder owns more than 45% of the voting rights, may not be performed by way of market accumulation, but only by way of a special tender offer (as defined in the Companies Law) made to all of the company's shareholders on a pro rata basis. A special tender offer may not be consummated unless a majority of the shareholders who announced their stand on such offer have accepted it (in counting the total votes of such shareholders, shares held by the controlling shareholders, shareholders who have personal interest in the offer, shareholders who own 25% or more of the voting rights in the company, relatives or representatives of any of the above or the bidder and corporations under their control, shall not be taken into account). A shareholder may be free to object to such an offer without such objection being deemed as a waiver of his right to sell its respective shares if the transaction is approved by a majority of the company's shareholders despite his objection. Ordinary shares purchased not in accordance with those provisions shall become "dormant shares" and shall not grant the purchaser any rights so long as they are held by the purchaser. If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Under regulations enacted pursuant to the Companies Law, the above special tender offer requirements may not apply to companies whose shares are listed for trading on a foreign stock exchange if, among other things, the relevant foreign laws or the rules of the stock exchange, include provisions limiting the percentage of control which may be acquired or that the purchaser is required to make a tender offer to the public. However, the ISA's opinion is that such leniency does not apply with respect to companies whose shares are listed for trading on stock exchanges in the United States, including the NASDAQ Capital Market, which do not provide for sufficient legal restrictions on obtaining control or an obligation to make a tender offer to the public, therefore the special tender offer requirements shall apply to such companies.

Merger

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Companies Law are met, a majority of each party's shares voted on the proposed merger at a shareholders' meeting called with at least 35 days' prior notice.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares represented at the shareholders meeting that are held by parties other than the other party to the merger, or by any person who holds 25% or more of the outstanding shares or the right to appoint 25% or more of the directors of the other party, vote against the merger. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the value of the parties to the merger and the consideration offered to the shareholders.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties to the merger, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger was filed by each party with the Israeli Registrar of Companies and 30 days have passed from the date the merger was approved by the shareholders of each party.

Antitakeover Measures

The Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights, distributions or other matters and shares having preemptive rights. As of the date of this annual report, we do not have any authorized or issued shares other than our ordinary shares. In the future, if we do create and issue a class of shares other than ordinary shares, such class of shares, depending on the specific rights that may be attached to them, may delay or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization of a new class of shares will require an amendment to our articles of association which requires the prior approval of the holders of a majority of our shares at a general meeting. In addition, the rules and regulations of the TASE also limit the terms permitted with respect to a new class of shares and prohibit any such new class of shares from having voting rights. Shareholders voting in such meeting will be subject to the restrictions provided in the Companies Law as described above.

C. Material Contracts.

The following are summary descriptions of certain material agreements to which we are a party. The descriptions provided below do not purport to be complete and are qualified in their entirety by the complete agreements, which are attached as exhibits to this annual report on Form 20-F.

For a description of our material agreements relating to our strategic collaborations and research arrangements and other material agreements, please refer to "Item 4. Information on the Company."

Employment Agreements

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Employment Agreements and Arrangements with Directors and Related Parties."

2017 Private Placement

See "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — 2017 Private Placement."

Underwriting Agreement

On August 16, 2017, we entered into an Underwriting Agreement (the "Underwriting Agreement") with Oppenheimer & Co Inc., as representative of the several underwriters named therein (the "Underwriters"), relating to an underwritten public offering of 10,630,000 of our ordinary shares at a public offering price of $4.70 per ordinary share. Under the terms of the Underwriting Agreement, the Company granted the Underwriters a 30-day option to purchase up to an aggregate of 1,594,500 additional ordinary shares, which option was exercised in full. The net proceeds to our Company from the offering was approximately $53.6 million, after deducting underwriting discounts and commissions and other offering expenses payable by us. The Underwriting Agreement contains customary representations, warranties, covenants and indemnification rights for transactions of this type

D. Exchange Controls.

There are no Israeli government laws, decrees or regulations that restrict or that affect our export or import of capital or the remittance of dividends, interest or other payments to non-resident holders of our securities, including the availability of cash and cash equivalents for use by us and our wholly-owned subsidiaries, except for ownership by nationals of certain countries that are, or have been, declared as enemies of Israel or otherwise as set forth under "Item 10. Additional Information—E. Taxation."

E. Taxation.

The following is a summary of the material Israeli tax laws applicable to us, and some Israeli Government programs benefiting us. This section also contains a discussion of some Israeli tax consequences to persons owning our ordinary shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of this kind of investor include traders in securities or persons that own, directly or indirectly, 10% or more of our outstanding voting capital, all of whom are subject to special tax regimes not covered in this discussion. Some parts of this discussion are based on a new tax legislation which has not been subject to judicial or administrative interpretation. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE ISRAELI OR OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES, INCLUDING, IN PARTICULAR, THE EFFECT OF ANY FOREIGN, STATE OR LOCAL TAXES.

General Corporate Tax Structure in Israel

Israeli companies are generally subject to corporate tax on their taxable income at the rate of 24% for the 2017 tax year (23% in 2018 and thereafter). However, the effective tax rate payable by a company that derives income from an Approved Enterprise, a Benefited Enterprise, a Preferred Enterprise or a Technology Enterprise (as discussed below) may be considerably less. Capital gains derived by an Israeli resident company are subject to tax at the prevailing corporate tax rate.

Law for the Encouragement of Industry (Taxes), 1969

The Law for the Encouragement of Industry (Taxes), 1969, or the Industry Encouragement Law, defines an "Industrial Company" as an Israeli resident company incorporated in Israel, of which 90% or more of its income in any tax year, other than income from certain government loans, is derived from an "Industrial Enterprise" owned by it and located in Israel or in the "Area", in accordance with the definition in the section 3a of the Ordinance. An "Industrial Enterprise" is defined as an enterprise which is held by an Industrial Company whose principal activity in any given tax year is industrial production.

The following tax benefits, among others, are available to Industrial Companies:

- amortization over an eight-year period of the cost of patents and rights to use a patent and know-how that were purchased in good faith and are used for the development or advancement of the Industrial Enterprise, commencing from the tax year where the Industrial Enterprise began to use them;
- under certain conditions, the right to elect to file consolidated tax returns with Israeli Industrial Companies controlled by it; and
- expenses related to a public offering are deductible in equal amounts over three years commencing on the year of the offering.

We believe that we qualify as an "Industrial Company" within the meaning of the Industry Encouragement Law. There can be no assurance that we will continue to qualify as an Industrial Company or that the benefits described above will be available to us in the future.

Tax Benefits under the Law for the Encouragement of Capital Investments, 1959

Tax benefits prior to the 2005 Amendment

The Law for the Encouragement of Capital Investments, 1959, generally referred to as the "Investments Law", provides that a capital investment in eligible facilities may, upon application to the Israeli Authority for Investments and Development of the Ministry of Economy and Industry of the State of Israel ("Investment Center"), be granted the status of an Approved Enterprise. Each certificate of approval for an Approved Enterprise relates to a specific investment program delineated both by its financial scope, including sources of funds, and by its physical characteristics of the facility or other assets, e.g., the equipment to be purchased and utilized pursuant to the program.

The tax benefits under the Investments Law also apply to income generated by a company from the grant of a usage right with respect to know-how developed pursuant to the Approved Enterprise, income generated from royalties, and income derived from a service which is auxiliary to such usage right or royalties, provided that such income is generated within the ordinary course of business of the company investing in the Approved Enterprise.

If a company has more than one approval or only a portion of its capital investments is approved, its effective tax rate is the result of a weighted average of the applicable rates. The tax benefits under the Investments Law are not, generally, available with respect to income derived from products manufactured outside of Israel. In addition, the tax benefits available to a company investing in an Approved Enterprise are contingent upon the fulfillment of conditions stipulated in the Investments Law and related regulations and the criteria set forth in the specific certificate of approval, as described above. In the event that a company does not meet these conditions, it would be required to refund the amount of tax benefits, plus a consumer price index linked adjustment and interest, or other monetary penalty.

A company that has an Approved Enterprise program and which qualifies as a foreign investment company (a "FIC") will be eligible for a three-year extension of tax benefits following the expiration of the seven-year period referenced above. In addition, in the event that the level of foreign ownership in an Approved Enterprise reaches 49% or higher, the corporate tax rate applicable to income earned from the Approved Enterprise is reduced as follows:

% of Foreign Ownership	Tax Rate
49% or more but less than 74%	20%
74% or more but less than 90%	15%
90% or more	10%

Additionally, a company may elect to forgo its entitlements to grants and tax benefits under the grant track and apply for alternative package of tax benefits for a benefit period of between seven and ten years (the "Alternative Track"). Under the Alternative Track, a company's undistributed income derived from the Approved Enterprise will be exempt from corporate tax for a period of between two and ten years, starting from the first year the company derives taxable income under the Approved Enterprise program. The length of time of this exemption will depend on the geographic location of the Approved Enterprise within Israel. After the exemption period lapses, the company is subject to tax at a reduced corporate tax rate of between 10% to 25% depending on the level of foreign investment in the company in each year, as detailed above, for the remainder of the benefit period.

A company that has elected the Alternative Track and subsequently pays a dividend out of income derived from the Approved Enterprise during the tax exemption period will be subject to corporate tax on the amount which is determined by the distributed amount (grossed up to reflect such pre-tax income that it would have had to earn in order to distribute the dividend) with the effective corporate tax rate which would have been applied had the company not elected the Alternative Track, which is as referred above ranged between 10%-25% depending on the level of foreign investment in the company in each year as explained above. Under the Investments Law, the transfer of funds from the Company to shareholders and other related parties may be deemed to be regarded as a dividend distribution for this purpose in certain circumstances. Dividends paid out of any income derived from an Approved Enterprise are generally subject to withholding tax at source at the reduced rate of 15% or at a lower rate provided under an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate), if the dividend is distributed during the tax exemption period or within 12 years thereafter. In the event, however, where the company qualifies as a FIC, there is no such time limitation.

Under the Investments Law, a company that has elected the Alternative Track is not obliged to distribute retained profits, and may generally decide from which year's profits to declare dividends.

The Company is not entitled to an Approved Enterprise status.

Tax benefits under the 2005 Amendment

An amendment to the Investments Law, which effective as of April 1, 2005 ("2005 Amendment"), has changed certain provisions of the Investments Law. An eligible investment program under the 2005 Amendment qualifies for benefits as a "Benefited Enterprise" (rather than as an Approved Enterprise which status is still applicable for investment programs approved prior to December 31, 2004 and/or investment programs under the grant track). According to the 2005 Amendment, only Approved Enterprises receiving cash grants require the prior approval of the Investment Center. Further, a company may claim the tax benefits offered by the Investment Law directly in its tax returns, provided that its facilities meet the criteria for tax benefits set forth in the 2005 Amendment. A company that has a Benefited Enterprise may, at its discretion, approach the Israel Tax Authority for a pre-ruling confirming that it is in compliance with the provisions of the Investment Law.

The duration of the tax benefits described herein is limited to the earlier of seven or ten years (depending on the geographic location of the Benefited Enterprise within Israel) from the Commencement Year (as described below) or 12 years from the first day of the year of election. Commencement Year is defined as the later of the first tax year in which a company had derived liable income for tax purposes from the Benefited Enterprise, or the year of election which is the year in which a company requested to have the tax benefits apply to the Benefited Enterprise. The tax benefits granted to a Benefited Enterprise are determined, depending on the geographic location of the Benefited Enterprise within Israel, according to one of the following, which may be applicable to us:

(i) Similar to the currently available Alternative Track, exemption from corporate tax may be available on undistributed income for a period of two to ten years, depending on the geographic location of the Benefited Enterprise within Israel, and a reduced corporate tax rate of 10% to 25% for the remainder of the benefit period, depending on the level of foreign investment in each year. Benefits may be granted for a term of seven to ten years, depending on the level of foreign investment in the company. If the company pays a dividend out of income derived from the Benefited Enterprise during the tax exemption period, such income will be subject to deferred corporate tax with respect to the amount distributed (grossed up to reflect such pre-tax income that it would have had to earn in order to distribute the dividend) at the corporate tax rate which would have otherwise been applied. The company is required to withhold tax on such distribution at a rate of 15%, or such lower rate may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate); or

(ii) A special track which enables companies owning facilities in certain geographical locations in Israel to pay corporate tax at a flat rate of 11.5% on income the Benefited Enterprise (the "Ireland Track"). The benefit period is for ten years. Upon payment of dividends, the company is required to withhold tax on such dividend at a rate of 15% for Israeli residents and at a rate of 4% for foreign residents.

Under the Investments Law, we may be entitled to tax benefits, by virtue of our status as a "Benefited Enterprise," which was awarded to us in October 2007. We received the status of a plant under establishment in Development Region "A" in a tax-exempt track, subject to compliance with the applicable requirements of the Investment Law. As of December 31, 2017, we had not yet generated operating income that will allow us to benefit from the tax benefits under the Investment Law. The tax benefits under the Investment Law will apply for a period of up to ten years from the first year in which taxable income will be generated and are scheduled to expire at the end of 2023.

In order to remain eligible for the tax benefits of a Benefited Enterprise, we must continue to meet certain conditions stipulated in the Investment Law and its regulations, as amended. In addition, in order to remain eligible for the tax benefits available to the Benefited Enterprise, we must also comply with the conditions set forth in the tax ruling. These conditions include, among other things, that the production, directly or through subcontractors, of all our products should be performed within certain regions of Israel. If we do not meet these requirements, the tax benefits would be reduced or canceled.

Tax benefits under the 2011 Amendment

On December 29, 2010, the Israeli Parliament approved the 2011 Amendment. The 2011 Amendment significantly revised the tax incentive regime in Israel and commenced on January, 1 2011.

The 2011 Amendment introduced a new status of "Preferred Enterprise", replacing the existed status of "Benefited Enterprise" and introduced new benefits for income generated by a "Preferred Company" through its Preferred Enterprise. A Preferred Company is an Industrial Company meeting certain conditions (including a minimum threshold of 25% export). However, under the 2011 Amendment the requirement for a minimum investment in productive assets in order to be eligible for the benefits granted under the Investments Law as with respect to "Benefited Enterprise" was cancelled.

A Preferred Company is entitled to a reduced flat tax rate with respect to the income attributed to the Preferred Enterprise, at the following rates:

Tax Year	Development Region "A"	Other Areas within Israel
2011-2012	10%	15%
2013	7%	12.5%
2014-2016	9%	16%
2017 onwards*	7.5%	16%

* In December 2016, the Israeli Parliament (the Knesset) approved an amendment to the Investments Law pursuant to which the tax rate applicable to Preferred Enterprises in Development Region "A" would be reduced to 7.5% as of January 1, 2017.

The classification of income generated from the provision of usage rights in know-how or software that were developed in the Preferred Enterprise, as well as royalty income received with respect to such usage, as Preferred Enterprise income is subject to the issuance if a pre-ruling from the Israeli Tax Authority stipulates that such income is associated with the productive activity of the Preferred Enterprise in Israel.

In addition, the 2011 Amendment introduced a new status of "Special Preferred Company", which is an Industrial Company meeting, in addition to the conditions prescribed for "Preferred Company," certain additional conditions (including that the annual Preferred Enterprise income is at least NIS 1.5 billion in 2016, and NIS 1 billion in 2017 and thereafter). The tax rate applicable for a period of ten years to income generated by such an enterprise will be reduced to 5%, if located in Development Region "A", or to 8%, if located in other area within the State of Israel. As of January 1, 2017, the definition for 'Special Preferred Enterprise' includes less stringent conditions.

Dividends distributed from income which is attributed to a "Preferred Enterprise" or a "Special Preferred Enterprise" will be subject to withholding tax at source at the following rates: (i) Israeli resident corporations – 0%, (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, withholding tax at a rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate)) (ii) Israeli resident individuals – 20%, and (iii) non-Israeli residents - 20%, subject to a reduced tax rate under the provisions of an applicable double tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). In 2017-2019 dividends paid out of preferred income attributed to a "Special Preferred Enterprise", directly to a foreign parent company, are subject to withholding tax at source at the rate of 5% (temporary provisions).

The 2011 Amendment also revised the grant track to apply only to the approved programs located in Development Region "A" and shall provide not only cash grants (as prior to the 2011 Amendment) but also the granting of loans. The rates for grants and loans shall not be fixed but up to 20% of the amount of the approved investment (may be increased with additional 4%). In addition, a company owning a Preferred Enterprise under the grant track may be entitled also to the tax benefits which are prescribed for a Preferred Enterprise.

The provisions of the 2011 Amendment shall not apply to existing "Benefited Enterprises" or "Approved Enterprises", which will continue to be entitled to the tax benefits under the Investment Law, as has been in effect prior to the 2011 Amendment, unless the company owning such enterprises had made an election to apply the provisions of the 2011 Amendment (such election cannot be later rescinded), which is to be filed with the Israeli Tax Authority, not later than the date prescribed for the filing of the company's annual tax return for the respective year.

We have examined the possible effect, if any, of the provisions of the 2011 Amendment on our consolidated financial statements and have decided, at this time, not to apply for the new benefits under the 2011 Amendment.

New Tax benefits under the 2017 Amendment that became effective on January 1, 2017.

The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and is effective as of January 1, 2017. The 2017 Amendment provides new tax benefits for two types of "Technology Enterprises", as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a "Preferred Technology Enterprise" and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "Preferred Technology Income", as defined in the Investment Law. The tax rate is further reduced to 7.5% for a Preferred Technology Enterprise located in Development Region "A". In addition, a Preferred Technology Company will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "Benefitted Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017 for at least NIS 200 million, and the sale receives prior approval from the IIA.

The 2017 Amendment further provides that a technology company satisfying certain conditions will qualify as a "Special Preferred Technology Enterprise" and will thereby enjoy a reduced corporate tax rate of 6% on "Preferred Technology Income" regardless of the company's geographic location within Israel. In addition, a Special Preferred Technology Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain "Benefitted Intangible Assets" to a related foreign company if the Benefitted Intangible Assets were either developed by an Israeli company or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from the IIA. A Special Preferred Technology Enterprise that acquires Benefitted Intangible Assets from a foreign company for more than NIS 500 million will be eligible for these benefits for at least ten years, subject to certain approvals as specified in the Investment Law.

Dividends distributed by a Preferred Technology Enterprise or a Special Preferred Technology Enterprise, paid out of Preferred Technology Income, are subject to withholding tax at source at the rate of 20%, and if distributed to a foreign company and other conditions are met, the withholding tax rate will be 4%.

We are examining the impact of the 2017 Amendment and the degree to which we will qualify as a Preferred Technology Enterprise or Special Preferred Technology Enterprise, and the amount of Preferred Technology Income that we may have, or other benefits that we may receive from the 2017 Amendment.

Taxation of the Company Shareholders

Capital Gains

Capital gain tax is imposed on the disposal of capital assets by an Israeli resident, and on the disposal of such assets by a non-Israel resident if those assets are either (i) located in Israel, (ii) are shares or a right to a share in an Israeli resident corporation, or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a tax treaty between Israel and the seller's country of residence provides otherwise. The Ordinance distinguishes between "Real Capital Gain" and the "Inflationary Surplus". Real Capital Gain is the excess of the total capital gain over Inflationary Surplus computed generally on the basis of the increase in the Israeli CPI between the date of purchase and the date of disposal.

The capital gain accrued by Israeli individuals residents on the sale of our ordinary shares (that were purchased after January 1, 2012, whether listed on a stock exchange or not) will be taxed at the rate of 25%. However, if such shareholder is a "Controlling Shareholder" (i.e., a person who holds, directly or indirectly, alone or together with such person's relative or another person who collaborates with such person on a permanent basis, 10% or more of one of the Israeli resident company's means of control) at the time of sale or at any time during the preceding 12 months period and/or claims a deduction for interest and linkage differences expenses in connection with the purchase and holding of such shares, such gain will be taxed at the rate of 30%.

The Real Capital Gain derived by corporations will be generally subject to the ordinary corporate tax (24% in 2017 and to be reduced to 23% in 2018 and thereafter).

Israeli individual resident shareholders dealing in securities, or to whom such income is otherwise taxable as ordinary business income are taxed in Israel at their marginal rates applicable to business income (up to 50% in 2017 and 2018, including Excess Tax as detailed below).

Notwithstanding the foregoing, capital gain derived from the sale of our ordinary shares by a non-Israeli resident (whether an individual or a corporation) shareholder may be exempt under the Ordinance from Israeli taxation provided that such shareholders did not acquire their shares prior to January 1, 2009 or acquired their shares after the Company was listed for trading on NASDAQ and such gains were not derived from a permanent business or business activity of such shareholders in Israel. These provisions dealing with capital gain are not applicable to a person whose gains from selling or otherwise disposing of the shares are deemed to be business income. However, non-Israeli corporations will not be entitled to the foregoing exemptions if an Israeli resident (i) has a controlling interest of more than 25% in such non-Israeli corporation or (ii) is the beneficiary of or is entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

In addition, the sale of shares may be exempt from Israeli capital gain tax under the provisions of an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for an exemption).

For example, the U.S.-Israel Tax Treaty exempts U.S. resident from Israeli capital gain tax in connection with such sale, provided (i) the U.S. resident owned, directly or indirectly, less than 10% of an Israeli resident company's voting power at any time within the 12 month period preceding such sale, subject to certain conditions; (ii) the seller, being an individual, is present in Israel for a period or periods of less than 183 days in the aggregate at the taxable year; and (iii) the capital gain from the sale, exchange or disposition was not derived through a permanent establishment that the U.S. resident maintains in Israel, (iv) the capital gains arising from such sale, exchange or disposition is attributed to real estate located in Israel; or (v) the capital gains arising from such sale, exchange or disposition is attributed to royalties. In any such case, the sale, exchange or disposition of our ordinary shares would be subject to Israeli tax, to the extent applicable. However, under the income tax treaty between the United States and Israel, or the U.S.-Israel Tax Treaty, such U.S. Resident would be permitted to claim a credit for such taxes against U.S. federal income tax imposed on any gain from such sale, exchange or disposition, under the circumstances and subject to the limitations specified in the U.S.-Israel Tax Treaty.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, in transactions involving a sale of all of the shares of an Israeli resident company, in the form of a merger or otherwise, the Israel Tax Authority may require from shareholders who are not liable for Israeli tax to sign declarations in forms specified by this authority or obtain a specific exemption from the Israel Tax Authority to confirm their status as non-Israeli resident, and, in the absence of such declarations or exemptions, may require the purchaser of the shares to withhold taxes at source.

Either the purchaser, the Israeli stockbrokers or financial institution through which the shares are held is obliged, subject to the above mentioned exemptions, to withhold tax upon the sale of securities on the amount of the consideration paid upon the sale of the securities (or on the real capital gain realized on the sale, if known), at the rate of 25% in respect of an individual, or at a rate of corporate tax, in respect of a corporation (24% in 2017 and 23% in 2018 and thereafter).

At the sale of securities traded on a stock exchange a detailed return, including a computation of the tax due, must be filed and an advanced payment must be paid on January 31 and July 31 of every tax year in respect of sales of securities made within the previous six months. However, if all tax due was withheld at source according to applicable provisions of the Ordinance and regulations promulgated thereunder the aforementioned return need not be filed and no advance payment must be paid. Capital gain is also reportable on the annual income tax return.

Dividends

A distribution of dividends from income, which is not attributed to an Approved Enterprise/Benefited Enterprise/Preferred Enterprise to an Israeli resident individual, will generally be subject to income tax at a rate of 25%. However, a 30% tax rate will apply if the dividend recipient is a "Controlling Shareholder" (as defined above) at the time of distribution or at any time during the preceding 12 month period.

Distribution of dividends from income attributed to a Preferred Enterprise is generally subject to a tax at a rate of 20%. However, if such dividends are distributed to an Israeli company, no tax is imposed (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, withholding tax at a rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply). Dividends distributed from income attributed to an Approved Enterprise and/or a Benefited Enterprise are subject to a tax rate of 15%. If the dividend is attributable partly to income derived from an Approved Enterprise, Benefited Enterprise or Preferred Enterprise, and partly from other sources of income, the income tax rate will be a blended rate reflecting the relative portions of the types of income.

If the recipient of the dividend is an Israeli resident corporation, such dividend will be exempt from income tax provided the income from which such dividend is distributed was derived or accrued within Israel.

The Ordinance generally provides that a non-Israeli resident (either individual or corporation) is subject to an Israeli income tax on the receipt of dividends at the rate of 25% (30% if the dividends recipient is a "Controlling Shareholder" (as defined above), at the time of distribution or at any time during the preceding 12 month period); those rates are subject to a reduced tax rate under the provisions of an applicable double tax treaty.

For example, under the U.S.-Israel Tax Treaty the following rates will apply in respect of dividends distributed by an Israeli resident company to a U.S. resident (for purposes of the U.S.-Israel Tax Treaty): (i) with regard to a dividend distributed from income which is not attributed to an Approved Enterprise/ Benefited Enterprise/ Preferred Enterprise, if the U.S. resident is a corporation which holds during that portion of the taxable year which precedes the date of payment of the dividend and during the whole of its prior taxable year (if any), at least 10% of the outstanding shares of the voting stock of the Israeli resident paying corporation and not more than 25% of the gross income of the Israeli resident paying corporation for such prior taxable year (if any) consists of certain type of interest or dividends – the maximum tax rate of withholding is 12.5% if a certificate for a reduced withholding tax rate would be provided in advance from the Israeli Tax Authority, (ii) with regard to a dividend distributed from income derived from an Approved Enterprise/ Benefited Enterprise under the Investments Law, if the U.S. resident is a corporation which holds during that portion of the taxable year which precedes the date of payment of the dividend and during the whole of its prior taxable year (if any), at least 10% of the outstanding shares of the voting stock of the Israeli resident paying corporation and not more than 25% of the gross income of the Israeli resident paying corporation for such prior taxable year (if any) consists of certain type of interest or dividends, the tax rate of withholding 15% will be applicable if a certificate for a reduced withholding tax rate would be provided in advance from the Israeli Tax Authority, and (iii) in all other cases, the tax rate is 25%, or the domestic rate (if such is lower). The aforementioned rates under the U.S.-Israel Tax Treaty will not apply if the dividend income was derived through a permanent establishment that the U.S. resident maintains in Israel.

A non-Israeli resident who receives dividend income derived from or accrued from Israel, from which the full amount of tax was withheld at source, is generally exempt from the obligation to file tax returns in Israel with respect to such income, provided that (i) such income was not generated from business conducted in Israel by the taxpayer, and (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed.

Payors of dividends on our shares, including the Israeli stockbroker effectuating the transaction, or the financial institution through which the securities are held, are generally required, subject to any of the foregoing exemption, reduced tax rates and the demonstration of a shareholder of his, her or its foreign residency, to withhold taxes upon the distribution of dividends at a rate of 25%, provided that the shares are registered with a Nominee Company (for corporations and individuals).

Excess Tax

Individuals who are subject to tax in Israel are also subject to an additional tax at a rate of 3% in 2017 and thereafter, on annual income exceeding a certain threshold (NIS 640,000 for 2017 which amount is linked to the annual change in the Israeli consumer price index), including, but not limited to income derived from dividends, interest and capital gains.

Foreign Exchange Regulations

Non-residents of Israel who hold our ordinary shares are able to receive any dividends, and any amounts payable upon the dissolution, liquidation and winding up of our affairs, repayable in non-Israeli currency at the rate of exchange prevailing at the time of conversion. However, Israeli income tax is generally required to have been paid or withheld on these amounts. In addition, the statutory framework for the potential imposition of currency exchange control has not been eliminated, and may be restored at any time by administrative action.

Estate and Gift Tax

Israeli law presently does not impose estate or gift taxes.

U.S. Federal Income Tax Consequences

The following is a general summary of what we believe to be certain material U.S. federal income tax consequences relating to the purchase, ownership and disposition of our ordinary shares by U.S. Investors (as defined below) that hold such ordinary shares as capital assets. This summary is based on the Code, the regulations of the U.S. Department of the Treasury issued pursuant to the Code, or the Treasury Regulations, the U.S.-Israel Tax Treaty, and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. No ruling has been sought from the IRS with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This summary is for general information purposes only, it does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Investor as a result of the purchase, ownership, and disposition of our ordinary shares, and it does not constitute tax advice. This summary does not address all of the tax considerations that may be relevant to specific U.S. Investors in light of their particular circumstances or to U.S. Investors subject to special treatment under U.S. federal income tax law (including, without limitation, banks, financial institutions, insurance companies, tax-exempt entities, retirement plans, tax-deferred accounts, regulated investment companies, "S corporations," grantor trusts, partnerships, dealers or traders in securities or currencies, brokers, real estate investment trusts, certain former citizens or residents of the United States, persons who acquire our ordinary shares as part of a straddle, hedge, conversion transaction or other integrated investment, persons subject to the alternative minimum tax, persons who acquire our ordinary shares through the exercise or cancellation of employee stock options or otherwise as compensation for their services, persons that have a "functional currency" other than the U.S. dollar, persons that own (or are deemed to own, indirectly or by attribution) 10% or more (by vote or value) of our ordinary shares (other than a brief discussion below of certain aspects of the controlled foreign corporation rules), persons that mark their securities to market for U.S. federal income tax purposes, or persons holding our ordinary shares in connection with a trade or business conducted outside the United States). This summary does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift, generation skipping or alternative minimum tax considerations or any U.S. federal tax consequences other than U.S. federal income tax consequences.

As used in this summary, the term "U.S. Investor" means a beneficial owner of our ordinary shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or that has a valid election in effect under applicable Treasury Regulations to be treated as a "United States person."

If an entity treated as a partnership for U.S. federal income tax purposes holds our ordinary shares, the tax treatment of such partnership and each partner thereof will generally depend upon the status and activities of the partnership and such partner. A holder that is treated as a partnership for U.S. federal income tax purposes should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners of the purchase, ownership and disposition of its ordinary shares.

Prospective investors should be aware that this summary does not address the tax consequences to investors who are not U.S. Investors. Prospective investors should consult their own tax advisors as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of their ordinary shares, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

Taxation of U.S. Investors

The discussions under "— Distributions" and under "— Sale, Exchange or Other Disposition of Ordinary Shares" below assumes that we will not be treated as a PFIC for U.S. federal income tax purposes. We expect that we were classified as a PFIC for 2017 and we expect that we will be classified as a PFIC for 2018. It is also possible that we may be classified as a PFIC in one or more subsequent years. For a discussion of the rules that would apply if we are treated as a PFIC, see the discussion under "— Passive Foreign Investment Company."

Distributions. We have no current plans to pay dividends. To the extent we pay any dividends, a U.S. Investor will be required to include in gross income as a taxable dividend (without reduction for any Israeli tax withheld from such distribution) the amount of any distributions made on our ordinary shares to the extent that those distributions are paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Any distributions in excess of our earnings and profits will be applied against and will reduce (but not below zero) the U.S. Investor's tax basis in its ordinary shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by the U.S. Investor on a subsequent disposition of the ordinary shares), and, to the extent they exceed that tax basis, will be treated as gain from the sale or exchange of those ordinary shares. We do not expect to maintain calculations of our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Investor should expect that the entire amount of any distribution generally may be treated as dividend income.

If we were to pay dividends, we expect to pay such dividends in NIS. A dividend paid in NIS, including the amount of any Israeli taxes withheld, will be includible in a U.S. Investor's income as a U.S. dollar amount calculated by reference to the exchange rate in effect on the date such dividend is received, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted to U.S. dollars on the date of receipt, a U.S. Investor generally will not recognize a foreign currency gain or loss. However, if the U.S. Investor converts the NIS into U.S. dollars on a later date, the U.S. Investor must include, in computing its income, any gain or loss resulting from any exchange rate fluctuations. The gain or loss will be equal to the difference between (i) the U.S. dollar value of the amount included in income when the dividend was received and (ii) the amount received on the conversion of the NIS into U.S. dollars. Such gain or loss will generally be ordinary income or loss and United States source for U.S. foreign tax credit purposes. U.S. Investors should consult their own tax advisors regarding the tax consequences to them if we pay dividends in NIS or any other non-U.S. currency.

Subject to certain significant conditions and limitations, including potential limitations under the U.S.-Israel Tax Treaty, any Israeli income taxes paid on or withheld from distributions from us and not refundable to a U.S. Investor may be credited against the investor's U.S. federal income tax liability or, alternatively, may be deducted from the investor's taxable income. The election to deduct, rather than credit, foreign taxes, is made on a year-by-year basis and applies to all foreign taxes paid by a U.S. Investor or withheld from a U.S. Investor that year. Dividends paid on our ordinary shares generally will constitute income from sources outside the United States, which may be relevant in calculating a U.S. Investor's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends paid on our ordinary shares should generally be categorized as "passive category income" or, in the case of some U.S. Investors, as "general category income" for U.S. foreign tax credit purposes.

Because the rules governing foreign tax credits are complex, U.S. Investors should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Dividends paid on our ordinary shares will not be eligible for the "dividends-received" deduction generally allowed to corporate U.S. Investors with respect to dividends received from U.S. corporations.

Certain distributions treated as dividends that are received by an individual U.S. Investor from "qualified foreign corporations" generally qualify for a 20% reduced maximum tax rate so long as certain holding period and other requirements are met. A non-U.S. corporation (other than a corporation that is treated as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (ii) with respect to any dividend it pays on stock which is readily tradable on an established securities market in the United States. Dividends paid by us in a taxable year in which we are not a PFIC and with respect to which we were not a PFIC in the preceding taxable year are expected to be eligible for the 20% reduced maximum tax rate, although we can offer no assurances in this regard. However, any dividend paid by us in a taxable year in which we are a PFIC or were a PFIC in the preceding taxable year will be subject to tax at regular ordinary income rates (along with any applicable additional PFIC tax liability, as discussed below). As noted above, we expect that we were classified as a PFIC for 2017 and we expect that we will be classified as a PFIC for 2018. It is also possible that we may be classified as a PFIC in one or more subsequent years. In addition, a non-corporate U.S. Investor will not be eligible for reduced U.S. federal income tax rate with respect to dividend distributions on ordinary shares if (a) such U.S. Investor has not held the ordinary shares for at least 61 days during the 121-day period starting on the date which is sixty (60) days before, and ending sixty (60) days after the ex-dividend date, (b) to the extent the U.S. Investor is under an obligation to make related payments on substantially similar or related property or (c) with respect to any portion of a dividend that is taken into account by the U.S. Investor as investment income under Section 163(d)(4)(B) of the Code. Any days during which the U.S. Investor has diminished its risk of loss with respect to ordinary shares (for example, by holding an option to sell the ordinary shares) are not counted towards meeting the 61-day holding period. Non-corporate U.S. Investors should consult their own tax advisors concerning whether dividends received by them qualify for the reduced rate of tax.

On December 22, 2017, President Trump signed into law H.R. 1, originally known as the "Tax Cuts and Jobs Act." This new legislation provides a 100% deduction for the foreign-source portion of dividends received from "specified 10-percent owned foreign corporations" by U.S. corporate holders, subject to a one-year holding period. No foreign tax credit, including for Israeli withholding taxes (or deduction for foreign taxes paid with respect to qualifying dividends) would be permitted for foreign taxes paid or accrued with respect to a qualifying dividend. Deduction would be unavailable for "hybrid dividends." The dividend received deduction enacted under this new legislation may not apply to dividends from a PFIC, discussed below.

The additional 3.8% net investment income tax (described below) may apply to dividends received by certain U.S. Investors who meet the modified adjusted gross income thresholds.

Sale, Exchange or Other Disposition of Ordinary Shares. Subject to the discussion under "— Passive Foreign Investment Company" below, a U.S. Investor generally will recognize capital gain or loss upon the sale, exchange or other disposition of our ordinary shares in an amount equal to the difference between the amount realized on the sale, exchange or other disposition and the U.S. Investor's adjusted tax basis in such ordinary shares. The adjusted tax basis in an ordinary share generally will be equal to the cost basis of such ordinary share. This capital gain or loss will be long-term capital gain or loss if the U.S. Investor's holding period in our ordinary shares exceeds one year. Preferential tax rates for long-term capital gain (currently, with a maximum rate of 20%) will apply to individual U.S. Investors. The deductibility of capital losses is subject to limitations. The gain or loss will generally be income or loss from sources within the United States for U.S. foreign tax credit purposes, possibly subject to certain exceptions under the U.S.-Israel Tax Treaty. Additionally, certain losses may be treated as foreign source to the extent certain dividends were received by the U.S. Investor within the 24-month period preceding the date on which the U.S. Investor recognized the loss. The additional 3.8% net investment income tax (described below) may apply to gains recognized upon the sale, exchange or other taxable disposition of our ordinary shares by certain U.S. Investors who meet the modified adjusted gross income thresholds.

U.S. Investors should consult their own tax advisors regarding the U.S. federal income tax consequences of receiving currency other than U.S. dollars upon the disposition of their ordinary shares.

Passive Foreign Investment Company

In general, a corporation organized outside the United States will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average quarterly value of its gross assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. Assets that produce or are held for the production of passive income include, among other things, cash, even if held as working capital or raised in a public offering, marketable securities and other assets that may produce passive income. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

A foreign corporation's PFIC status is an annual determination that is based on tests that are factual in nature and our status for any year will depend on our income, assets, and activities for such year, including, without limitation, how quickly we use the cash proceeds from our initial public offering in the United States in our business. In addition, because the value of our gross assets may be determined in part by reference to our market capitalization, a decline in the value of our ordinary shares may result in our becoming a PFIC. We expect to have been classified as a PFIC for 2017 and to be classified as a PFIC for 2018, but have not determined whether we will be a PFIC in future years. Because the PFIC determination is highly fact intensive, there can be no assurance that we will not be a PFIC in any future year.

U.S. Investors should be aware of certain tax consequences of investing directly or indirectly in us if we are a PFIC. A U.S. Investor is subject to different rules depending on whether the U.S. Investor makes an election to treat us as a "qualified electing fund," known as a QEF election, makes a "mark-to-market" election with respect to the ordinary shares, or makes neither election. An election to treat us as a QEF will not be available if we do not provide the information necessary to make such an election. Upon request, we expect to provide U.S. Investors with the information necessary to make a QEF election.

QEF Election. One way in which certain of the adverse consequences of PFIC status can be mitigated is for a U.S. Investor to make a QEF election. In addition, as discussed below, a mark-to-market election that may alleviate some of the adverse consequences of PFIC status may also be available to a U.S. Investor.

A U.S. Investor who makes a timely QEF election, referred to as an "Electing U.S. Investor," with respect to us must report for U.S. federal income tax purposes his, her, or its pro rata share of our ordinary earnings and net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing U.S. Investor. The "net capital gain" of a PFIC is the excess, if any, of the PFIC's net long-term capital gains over its net short-term capital losses. The amount so included in income generally will be treated as ordinary income to the extent of such Electing U.S. Investor's allocable share of the PFIC's ordinary earnings and as long-term capital gain to the extent of such Electing U.S. Investor's allocable share of the PFIC's net capital gains. Such Electing U.S. Investor generally will be required to translate such income into U.S. dollars based on the average exchange rate for the PFIC's taxable year with respect to the PFIC's functional currency. Such income generally will be treated as income from sources outside the United States for U.S. foreign tax credit purposes. Amounts previously included in income by such Electing U.S. Investor under the QEF rules generally will not be subject to tax when they are distributed to such Electing U.S. Investor. The Electing U.S. Investor's tax basis in our ordinary shares generally will increase by any amounts so included under the QEF rules and decrease by any amounts not included in income when distributed.

An Electing U.S. Investor will be subject to U.S. federal income tax on such amounts for each taxable year in which we are a PFIC, regardless of whether such amounts are actually distributed to such Electing U.S. Investor. However, an Electing U.S. Investor may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If an Electing U.S. Investor is an individual, any such interest will be treated as non-deductible "personal interest."

Any net operating losses or net capital losses of a PFIC will not pass through to the Electing U.S. Investor and will not offset any ordinary earnings or net capital gain of a PFIC recognized by the Electing U.S. Investor in subsequent years. Nonetheless, such losses would ultimately reduce the gain, or increase the loss recognized by the Electing U.S. Investor on its disposition of our ordinary shares.

So long as an Electing U.S. Investor's QEF election with respect to us is in effect with respect to the entire holding period for our ordinary shares, any gain or loss recognized by such Electing U.S. Investor on the sale, exchange or other disposition of such shares generally will be long-term capital gain or loss if such Electing U.S. Investor has held such shares for more than one year at the time of such sale, exchange or other disposition. Preferential tax rates for long-term capital gain (described above) will apply to individual U.S. Investors. The deductibility of capital losses is subject to limitations.

The QEF election must be made on or before the due date of the U.S Investor's federal tax return for the taxable year for which the election is made. A U.S. Investor makes a QEF election by completing the relevant portions of and filing IRS Form 8621 in accordance with the instructions thereto. A QEF election will not be available if we do not provide the information necessary to make such an election. Upon request, we expect to annually furnish U.S. Investors with information needed in order to complete IRS Form 8621 (which form would be required to be filed with the IRS on an annual basis by the U.S. Investor) and to make and maintain a valid QEF election for any year in which we or any of our subsidiaries are a PFIC.

A QEF election will not apply to any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC. If a U.S. Investor owns PFIC stock indirectly through another PFIC, separate QEF elections must be made for the PFIC in which the U.S. Investor is a direct shareholder and the subsidiary PFIC in order for the QEF rules to apply to both PFICs.

Each U.S. Investor is encouraged to consult its own tax advisor with respect to tax consequences of an QEF election with respect to us. Each U.S. Investor should also consult its own tax adviser with respect to the applicability of the 3.8% net investment income tax (discussed below) where a QEF election is in effect.

Mark-to-Market Election. Alternatively, if our ordinary shares are treated as "marketable stock," a U.S. Investor would be allowed to make a "mark-to-market" election with respect to our ordinary shares, provided the U.S. Investor completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Investor generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of our ordinary shares at the end of the taxable year over such holder's adjusted tax basis in such ordinary shares. Thus, the U.S. Investor may recognize taxable income without receiving any cash to pay its tax liability with respect to such income. The U.S. Investor would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Investor's adjusted tax basis in our ordinary shares over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Investor's tax basis in our ordinary shares would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our ordinary shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of our ordinary shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included in income by the U.S. Investor, and any loss in excess of such amount will be treated as capital loss. Amounts treated as ordinary income will not be eligible for the favorable tax rates applicable to qualified dividend income or long-term capital gains.

Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable Treasury Regulations. A class of stock is regularly traded on an exchange during any calendar year during which such class of stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. To be marketable stock, our ordinary shares must be regularly traded on a qualifying exchange (i) in the United States that is registered with the SEC or a national market system established pursuant to the Exchange Act or (ii) outside the United States that is properly regulated and meets certain trading, listing, financial disclosure and other requirements. Our ordinary shares are expected to constitute "marketable stock" as long as they remain listed on the NASDAQ Capital Market and are regularly traded.

A mark-to-market election will not apply to our ordinary shares held by a U.S. Investor for any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC. The election will not remain in effect if the ordinary shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election. A mark-to-market election will not apply to any PFIC subsidiary that we own. Each U.S. Investor is encouraged to consult its own tax advisor with respect to the availability and tax consequences of a mark-to-market election with respect to our ordinary shares.

Each U.S. investor should consult its own tax adviser with respect to the applicability of the "net investment income tax" (discussed below) where a mark-to-market election is in effect.

Default PFIC Rules. A U.S. Investor who does not make a timely QEF election or a mark-to-market election, referred to in this disclosure as a "Non-Electing U.S. Investor," will be subject to special rules with respect to (i) any "excess distribution" (generally, the portion of any distributions received by the Non-Electing U.S. Investor on the ordinary shares in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing U.S. Investor in the three preceding taxable years, or, if shorter, the Non-Electing U.S. Investor's holding period for the ordinary shares), and (ii) any gain realized on the sale or other disposition of such ordinary shares. Under these rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing U.S. Investor's holding period for such ordinary shares;
- the amount allocated to the current taxable year and any year prior to us becoming a PFIC would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

If a Non-Electing U.S. Investor who is an individual dies while owning our ordinary shares, the Non-Electing U.S. Investor's successor would be ineligible to receive a step-up in tax basis of such ordinary shares. Non-Electing U.S. Investors should consult their tax advisors regarding the application of the "net investment income tax" (described below) to their specific situation.

To the extent a distribution on our ordinary shares does not constitute an excess distribution to a Non-Electing U.S. Investor, such Non-Electing U.S. Investor generally will be required to include the amount of such distribution in gross income as a dividend to the extent of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) that are not allocated to excess distributions. The tax consequences of such distributions are discussed above under "— Taxation of U.S. Investors — Distributions." Each U.S. Investor is encouraged to consult its own tax advisor with respect to the appropriate U.S. federal income tax treatment of any distribution on our ordinary shares.

If we are treated as a PFIC for any taxable year during the holding period of a Non-Electing U.S. Investor, we will continue to be treated as a PFIC for all succeeding years during which the Non-Electing U.S. Investor is treated as a direct or indirect Non-Electing U.S. Investor even if we are not a PFIC for such years. A U.S. Investor is encouraged to consult its tax advisor with respect to any available elections that may be applicable in such a situation, including the "deemed sale" election of Section 1298(b)(1) of the Code (which will be taxed under the adverse tax rules described above).

We may invest in the equity of foreign corporations that are PFICs or may own subsidiaries that own PFICs. If we are classified as a PFIC, under attribution rules U.S. Investors will be subject to the PFIC rules with respect to their indirect ownership interests in such PFICs, such that a disposition of the ordinary shares of the PFIC or receipt by us of a distribution from the PFIC generally will be treated as a deemed disposition of such ordinary shares or the deemed receipt of such distribution by the U.S. Investor, subject to taxation under the PFIC rules. There can be no assurance that a U.S. Investor will be able to make a QEF election with respect to PFICs in which we invest, and a U.S. Investor may not make a mark-to-market election with respect to a PFIC in which we invest. Each U.S. Investor is encouraged to consult its own tax advisor with respect to tax consequences of an investment by us in a corporation that is a PFIC.

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury regulations that, subject to certain exceptions, would cause a U.S. Investor that had not made a timely QEF election to recognize gain upon certain transfers of our ordinary shares that would otherwise not be subject to U.S. federal income tax (e.g., gifts and exchanges pursuant to corporate reorganizations).

The U.S. federal income tax rules relating to PFICs, QEF elections, and mark-to market elections are complex. U.S. Investors are urged to consult their own tax advisors with respect to the purchase, ownership and disposition of our ordinary shares, any elections available with respect to such ordinary shares and the IRS information reporting obligations with respect to the purchase, ownership and disposition of our ordinary shares.

Controlled Foreign Corporation Rules

A foreign corporation is classified as a controlled foreign corporation, or CFC, if "10% U.S. Shareholders" (as defined below) own (directly, indirectly, and/or by application of certain constructive ownership rules) more than 50% of the total combined voting power of all classes of stock of such foreign corporation entitled to vote, or more than 50% of the total value of all stock of such corporation. A "10% U.S. Shareholder" is a United States person (within the meaning of the Code) who owns (directly, indirectly, and/or by application of certain constructive ownership rules) 10% or more of the total combined voting power of all classes of stock entitled to vote of the foreign corporation or 10% more of the total value of shares of all classes of stock of such foreign corporation.

Each 10% U.S. Shareholder of a foreign corporation that is a CFC who owns shares in the CFC, directly or indirectly, on the last day of the CFC's taxable year, must include in its gross income for U.S. federal income tax purposes its pro rata share of the CFC's "Subpart F income" for such year, even if the Subpart F income is not distributed. Subpart F income generally includes passive income, but also includes certain other items of income, such as certain related party sales, manufacturing and services income. For tax years beginning after December 31, 2017, H.R. 1, originally known as the "Tax Cuts and Jobs Act," requires U.S. Shareholders to include their pro rate share of the CFC's "global intangible low-tax income." In addition, the 10% U.S. Shareholders of a CFC may be deemed to receive taxable distributions to the extent the CFC invests its earnings in certain specified types of "United States property."

Section 1248 of the Code generally provides that if a United States person sells or exchanges stock in a foreign corporation and such person is a 10% U.S. Shareholder at any time during the 5-year period ending on the date of the sale or exchange when such foreign corporation was a CFC, any gain from such sale or exchange may be treated as a dividend to the extent of the corporation's earnings and profits attributable to such shares that were accumulated during the period that the shareholder held the shares while the corporation was a CFC (with certain adjustments).

The CFC rules are complex. The foregoing is merely a summary of certain potential application of these rules. No assurances can be given that we are not or will not become a CFC, and certain changes to the CFC constructive ownership rules introduced by H.R. 1, originally known as the "Tax Cuts and Jobs Act," could under certain circumstances cause us to be classified as a CFC. Each U.S. Investor is urged to consult its tax adviser with respect to the possible application of the CFC rules.

Certain Reporting Requirements

Certain U.S. Investors are required to file IRS Form 926, Return by U.S. Transferor of Property to a Foreign Corporation, and certain U.S. Investors may be required to file IRS Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, reporting transfers of cash or other property to us and information relating to the U.S. Investor and us. These forms (if applicable) must be filed together with the U.S. Investor's federal income tax return. Substantial penalties may be imposed upon a U.S. Investor that fails to comply.

In any year in which we are classified as a PFIC, a U.S. Investor will be required to file IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund). This form (if applicable) must be filed together with the U.S. Investor's U.S. federal income tax return.

Certain U.S. Investors owning "specified foreign financial assets" with an aggregate value in excess of $50,000 (and in some circumstances, a higher threshold) may be required to file IRS Form 8938, Statement of Specified Foreign Financial Assets, with respect to such assets with their tax returns. "Specified foreign financial assets" generally include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, which may include our shares, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in foreign entities. The IRS has issued guidance exempting "specified foreign financial assets" held in a financial account from reporting under this provision (although the financial account itself, if maintained by a foreign financial institution, may remain subject to this reporting requirement). The failure to file this form when required could result in substantial penalties.

Investors who fail to report required information could become subject to substantial civil and criminal penalties. U.S. Investors should consult their tax advisors regarding the possible implications of these reporting requirements on their investment in our ordinary shares.

Disclosure of Reportable Transactions

If a U.S. Investor sells or disposes of our ordinary shares at a loss or otherwise incurs certain losses that meet certain thresholds, such U.S. Investor may be required to file a disclosure statement with the IRS. Failure to comply with these and other reporting requirements could result in the imposition of significant penalties.

Backup Withholding Tax and Information Reporting Requirements

Generally, information reporting requirements will apply to distributions on our ordinary shares or proceeds on the disposition of our ordinary shares paid within the United States (and, in certain cases, outside the United States) to U.S. Investors other than certain exempt recipients, such as corporations. Furthermore, backup withholding (currently at 24%) may apply to such amounts if the U.S. Investor fails to (i) provide a correct taxpayer identification number, (ii) report interest and dividends required to be shown on its U.S. federal income tax return, or (iii) make other appropriate certifications in the required manner. U.S. Investors who are required to establish their exempt status generally must provide such certification on IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding from a payment may be credited against a U.S. Investor's U.S. federal income tax liability and such U.S. Investor may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

Medicare Tax on Investment Income

Certain U.S. persons, including individuals, estates and trusts, will be subject to an additional 3.8% Medicare tax, or "net investment income tax," on unearned income. For individuals, the additional net investment income tax applies to the lesser of (i) "net investment income" or (ii) the excess of "modified adjusted gross income" over $200,000 ($250,000 if married and filing jointly or $125,000 if married and filing separately). "Net investment income" generally equals the taxpayer's gross investment income reduced by the deductions that are allocable to such income. Investment income generally includes passive income such as interest, dividends, annuities, royalties, rents, and capital gains. U.S. Investors are urged to consult their own tax advisors regarding the implications of the additional net investment income tax resulting from their ownership and disposition of our ordinary shares.

Recent U.S. Tax Legislation

On December 22, 2017, President Trump signed into law H.R. 1, originally known as the "Tax Cuts and Jobs Act." Although this is the most extensive overhaul of the United States tax regime in over thirty years, other than for certain U.S. corporate investors, the provisions of the new legislation are not expected to materially impact U.S. Investors with respect to their ownership of our ordinary shares. However, each U.S. Investor should consult its own tax advisor about the consequences of this new legislation with respect to the purchase, ownership and disposition of our ordinary shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

F. Dividends and Paying Agents.

Not applicable.

G. Statements by Experts.

Not applicable.

H. Documents on Display.

You may read and copy this annual report on Form 20-F, including the related exhibits and schedules, and any document we file with the SEC without charge at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, DC 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through the SEC's website at http://www.sec.gov.

As a foreign private issuer, we will be exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. Furthermore, as a foreign private issuer, we are also not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act. In addition, we will not be required under the Exchange Act to file annual or other reports and consolidated financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. Instead, we will file with the SEC, within 120 days after the end of each fiscal year, or such other applicable time as required by the SEC, an annual report on Form 20-F containing consolidated financial statements audited by an independent registered public accounting firm. We also intend to furnish certain other material information to the SEC under cover of Form 6-K.

In addition, because our ordinary shares are traded on the TASE, we have filed Hebrew language periodic and immediate reports with, and furnish information to, the TASE and the ISA, as required under Chapter Six of the Israel Securities Law, 1968. Copies of our filings with the ISA can be retrieved electronically through the MAGNA distribution site of the ISA (*www.magna.isa.gov.il*) and the TASE website (*www.maya.tase.co.il*).

We maintain a corporate website at *www.intecpharma.com.* Information contained on, or that can be accessed through, our website does not constitute a part of this annual report on Form 20-F. We have included our website address in this annual report on Form 20-F solely as an inactive textual reference.

I. Subsidiary Information.

Not applicable.

ITEM 11. Quantitative and Qualitative Disclosures About Market Risk.

Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in financial market prices and rates, including interest rates and foreign exchange rates, of financial instruments.

Foreign Currency Exchange Risk

Effective January 1, 2016 our reporting and functional currency is the U.S. dollar. However we pay a significant portion of our expenses in NIS and Euro, i.e. payments to employees, sub-contractors and consultants for clinical trials and other research and development activities, and we expect this to continue. If the U.S. dollar weakens against the NIS and Euro in the future, there may be a negative impact on our results of operations.

To date, we have not engaged in hedging transactions. In the future, we may enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of our principal operating currencies. These measures, however, may not adequately protect us from the material adverse effects of such fluctuations.

Set forth below is a sensitivity test to possible changes in U.S. dollars / NIS and U.S. dollars / Euro exchange rates as of December 31, 2017:

	December 31, 2017				
Sensitive instrument	**Income (loss) from change in exchange rate (U.S. dollars in thousands)** Increase		**Value (U.S. dollars in thousands)**	**Income (loss) from change in exchange rate (U.S. dollars in thousands)** Decrease	
	10%	5%		5%	10%
NIS-linked balances:					
Cash and cash equivalents	(32)	(17)	353	19	39
Financial assets at fair value through profit or loss	(166)	(87)	1,825	96	203
Other receivable (except prepaid expenses and advances to suppliers)	(36)	(19)	398	21	44
Accounts payable and accruals	322	169	(3,545)	(187)	(394)
Total NIS-linked balances	88	46	(969)	(51)	(108)
Euro-linked balances:					
Cash and cash equivalents	(265)	(139)	2,911	153	323
Accounts payable and accrued expenses	10	5	(109)	(6)	(12)
Total Euro-linked balances	(255)	(134)	2,802	147	311
Total	(167)	(88)	1,833	96	203

Interest Rate Risk

We have an exposure to interest income sensitivity, which is affected by changes in the general level of Israeli interest rates. We currently do not hedge against interest rate exposure. Because of the short-term maturities of our cash equivalents and investment securities, we do not believe that an increase in market rates would have any significant impact on the realized value of our investment securities. A 10% change in interest rates would not have a material effect on the fair value of our investment portfolio.

We do not anticipate undertaking any significant long-term borrowings. At present, our investments consist primarily of cash and cash equivalents and financial assets at fair value. We may invest in investment-grade marketable securities with maturities of up to three years, including commercial paper, money market funds, and government/non-government debt securities. The primary objective of our investment activities is to preserve principal while maximizing the income that we receive from our investments without significantly increasing risk and loss.

ITEM 12. Description of Securities Other Than Equity Securities.

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares.

Not applicable.

PART II

ITEM 13. Defaults, Dividend Arrearages and Delinquencies.

Not applicable.

ITEM 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

A. Not applicable.

B. Not applicable.

C. Not applicable.

D. Not applicable.

E. Use of Proceeds.

On August 7, 2015, we completed our initial public offering of 5,025,000 ordinary shares at a public offering price of $6.00 per ordinary share. On September 18, 2015, the underwriters' exercised their underwriters' option in part to purchase an additional 638,750 ordinary shares to cover over-allotments, for aggregate gross offering proceeds of approximately $34.0 million. Maxim Group LLC and Roth Capital Partners acted as joint book-running managers of the offering.

We received aggregate net proceeds from the offering of approximately $30.32 million, after deducting approximately $2.38 million of underwriting discounts and commissions and approximately $1.3 million of estimated offering expenses directly payable by us. None of the underwriting discounts and commissions or other offering expenses were incurred or paid to our directors or officers or their associates or to persons owning 10% or more of our ordinary shares or to any of our affiliates.

As of December 31, 2017, all net proceeds from our initial public offering were used to fund the ACCORDANCE study and the continued development of AP-CDLD, and for working capital, capital expenditures and other general corporate purposes, including a Phase I clinical trial with our AP-THC/CBD product that we initiated in March 2017.

ITEM 15. Controls and Procedures.

Disclosure Controls and Procedures

We performed an evaluation of the effectiveness of our disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported timely within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act, is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving the desired control objectives. Based on our evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d) - 15(e) of the Exchange Act) as of the end of the period covered by this report are effective at such reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting. Based principally on the framework in *Internal Control - Integrated Framework (2013 framework)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2017.

Attestation Report of the Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2017 has not been audited by our registered public accounting firm due to an exemption for emerging growth companies provided in the JOBS Act.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

ITEM 16. [RESERVED]

ITEM 16A. Audit Committee Financial Expert.

Our board of directors affirmatively determined that Gil Bianco is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the NASDAQ Capital Market corporate governance rules. For information relating to Mr. Bianco's qualifications and experience, see "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management."

ITEM 16B. Code of Ethics.

We have adopted a Code of Business Conduct and Ethics applicable to all of our directors and employees, including our Chief Executive Officer, Chief Financial Officer, controller or principal accounting officer or other persons performing similar functions, which is a "code of ethics" as defined in Item 16B of Form 20-F promulgated by the SEC and as required by the Nasdaq Capital Market Listing Rules, which refers to Section 406(c) of the Sarbanes-Oxley Act. Section 406(c) of the Sarbanes-Oxley Act provides that a "code of ethics" means such standards as are reasonably necessary to promote (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the issuer; and (iii) compliance with applicable governmental rules and regulation.

The full text of the Code of Business Conduct and Ethics is posted on our website at *www.intecpharma.com*. Information contained on, or that can be accessed through, our website does not constitute a part of this annual report and is not incorporated by reference herein. We will provide a copy of such code of ethics without charge upon request by mail or by telephone. If we make any amendment to the Code of Business Conduct and Ethics or grant any waivers, including any implicit waiver, from a provision of the Code of Business Conduct and Ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC.

ITEM 16C. Principal Accountant Fees and Services.

Kesselman & Kesselman, Certified Public Accountant (Israel), a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm, served as our independent public accountants for the fiscal years ended December 31, 2017 and 2016, for which audited consolidated financial statements appear in this annual report on Form 20-F.

The following table presents the aggregate fees for professional services rendered by such accountants to us during their respective term as our principal accountants in 2017 and 2016.

	2017	2016
	(US$ in thousands)	(US$ in thousands)
Audit Fees[1]	189	110
Audit-Related Fees [2]	—	—
Tax Fees [3]	17	—
All Other Fees [4]	—	—
Total	206	110

(1) Audit fees consists of services that would normally be provided in connection with statutory and regulatory filings or engagements, including services that generally only the independent accountant can reasonably provide and includes audit services in connection with our public offering in the United States in 2017.
(2) Audit-related fees would be assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under item (1).
(3) Tax fees relate to tax compliance, planning and advice.
(4) All other fees would be fees billed for products and services provided by the principal accountant, other than the services reported in items (1) through (3).

Audit Committee Pre-Approval Policies and Procedures

Our audit committee provides assistance to our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by pre-approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal control over financial reporting. Our audit committee also oversees the audit efforts of our independent accountants and takes those actions that it deems necessary to satisfy itself that the accountants are independent of management. Our audit committee has authorized all auditing and non-auditing services provided by Kesselman & Kesselman during 2016 and 2017 and the fees paid for such services.

ITEM 16D. Exemptions from the Listing Standards for Audit Committees.

Not applicable.

ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Not applicable.

ITEM 16F. Change in Registrant's Certifying Accountant.

Not applicable.

ITEM 16G. Corporate Governance.

Companies incorporated under the laws of the State of Israel whose shares are publicly traded, including companies with shares listed on the NASDAQ Capital Market, are considered public companies under Israeli law and are required to comply with various corporate governance requirements under Israeli law relating to such matters as external directors, the audit committee, the compensation committee and an internal auditor. These requirements are in addition to the corporate governance requirements imposed by the Listing Rules of the NASDAQ Capital Market and other applicable provisions of U.S. securities laws to which we became subject (as a foreign private issuer) upon the closing of our initial public offering in the United States and the listing of our ordinary shares on the NASDAQ Capital Market. Under the Listing Rules of the NASDAQ Capital Market, a foreign private issuer, such as us, may generally follow its home country rules of corporate governance in lieu of the comparable requirements of the Listing Rules of the NASDAQ Capital Market, except for certain matters including (among others) the composition and responsibilities of the audit committee and the independence of its members within the meaning of the rules and regulations of the SEC.

NASDAQ Capital Market Listing Rules and Home Country Practices

In accordance with Israeli law and practice, we follow the provisions of the Companies Law, rather than the Listing Rules of the NASDAQ Capital Market, with respect to the following requirements:

- *Nomination of directors.* With the exception of our external directors and directors elected by our board of directors due to vacancy, our directors are elected by an annual meeting of our shareholders to hold office until the next annual meeting following his or her election. See "Item 6. Directors, Senior Management and Employees — C. Board Practices." The nominations for directors, which are presented to our shareholders by our board of directors, are generally made by the board of directors itself, in accordance with the provisions of our articles of association and the Companies Law. Nominations need not be made by a nominating committee of our board of directors consisting solely of independent directors or by independent directors constituting a majority of independent directors, as required under the Listing Rules of the NASDAQ Capital Market.

- *Quorum for shareholder meetings*. As permitted under the Companies Law, pursuant to our articles of association, the quorum required for an ordinary meeting of shareholders will consist of at least two shareholders present in person, by proxy or by other voting instrument in accordance with the Companies Law, who hold at least 25% of the voting power of our shares (and in an adjourned meeting, with some exceptions, any number of shareholders), instead of 33 ⅓% of the issued share capital required under the NASDAQ Capital Market corporate governance rules.

Other than the foregoing home country practices, we otherwise comply with the rules generally applicable to U.S. domestic companies listed on the NASDAQ Capital Market. We may in the future decide to use the foreign private issuer exemption with respect to some or all of the other NASDAQ Capital Market corporate governance rules. Following our home country corporate governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on the NASDAQ Capital Market may provide less protection to you than what is accorded to investors under the Listing Rules of the NASDAQ Capital Market applicable to domestic U.S. issuers.

ITEM 16H. Mine Safety Disclosure.

Not applicable.

PART III

ITEM 17. Financial Statements.

We have responded to Item 18 in lieu of responding to this item.

ITEM 18. Financial Statements.

Please refer to the consolidated financial statements beginning on page F-1. The following consolidated financial statements and related notes are filed as part of this annual report on Form 20-F, together with the report of the independent registered public accounting firm.

INTEC PHARMA LTD.

2017 ANNUAL REPORT

INTEC PHARMA LTD.

2017 ANNUAL REPORT

TABLE OF CONTENTS

Report of Independent Registered Public Accounting Firm

To the shareholders of Intec Pharma Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Intec Pharma Ltd and its subsidiary as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive loss, changes in equity and cash flows for each of the three years in the period ended December 31, 2017**,** including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management and board of directors. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1a(2) to the consolidated financial statements, the Company has suffered recurring losses from operations and negative cash outflows from operating activities that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1a(2). The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

Tel-Aviv, Israel
March 7, 2018

We have served as the Company's auditor since 2006.

INTEC PHARMA LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31	
		2016	2017
		U.S. dollars in thousands	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	5	16,376	53,324
Financial assets at fair value through profit or loss	6	1,852	1,825
Restricted bank deposits	11d	62	69
Other receivables	7	2,384	1,125
		20,674	56,343
NON-CURRENT ASSETS -			
Property and equipment	8	4,047	8,206
TOTAL ASSETS		24,721	64,549
Liabilities and equity			
CURRENT LIABILITIES -			
Accounts payable and accruals:			
Trade		1,152	1,854
Other	9	768	3,893
		1,920	5,747
NON-CURRENT LIABILITIES -			
Derivative financial instruments	10	97	—
COMMITMENTS AND CONTINGENT LIABILITIES	11		
TOTAL LIABILITIES		2,017	5,747
EQUITY:	13		
Ordinary shares		727	727
Share premium		84,980	148,968
Currency translation differences		(378)	(378)
Accumulated deficit		(62,625)	(90,515)
TOTAL EQUITY		22,704	58,802
TOTAL LIABILITIES AND EQUITY		24,721	64,549

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

INTEC PHARMA LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year ended December 31		
		2015	2016	2017
		U.S. dollars in thousands		
RESEARCH AND DEVELOPMENT EXPENSES	14	(7,533)	(15,349)	(21,492)
PARTICIPATION IN (REPAYMENT OF) RESEARCH AND DEVELOPMENT EXPENSES	11b, 11c	2,718	4,600	(2,803)
RESEARCH AND DEVELOPMENT EXPENSES, net		(4,815)	(10,749)	(24,295)
GENERAL AND ADMINISTRATIVE EXPENSES	15	(2,788)	(3,097)	(5,144)
OTHER GAINS, net	6	19	34	218
OPERATING LOSS		(7,584)	(13,812)	(29,221)
FINANCIAL INCOME	16	633	466	358
FINANCIAL EXPENSES	16	(229)	(16)	(201)
FINANCIAL INCOME, net		404	450	157
LOSS BEFORE TAXES ON INCOME		(7,180)	(13,362)	(29,064)
TAXES ON INCOME		—	—	(29)
NET LOSS		(7,180)	(13,362)	(29,093)
OTHER COMPREHENSIVE LOSS - CURRENCY TRANSLATION DIFFERENCES		(664)	—	—
COMPREHENSIVE LOSS		(7,844)	(13,362)	(29,093)
			$	
BASIC AND DILUTED LOSS PER ORDINARY SHARE	17	(0.92)	(1.17)	(1.65)

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

INTEC PHARMA LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary shares						
	Number of shares	Issued and paid-up share capital	Share premium	Warrants	Currency translation differences	Accumulated deficit	Total
		U.S. dollars in thousands					
BALANCE AT JANUARY 1, 2015	5,400,467	727	50,863	605	286	(43,000)	9,481
CHANGES DURING 2015:							
Expiration of non-tradable warrants			359	(359)			—
Exercise of warrants (Series 7)	208,843		1,933	(89)			1,844
Expiration of warrants (Series 7)			157	(157)			—
Proceeds from issuance of shares, net of issuance costs	5,663,750		30,608				30,608
Shares issued as part of an anti-dilution right	174,566		1,060				1,060
Exercise of options by employees	565		*				*
Share-based compensation						381	381
Other comprehensive loss					(664)		(664)
Comprehensive loss						(7,180)	(7,180)
BALANCE AT DECEMBER 31, 2015	11,448,191	727	84,980	—	(378)	(49,799)	35,530
CHANGES DURING 2016:							
Share-based compensation						536	536
Comprehensive loss						(13,362)	(13,362)
BALANCE AT DECEMBER 31, 2016	11,448,191	727	84,980	—	(378)	(62,625)	22,704
CHANGES DURING 2017:							
Proceeds from issuance of shares, net of issuance costs	14,514,138		63,131				63,131
Exercise of warrants	102,058		812				812
Exercise of options by employees	11,383		45				45
Share-based compensation						1,203	1,203
Comprehensive loss						(29,093)	(29,093)
BALANCE AT DECEMBER 31, 2017	26,075,770	727	148,968	—	(378)	(90,515)	58,802

* Represents an amount less than $ 1,000

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

INTEC PHARMA LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2015	**2016**	**2017**
	U.S. dollars in thousands		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	(7,180)	(13,362)	(29,093)
Adjustments to reconcile net loss to net cash from operations (see appendix A)	(751)	1,357	6,961
Net cash used in operating activities	(7,931)	(12,005)	(22,132)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(1,384)	(482)	(620)
Advances payments for property and equipment	—	—	(4,381)
Short-term deposits, net	(5,000)	5,000	—
Proceeds from disposal of financial assets at fair value through profit or loss, net	*	206	247
Proceeds from sale of property and equipment	—	—	7
Changes in restricted bank deposits, net	13	*	—
Net cash provided by (used in) investing activities	(6,371)	4,724	(4,747)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of shares, net of issuance costs	30,608	—	63,131
Exercise of warrants (series 7)	1,844	—	—
Exercise of warrants	—	—	531
Exercise of options by employees	—	—	45
Net cash provided by financing activities	32,452	—	63,707
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,150	(7,281)	36,828
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	5,731	23,649	16,376
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	(232)	8	120
CASH AND CASH EQUIVALENTS - END OF YEAR	23,649	16,376	53,324

* Represents an amount less than $ 1,000

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

INTEC PHARMA LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2015	2016	2017
	U.S. dollars in thousands		
APPENDIX A:			
Adjustments to reconcile net loss to net cash provided from operations:			
Income and expenses not involving cash flows:			
Depreciation	746	701	829
Changes in the fair value of derivative financial instruments	213	(230)	184
Exchange differences on cash and cash equivalents	(403)	(8)	(120)
Exchange differences on restricted deposits	*	*	(7)
Exchange differences on short-term bank deposit	*	—	—
Gains on financial assets at fair value through profit or loss	(19)	(34)	(220)
Loss on sale of property and equipment	—	—	2
Share-based compensation to employees	381	536	1,203
	918	965	1,871
Changes in operating asset and liability items:			
Decrease (increase) in other receivables	(2,083)	(23)	1,259
Increase in accounts payable and accruals	414	415	3,831
	(1,669)	392	5,090
	(751)	1,357	6,961
APPENDIX B:			
Information regarding investment and financing activities not involving cash flows:			
Liability with respect to property purchase order	—	190	—
Settlement of liability in respect to derivative financial instrument to equity	1,060	—	281
Supplementary information to the statement of cash flows -			
Interest received	44	168	244

* Represents an amount less than $ 1,000

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

NOTE 1 - GENERAL INFORMATION:

a. General Information:

1) Intec Pharma Ltd. ("Intec") is engaged in the development of proprietary technology which enables the gastric retention of certain drugs. The technology is intended to significantly improve the efficiency of the drugs and substantially reduce their side-effects or the effective doses.

Intec is a limited liability public company incorporated and domiciled in Israel. The registered address of its offices is 12 Hartom St., Jerusalem, Israel.

Intec's ordinary shares are being traded on the Tel-Aviv Stock Exchange Ltd. ("TASE") and on the NASDAQ Capital Market ("NASDAQ").

In September 2017, Intec incorporated a wholly-owned subsidiary in the United States of America in the State of Delaware – Intec Pharma Inc. (the "Subsidiary"). The Subsidiary was incorporated mainly to provide Intec executive and management services, including business development and investor relationship activities outside of Israel.

2) Intec together with its Subsidiary (the "Company") is engaged in research and development activities and has not yet generated revenues from its operations. Accordingly, there is no assurance that the Company's operations will generate positive cash flows. As of December 31, 2017 the cumulative losses of the Company were approximately USD 90.5 million. Management expects that the Company will continue to incur losses from its operations in the foreseeable future, which will result in negative cash flows from operating activities. Company management believe that, without further fund raising, it will not have sufficient working capital to enable it to continue advancing its activities, including the development of its products for a period of at least 12 months from the date of approval of the financial statements. As a result, there is substantial doubt about the Company's ability to continue as a going concern.

The Company plans to fund its future operations through submissions of applications for grants from private funds, license agreements with third parties and raising capital from the public and/or private investors and/or institutional investors. The Company's current cash resources are not sufficient to complete the research and development of all of its products. The Company will need to raise additional capital in order to complete its Phase III clinical trial for AP-CDLD and its continued development. There is no assurance, however, that the Company will be successful in obtaining the level of financing needed for its operations and the research and development of its products. If the Company is unsuccessful in securing sufficient financing, it may need to curtail or cease operations.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

3) On August 21, 2017, the Company completed an underwritten public offering and raised, together with the exercise of the underwriters' over-allotment option, a total of approximately $53.6 million (net of underwriting discounts, commissions and other offering expenses in the amount of $3.8 million). For more details see note 13b(6). In addition, in March 2017, the Company raised approximately $9.5 million (net of issuance costs of $0.5 million) in a private placement to several investors, for details see note 13b(5).

b. Approval of financial statements

The consolidated financial statements were approved by the Company's Board of Directors on March 7, 2018.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of presentation of the financial statements

The Company's consolidated financial statements as of December 31, 2016 and 2017 and for each of the three years in the period ended December 31, 2017, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The significant accounting policies described below have been applied on a consistent basis for all years presented, unless noted otherwise.

The consolidated financial statements have been prepared on the basis of historical cost, subject to adjustments in respect of revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3. Actual results may differ materially from estimates and assumptions used.

b. Principles of consolidation

The consolidated financial statements include the accounts of Intec and its Subsidiary. Intercompany balances and transactions have been eliminated upon consolidation.

c. Foreign currency transaction

Effective January 1, 2016, the Company changed its functional currency to the U.S. dollar ("dollar", "USD" or "$") from the New Israeli Shekel ("NIS"). This change was based on an assessment by Company's management that the dollar is the primary currency of the economic environment in which the Company operates. Accordingly, the functional and presentation currency of the Company in these financial statements is the U.S. dollar.

In effecting the change in presentation currency to the dollar, as of January 1, 2016 all assets and liabilities of the Company were translated using the current rate method, using the dollar exchange rate as of December 31, 2015, and equity was translated using historical exchange rates at the relevant transaction dates. The resulting amounts translated into dollars for non-monetary items have been treated as their historical cost. Translation differences resulting from the change in presentation currency have been reported as a component of shareholders' equity.

d. Property and equipment

Property and equipment items are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line method, over the estimated useful lives as follows:

	Years
Computers and peripheral equipment	3
Production and laboratory equipment	7-10
Office furniture and equipment	10-14

Leasehold improvements are depreciated by the straight-line method over the shorter of the lease term and the estimated useful life of the improvements.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Depreciation of property under construction begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

e. Intangible assets

The Company applies the cost method of accounting for initial and subsequent measurements of intangible assets. Under this method of accounting, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Costs associated with research are recognized as an expense as incurred. Costs associated with development projects (which relate to the design and the testing of new products or improvements) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the intangible assets so that it will be available for use;
- Management intends to complete the intangible assets and use or sell it;
- There is an ability to use or sell the intangible assets;
- It can be demonstrated how the intangible assets will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible assets are available; and costs associated with the intangible asset during development can be measured reliably.

Other development costs that do not meet the above criteria are recognized as expenses as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

As of December 31, 2017, the Company has not yet capitalized development costs.

f. Government grants and other grants:

1) The Company received participation in research and development expenses from the State of Israel through the Israeli Innovation Authority, or IIA (formerly known as the Office of the Chief Scientist of the Israeli Ministry of Economy and Industry, or the OCS), in the form of grants which qualify as "forgivable loans", in accordance with IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance," since the grants are repayable only if the Company generates revenues related to the project that is the subject of the grant.

   The Company recognizes each forgivable loan as a grant receivable and a reduction of expenses on a systematic basis at the same time the Company records, as an expense, the related development costs for which the loan is received, provided that there is reasonable assurance that (a) the Company complies with the conditions attached to the loan and (b) the loan will be received. The amount of the forgivable loan is recognized based on the participation rate approved by the IIA.

   Since the Company has reasonable grounds to believe it will meet the terms for forgiveness, the loan is accounted for as a government grant. Government grants relating to costs are deferred and recognized in the statement of comprehensive loss over the period necessary to match them with the costs that they are intended to compensate.

2) The Company receives other grants from certain funds. The grants are recorded to the comprehensive loss as a reduction of related research and development expenses over the period necessary to match these grants with the costs that they are intended to compensate.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

g. Financial assets:

1) Classification

The Company classifies its financial assets in the following categories: (i) at fair value through profit or loss and (ii) loans and receivables. The classification depends on the purpose for which each financial asset was acquired. The Company's management determines the classification of financial assets at initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company's loans and receivables are comprised of "other receivables", "cash and cash equivalents", and "restricted bank deposits" in the statement of financial position (See note h below).

b) Financial assets at fair value through profit or loss

This category includes financial assets that are managed and their performance is evaluated on a fair value basis. Thus upon their initial recognition, these assets are designated by management at fair value through profit or loss. Assets in this category are classified as current assets if they are expected to be settled within 12 months.

2) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the settlement date, which is the date on which the asset is delivered to the Company or delivered by the Company.

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently recorded at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" are presented in the statement of comprehensive loss within "Other gains, net" in the period in which they arise.

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term bank deposits (original maturities of three months or less) that are not restricted as to withdrawal or use and are therefore considered to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

i. Current taxes

Tax expenses for the year ended December 31, 2017 include current taxes. The taxes are recognized in the statements of comprehensive loss.

The amount that was recorded as current taxes is calculated based on the tax laws that have been enacted or substantively enacted at the balance sheet date, in country in which the Subsidiary operates and generates taxable income. The Company's management periodically evaluates the tax implications applicable to the taxable income, in accordance with the relevant tax laws, and creates provisions in accordance with the amounts expected to be paid to the tax authorities.

j. Share capital

The Company's ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the issue proceeds.

k. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

l. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

m. Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivative financial instruments are recognized in the statement of comprehensive loss within financing income or expenses.

Derivative financial instruments issued by the Company include the following:

- Derivative financial instrument - warrants ("Warrants")
- Derivative financial instrument - anti-dilution right ("Anti-dilution right")
- Derivative financial instrument - additional warrants ("Additional warrants")

n. Employee benefits:

1) Retirement benefit obligations

The retirement benefit obligation of the Israeli employees of the Company is a defined contribution plan. A defined contribution plan is a post-employment benefit plan which is subject to section 14 of the Israeli severance pay law under which the Company pays fixed contributions into a separate and independent entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The Company operates various pension plans that are generally funded through payments to insurance companies or trustee-administered funds. In accordance with their terms, the pension plans meet the definition of a defined contribution plan, as described above.

2) Vacation days and recreation pay

Labor laws in Israel entitle every employee to vacation days and recreation pay, both of which are computed annually. The entitlement with respect to each employee is based on the employee's length of service at the Company. The Company recognizes a liability and an expense in respect of vacation and recreation pay as earned by the employee based on his or her entitlement.

3) Bonus plans

The Company recognizes the obligation and expense for bonuses when a contractual or constructive obligation exists. The obligation is recognized in the amount expected to be paid, to the extent that the Company can reliably estimate the amount expected to be paid.

o. Share-based payments

The Company operates an equity-settled, share-based compensation plan for employees, under which it receives services from employees as consideration for equity instruments (options) of the Company. The fair value of such services received in exchange for the grant of the options is recognized as an expense in the statement of comprehensive loss.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total amount of expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions.

The Company recognizes the impact of a revision in the original estimates, if any, in the statement of comprehensive loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (at par value) and share premium when the options are exercised.

The fair value of the services received from service providers, other than labor services, are determined according to fair value of the services received, unless that value cannot be reliably measured, in which case the value of the benefit is determined based on the value of the instruments issued.

p. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive loss on a straight-line basis over the period of the lease.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

q. Loss per share

The computation of basic loss per share is based on the Company's loss divided by the weighted average number of ordinary shares outstanding during the period.

In calculating the diluted loss per share, the Company adds to the average number of shares outstanding that was used to calculate the basic loss per share the weighted average of the number of shares to be issued assuming all shares that have a potentially dilutive effect have been converted into shares. The potential shares, as described, are only taken into account in cases where their effect is dilutive (increasing the loss per share). Since the addition of potential shares reduces loss per share, these potential shares are not taken into account, and basic and diluted loss per share are identical.

r. Standards that are not yet in effect and have not been early adopted by the Company for the financial year beginning January 1, 2017:

1) IFRS 9, Financial instruments ("IFRS 9")

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. Further, the expected credit losses model replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in the Company's own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss.
The standard is effective for accounting periods beginning on or after January 1, 2018. The Company believes that the adoption of IFRS 9 is not expected to have a material impact on its consolidated financial statements.

2) IFRS 16, Leases ("IFRS 16")

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Under IFRS 16 lessees have to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for almost all lease contracts.

The standard replaces the current guidance in IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of adopting IFRS 16 on its consolidated financial statements.

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES

The accounting estimates are continually evaluated and adjusted based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future.

Such estimates, by nature, are subjective and complex and consequently may differ from actual results.

The estimate for which there is significant risk of causing a material adjustment to the carrying amounts of liabilities within the next financial year is outlined below -

Share-based payments

For the purpose of the evaluation of the fair value and the manner of the recognition of share-based compensation, the Company's management is required to estimate, among other things, various parameters that are included in the calculation of the fair value of the option as well as the Company's results and the number of options that will vest. The actual results and the estimates that are made in the future may be significantly different from the current estimates.

NOTE 4 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT:

a. Financial risk management:

1) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. In the Company's opinion, the influence of credit risk is immaterial.

Risk management is carried out by the Company's management which identifies and evaluates the financial risks in close cooperation with the Company's management.

a) Market risk

Concentration of currency risk

The Company's activities are partly denominated in non-dollar currencies (primarily the NIS), which exposes the Company to risks resulting from changes in exchange rates.

NOTE 4 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued):

The effect of fluctuations in various exchange rates on the Company's statement of comprehensive loss and equity is as follows:

	December 31, 2016				
Sensitive instrument	**Income (loss) from change in exchange rate (U.S. dollars in thousands)**		**Value (U.S. dollars in thousands)**	**Income (loss) from change in exchange rate (U.S. dollars in thousands)**	
	Increase			**Decrease**	
	10%	5%		5%	10%
NIS-linked balances:					
Cash and cash equivalents	(126)	(66)	1,391	73	155
Financial assets at fair value through profit or loss	(168)	(88)	1,852	97	206
Other receivable (except prepaid expenses and advances to suppliers)	(61)	(32)	675	36	75
Accounts payable and accruals	81	42	(890)	(47)	(99)
Total NIS-linked balances	(274)	(144)	3,028	159	337
Euro-linked balances:					
Cash and cash equivalents	(139)	(73)	1,526	80	170
Accounts payable and accrued expenses	24	13	(268)	(14)	(30)
Total Euro-linked balances	(115)	(60)	1,258	66	140
Total	(389)	(204)	4,286	225	477

	December 31, 2017				
Sensitive instrument	**Income (loss) from change in exchange rate (U.S. dollars in thousands)**		**Value (U.S. dollars in thousands)**	**Income (loss) from change in exchange rate (U.S. dollars in thousands)**	
	Increase			Decrease	
	10%	5%		5%	10%
NIS-linked balances:					
Cash and cash equivalents	(32)	(17)	353	19	39
Financial assets at fair value through profit or loss	(166)	(87)	1,825	96	203
Other receivable (except prepaid expenses and advances to suppliers)	(36)	(19)	398	21	44
Accounts payable and accruals	322	169	(3,545)	(187)	(394)
Total NIS-linked balances	88	46	(969)	(51)	(108)
Euro-linked balances:					
Cash and cash equivalents	(265)	(139)	2,911	153	323
Accounts payable and accrued expenses	10	5	(109)	(6)	(12)
Total Euro-linked balances	(255)	(134)	2,802	147	311
Total	(167)	(88)	1,833	96	203

Set forth below is certain data regarding dollar exchange rates and the Israeli Consumer Price Index (CPI):

	Exchange rate of NIS per $1	**Exchange rate of Euro per $1**	**Israeli CPI* Points**
As of December 31:			
2016	3.845	0.952	131.19
2017	3.467	0.835	131.71
Percentage increase (decrease) in:			
2016	(1.5)%	3.5%	(0.2)%
2017	(9.8)%	(12.3)%	0.4%

* Based on the CPI index for the month ending on each balance sheet date, on the basis that the average for year 2000 = 100.

NOTE 4 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued):

Set forth below is information on the linkage of monetary items:

	December 31, 2016			December 31, 2017		
	NIS	Dollar	Euro	NIS	Dollar	Euro
	U.S. dollars in thousands					
Assets:						
Current assets:						
Cash and cash equivalents	1,391	13,459	1,526	353	50,060	2,911
Financial assets at fair value through profit or loss	1,852			1,825		
Restricted deposits	62			69		
Other receivables	675	46		398	80	
Total current assets	3,980	13,505	1,526	2,645	50,140	2,911
Total assets	3,980	13,505	1,526	2,645	50,140	2,911
Liabilities:						
Current liabilities - accounts payable and accruals:						
Trade	194	690	268	330	1,493	31
Other	696	72		3,215	600	78
Total current liabilities	890	762	268	3,545	2,093	109
Non-current liabilities - Derivatives financial instruments	97					
Total liabilities	987	762	268	3,545	2,093	109
Net asset value	2,993	12,743	1,258	(900)	48,047	2,802

b) Credit risks

Credit risks are handled by the Company's management. Credit risks arise from cash and cash equivalents and receivable balances that have not yet been settled. The portfolio is well diversified (without a material investment in any single corporate bond) and, accordingly, minimal credit risk exists with respect to these investments.

The Company's cash and cash equivalents and financial assets at fair value through profit or loss at December 31, 2016 and 2017 were deposited with A-rated Israeli banks. In the Company's opinion, the credit risk in respect of these balances is remote.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management monitors rolling forecasts of the Company's liquidity reserve (comprising cash and cash equivalents, financial assets at fair value through profit or loss and deposits). This is generally carried out based on the expected cash flows in accordance with practice and limits set by the management of the Company.

The Company has not yet generated any revenue from the sale of drugs or royalties; the Company is therefore exposed to liquidity risk, taking into consideration the forecasts of cash flows required to finance its investments and other activities.

NOTE 4 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued):

The table presented below classifies the Company's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts presented in the table represent the contractual undiscounted cash flows.

	Less than one year U.S. dollars in thousands
Non-derivative financial liabilities:	
As of December 31, 2016 -	
Accounts payable and accruals	1,920
As of December 31, 2017 -	
Accounts payable and accruals	5,747

2) Fair value estimations

The following is an analysis of the financial instruments measured at fair value through profit or loss, using valuation methods. The different levels have been defined as follows:

* Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
* Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
* Inputs for the asset or liability that are not based on observable market data (that is unobservable input) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value:

	December 31,			
	2016		2017	
	Level 1	Level 3	Level 1	Level 3
	U.S. dollars in thousands			
Assets -				
Financial assets at fair value through profit and loss	1,852		1,825	
Liabilities -				
Derivative financial instruments		97		—

NOTE 4 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued):

The following table presents the changes in Level 3 instruments for the three years ended December 31, 2017:

	Derivative financial instrument - warrants	Derivative financial instrument - anti dilution right	Total
	U.S. dollars in thousands		
Opening balance as of January 1, 2015	413	751	1,164
Loss (gain) recognized in profit or loss during 2015	(86)	299	213
Settlement of liability in respect to derivative financial instrument to equity		(1,060)	(1,060)
Currency translation differences		10	10
Closing balance as of December 31, 2015	327	—	327
Gain recognized in profit or loss during 2016	(230)		(230)
Closing balance as of December 31, 2016	97	—	97
Loss recognized in profit or loss during 2017	184		184
Settlement of liability in respect to derivative financial instrument to equity	(281)		(281)
Closing balance as of December 31, 2017	—	—	—

For more information about the assumptions used for measuring the fair value of the derivative financial instruments (level 3), see note 10.

b. Financial instruments:

Assets:

		December 31	
		2016	2017
		U.S. dollars in thousands	
1)	Loans and receivables:		
	Cash and cash equivalents	16,376	53,324
	Restricted bank deposits	62	69
	Other receivables	721	478
2)	Financial assets at fair value through profit or loss	1,852	1,825

Liabilities:

		December 31	
		2016	2017
		U.S. dollars in thousands	
1)	Financial liabilities at amortized cost - accounts payable and accruals	1,920	5,747
2)	Derivative financial instruments	97	—

NOTE 5 - CASH AND CASH EQUIVALENTS

As of December 31, 2016 and 2017, cash and cash equivalents include cash on hand and in bank and short-term bank deposits. The carrying amount of cash and cash equivalents approximates their fair value, since the effect of discounting is immaterial.

NOTE 6 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company holds financial assets at fair value through profit or loss. Those assets include bonds issued by the State of Israel and corporate bonds with a minimum of A rating by Israeli rating agencies. As of December 31, 2016 and 2017, the amount of the financial assets at fair value through profit or loss is approximately $ 1.9 million and $ 1.8 million, respectively.

Changes in the fair value of the financial assets at fair value through profit or loss are recorded in the statement of comprehensive loss as "Other gains, net". The gain, net from changes in fair value through profit or loss amounted to $ 19 thousand, $ 34 thousand and $ 220 thousand in 2015, 2016 and 2017, respectively.

NOTE 7 - OTHER RECEIVABLES:

	December 31	
	2016	2017
	U.S. dollars in thousands	
Prepaid expenses	128	208
Advances to suppliers	1,535	439
Institutions	133	436
Interest receivable	—	42
Grants receivable	588	—
	2,384	1,125

NOTE 8 - PROPERTY AND EQUIPMENT

Composition and movement grouped by major classifications:

	Cost				Accumulated depreciation				Net book value	
	Balance at beginning of year	Additions during year	Disposals during year	Balance at end of year	Balance at beginning of year	Additions during year	Disposals during year	Balance at end of year	Beginning of the year	End of the year
	U.S. dollars in thousands				U.S. dollars in thousands				U.S. dollars in thousands	
Composition in 2016:										
Computers and communications equipment	127	9	—	136	104	14	—	118	23	18
Production and laboratory equipment	6,334	655	—	6,989	2,323	676	—	2,999	4,011	3,990
Office furniture and equipment	141	8	—	149	99	11	—	110	42	39
Leasehold improvements	1,598	—	—	1,598	1,598	—	—	1,598	—	—
	8,200	672	—	8,872	4,124	701	—	4,825	4,076	4,047
Composition in 2017:										
Computers and communications equipment	136	45	—	181	118	16	—	134	18	47
Production and laboratory equipment	6,989	316	(184)	7,121	2,999	718	(171)	3,546	3,990	3,575
Office furniture and equipment	149	18	—	167	110	11	—	121	39	46
Leasehold improvements	1,598	241	—	1,839	1,598	84	—	1,682	—	157
Advances payments for property and equipment, see note 11e	—	4,381	—	4,381	—	—	—	—	—	4,381
	8,872	5,001	(184)	13,689	4,825	829	(171)	5,483	4,047	8,206

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUALS - OTHER:

	December 31	
	2016	2017
	U.S. dollars in thousands	
Accrual for repayment of grants to IIA, see note 11c	—	2,300
Expenses payable	302	724
Salary and related expenses, including social security and other taxes	277	588
Accrual for vacation days and recreation pay for employees	166	248
Other	23	33
	768	3,893

The carrying amount of others accounts payables approximates their fair value, since the effect of discounting is immaterial.

NOTE 10 - INVESTMENT AGREEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS:

a. In August 2013, the Company signed an agreement with several investors in a total amount of US$5 million ("the Agreement"). According to the Agreement, the Company issued to the investors 320,663 ordinary shares with no par value and Warrants exercisable into 198,812 ordinary shares with no par value (including 6,414 warrants granted to third parties). These warrants were exercisable over a period of four years from the date of their issuance for an exercise price of NIS 64.14. Under the terms of these Warrants, the investors had the right to exercise them into shares through a net-settlement mechanism ("net settlement").

In addition, according to the terms of the Agreement the Company undertook to issue Additional warrants exercisable into 80,166 ordinary shares with no par value. These Additional warrants were issued in November 2014 and expired two years after the date of their issuance.

The investors were also entitled to anti-dilution protection, as described in the Agreement ("Downside Protection"). In the event of the activation of the Downside Protection mechanism, the exercise price of the Warrants which were then still held by an investor would have been reduced by the same calculation.

b. Due to their terms, the Warrants, Additional warrants and the Anti dilution right did not qualify for equity classification and were treated as a derivative financial liability.

c. On October 22, 2014, the Company and the investors signed an Addendum to the Agreement ("the Addendum"). As part of the Addendum, the exercise price of the Warrants which were issued to the investors was reduced from NIS 64.14 to NIS 35.

d. According to the Agreement and following the completion of the Company's U.S. public offering in August 2015, see note 13b(4), the investors were entitled to an additional allotment of 174,566 ordinary shares and a reduction of the exercise price of the Warrants from NIS 35 to NIS 21.7. Accordingly, the liability to issue additional shares, in the amount of approximately $1.1 million was credited to equity and the Downside Protection terminated.

e. As of September 14, 2017, all 198,812 Warrants were exercised. 86,579 Warrants were exercised to 86,579 ordinary shares with no par value at full exercise price of NIS 21.7 for a total consideration of approximately NIS 1.9 million ($531 thousand) and 112,233 Warrants were exercised to 15,479 ordinary shares with no par value through a net-settlement mechanism. Accordingly, the liability to issue Warrants, in the amount of approximately $ 281 thousand was credited to equity.

As of September 14, 2017 all the derivative financial instruments were settled, exercised or expired.

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES:

a. Joint venture and exclusive license agreement

In June 2000, the Company engaged in a joint venture and exclusive license agreement ("license agreement") with Yissum Research and Development Company, owned by the Hebrew University of Jerusalem ("Yissum"). Under the license agreement, the Company has been granted a perpetual and exclusive license to develop, manufacture and market products globally, which are based directly or indirectly on a patent owned by Yissum and based on the intellectual property that has been created as a result of the research that has been conducted by Yissum and financed by the Company under the license agreement.

The Company is entitled to grant sub-licenses to third parties and said sub-licenses may be perpetual, and any sublicensee thereunder will not be required to assume any undertaking towards Yissum.

Under the license agreement, the Company committed to act for the future development of products that are based on Yissum's patent and on the initial research activity that was undertaken under the license agreement (the "Products"). Several pending patents have resulted from the development work done by the Company, on its behalf or on behalf of the Company and Yissum jointly.

Further, the Company assumed in the license agreement all costs of submitting and managing patent applications, as well as maintaining pending and granted patents.

In accordance with an amendment to the license agreement dated July 13, 2005 (which reduced royalty rates), and in exchange for the license, the Company agreed to pay 3% royalties on its overall net income (as defined in the license agreement) from the sale of the Products, to Yissum from the time of the first commercial sale. Furthermore, the Company agreed to pay 15% royalties on sub-licenses on any payment or benefit whatsoever that the Company may receive from sub-licenses.

As of the date of approval of the financial statements, the Company has not yet begun to sell its product candidates and has not yet granted sub-licenses to any party, and, accordingly, no obligation has yet to arise to pay royalties in accordance with the license agreement.

The parties are entitled to cancel the license agreement in the following cases: (a) the appointment of a liquidator or a receiver or the submission of an application for liquidation in relation to the other party, which is not cancelled within 180 days; (b) attachment proceedings, debt collecting agency proceedings and similar proceedings in connection with a significant portion of the other party's assets; (c) the liquidation or bankruptcy of the other party; (d) a significant breach that is not repaired within 30 days from the time warning is given. If the license agreement is cancelled except in the case of its cancellation as a result of a breach by Yissum, the rights that were granted under the license will return to Yissum.

In accordance with the license agreement, the agreement will remain in force until the later of the expiry of the last patent that partially underlies the Products on a global basis or 15 years from the time of the first commercial sale under the license agreement.

b. Cooperation agreements

As part of its operations, the Company entered into feasibility agreements with multinational companies for the development of products that combine the Company's proprietary Accordion Pill platform technology with certain drugs for the treatment of various indications. These agreements sometimes include a mutual possibility of entering into negotiations for the acquisition of a future license for the commercial use of the products that are being developed by the multinational companies under the feasibility agreements. In addition, the companies agreed to reimburse the Company for its expenses, based on milestones that are detailed in the feasibility agreements. This funding is recognized in the statement of comprehensive loss as a deduction from research and development expenses, as they are incurred.

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES (continued)**:**

In January 2018, the Company entered into a Feasibility and Option agreement with Novartis Pharmaceuticals to explore using the Accordion Pill platform for a proprietary Novartis compound. Under the agreement and the research plan, the Company's activities will be funded by Novartis subject to the achievement of agreed milestones.

c. IIA grants program

1) In 2016, in addition to previously approved programs, the Company received approval from the IIA for a participation in research and development activities performed by the Company from January 1, 2016 to December 31, 2016 (the "2016 Grant"). The participation in research and development expenses in 2016 amounted to approximately NIS 17 million ($4.5 million). Since at that time it was reasonably assured that the Company would comply with all of the conditions of the 2016 Grant and that the Company would meet the terms for the forgiveness of all of the 2016 Grant, the participation was recognized in profit or loss in 2016.

   In February 2018, following a review and assessment by the IIA, the Company received a notice from the IIA to repay part of the 2016 Grant amounts received in 2016 in the amount of approximately NIS 8.0 million ($2.3 million), including NIS 0.1 million of interest and linkage differences. Due to its past experience and analysis that was made, the Company is of the opinion that it complied with the terms of the 2016 Grant. However, due to that notice, as of December 31 2017, the Company recorded a liability in that amount and recorded in participation in (repayment of) research and development expenses of approximately NIS 10.1 million ($2.85 million), including a disposal of grants receivable balance relating to the 2016 Grant. As of the date of approval of the financial statements, the Company has repaid the IIA the amount of approximately NIS 8.0 million ($2.3 million) of the 2016 Grant.

2) In 2015 the participation in research and development expenses, amounted to approximately $ 2.0 million.

3) The Company is obligated to pay 3% to 5% royalties to the government of Israel, computed based on the revenues from licensing the products that the Company is developing that are assisted by the governmental grants. Such commitment is up to the amount of grants received by the Company, linked to the U.S. dollar. Pursuant to reporting and royalty payment procedures of the IIA, such royalties will be paid at an annual interest rate equal to LIBOR. The Company is subject to the provisions of the Israeli Law for the Encouragement of Research, Development and Technological Innovation in the Industry and the regulations and guidelines thereunder (the "Innovation Law", formerly known as the Law for the Encouragement of Research and Development in Industry). Pursuant to the Innovation Law there are restrictions regarding intellectual property and manufacturing, as defined in the Innovation Law, outside of Israel, unless approval is received and additional payments are made to the IIA. In February 2018, the Company received an approval from the IIA to manufacture its AP-CDLD product outside of Israel. As such, the royalties to the IIA will be paid at an increased rate and up to an increased cap amount of three times the total amount of the IIA grants, plus interest accrued thereon, depending on the manufacturing volume to be performed outside Israel. The Company had received from the IIA grants in the total of approximately NIS 42.3 (approximately $12.2 million), net of the grant repaid as described in note 11c(1).

   Since management's assessment is that it is reasonably assured that the Company will comply with the conditions for the forgiveness of the IIA loan, this loan is treated as a government grant and, accordingly, no liability has been recognized in the financial statements, except the liability as described in note 11c(1).

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES (continued)**:**

d. Operating long-term leases

The Company is a tenant under a lease agreement in respect of offices and operational spaces in Jerusalem until June 30, 2021. In January 2018, the Company amended the lease agreement and added additional operational spaces that will allow the Company to expand its research and development activities. Rent payments are denominated in NIS and linked to the Israeli CPI.

The Company also lease offices in Modi'in and an office in New York City.

The lease payments amounted to approximately $ 520 thousand in 2017. The total forecast lease payments from January 1, 2018 through June 30, 2021 are approximately $ 2.3 million. To secure the Company's obligations to the lease agreement, the Company has granted a bank guarantee to the lessor, which amounted to approximately $60 thousand as of December 31, 2017.

e. Automated Production Line

In April 2017, the Company engaged with an international manufacturer for ordering a large scale automated production line for manufacturing Accordion Pills in the amount of approximately € 7.5 million. The order covers engineering, manufacture and assembly of the automated production line. As of December 31, 2017, the Company had transferred payments of €3.75 million (approximately $4.4 million) and recognized it as advances for property and equipment.

NOTE 12 - TAXES ON INCOME:

a. Corporate taxation in Israel:

1) Measurement of results for tax purposes

Intec elected to compute its taxable income in accordance with Income Tax Regulations (Rules for Accounting for Foreign Investors Companies and Certain Partnerships and Setting their Taxable Income), 1986. Accordingly, Intec's taxable income or loss from 2017 is calculated in U.S. dollars.

2) Tax rates

The income of Intec, which is not eligible for the Approved Enterprise benefit, is taxed at a regular rate. The regular tax rate in Israel in 2017 was 24% and in 2018 and thereafter will be 23%.

In the absence of the expectation of taxable income in the future, no deferred tax asset is recorded in the financial statements.

Capital gains are taxed at the standard corporate tax rate.

NOTE 12 - TAXES ON INCOME (continued)**:**

3) Tax benefits under the Law for the Encouragement of Capital Investments, 1959 in Israel (the "Law")

Under the Law, Intec may be entitled to tax benefits, by virtue of its status as a "Benefited Enterprise", which was awarded to Intec in October 2007.

Intec received the status of a "plant under establishment" in Development Area A in a tax-exempt track, subject to compliance with the applicable requirements by the Law.

As of December 31, 2017, Intec has not yet generated operating income that will allow it to benefit from the tax benefits under the Law.

The tax benefits under the Law will apply for a period of up to ten years from the first year in which taxable income will be generated and are scheduled to expire at the end of 2023.

b. Taxation of a subsidiary in US

The Subsidiary incorporated in the U.S. is assessed according to U.S. tax law.

The U.S. Tax Cuts and Jobs Act ("Tax Act") was enacted on December 22, 2017 and introduces significant changes to U.S. income tax law. Effective in 2018, the Tax Act reduces the U.S. federal statutory tax rate from 35% to 21% and creates new taxes on certain foreign-sourced earnings and certain related-party payments, which are referred to as the global intable low-taxed income tax and the base erosion tax, respectively.

c. Tax loss carryforwards

As of December 31, 2017 the tax loss carryforwards of Intec were approximately $78 million (approximately NIS 269 million). Intec has not created deferred tax assets in respect of these tax loss carryforwards since their utilization is not expected in the foreseeable future. There is no expiration date on these loss carry forwards.

d. Subsidiary tax liability

During 2017, the Subsidiary incurred a tax expense in the amount of $29 thousand.

e. Tax assessments

Final tax assessments have been received by Intec through the year ended December 31, 2012.

NOTE 13 - EQUITY:

a. Share capital:

1) Share capital is composed of ordinary shares with no par value, as follows:

	Number of ordinary shares	
	December 31	
	2016	2017
Authorized share capital	16,000,000	50,000,000
Issued and paid up share capital	11,448,191	26,075,770

2) The ordinary shares confer upon their holders participating and voting rights in shareholders meetings (where the holder of an ordinary share has one vote), a right to receive a share of earnings and the right to receive assets of the Company upon its liquidation.

b. Changes in share capital:

1) Based on the investment agreement signed on August 6, 2013 and the Addendum to the investment agreement signed on October 22, 2014, (as described in note 10), the Company issued to several investors during 2013, 198,812 Warrants that were exercised to 102,058 ordinary shares in September 2017 and in November 2014, issued 80,166 Additional warrants that were expired in October 2016. In addition, in October 2015 the Company issued to these investors 174,566 shares as part of the Downside Protection mechanism.

2) On October 1, 2014, the Company issued 577,795 ordinary shares and 577,795 unlinked warrants (Series 7) through a rights issuance. Each warrant (Series 7) was exercisable into one ordinary share, each for an exercise price of NIS 35 (unlinked). The shares and warrants were offered through a rights issuance to the Company's shareholders at the trading day on the TASE on September 15, 2014, such that each shareholder holding 15 ordinary shares was entitled to two ordinary shares and two warrants (Series 7) for an overall price of NIS 60. Issuance proceeds, net of issuance costs, amounted to $ 4.5 million.

   Until April 26, 2015, 208,843 unlinked warrants (Series 7) were exercised to 208,843 ordinary shares for approximately $ 1.8 million. The remaining 368,952 unexercised and unlinked warrants (Series 7) expired on that date.

3) On March 29, 2015, further to an approval of the General Meeting on March 18, 2015, the Company executed a 50-to-1 reverse share split of the Company's ordinary shares and eliminated their par value. Upon the effectiveness of the reverse share split, (i) the number of ordinary shares was proportionally decreased and their par value was eliminated, (ii) the number of ordinary shares into which each outstanding option and outstanding warrant to purchase ordinary shares is exercisable was proportionally decreased, and (iii) the exercise price of each outstanding option and outstanding warrant to purchase ordinary shares was proportionally increased. Unless otherwise indicated, all of the shares numbers, the option and warrant numbers, loss per share amounts, share prices, warrant exercise prices and option exercise prices in these financial statements have been adjusted, on a retroactive basis, to reflect this 50-to-1 reverse share split.

NOTE 13 – EQUITY (continued)**:**

4) On August 7, 2015, the Company completed its public offering of its ordinary shares on the NASDAQ, pursuant to which the Company issued 5,025,000 ordinary shares with no par value, at a price of $6.00 per ordinary share, raising a total of approximately $26.5 million (net of commissions to the underwriters and offering expenses). In addition, on September 17, 2015, the underwriters exercised in part their over-allotment option and purchased an additional 638,750 ordinary shares at a price of $6 per share. The proceeds from the exercise of the option, net of underwriters' commission and offering expenses, were approximately $3.5 million, bringing the total net proceeds from the initial public offering to approximately $30 million.

5) On March 10, 2017, the Company entered into subscription agreements for a private placement with several institutional and private investors, in accordance with which the Company allocated the offerees an overall quantity of 2,289,638 ordinary shares with no par value for gross proceeds of approximately $10 million (issuance expenses amounted to approximately $0.5 million). The chairman of the Board of Directors and two other former board members have participated in this private placement.

6) On August 21, 2017, the Company completed an underwritten public offering of its ordinary shares on the NASDAQ, pursuant to which the Company issued 12,224,500 ordinary shares with no par value, including a full exercise by the underwriters of their over-allotment option, at a price of $4.70 per ordinary share. The net proceeds from the sale of shares, after deducting underwriting discounts, commissions and other offering expenses, were approximately $53.6 million.

c. Share-based payment to employees:

1) The following are the grants of options to employees:

Date of grant	Number of options granted	Exercise price per option	Fair value on grant date- in thousands	Expiration date
January 2015	60,000	NIS 27.93	NIS 600	January 1, 2021
March 2016	44,000	$ 3.865	$ 130	March 10, 2026
March 2016	176,705	$ 4.14	$ 474	March 27, 2026
April 2016	45,000(*)	$ 6.00	$ 84	April 21, 2026
June 2016	67,500(*)	$ 6.00	$121	May 22, 2026
June 2016	68,250(*)	$ 3.46	$ 153	May 22, 2026
July 2016	224,478(*)	$ 3.526	$ 408	May 15, 2026
July 2016	180,000	$ 4.466	$ 472	July 25, 2026
June 2017	185,000(*)	$ 5.32	$ 618	April 10, 2027
July 2017	230,500	$ 5.46	$ 590	July 5, 2024
October 2017	35,000	$ 7.44	$ 92	September 25, 2024
October 2017	60,000	$ 8.56	$ 202	October 23, 2027
December 2017	140,000	$ 8.56	$ 201	December 11, 2027
December 2017	130,000	$ 7.44	$ 47	December 12, 2024
December 2017	380,000(*)	$ 6.70	$ 682	December 11, 2027

(*) Granted to related parties (as defined in IAS 24R, see note 19).

Vesting conditions of all of the above options are service conditions.

Each 1 option is exercisable into 1 ordinary share.

NOTE 13 - EQUITY (continued)**:**

The fair value of all of the options was calculated using the Black and Scholes options pricing model, and based on the following assumptions:

Date of grant	Fair value on grant date- in thousands	Share price on date of grant	Expected dividend	Expected volatility	Risk free interest*	Vesting conditions	Expected term
January 2015	NIS 600	NIS 23.55	None	48.07%	1.9%	due to the optionee's resignation effective August 2016, all options were forfeited	6 years
March 2016	$ 130	$ 4.66	None	48.38%	1.9%	due to the optionee's resignation effective February 2016, all options were forfeited	10 years
March 2016	$ 474	$ 4.39	None	48.44%	1.9%	four-year period, with one quarter of the options vesting at the end of the first year from the date of grant, and the remaining vesting in 12 equal quarterly tranches, subsequent to the first year from the grant date	10 years
April 2016	$ 84	$ 3.79	None	48.23%	1.9%	three equal annual tranches over a three-year period	10 years
June 2016	$ 274	$ 3.69	None	48.18%	1.8%	67,500 options will vest in three equal annual tranches over a three-year period and 68,250 options will vest over a four-year period, with one quarter of the options vesting at the end of the first year from the date of grant, and the remaining vesting in 12 equal quarterly tranches, subsequent to the first year from the grant date	10 years
July 2016	$ 408	$ 3.18	None	48.15%	1.8%	three equal annual tranches over a three-year period	10 years
July 2016	$ 472	$ 4.47	None	47.82%	1.6%	90,000 options will vest over a four-year period, with one quarter of the options vesting at the end of the first year from the date of grant, and the remaining vesting in 12 equal quarterly tranches, subsequent to the first year from the grant date and 90,000 options will be exercisable only in the event that a material agreement, as defined in Company's compensation policy, is signed between the Company and a third party. Following this grant, the optionees agreed to forgo 117,200 options that were previously granted to them in October 2013. This forgoing of 117,200 options was accounted as modification to the original terms on which the options were granted	10 years
June 2017	$ 618	$ 5.60	None	46.63%	2.2%	120,000 options will vest in three equal annual tranches over a three-year period and 65,000 options will vest in 9 equal monthly tranches over a nine-month period	10 years
July 2017	$ 590	$ 5.35	None	46.04%	1.4%	150,000 options will vest over a three-year period, with a third of the options vesting at the end of the first year from the date of grant, and the remaining vesting in 8 equal quarterly tranches, subsequent to the first year from the grant date and 80,500 options will vest over a four-year period, with a quarter of the options vesting at the end of the first year from the date of grant, and the remaining vesting in 12 equal quarterly tranches, subsequent to the first year from the grant date	7 years
October 2017	$ 92	$ 8.95	None	39.29%	1.5%	will vest over a 21 months period, with a half of the options vesting at the end of the first year from the date of grant, and the remaining options vesting in 9 equal monthly tranches, subsequent to the first year from the grant date	1.75 years
October 2017	$ 202	$ 8.15	None	46.65%	2.0%	three-year period, with one third of the options vesting at the end of the first year from the date of grant, and the remaining vesting in 8 equal quarterly tranches, subsequent to the first year from the grant date	5 years
December 2017	$ 201	$ 5.15	None	46.21%	2.2%	three-year period, with one third of the options vesting at the end of the first year from the date of grant, and the remaining vesting in 8 equal quarterly tranches, subsequent to the first year from the grant date	5 years
December 2017	$ 47	$ 5.15	None	37.09%	1.8%	will vest over a 18 months period, with a half of the options vesting at the end of the first year from the date of grant, and the remaining vesting in 6 equal monthly tranches, subsequent to the first year from the grant date	1.5 years
December 2017	$ 682	$ 5.15	None	46.21%	2.2%	three-year period, with one third of the options vesting at the end of the first year from the date of grant, and the remaining vesting in 8 equal quarterly tranches, subsequent to the first year from the grant date	5 years

* The risk-free interest rate was determined on the basis of the yield rates to maturity of unlinked government bonds bearing a fixed interest rate, whose maturity dates correspond to the expected exercise dates of the options.

NOTE 13 - EQUITY (continued):

2) The following table contains additional information concerning options granted to employees and service providers:

	Year ended December 31		
	2015	**2016**	**2017**
	Number of options		
a) Options with an exercise price of NIS 0.5:			
Outstanding at beginning of year	137,951	137,386	136,821
Exercised	(565)	—	(377)
Expired	—	(565)	—
Outstanding at end of year	137,386	136,821	136,444
Exercisable at end of year	8,991	8,426	8,050
Weighted average remaining contractual life (years)	3.44	2.61	1.61
b) Options with an exercise price of NIS 27.93 – NIS 81.1:			
Outstanding at beginning of year	630,089	686,746	289,698
Granted	60,000	—	—
Forfeited	(3,343)	(103,176)	(2,538)
Cancelled	—	(117,200)	—
Expired	—	(176,672)	(66,417)
Outstanding at end of year	686,746	289,698	220,743
Exercisable at end of year	292,562	170,232	160,092
Weighted average remaining contractual life (years)	2.82	2.62	1.86
c) Options with an exercise price of $3.46 – $8.56:			
Outstanding at beginning of year		—	794,333
Granted		805,933	1,160,500
Exercised		—	(11,006)
Forfeited		(11,600)	(70,832)
Expired		—	(312)
Outstanding at end of year		794,333	1,872,683
Exercisable at end of year		—	275,196
Weighted average remaining contractual life (years)		9.36	7.66

Each option that is exercisable affords the right to acquire one ordinary share of the Company.

Israeli employees and directors are granted options under Section 102 of the Israeli Income Tax Ordinance (the "Ordinance"), primarily under the "capital gains" track. Non-employees of the Company (consultants and service providers) are granted options under Section 3(i) of the Ordinance.

NOTE 14 - RESEARCH AND DEVELOPMENT EXPENSES:

	Year ended December 31		
	2015	2016	2017
	U.S. dollars in thousands		
Payroll and related expenses	2,282	2,956	4,152
Materials and subcontractors	520	794	611
Professional services	468	1,112	1,706
Research and clinical trials	2,568	8,613	12,457
Rent and maintenance	641	763	1,071
Depreciation	727	676	802
Share-based compensation	152	252	362
Others	175	183	331
	7,533	15,349	21,492

NOTE 15 - GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31		
	2015	2016	2017
	U.S. dollars in thousands		
Payroll and related expenses	830	755	1,071
Rent and maintenance	177	195	253
Professional services	1,178	1,208	1,898
Overseas travel and trade shows	66	89	203
Depreciation	20	25	27
Share-based compensation	229	284	841
Insurance	67	143	183
Others	221	398	668
	2,788	3,097	5,144

NOTE 16 - FINANCIAL INCOME (EXPENSES):

Financial income:

	Year ended December 31		
	2015	2016	2017
	U.S. dollars in thousands		
Interest on cash equivalents and short-term bank deposits	44	176	286
Changes in fair value of derivative financial instruments, see note 4	—	230	—
Gain on changes in exchange rates	589	60	72
	633	466	358
Financial expenses:			
Bank fees	16	16	17
Changes in fair value of derivative financial instruments, see note 4	213	—	184
	229	16	201
Financial income, net	404	450	157

NOTE 17 - LOSS PER SHARE

The basic loss per share is computed by dividing the Company's loss attributable to the holders of shares by the weighted average number of ordinary shares outstanding during the period.

	Year ended December 31		
	2015	2016	2017
	U.S. dollars in thousands (except per share amounts)		
Net loss per year as reported in the statements of comprehensive loss	7,180	13,362	29,093
Weighted average of ordinary shares outstanding during the period	7,791	11,448	17,660
Basic and diluted loss per share	(0.92)	(1.17)	(1.65)

The diluted loss per share does not include 824,132, 1,220,852 and 2,229,870 options granted to employees and service providers for the years ended December 31, 2015, 2016 and 2017, respectively, 577,795 warrants (Series 7) which were issued in 2014 and expired in 2015, 92,400 warrants which were issued to institutional investors in 2013 and expired in 2015, 198,812 warrants which were issued to several investors in 2013 and exercised in 2017 and 80,166 warrants which were issued to several investors in 2014 and expired in 2016, because the effect of their inclusion in the calculation would be anti-dilutive.

NOTE 18 - EXPENSES RELATING TO EMPLOYEE BENEFITS:

	Year ended December 31		
	2015	2016	2017
	U.S. dollars in thousands		
Payroll and other benefits	2,824	3,343	4,296
Social security	143	173	221
Share-based compensation	381	536	1,203
Post-employment benefits - defined contribution plan	303	369	476
	3,651	4,421	6,196
Average number of employees to which these benefits are related	47	56	63

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES:

"Related party" – has the meaning set forth in IAS 24R.

The Company's key management personnel (who are included, together with other persons, within the definition of "related parties" as defined in IAS 24R) in 2015, 2016 and 2017 include the members of the Board of Directors and the CEO.

a. Transactions with related parties:

	Year ended December 31		
	2015	2016	2017
	U.S. dollars in thousands		
Key management compensation expenses:			
Salaries and short-term employee benefits	430	628	1,125
Long term employment benefits	30	43	45
Share-based compensation expenses	84	290	726
	544	961	1,896

b. Balances with related parties:

	December 31	
	2016	2017
	U.S. dollars in thousands	
Statement of financial position items -		
current liabilities - Accounts payable and accruals - other	44	190

NOTE 20 - EVENTS SUBSEQUENT TO DECEMBER 31, 2017:

a. On January 2, 2018, the Board of Directors approved a grant of 385,000 options to three management members. Each option will be exercisable into one ordinary share, each for an exercise price of $5.19. The options will vest over a three-year period, with a third of the options vesting at the end of the first year from the date of grant, and the remaining options vesting in 8 equal quarterly tranches, subsequent to the first year from the grant date. The options will expire seven years after the date of grant. The value of the benefit in respect of said options, as calculated on the grant date, is approximately $1.1 million.

b. On February 5, 2018, the Board of Directors approved a grant of 611,000 options to Company employees, where each option will be exercisable into one ordinary share, each for an exercise price of $6.67. The options will vest over a three-year period, with a third of the options vesting at the end of the first year from the date of grant, and the remaining options vesting in 8 equal quarterly tranches, subsequent to the first year from the grant date. The options will expire seven years after the date of grant. The value of the benefit in respect of said options, as calculated on the grant date, is approximately $1.4 million.

ITEM 19. Exhibits.

Exhibit No.	Exhibit Description
1.1*	Certificate of Incorporation of Orly Guy Ltd., dated October 23, 2000
1.2*	Certificate of Name Change of Orly Guy Ltd. to Intec Pharmaceutical (2000) Ltd., dated February 7, 2001
1.3*	Certificate of Name Change of Intec Pharmaceutical (2000) Ltd. to Intec Pharma Ltd., dated March 15, 2004
1.4	Articles of Association of Intec Pharma Ltd., as amended
2.1	Specimen share certificate
4.1+*	Joint Venture for R&D, dated June 1, 2000, by and between Yissum Research Development Company of the Hebrew University of Jerusalem and Intec Pharmaceutical Partnership Ltd.
4.2+*	Notice of Extension Letter, dated October 5, 2004, from Intec Pharma Ltd. to Yissum Research Development Company of the Hebrew University of Jerusalem
4.3*	Amendment, dated July 13, 2005, by and between Yissum Research Development Company of the Hebrew University of Jerusalem and Intec Pharma Ltd., to the Joint Venture for R&D Agreement dated June 1, 2000
4.4*	Research Agreement, dated January 15, 2008, by and between Yissum Research Development Company of the Hebrew University of Jerusalem and Intec Pharma Ltd.
4.5	Compensation Policy for Intec Pharma Ltd.'s Directors and Officers, as amended
4.6*	Intec Pharma Ltd. 2005 Share Option Plan
4.7*****	Intec Pharma Ltd. 2015 Equity Incentive Plan
4.8	Unprotected Lease Agreement between Intec Pharma Ltd. and R.M.P.A. Assets Ltd., dated June 2, 2003, together with supplements thereto dated as of April 21, 2004, January 1, 2006, December 15, 2009, January 18, 2011, October 28, 2015 and December 31, 2017
4.9****	Service Agreement, dated May 14, 2016, between Intec Pharma Ltd. and John Warren Kozarich

4.10	Service Agreement, dated August 29, 2017, between Intec Pharma Ltd. and Jeffrey A. Meckler
4.11	Employment Agreement, dated December 11, 2017, between Intec Pharma Inc., Intec Pharma Ltd. and Jeffrey A. Meckler.
4.12	Employment Agreement, dated January 15, 2006, between Intec Pharma Ltd. and Nadav Navon, as amended on May 29, 2011, March 2012, October 21, 2013 and January 1, 2018
4.13	Employment Agreement, dated February 23, 2010, between Intec Pharma Ltd. and Nir Sassi, as amended on March 28, 2012, October 21, 2013 and January 1, 2018
4.14*	Employment Agreement, dated August 1, 2008, between Intec Pharma Ltd. and Giora Carni as amended on October 12, 2010 and on October 21, 2013
4.15	Employment Agreement, dated December 12, 2017, between Intec Pharma Ltd. and Giora Carni
4.16*	Employment Agreement, dated June 1, 2009, between Intec Pharma Ltd. and Zeev Weiss as amended in 2012 and on November 11, 2013
4.17	Employment Agreement, dated October 3, 2017, between Intec Pharma Ltd. and Zeev Weiss
4.18****	Employment Agreement, dated November 1, 2004, between Intec Pharma Ltd. and Zvi Joseph, as amended on October 20, 2009, July 28, 2011, October 21, 2013 and July 19, 2016
4.19	Employment Agreement, dated December 12, 2017, between Intec Pharma Ltd. and Zvi Joseph
4.20***	Form of Indemnification Agreement
4.21***	Form of Exemption from Liability
4.22+**	Amendment, dated March 12, 2015, by and between Yissum Research Development Company of the Hebrew University of Jerusalem and Intec Pharma Ltd., to the Joint Venture of R&D Agreement dated June 1, 2000.
4.23****	Form of Subscription Agreement, dated March 10, 2017, by and among Intec Pharma Ltd. and the investors identified on signature page thereto
4.24	List of Subsidiaries
12.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended
12.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended
13.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of Kesselman & Kesselman, Certified Public Accountant (Isr.), independent registered public accounting firm, a member of PricewaterhouseCoopers International Limited
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*	Incorporated herein by reference to the Company's Registration Statement on Form F-1 filed with the SEC on June 9, 2015.
**	Incorporated herein by reference to Amendment No. 1 to the Company's Registration Statement on Form F-1 filed with the SEC on July 16, 2015.
***	Incorporated herein by reference to Amendment No. 2 to the Company's Registration Statement on Form F-1 filed with the SEC on July 28, 2015.
****	Incorporated herein by reference to the Company's Annual Report on Form 20-F filed with the SEC on April 7, 2017.
*****	Incorporated herein by reference to the Company's Registration Statement on Form S-8 filed with the SEC on February 25, 2016.
+	Certain portions of this agreement have been omitted under a confidential treatment order pursuant to Rule 406 of the Securities Act of 1933, as amended, and Rule 24b-2 of the Securities Exchange Act of 1934, as amended, and filed separately with the SEC.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

INTEC PHARMA LTD.

By: /s/ Jeffrey A. Meckler
Jeffrey A. Meckler
Chief Executive Officer

Date: March 9, 2018

Exhibit 1.4

[English Translation of Original Hebrew Document]

Articles of Association
of

Intec Pharma Ltd.
(the "Company")

Pursuant to

the Companies Law, 5759-1999
(the "Companies Law")

As amended on December 11, 2017

1. **Name of the Company**

2. The Company's name in Hebrew is "**Intec Pharma Ba'am**" and in English "Intec Pharma Ltd.".

3. **Objects of the Company**

The Company's object is to engage in any legal business.

4. **Limited Liability**

The shareholders' liability for the Company's debts is limited to the full amount (par value plus premium) that they were required to pay the Company for the shares and which has not yet been paid by them.

5. **The Company's Share Capital and the Rights Attached to the Shares**

5.1. The authorized share capital of the Company is comprised of 50,000,000 ordinary shares, no par value (the "**Ordinary Shares**").

5.2. The Ordinary Shares shall confer on their holders:

5.2.1. An equal right to participate in and vote at the Company's general meetings, whether ordinary meetings or special meetings, and each one of the Company's shares shall entitle its holder, who is present at the meeting and participates in the vote, in person, by proxy or by voting card, to one vote;

5.2.2. An equal right to participate in the distribution of dividends, whether in cash or in stock dividends, in the distribution of assets or in any other distribution, according to the ratio of the par value of the shares held by them;

5.2.3. An equal right to participate in the distribution of surplus assets of the Company upon dissolution thereof according to the ratio of the par value of the shares held by them.

5.3. The board of directors may issue shares and other securities, convertible for or exercisable into shares, up to the Company's authorized share capital. For the purpose of calculation of the authorized capital, the securities convertible for or exercisable into shares shall be deemed as having been converted or exercised on the date of issuance thereof.

6. **Co-Holding of Shares and Share Certificates**

6.1. A shareholder registered in the shareholders' register is entitled to receive from the Company, free of charge, within a period of three months after the allotment or registration of the transfer, a single share certificate signed with the Company's stamp, in respect of all of the shares registered in his name, which shall specify the number of shares. In the case of a co-held share, the Company shall issue one share certificate to all of the co-holders of the share, and delivery of such certificate to one of the partners shall be deemed as delivery to all of them.

Each share certificate shall be signed by any two office holders of the Company or by any other person appointed by the board of directors for such purpose, plus the Company's stamp or printed name.

6.2. A share certificate that is defaced, destroyed or lost may be renewed based on proof and guarantees as the Company shall demand from time to time.

7. **The Company's Remedies in relation to Shares not Fully Paid Up**

7.1. If the consideration that the shareholder undertook to pay to the Company in consideration for his shares is not given, in whole or in part, on such date and under such conditions as are determined in the terms of allotment of his shares and/or in the call mentioned in Section 7.2 below, the Company may, in a resolution of the board of directors, forfeit the shares, the consideration for which was not paid in full. The shares will be forfeited provided that the Company shall have sent the shareholder a written warning of its intention to forfeit his shares within at least 7 days from the date of receipt of the warning in the event that the payment is not made during the period set forth in the warning letter.

The board of directors may, at any time before the date on which a forfeited share is sold, re-alloted or otherwise transferred, cancel the forfeiture under such conditions as it deems fit.

The forfeited shares will be held by the Company as treasury shares or sold to another.

7.2. If, according to the terms of issuance of shares, there is no fixed date for payment of any part of the price to be paid therefor, the board of directors may, from time to time, make calls on the shareholders for the unpaid money for the shares held by them, and each shareholder will be obligated to pay the Company the amount called from him on the date determined as aforesaid, provided that he receives prior notice of 14 days of the time and place of payment ("**Call**"). The notice will specify that non-payment on or before the date fixed at the place specified may result in forfeiture of the shares in relation to which the call was made. A Call may be retracted or postponed to another date, all as the board of directors shall decide.

7.3. Unless determined otherwise in the terms of allotment of the shares, a shareholder will not be entitled to receive a dividend or to exercise any right as a shareholder in respect of shares not yet fully paid up.

7.4. Persons who are co-holders of a share will be jointly and severally liable for payment of the amounts due to the Company in respect of the share.

7.5. The provisions of this section do not derogate from any other remedy of the Company vis-à-vis a shareholder who shall not have paid his debt to the Company in respect of his shares.

8. **Transfer of Shares**

8.1. The Company's shares may be transferred.

8.2. Any transfer of shares must be done in writing and shall not be registered unless –

8.2.1. A valid share transfer deed is delivered to the Company at its registered office together with the certificates of the shares to be transferred, if issued. A transfer deed will be signed by the transferor and by a witness certifying the transferor's signature. In the case of a transfer of shares that shall not have been fully paid up on the date of the transfer, the transfer deed will also be signed by the share recipient and by a witness certifying the share recipient's signature; or

8.2.2. A court order is delivered to the Company to amend the registration; or

8.2.3. It is proven to the Company that legal conditions for endorsement of the right in the share have been fulfilled.

8.3. A transfer of shares that have not been fully paid up requires the approval of the board of directors, which may refuse to give its approval at its absolute discretion and without giving reasons therefor.

8.4. A transfer recipient shall be deemed as the shareholder in relation to the transferred shares from the moment of registration of his name in the shareholders' register.

8.5. The guardians and executors of the estate of an individual shareholder who passes away or, in the absence of executors of the estate or guardians, persons who hold a right as the heirs of the individual shareholder who passed away, will be the individuals whom the Company shall recognize as the holders of a right in the share that was registered in the deceased's name.

8.6. If a share is registered in the name of two or more holders, the Company shall only recognize the surviving partner or the surviving partners as the persons holding the right in the share or a benefit therein. If a share is registered in the name of several co-holders as aforesaid, each one of them will be entitled to transfer his right.

8.7. The Company may recognize a receiver or liquidator of a shareholder that is a corporation in liquidation or dissolution or a trustee in bankruptcy or any receiver of a bankrupt shareholder as the holders of a right to the shares registered in the name of such shareholder.

8.8. Any person who gains a right in shares due to the death of a shareholder will be entitled, upon presenting proof of probate or the appointment of a guardian or the issuance of an inheritance order, attesting that he holds the right to the deceased shareholder's shares, to be registered as shareholder in respect of such shares, or may, subject to the provisions of these articles, transfer such shares.

8.9. The receiver or liquidator of a shareholder that is a corporation in liquidation or dissolution or the trustee in bankruptcy or any receiver of a bankrupt shareholder may, after having provided such evidence as the board of directors shall require of him, which testify that he has the right to the shares of the shareholder in liquidation or dissolution or in bankruptcy, with the board of directors' consent, be registered as shareholder in respect of such shares, or may, subject to the provisions of these articles, transfer such shares.

9. **Change in Capital**

The general meeting may, by a simple majority of the shareholders present at the general meeting:

9.1. Increase the Company's authorized share capital by creating new shares of an existing class or of a new class, all as shall be determined in a resolution of the general meeting.

9.2. Cancel authorized share capital that has not yet been allotted, provided that there is no undertaking of the Company, including a contingent undertaking, to allot the shares.

9.3. Consolidate and re-divide its share capital, or any part thereof, into shares of a greater par value than the amount of the par value of the existing shares.

9.4. Re-divide its share capital, in whole or in part, by re-dividing its existing shares, in whole or in part, into shares of a lesser par value than the par value of the existing shares.

9.5. Reduce its share capital and any capital redemption reserve fund in such manner and under such conditions and upon receipt of such approval as the Companies Law shall require.

9.6. Reduce shares in the Company's issued capital, such that these shares shall be cancelled and any and all consideration paid in respect of the par value of the shares that were cancelled as aforesaid shall be recorded on the Company's books as a capital reserve, which will be deemed, for all intents and purposes, as a premium paid on the shares that shall remain in the Company's issued capital.

10. **Change in Rights of Share Classes**

10.1. Unless determined otherwise in the terms of issuance of the shares, and subject to the provisions of any law, the rights of any class of shares may be changed after the adoption of a resolution of the Company's board of directors and with the approval of the general meeting of the holders of shares of the same class or written consent of all of the holders of the shares of the same class. The provisions of the Company's articles regarding general meetings shall apply, *mutatis mutandis*, to a general meeting of the holders of such class.

10.2. The rights conferred on holders of shares of a certain class that were issued with special rights shall not be deemed as having been changed by the creation or issuance of additional shares ranking *pari passu* therewith, unless provided otherwise in the terms of issuance of such shares.

11. **General Meetings**

11.1. Resolutions of the Company on the following matters shall be adopted at the general meeting -

11.1.1. Changes to the articles;

11.1.2. Exercise of authorities of the board of directors when the board of directors is unable to perform its duties;

11.1.3. Appointment of the Company's auditor and termination of his employment;

11.1.4. Appointment of directors, including outside directors;

11.1.5. Approval of actions and transactions which require the approval of the general meeting pursuant to the provisions of the Companies Law and any other law;

11.1.6. Increase and reduction of the authorized share capital;

11.1.7. Merger, as defined in the Companies Law; and

11.1.8. Authorization of the chairman of the board or a relative thereof to perform the duties or exercise the powers of the CEO, and authorization of the CEO or a relative thereof to perform the duties or exercise the powers of the chairman of the board, as stated in Section 121(c) of the Companies Law.

12. **Convening of General Meetings**

12.1. Annual general meetings shall be convened at least once a year at such place and time as the board of directors shall determine, but no later than 15 months after the last annual general meeting. These general meetings shall be referred to as "Annual Meetings". The other general meetings of the Company shall be referred to as "Special Meetings".

12.2. The Annual Meeting shall appoint an auditor, appoint the directors according to these articles and discuss any and all other matters that need to be discussed at the annual general meeting of the Company, according to these articles or pursuant to the Companies Law, as well as any other matter as the board of directors shall determine.

12.3. The board of directors may convene a Special Meeting according to a resolution thereof and is obligated to convene a Special Meeting if it receives a written demand from any one of the following (the "**Demand to Convene**") –

12.3.1. Two incumbent directors; and/or

12.3.2. One or more shareholders who hold at least five percent of the voting rights in the Company.

12.4. Any Demand to Convene needs to specify the objectives for which a meeting needs to be called and shall be signed by the demanding parties and be delivered to the Company's registered office. The demand may comprise several documents in identical language, each one of which signed by one or more demanding parties.

12.5. The board of directors, if required to summon a Special Meeting, shall summon the same within twenty-one days from the date that the Demand to Convene is submitted thereto, for a date to be determined in the invitation according to Section 14.6 below and subject to any law.

12.6. Notice to the Company's members regarding the convening of a general meeting shall be made in accordance with applicable law. The Company is not obligated to deliver personal notices of the convening of a meeting to the shareholders registered in the shareholders' register of the Company.

13. **Deliberation at the General Meetings**

13.1. Deliberations at the general meeting shall not be opened unless a legal quorum is present at the time of opening of the deliberation. Legal quorum shall be formed upon the presence (including by proxy or by voting card) of at least two shareholders holding at least twenty-five percent of the voting rights within one half hour from the time scheduled for the opening of the meeting.

13.2. In the event that one half hour after the time scheduled for the meeting to begin legal quorum shall not have been formed at a general meeting, the meeting shall stand adjourned for one week, to the same day, time and place, or to a later date, if stated in the invitation to the meeting or in the notice of the meeting (the "**Adjourned Meeting**").

13.3. Legal quorum for commencement of the Adjourned Meeting will be any number of participants.

13.4. The chairman of the board will act as chairman of the general meeting, and in his absence the chairman of the meeting shall be elected by the persons participating in the meeting at the beginning of the meeting.

13.5. A general meeting at which a legal quorum is present may decide to postpone the meeting to another place and to another time, to be determined, in which case notices of the said place and time shall be published in the manner of publication set forth in the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting at a Public Company), 5760-2000.

14. **Voting at the General Meeting**

14.1. A shareholder of the Company will be entitled to vote at the general meetings in person or by proxy or by voting card.

The shareholders entitled to participate in and vote at the general meeting are the shareholders on the date that shall be determined by the board of directors in the resolution to summon the general meeting, and subject to any law.

14.2. At any vote, each shareholder shall have a number of votes in accordance with the number of shares held by him.

14.3. A resolution at the general meeting shall be adopted by a simple majority, unless another majority is determined in the Companies Law or in these articles.

14.4. A declaration by the chairman of the meeting that a resolution was adopted unanimously or by a certain majority, or was voted down or that a certain majority was not attained will be *prima facie* evidence thereof.

14.5. If the votes at the meeting are tied, the chairman of the meeting will not have the right to another or casting vote, and the resolution shall be voted down.

The Company's shareholders may vote at a general meeting (including at a class meeting) via a voting card on issues on which they are entitled to do so pursuant to Section 87 of the Companies Law, as being from time to time.

14.6. A shareholder may state the manner of his vote on the voting card and deliver it to the Company up to 48 hours before the time of commencement of the meeting. A voting card on which a shareholder stated the manner of his vote which reached the Company at least 48 hours before the time of commencement of the meeting (and with respect to an Adjourned Meeting– 48 hours before the time of the Adjourned Meeting) shall be deemed as presence at the meeting, including for purposes of forming the legal quorum as stated in Section 12.1 above.

14.7. A proxy will be appointed in writing, signed by the principal ("**Power of Attorney**"). A corporation shall vote through its representatives who shall be appointed by a document that shall be duly signed by the corporation ("**Letter of Appointment**").

14.8. Voting in accordance with the terms and conditions of the Power of Attorney shall be lawful even if the principal shall have previously passed away or become incapacitated, been dissolved, become bankrupt or shall have cancelled the Letter of Appointment or transferred the share in respect of which it was cast, unless written notice shall have been received at the office, prior to the meeting, that the shareholder passed away, became incapacitated, was dissolved, became bankrupt, or cancelled the Letter of Appointment or transferred the share as aforesaid.

14.9. The Letter of Appointment and Power of Attorney or a copy thereof shall be delivered to the Company's registered office (by personal delivery or via fax) at least forty-eight (48) hours before the time scheduled for the meeting or for the adjourned meeting at which the person mentioned in the document intends to vote according thereto.

14.10. A shareholder of the Company will be entitled to vote at meetings of the Company through several proxies, who shall be appointed by him, provided that each proxy shall be appointed in respect of different portions of the shares held by the shareholder. There will be no impediment to each proxy as aforesaid voting differently at meetings of the Company.

14.11. If a shareholder is incapacitated, he may vote through his trustees, receiver, natural guardian or another legal guardian, and they will be entitled to vote in person or by proxy or by voting card.

14.12. Where two or more persons are co-holders of a share, at a vote on any matter, the vote of the person named first in the shareholders' register as the holder of such share will be accepted, whether in person or by proxy, and he shall be entitled to deliver voting cards to the Company.

15. **Amendment of the Articles**

A resolution to amend these articles will require a simple majority of the shareholders present at the general meeting, whose agenda shall include amendment of the articles.

16. **The Board of Directors**

The board of directors will outline the Company's policy and supervise performance of the CEO's duties and actions. The board of directors may exercise any authority of the Company that is not conferred in the Companies Law or in the articles on another organ.

17. **Appointment of the Board of Directors and Termination of Office**

17.1. The number of directors of the Company (including outside directors) shall be determined from time to time by the annual general meeting (subject to Section 17.3 below), provided that it is no less than four and no more than nine.

17.2. The Company's directors will be elected at an Annual Meeting and/or at a Special Meeting, and shall hold office until the end of the next coming Annual Meeting (i.e. at the end of the Annual Meeting all of the Company's directors who served until such meeting shall resign, with the exception of outside directors, subject to the provisions at the end of this section below), or until they resign or until they cease to hold office according to the provisions of the articles or any law, all whichever is earlier. If, at a general meeting of the Company, new directors are not elected in the minimum number determined according to the articles, the directors who served until such meeting shall continue to hold office until their replacement by the Company's general meeting.

17.3. In addition to the provisions of Section 17.2 above, the directors may appoint a director in lieu of a director whose position was vacated and/or as an addition to the board of directors, subject to the maximum number of directors on the board of directors as stated in Section 17.1 above. Appointment of a director by the board of directors will be valid until the next Annual Meeting or until he ceases to hold office according to the provisions of the articles or any law, all whichever is earlier.

17.4. A director whose term of office has ended may be reelected.

17.5. The term of office of a director shall begin on the date of his appointment by the Annual Meeting and/or the Special Meeting and/or the board of directors or on a later date if such date is determined in the appointment resolution of the Annual Meeting and/or the Special Meeting and/or the board of directors.

17.6. The board of directors shall elect the chairman of the board from among its members. If no chairman is elected or if the chairman is not present 15 minutes after the time scheduled for the meeting, the directors present shall elect one of them to preside over the meeting, and the elected director shall chair the meeting and sign the minutes.

The chairman of the board will not be the Company's CEO other than upon the fulfillment of the conditions listed in Section 121(c) of the Companies Law.

17.7. The general meeting may remove from office any director before the end of his term of office, regardless of whether the director was appointed thereby by virtue of Section 17.2 above or the director was appointed by the board of directors by virtue of Section 17.3 above, provided that the director is given a reasonable opportunity to present his position to the general meeting.

17.8. If a director's position is vacated, the remaining directors will be entitled to continue to act so long as the number of remaining directors shall not have fallen below the minimum number of directors determined in the articles. In a case in which the number of directors is less than the said minimum number, the remaining directors will be entitled to act only in order to fill the vacancy as stated in Section 17.3 above or in order to summon a general meeting of the Company, and until the convening of the general meeting as aforesaid, they may act for the management of the Company's business only on urgent matters.

17.9. Each board member may, with the consent of the board of directors, appoint for himself an alternate ("**Alternate Director**"), subject to the provisions of the law.

Appointment or termination of office of an Alternate Director shall be made in a written document, signed by the director who appointed him, although in any event, an Alternate Director's office shall end upon the occurrence to the Alternate Director of one of the cases specified in the paragraphs in Section 17.10 below or if the office of the board member for whom he acts as an alternate shall be vacated for whatever reason.

An Alternate Director is deemed as a director and he shall be subject to all of the legal provisions and the provisions of these articles, with the exception of the provisions regarding the appointment and/or termination of a director set forth in these articles.

17.10. A director's position shall be vacated in any one of the following cases:

17.10.1. He resigned from office by a letter signed by him that was submitted to the Company and which specifies the reasons for his resignation;

17.10.2. He is removed from office by the general meeting;

17.10.3. He is convicted of an offense as stated in Section 232 of the Companies Law;

17.10.4. According to a court decision, as stated in Section 233 of the Companies Law;

17.10.5. He is declared incapacitated; and

17.10.6. He is declared bankrupt.

18. **Board Meetings**

18.1. The board of directors shall convene for a meeting according to the needs of the Company and at least once every three months.

18.2. The chairman of the board may convene the board of directors at any time. In addition, the board of directors shall hold a meeting, on an issue to be specified, in the following cases:

18.2.1. At the demand of two directors, although if on such date the board of directors comprises five directors or less – at the demand of one director;

18.2.2. At the demand of one director if he stated in his demand to convene the board of directors that he has learned of a matter of the Company ostensibly revealing a breach of law or improper business conduct;

18.2.3. A notice or report of the CEO requires action by the board of directors; and

18.2.4. The auditor has given notice to the chairman of the board of material deficiencies in the Company's accounting control.

18.3. Notice of a board meeting shall be delivered to all of its members at least three days before the date of convening of the board of directors or by shorter notice with the consent of all of the directors. The notice shall be delivered to the address of the director that was provided to the Company in advance, and shall state the date of the meeting and the place at which it shall convene, as well as a reasonable specification of all of the issues on the agenda.

The aforesaid notwithstanding, the board of directors may convene for a meeting without notice with the consent of all of the directors.

18.4. The legal quorum for opening a board meeting will be a majority of the board members. If legal quorum is not present at the board meeting one half hour after the time scheduled for the meeting to begin, the meeting shall stand adjourned to another date to be decided on by the chairman of the board, or in his absence the directors who were present at the meeting summoned, provided that notice of the date of the adjourned meeting shall be delivered to all of the directors two days in advance. The legal quorum for opening an adjourned meeting will be any number of participants. The aforesaid notwithstanding, the legal quorum for discussions and resolutions at the board of directors regarding the termination or suspension of the internal auditor will be a majority of the board members.

18.5. The board of directors may hold meetings through the use of any means of communication, provided that all of the directors participating are able to hear one another simultaneously.

18.6. The board of directors may adopt resolutions even without convening in practice, provided that all of the directors who are entitled to participate in the deliberation and to vote on the matter presented for resolution have agreed thereto (i.e. agreed that the resolution be adopted without actually convening). If resolutions are adopted as stated in this section, the chairman of the board shall record minutes of the resolutions stating the manner of the vote of each director on the matters presented for resolution, as well as the fact that all of the directors agreed to adopt the resolution without convening.

19. **Voting at the Board of Directors**

19.1. At a vote at the board of directors, each director shall have one vote.

19.2. Resolutions of the board of directors shall be adopted by a majority of votes. The chairman of the board will not have an additional or casting vote, and in the case of a tied vote, the resolution shall be voted down.

20. **Borrowing Powers**

The board of directors may, from time to time, at its sole discretion, borrow or secure any amount or amounts of money for the Company's objects. The Company's board of directors will be entitled to obtain or secure payment of any such amount or amounts in such manner, on such dates and under such conditions as it deems fit, and in particular by the issuance of guaranties, fixed or redeemable bonds, bond stock or any mortgage, pledge or floating charge or any other security on the Company's property, in whole or in part, whether in the present or the future, including the uncalled share capital and the share capital called up but unpaid.

21. **Board Committees**

21.1. The Company's board of directors may set up committees and appoint thereto members from among the board members ("**Board Committee**"). If Board Committees are set up, the board of directors shall determine, in the terms and conditions of authorization thereof, whether certain authorities of the board of directors be delegated to the Board Committee, such that a resolution of the Board Committee be deemed as a resolution of the board of directors or whether a resolution of the Board Committee shall constitute a recommendation only, which is subject to the approval of the board of directors, provided that no deciding powers shall be delegated to a committee on the matters listed in Section 112 of the Companies Law.

21.2. The meetings and deliberations of any Board Committee comprising two or more members shall be subject to the provisions included in these articles regarding board meetings and voting therein, *mutatis mutandis* and subject to resolutions of the board of directors regarding committee meeting procedures (if any).

22. **Audit Committee**

22.1. The Company's board of directors shall appoint an audit committee from among its members. The number of members of the audit committee will be no less than three and all of the outside directors will be members thereof. Neither the chairman of the board nor any director employed by the Company or who regularly provides services thereto nor the Company's controlling shareholder nor his relative shall be appointed as members of the committee.

22.2. The audit committee's duties will be –

22.2.1. To point out deficiencies in the Company's business conduct, *inter alia* in consultation with the Company's internal auditor or with the auditor, and to suggest to the board of directors ways to correct the same; and

22.2.2. To decide whether to approve actions and transactions requiring the approval of the audit committee pursuant to the Companies Law.

23. **Management of the Company**

23.1. The Company's board of directors will be authorized to appoint and, at its discretion, terminate or suspend officers (with the exception of directors), a CEO, secretary, clerk, employee or principal, regardless of whether they are employed permanently or temporarily or for special services, as the board of directors shall deem fit from time to time, and to define their powers and duties and to determine their salaries and fees and to demand collateral in such cases and amounts as the board of directors shall deem fit.

23.2. The CEO will be responsible for the current management of the Company's affairs in the framework of the policy determined by the board of directors and subject to its instructions.

24. **Exemption, Insurance and Indemnification**

24.1. Exemption from liability

The Company is entitled, in a resolution adopted in the manner set forth in the Companies Law, to exempt an officer thereof in advance from his liability, in whole or in part, due to a breach of the duty of care thereto.

24.2. Liability insurance

Subject to the provisions of the Companies Law, the Company is entitled to enter into a contract for insurance of the liability of an officer thereof due to a liability that shall be imposed on him due to an action taken in his capacity as an officer thereof, in whole or in part, for any one of the following:

24.2.1. Breach of the duty of care vis-à-vis the Company or vis-à-vis another person;

24.2.2. Breach of the fiduciary duty vis-à-vis the Company, provided that the officer acted in good faith and had reasonable grounds to believe that the action would not prejudice the best interests of the Company;

24.2.3. Monetary liability that shall be imposed on him in favor of another person;

24.2.4. Another action that may be insured pursuant to the Companies Law;

24.2.5. Expenses incurred by or charged to the officer, in connection with an administrative enforcement proceeding conducted with respect to him, including reasonable litigation expenses, including legal fees. In this paragraph –

(a) "Administrative enforcement proceeding" – an administrative enforcement proceeding pursuant to the provisions of any law, including the Streamlining of Enforcement Procedures Law and the Securities Law, 5728-1968 ("**Securities Law**"), including an administrative petition or an appeal in connection with the said proceeding;

(b) "Streamlining of Enforcement Procedures Law" – The Streamlining of ISA Enforcement Procedures Law (Legislative Amendments), 5771-2011, as shall be updated from time to time; and

24.2.6. Payment to a party injured by a breach as stated in Section 52BBB of the Securities Law, as amended in the Streamlining of Enforcement Procedures Law ("**Payment to a Party Injured by a Breach**").

If the insurance contract mentioned in this section covers the Company's liability, the officers will have priority, over the Company, in receiving the insurance proceeds.

24.3. Indemnification

Subject to the provisions of the Companies Law, the Company may, in a resolution adopted in the manner set forth in the Companies Law, indemnify an officer thereof due to liability or an expense as specified below, imposed on him due to an action taken in his capacity as an officer thereof:

24.3.1. A monetary liability imposed on him in favor of another person in a judgment, including a judgment issued in a settlement or an arbitration award that was approved by the court;

24.3.2. Reasonable litigation expenses, including legal fees, incurred by an officer due to an investigation or proceeding that was conducted against him by an authority which is authorized to conduct an investigation or proceeding, and which has ended without the filing of an indictment against him and without a monetary liability being imposed on him as a substitute for a criminal proceeding, or which has ended without the filing of an indictment against him but with the imposition of a monetary liability as a substitute for a criminal proceeding in an offense which requires no proof of general intent; in this paragraph –

(a) "A proceeding ended without the filing of an indictment in a case in which a criminal investigation has been made" - means the closing of the case pursuant to Section 62 of the Criminal Procedure Law [Consolidated Version], 5742-1982 (in this section: the "**Criminal Procedure Law**"), or a stay of proceedings by the Attorney General pursuant to Section 231 of the Criminal Procedure Law;

(b) "Monetary liability as a substitute for a criminal proceeding" – a monetary liability imposed by law as a substitute for a criminal proceeding, including an administrative fine pursuant to the Administrative Offenses Law, 5746-1985, a fine for an offense determined as an infraction pursuant to the provisions of the Criminal Procedure Law, a pecuniary sanction or a sanction;

24.3.3. Reasonable litigation expenses, including legal fees, incurred by or charged to the officer by a court, in a proceeding filed against him by or on behalf of the Company or by another person, or in a criminal indictment from which he is acquitted, or in a criminal indictment in which he is convicted of an offense requiring no proof of general intent;

24.3.4. Expenses incurred by or charged to the officer in connection with an administrative enforcement proceeding conducted with respect to him, including reasonable litigation expenses, and including legal fees;

24.3.5. Payment to a party injured by a breach;

24.3.6. Any liability or other expense for which it is and/or will be permitted to indemnify an officer;

24.3.7. The Company may undertake in advance to indemnify an officer thereof, provided that an indemnification undertaking pertaining to the provisions of Section 24.3 on the whole shall be restricted to such amount or criterion as the board of directors shall have determined are reasonable under the circumstances, and that the indemnification undertaking states the events which, in the board of directors' opinion, are foreseeable in view of the Company's business in practice at the time of the granting of the undertaking, as well as the amount or the criterion determined by the board of directors to be reasonable under the circumstances;

24.3.8. The Company may indemnify an officer thereof retroactively.

25. **Internal Auditor**

25.1. The Company's board of directors shall appoint an internal auditor in accordance with the Audit Committee's proposal. No person who is an interested party of the Company, an officer of the Company, a relative of any one of the above, or the auditor or anyone on his behalf shall serve as the Company's internal auditor.

25.2. The board of directors shall determine which officer will be the organizational supervisor of the internal auditor.

25.3. The internal audit plan that shall be prepared by the auditor will be submitted for the audit committee's approval, although the board of directors may determine that the plan be submitted for the board of directors' approval.

26. **Auditor**

26.1. The Annual Meeting shall appoint an auditor for the Company, and the auditor shall hold office until the end of the following Annual Meeting.

26.2. The auditor's fee for the audit function shall be determined by the board of directors. The board of directors will be entitled to delegate this power to a board committee.

26.3. The board of directors shall report to the Annual Meeting on the auditor's fee.

27. **Signature on behalf of the Company**

27.1. The signatory rights on behalf of the Company shall be determined from time to time by the Company's board of directors.

27.2. The person signing on the Company's behalf will do so together with an imprint of the Company's stamp or on or alongside its printed name.

28. **Dividend and Stock Dividends**

28.1. A resolution of the Company regarding the distribution of a dividend and/or the distribution of stock dividends will be adopted by the Company's board of directors.

28.2. The shareholders entitled to a dividend are the shareholders on the date of the resolution regarding the dividend or on a later date if another date is determined in the resolution regarding the distribution of the dividend.

28.3. If the Company's board of directors does not determine otherwise, it will be permissible to pay any dividend by check or payment order sent by mail according to the registered address of the shareholder or the person entitled thereto, or in the case of registered co-holders, to the shareholder named first in the shareholders' register in relation to the co-holding. Any such check shall be drawn to the order of the person to whom it is sent. A receipt of a person whose name, on the date of declaration of the dividend, is registered in the shareholders' register as the holder of any share or, in the case of co-holders, of one of the co-holders, shall serve as confirmation pertaining to all of the payments made in connection with such share and in respect of which the receipt was received.

28.4. For the purpose of performance of any resolution according to the provisions of this section, the Company's board of directors may resolve, as it deems fit, any difficulty that arises with respect to the distribution of the dividend and/or the stock dividends, and in this context determine the value, for the purpose of the said distribution, of certain assets and decide that payments in cash shall be made to members based on the value so determined, determine provisions in respect of share fractions or in respect of non-payment of amounts smaller than NIS 200.

29. **Redeemable Securities**

The Company may, subject to any law, issue redeemable securities under such conditions as the board of directors shall determine, provided that the approval of the general meeting is given for the board of directors' recommendation and the conditions determined thereby.

30. **Invoices**

30.1. The Company shall keep books and prepare financial statements pursuant to the Securities Law and any law.

30.2. The books shall be kept at the Company's registered office or at such other site as the directors shall deem fit, and will be open for the directors' inspection during normal working hours.

31. **Dissolution of the Company**

In the case of dissolution of the Company, whether voluntary or otherwise, unless explicitly determined otherwise in these articles or in the terms of issuance of any share, the following provisions shall apply:

31.1. The liquidator will first use all of the Company's assets to pay its debts (the Company's assets after payment of its debts shall hereinafter be referred to as: the "**Surplus Assets**").

31.2. Subject to special rights attached to the shares, the liquidator shall distribute the Surplus Assets among the shareholders proportionately to the par value of the shares, *pari passu*.

31.3. In the Company's approval in a resolution that shall be adopted at the general meeting by a majority of at least 50% of the shareholders' votes, the liquidator may distribute the Company's Surplus Assets or any part thereof among the shareholders in kind and deliver any of the Surplus Assets to a trustee in a deposit for the benefit of the shareholders, as the liquidator shall deem fit.

32. **Notices**

32.1. Subject to any law, a notice or any other document that the Company shall deliver and which it is entitled or required to give according to the provisions of these articles and/or the Companies Law, shall be delivered by the Company to each person either personally, by delivery by mail in a letter addressed according to the registered address of such shareholder in the shareholders' register or according to such address as the shareholder stated in writing to the Company as the address for delivery of notices or other documents, or by delivery via facsimile according to the number stated by the shareholder as the number for delivery of notices via facsimile. Notices that the Company shall publish for all of the shareholders shall be published in accordance with applicable law.

32.2. Any notice that must be given to the shareholders shall be given in relation to jointly held shares to the person named first in the shareholders' register as the holder of such share, and any notice given in this manner shall be sufficient notice to the holders of such share.

32.3. Any notice or other document that shall be sent according to the provisions of Section 32.1 shall be deemed as having arrived at its destination within 3 business days if sent by registered mail and/or by regular mail in Israel, and if hand delivered or sent via facsimile, it shall be deemed as having arrived at its destination on the first business day after receipt thereof. For the purpose of proving the delivery, it shall be sufficient to prove that the letter that was sent by mail that contains the notice and that the document was addressed to the correct address and was delivered to the post office as a letter bearing stamps or as a registered letter bearing stamps, and in respect of a facsimile it is sufficient to provide a transmission confirmation page from the transmitting machine. With respect to notice published for all of the shareholders – the date of the publication (in whatever media permitted under applicable law) shall be deemed as the date of delivery of the notice to all of the shareholders.

32.4. Any record ordinarily made in the Company's books shall be deemed as *prima facie* evidence regarding the delivery, as recorded therein.

32.5. When it is necessary to give prior notice of a certain number of days or notice which is valid for any period, the delivery date shall be counted in the number of days or the period.

33. **Donations**

The Company may donate a reasonable sum of money to a worthy cause.

34. **Interpretation**

34.1. Anything stated herein in the singular shall also import the plural and *vice versa*, anything stated in the masculine shall also import the feminine and *vice versa*.

34.2. Unless special definitions for certain terms are included in these articles, any word and expression in these articles shall bear the meaning afforded thereto in the Companies Law, unless the same contradicts the subject matter or content of the text.

34.3. For the avoidance of doubt, it is clarified that in respect of matters regulated in the Companies Law such that the arrangements in respect thereof may be modified in articles of association, and in respect of which these articles do not provide otherwise than in the Companies Law, the provisions of the Companies Law shall apply thereto.

* * *

Exhibit 2.1

INTEC PHARMA LTD.

NUMBER

«Number»

INCORPORATED UNDER THE LAWS OF THE STATE OF ISRAEL

SHARES

«Number»

CUSIP
ORDINARY SHARES

THIS CERTIFIES THAT *SPECIMEN*

Is The Owner of ***SPECIMEN***

FULLY PAID AND NON-ASSESSABLE ORDINARY SHARES OF

INTEC PHARMA LTD.

Transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

«Dated» *****

COUNTERSIGNED AND REGISTERED:
VSTOCK TRANSFER, LLC
Transfer Agent and Registrar

By:_____
AUTHORIZED SIGNATURE

By: _____
AUTHORIZED SIGNATURE

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with the right of survivorship and not as tenants in common

UNIF GIT MIN ACT_____Custodian_____

(Cust) (Minor)

Act _____
(State)

Additional abbreviations may also be used though not in the above list.

For value received,_____ hereby sell, assign and transfer unto

PI-EASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____ *shares of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint*

_____ **,** *Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.*

*Dated*_____

X _____

THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THIS CERTIFICATE. THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks. Stockbrokers, Savings and Loan Associations and Credit Unions).

SIGNATURE GUARANTEED:

TRANSFER FEE WILL APPLY

Exhibit 4.5

Intec Pharma Ltd.

(The "Company")

Compensation Policy
(the "Policy" or "Compensation Policy")

As last amended on December 11, 2017

1. **Definitions**

"Board of Directors" or "Board"	-	Company's Board of Directors;
"Committee" or "Compensation Committee"	-	The Company's Compensation Committee;
"Company"	-	Intec Pharma Ltd.;
"The Companies Law"	-	The Companies Law, 1999, Israel;
"The Securities Law"	-	The Securities Law, 1968, Israel;
"Retirement Bonus"	-	Bonus, payment, compensation or any other benefit awarded to an officer with regard to conclusion of their office with the Company;
"Team Members"	-	Company's (including Company's subsidiary) employees or consultants that engaged with the Company on a permanent basis;
"Officer"	-	Board member, CEO, CFO, EVP, VP, any such Officer of the Company (including Company's subsidiary) by a different title, and any other executive reporting directly to the CEO;
"Cost"	-	Cost to the employing entity;
"Plan"	-	Company's 2015 Equity Incentive Plan, as amended or any other incentive plan as adopted from time to time.

2. Overview

In conformity with the Companies Law, the Compensation Committee and Board of Directors have adopted this Compensation Policy. The principles of the Compensation Policy were set forth after discussions by the Compensation Committee and the Board. Policy principles were designed to grant proper, fair and well-considered compensation to Officers, in alignment with the Company's long-term best interests and organizational strategy. Part of the rationale is that the policy should encourage a sense of identification with the Company and its objectives on the part of its Officers. An increase in Officer's satisfaction and motivation should retain the employment of high-quality Officers in the Company's service over the long term.

The Compensation Policy considers, *inter alia*, the size and nature of its operations (including in jurisdictions other than Israel) and, with regard to terms of office and employment, which include variable components, the Officer's long-term contribution to achieving the Company's objectives and to maximizing its earnings, taking into account the scope and reach of the Officer's role (and, in relevant cases, also taking into account the geographical location of the employed Officer).

The Compensation Policy was prepared with due consideration to the nature of the Company's operations in the biomed sector, territories where the Company operates, market size on the Tel-Aviv Stock Exchange Ltd. and on Nasdaq Stock Market, as well as other criteria including, the Company's cash position, capitalization and shareholders' equity.

In addition, in designing the Compensation Policy, the Compensation Committee and Board considered the average and median annual cost of the fixed component payable to all Company full-time Team Members ("**Ratio**"). The Company estimates that the gaps between the Officers' compensation, assuming implementation of the new Policy, will have no adverse effect on the working relationships in the Company. The possible ramifications of the Ratio on the daily working environment in the Company were examined and will continue to be examined by the Company from time to time in order to ensure that levels of executive compensation, as compared to the overall workforce will not have a negative impact on work relations in the Company.

The compensation principles are a tool based on targets and benchmarks derived, *inter alia*, form the Company's annual work plan and from long-term plans as determined by the Board of Directors from time to time.

Compensation Policy components will include each of the following:

a. **Fixed components:** salary, social benefits (such as: beneficial retirement arrangement, disability insurance, provident fund, study fund, paid leave, sick leave and vacation pay, etc.) and other benefits (such as: car, cell phone, including gross-up of the benefit value for tax purposes).

b. **Variable components:** bonus payments.

c. **Equity-based variable components:** options plan, share plan, etc.

d. **Retirement Bonus:** bonus, payment, compensation or any other benefit awarded to an Officer with regard to the conclusion of their office with the Company.

e. **Insurance, waiver and indemnification:** Board members' and Officers' liability insurance (for the normal course of business as well as for non-recurring events (run-off)), waiver of Officers' liability (in advance and in retrospect) and provision of commitment to indemnify Officers in advance and in retrospect.

Provisions of this Compensation Policy only apply to Company Officers (as defined above).

Non-Israeli Officers may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which they are employed.

The language of this Compensation Policy uses the male pronoun only as a measure of comfort. This policy applies to both male and female Officers.

The target range for the compensation mix between the annual fix components, and variable components of the Company's Officers, is set forth below:

Position	Range of the fixed components out of the total compensation (%)	Range of variable cash compensation out of the total compensation (%)	Range of equity-based compensation out of the total compensation (%)
Chairman and Vice Chairman of the Board of Directors	20% - 100%	0% - 40%	0% - 70%
Board Member	20% - 100%	0% - 40%	0% - 40%
Company CEO	20% - 100%	0% - 40%	0% - 60%
Other Officer	20% - 100%	0% - 40%	0% - 50%

3. Officers' areas of responsibility, education and experience

3.1. Position: Chairman / Vice Chairman of the Board of Directors

3.1.1. **Responsibilities**: Provide guidance and assistance in accordance with his contractual obligations to the Company.

3.1.2. **Required education and experience**: academic degree from a recognized academic institution in Israel or overseas. The Chairman / Vice Chairman of the Board must have practical experience as one or more of the following: (a) acting or former Officer of a company of similar size; (b) at least 5 years of experience as a senior executive in the Company's line of business or one that is sufficiently related to the Company's line of business including, for example, investment banking or consulting; (c) academic experience of 3 years or more in one of the following disciplines or related to: business administration, economics, law, finance, medicine, science, the pharmaceutical or healthcare industries or drug development. Academic experience includes, for example, academic research, academic publications or academic teaching in recognized academic institutions in Israel or overseas.

Subject to the Companies Law and any other relevant rules and regulations, the Compensation Committee and the Board may waive, in exceptional cases, the aforementioned required education and/or experience should they deem the candidate have special business experience or skills which, in their opinion, would make a considerable contribution to the Company if appointed Chairman of the Board.

3.2. Position: Board member

3.2.1. **Responsibilities**: the Board member will, as a part of the Board, set Company policy and supervise the CEO's performance and actions. The Board is also empowered with all statutory authority.

3.2.2. **Required education and experience**: academic degree from a recognized academic institution in Israel or overseas. The Board member must have practical experience in one or more of the following: (a) acting or former Officer of the Company, or a company of similar size; (b) CPA / attorney / business manager with over 5 years of experience; (c) academic experience of 3 years or more in one of the following disciplines or related to: business administration, economics, law, finance, medicine, science, the pharmaceutical or healthcare industries or drug development. Academic experience includes, for example, academic research, academic publications or academic teaching in recognized academic institutions in Israel or overseas.

3.2.3. Subject to the Companies Law and any other relevant rules and regulations, the Compensation Committee and the Board of Directors may waive, in exceptional cases, the aforementioned required education and/or experience, should they deem the candidate has special business experience or skills which, in their opinion, would make a considerable contribution to the Company if appointed a Board member.

3.3. Position: Company CEO

3.3.1. **Responsibilities:** management of all Company business.

3.3.2. **Required education and experience:** academic degree from a recognized academic institution in Israel or overseas. Prior experience as CEO of a similar company for at least 5 years, or Officer of the Company with over 5 years' tenure.

3.3.3. Subject to the Companies Law and any other relevant rules and regulations, the Compensation Committee and the Board of Directors may waive, in exceptional cases, the aforementioned required education and/or experience, should they deem the candidate CEO has special business experience or skills which, in their opinion, would make a considerable contribution to the Company.

3.4. Position: other Officer

3.4.1. **Responsibilities:** responsibilities range from such positions as Executive VP Research and Development and Operations who is responsible for the research and development and operations activities of the Company, VP Clinical Affairs who is responsible for the development of certain R&D programs and clinical trials activities, and Chief Financial Officer who is responsible for the Company finances, accounting, legal, administration, and human resources. Officers report directly to the Company CEO.

3.4.2. **Required education and experience**: academic degree relevant to each position from a recognized academic institution in Israel or overseas. Prior experience of over 3 years in a similar position with another company or with the Company.

3.4.3. The Company may engage from time to time with additional Officers who will be responsible for different areas of the business, and/or Officers whose titles may be different than those specified above. New Officers or Officers with different titles must have the skills, education and experience relevant to their responsibilities as Officers of the Company. Guidelines for engagement with additional Officers will be consistent with terms outlined in Section 4.4 hereinafter.

3.4.4. Subject to the Companies Law and any other relevant rules and regulations, the Compensation Committee and the Board of Directors may waive, in exceptional cases, the aforementioned required education and/or experience, should they deem a candidate for an Officer's position has special business experience or a skill which, in their opinion, would make a considerable contribution to the Company if appointed to the position.

4. Fixed component

4.1. Position: Chairman of the Board of Directors ("Chairman")

4.1.1. The annual cost of the fixed component of compensation of the Chairman of the Board, shall not exceed 6 (six) times the annual cost of the fixed component of compensation of the Company's external Board members (consisting of a fixed annual payment and additional fixed payment per meeting (assuming 15 meetings a year)). If the Chairman of the Board is also an Officer of the Company, no additional fixed component compensation will be payable to the Chairman for his role as Chairman of the Board.

4.1.2. In addition, the Chairman of the Board of Directors will be entitled to reimbursement of reasonable expenses incurred in the course of discharging his office, including expenses with respect to attending meetings, travel and entertainment expenses, against provision of receipts. The policy for overseas travel expense reimbursement will be the same as for the Company CEO.

4.2. Position: Board member

4.2.1. Compensation of Company Board members consists of annual and per meeting compensation (including in cases of written resolution or telephone call) as well as expense reimbursement in accordance with the provisions of the Companies Regulations (Rules Concerning Compensation and Expense Reimbursement for an External Director), 2000 as adjusted by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel), 5760-2000, as such regulations may be amended from time to time (collectively, the "**Compensation Regulations**"). Total compensation will be based on the applicable company level, which is determined by shareholders' equity (as it may be from time to time).If a Board member is also an Officer of the Company, no additional fixed component compensation will be payable to the Board member for his role as Board member.

4.2.2. Notwithstanding the provisions of Section 4.2.1 above, in special circumstances, such as in the case of a Vice Chairman, professional director, an expert director or a director who makes a unique contribution to the Company, such director's compensation may be different than the compensation of all other Board members and maybe up to 5 times the annual cost of the fixed component of compensation of the Company's external Board members (consisting of a fixed annual payment and additional fixed payment per meeting (assuming 15 meetings a year).

4.2.3. Board members will be entitled to reimbursement of reasonable expenses incurred in the course of their duty, including expenses with respect to attending meetings, travel and entertainment expenses, against provision of receipts. Expense reimbursement for overseas travel will be in accordance with Company policies, as applicable to the Company CEO.

4.3. Position: Company CEO

4.3.1. The monthly salary of the Company CEO shall range between NIS 55,000 and NIS 85,000.

4.3.2. The CEO shall be provided with benefits mandated by applicable law and may be provided with benefits generally acceptable in the local market or generally available to other Company employees in accordance with Company policies (such as: beneficial retirement arrangement, disability insurance, provident fund, study fund, paid leave, sick leave, vacation pay, car, cell phone, etc., including gross-up of the benefit value for tax purposes).

4.3.3. In addition, the Company CEO will be entitled to reimbursement of reasonable per diem expenses incurred in the course of discharging his office, including expenses with respect to attending meetings, travel and entertainment expenses, against provision of receipts. The Company may pay the CEO's expenses by a corporate credit card. Expense reimbursement for overseas travel will be in conformity with Company policy.

4.4. Position: other Officers (other than CEO)

4.4.1. The monthly salary of an Officer (other than CEO) shall range between NIS 30,000 and NIS 80,000.

4.4.2. An Officer shall be provided benefits mandated by applicable law, and may be provided with benefits generally acceptable in the local market or generally available to other Company employees in accordance with Company policies (such as: beneficial retirement arrangement, disability insurance, provident fund, study fund, paid leave, sick leave, vacation pay, car, cell phone, etc., including gross-up of the benefit value for tax purposes).

4.4.3. In addition, any Officer shall be entitled to reimbursement of reasonable per diem expenses incurred in the course of discharging his office, including expenses with respect to attending meetings, travel and entertainment expenses, against provision of receipts. The Company may pay the Officer's expenses by a corporate credit card. Expense reimbursement for overseas travel will be in conformity with Company policy.

4.5. In accordance with Section 1B3 to the Companies Regulations (Relief in Transactions With Related Parties), 2000, non-material changes in the terms of employment of an officer who is subject to the CEO, will not require the approval of the Compensation Committee, as stated in Section 272(C) to the Companies Law, so long as the change in the compensation terms does not exceed 5% of the annual cost of the fixed compensation component, has been approved by the CEO and are consistent with the terms of this Compensation Policy.

5. Variable component (bonuses)

5.1. Annual bonus

The Company may award an annual bonus to an Officer based on the following guidelines:

5.1.1. The Company may award an annual bonus to its Officers subject to achieving pre-approved measureable targets (the "**Annual Bonus**") to be set by the Company's Compensation Committee and Board of Directors. The Company shall specify Company wide and personal targets for each Officer which shall be pre-approved by the Company's Compensation Committee and Board of Directors in the beginning of the relevant period for which such an Annual Bonuses are applicable. These targets would be derived, *inter alia*, from the Company's work plan and/or the work plan of the organizational unit managed by the relevant Officer and shall be measureable. The requirement to pre-approve measureable targets shall not apply to officers who are subordinated to the CEO. The less significant part of the annual bonus granted to the CEO, and in any event not more than 30% of the annual bonus, may be based on a discretionary evaluation of the CEO's overall performance by the Compensation Committee and the Board.

5.1.2. For each Officer, an individual Annual Bonus would be determined as a number of monthly salaries specified in advance for each Officer (the "**Target Bonus**") with a multiplier to reflect achievement of the personal targets specified for the Officer. This multiplier may be lower than 1 (if the Officer only partially achieved the personal targets) or may be higher than 1 (if the Officer's performance exceeded the specified targets).

5.1.3. Bonus calculation upon termination of employment: should employment of the Officer by the Company be terminated in a given calendar year, the Annual Bonus amount would be calculated pursuant to this Compensation Policy to be revised and calculated pro-rata to the duration of employment of the Officer in the given year. The Compensation Committee and the Board of Directors may decide not to give an Annual Bonus in the case of termination of employment during the relevant period.

5.1.4. Maximum bonus: the combined Annual Bonus and Special Bonus (as defined below) amount shall not exceed 200% of the Officer's annual fixed component.

5.2. In addition to the Annual Bonus, each Officer of the Company may be awarded a special bonus (the "**Special Bonus**") regardless of a specified target and regardless of a pre-approved bonus plan. Such Special Bonus shall be approved by the Compensation Committee and the Board of Directors, which shall consider the CEO's recommendation (based on recognition of special and extraordinary contribution by the Officer in the course of Company business, such as a special effort and achievements related to financing raised, merger, acquisition, sale or license of business operations, achievement of major corporate goal in R&D, business and corporate development or other significant general corporate goal, intellectual property protection of the Company's products, etc.). Such Special Bonus, shall not exceed six (6) monthly base salaries for each Officer of the Company.

5.3. The Company may grant a newly recruited Officer a signing bonus at the CEO's discretion (and in the CEO's case, at the Board's discretion), subject to any additional approval as may be required by the Companies Law (the "**Signing Bonus**"). The Signing Bonus will not exceed three (3) monthly entry base salaries of the Officer (other than the CEO) or five (5) monthly entry base salaries of the CEO.

5.4. The Company's Compensation Committee and Board of Directors may reduce the bonus awarded to an Officer at their discretion, including under the following circumstances: material deterioration of the Company's position or such material deterioration anticipated by the Board, deterioration in the state of the economy, deterioration in the performance of the Officer or inappropriate conduct by the Officer.

5.5. In a case where, should the Company's audited consolidated financial statements for any year be revised, the bonus amount payable to the Officer for that year, had it been calculated based on the revised data, would have resulted in a different bonus amount payable to the Officer, the Company would pay to the Officer, or the Officer would reimburse the Company as the case may be, the difference between the bonus amount paid and the bonus amount payable due to said revision. Unless otherwise agreed in writing between the Company and the relevant Officer, said bonus amount shall be paid within 60 days from the date of receiving a written demand.

6. Equity-based variable component

6.1. The Compensation Committee and Board of Directors shall review from time to time the overall equity-based grant for all Team Members and Officers. When doing so, the Compensation Committee and Board shall take into consideration: (1) each employee and Officer's contribution to the Company including expected contribution; and (2) creating an effective long-term incentive to harness and motivate Team Members and Officers.

6.2. Stock options plan grant: based on the Compensation Committee and Board of Directors' review and discussion, the Company may award to Officers options to purchase Company shares.

6.3. The unexercised options held by all Team Members and Officers under the Company's stock options plans may not exceed 15% of the Company's share capital, on as-exercised basis.

6.4. Taxation regime: if applicable, the options would be awarded pursuant to provisions of Section 102 of the Income Tax Ordinance of Israel, under the income taxation track. However, each Officer and Team Member will be responsible to his own tax regime for his own tax liability.

6.5. Exercise Price: for as long as the Company's shares are listed on any established stock exchange or a national market system, including without limitation the Tel-Aviv Stock Exchange Ltd., and the NASDAQ Stock Market, the exercise price shall not be lower than the average closing sales price for Company's shares (or the closing bid, if no sales were reported), as quoted on such exchange or system over the thirty (30) trading day period preceding the date of approval of the grant by the Board, as reported in the Wall Street Journal, or according to any other source the Board deems reliable, or as otherwise provided by the Plan.

6.6. Fair value: the fair value of options awarded to each Officer in a given year, as calculated at grant date, shall not exceed 200% of the annual fixed component of such Officer. The fair market value of the equity based compensation will be determined according to acceptable valuation practices at the time of grant.

6.7. Options terms: Unless determined otherwise in a specific award agreement approved by the Compensation Committee and the Board, grants to Team Members and directors shall vest gradually over a period of between three (3) to four (4) years or may vest upon achieving pre-approved target. The last date to exercise an option shall not exceed ten (10) years after the date on which the option was granted.

6.8. All other terms of the options shall be in accordance with the Plan.

7. Duration and termination of Officer's term in office

7.1. Severance pay: in the case of termination (other than termination of an Officer for cause), the Officer will be eligible to receive severance pay in full.

7.2. Notice period: the Company may give an Officer a notice period of up to 6 months. The Company may waive the Officer's services to the Company during the notice period and pay the amount payable in lieu of notice, plus the value of benefits, even in case of immediate termination. During the notice period, the Officer would be eligible to receive bonuses with respect to this period and would also continue to accrue vesting of options awarded.

7.3. Non-compete bonus: the Company may pay an Officer a bonus upon termination of employment in return for a commitment by the Officer not to compete with Company business. The extent of the non-compete commitment would be determined by the Company's Compensation Committee and Board of Directors. Such bonus shall be calculated according to a key of up to two months' salary for each 3 months of non-compete period and shall not exceed a total of 12 salaries.

7.4. Retirement bonus: the Company may pay an Officer a retirement bonus upon termination of employment. The retirement bonus shall not exceed six months' salary for Officers that engaged with the Company for over 5 years or the CEO and two months' salary for an Officer that was engaged with the Company for less than 5 years but more than 3 years.

Such retirement bonus, if applicable, shall be awarded based on the Officer's tenure, the Company's achievements during the relevant period and the Officer's contribution to such achievements, and the circumstances of such Officer's retirement from the Company.

8. Change of control arrangements

The following benefits may be granted to Officers in addition to the benefits applicable in the case of any retirement or termination of service upon a "Change of Control":

8.1. Vesting acceleration of outstanding options;

8.2. Extension of the exercising period of options for a period of up to six (6) months following the date of employment termination;

8.3. Up to a twelve (12) months of continued base salary and benefits following the date of employment termination (the "**Additional Adjustment Period**"). For avoidance of doubt, such additional Adjustment Period shall be in addition to the notice period pursuant to Section 7.2 of this Policy; and

8.4. A cash bonus not to exceed three (3) monthly base salaries.

9. Engagement as a contractor or through a management company

The Company may engage an Officer as an independent contractor rather than as a salaried employee. In such a case, the maximum cost of employment would be calculated based on the maximum cost for a salaried employee in a similar position, and guidelines of the Compensation Policy would apply to such an officer *mutatis mutandis*.

10. Work overseas

Notwithstanding any other provision of this Policy to the contrary, the maximum salary for an Officer who resides overseas (outside of Israel) for discharging their position may exceed the maximum salary for the Officer pursuant to this Policy, had he been employed in Israel, by up to 100%.

11. Insurance, waiver and indemnification

11.1. Officer liability insurance (claims made): the Company may obtain a liability insurance policy for Officers, subject to the following terms and conditions: (a) the total insurance coverage under the insurance policy shall not exceed US $50 million; (b) the annual premium payable by the Company for the insurance premium shall not exceed US $400,000 annually.

11.2. Officer's liability insurance (run-off): should the Company sell its operations (in whole or in part) and/or in case of merger, spin-off or any other significant business combination involving the Company and/or part or all of its assets, the Company may obtain Officer's liability insurance policy (run-off) for Officers in office with regard to the relevant operations, subject to the following terms and conditions: (a) the insurance term shall not exceed 7 years; (b) the coverage amount shall not exceed US $50 million; (c) the premium payable by the Company shall not exceed US $400,000 annually.

11.3. Public Offerings: the Company may extend the insurance policy for Officers in place to include cover for liability pursuant to a future public offering of securities. The additional premium for such extension of liability coverage shall not exceed 50% of the last paid annual premium.

11.4. Approvals: any insurance policy for Officers shall be approved by the Compensation Committee (and if required by law, also by the Board of Directors) which shall determine that the sums are reasonable considering the exposures, the scope of cover and the market conditions and that the insurance policy for Officers reflects the current market conditions, and it does not materially affect the Company's profitability, assets or liabilities.

11.5. Waiver of liability: the Company may, subject to statutory provisions, waive the Officer's liability for any damage incurred by the Company, directly or indirectly, due to any breach of the Officer's due care duty towards the Company and/or any affiliated entity to the fullest extent permitted by applicable law.

11.6. Advance indemnification: the Company may provide a commitment to indemnify in advance any Officer of the Company in the course of his position as Officer of the Company and/or any affiliated entity thereof, all subject to the letter of indemnification, as approved by the Company's shareholders from time to time and in accordance with the Company's Articles of Association and applicable law.

11.7. Retroactive indemnification: the Company may provide retroactive indemnification to any Officer to the extent allowed by the Companies Law.

12. Term of the Compensation Policy

The Compensation Policy will be in effect for a 3 year (or longer if the law so permits) term starting on its approval date under the Companies Law.

13. Miscellaneous

13.1. The Company may revise the terms of employment or office of any Officer at any time, and is under no obligation to apply the same terms of employment or office to any Officer applied to them in previous years.

13.2. This document shall not confer any right on Officers to whom this Compensation Policy applies, nor on any other third party, to receive any compensation whatsoever.

13.3. Note, for the sake of clarification, that the content of this policy does not detract from provisions of the Companies Law with regard to the manner of approval of contracting between the Company and any Officer with regard to terms of employment or office, and the provisions of this Policy do not detract from any mandatory reporting with regard to Officer compensation pursuant to the Securities Law and regulations based there upon.

13.4. For the avoidance of doubt, it is clarified that in case of any amendment made to provisions of the Companies Law and any other applicable rules and regulations in a manner that will facilitate the Company with respect to its action with regard to Officer compensation, the Company may be entitled to follow these provisions even if they contradict the principles of this Compensation Policy.

13.5. Any payment made to Officers pursuant to compensation plans, in addition to the fixed compensation component, is not and shall not be deemed part of the Officer's regular pay for all intents and purposes, and shall not form basis for calculation and/or eligibility and/or accrual of any benefits and will not, notwithstanding the foregoing, be a component included in payment of paid leave, severance pay, contributions to provident funds, etc.

13.6. As part of the approval process of each annual plan, with its various components, changes to Company objectives, market conditions, the Company's position, etc. would be reviewed annually by the Board of Directors. Consequently, the targets, benchmarks and compensation targets for each plan would be reviewed annually, and their actual application would be subject to change based on decisions made by the Board of Directors from time to time.

13.7. The Board shall review from time to time the Compensation Policy and the need to revise it in case of any material change in circumstances prevailing upon setting said Policy, or for any other reasons.

* * * * *

Exhibit 4.8

Translated from Hebrew

Unprotected Lease Agreement
Entered into and signed in Jerusalem on June 2, 2003

Between: **R. M. P. A. Assets Ltd.**
P.C. 51-1808008
whose address is P.O.B. 45079, Har Hotzvim, Jerusalem
(the "**Lessor**")

of the first part;

And: **Intec Pharmaceuticals (2000) Ltd.**
P.C. 513022780
whose address for the purposes of this agreement is:
9 Ahad HaAm Street, Tel Aviv 65251
(the "**Lessee**")

of the second part;

Whereas the Lessor represents that it has signed a long-term lease agreement with the Israel Land Administration in respect of the land known as Lot No. 14 in Har Hotzvim B in Jerusalem –Zoning Plan 3760 A (the "**Land**"); and

Whereas the Lessor has built an industry and/or office building on the Land (all collectively: the "**Building**"); and

Whereas the Lessor wishes to let to the Lessee a certain part of the Building, situated on the first floor (4), spanning **170** sqm (gross), as marked on the floor plans attached hereto by the Lessor as Annex "A" to this contract, in the condition in which the Lessees have seen it (the "**Property** ") and two parking spaces in the Building's car park. In any event, the gross area of the Property includes areas in respect of the Lessee's relative share in the common property, if any, such as storage room, stairwell, bomb shelter, toilets, elevator shafts etc. (the "**Area of the Property**"); and

Whereas the Lessor represents that, to the best of its knowledge and subject to the representations of the Lessee, there is no impediment to the lease of parts of the aforesaid Building by the Lessee; and

Whereas the Lessee wishes to lease the Property from the Lessor in its condition (As Is), in an unprotected lease, and subject to the provisions of this contract below;

Wherefore the parties have agreed, represented and stipulated as follows:

Preamble and Annexes

1.

a. The preamble to this contract and the annexes hereto constitute an integral part hereof.

b. The headings of the sections are solely for purposes of convenience, do not constitute part of the contract and are not to be taken into consideration for interpretation purposes.

c. The plans attached to this contract are only schematic.

The Transaction

2. The Lessor lets the Property to the Lessee, and the Lessee leases the Property from the Lessor, on the terms and conditions specified in this contract below.

3. It is expressly agreed and represented that the Property is situated at a building, the construction of which was completed after August 20, 1968 and that the Lessee has not paid, nor was it required to pay, directly or indirectly, key money and/or any other premium for the Property or any part thereof, and that the Lessee shall not be deemed a protected tenant of the Property under this agreement and the provisions of the Tenant Protection Law (Consolidated Version), 5732-1972, including all of the amendments thereto, and any other law concerning tenant protection, including the regulations and orders thereunder, do not apply and shall not apply to the lease of the leased property.

Representations of the Lessee

4.

a. The Lessee hereby represents that it has seen the leased property, has examined it and has found it in proper order and fit for use in its present condition (As Is) and fit for its needs and it hereby waives any and all claims in connection with the leased property or the condition thereof, with the exception of hidden flaws, if any.

b. The Lessee hereby represents that it has examined the location of the Property, the construction thereof and the potential usage thereof under law and under the Zoning Plan in general and for the purpose of its business and operation and it has found it fit for its purposes, and it hereby waives any claim with respect to unsuitability and/or in respect of use of the Property.

c. The Lessee represents that there is no legal impediment to is engagement in this agreement.

Term of the Lease

5.

a. The term of the lease under this agreement is for 36 months, commencing on June 2, 2003 and ending on June 1, 2006. Notwithstanding the aforesaid, the Lessee may terminate the term of the lease after 24 months, i.e., on June 1, 2005, provided that it shall have notified the Lessor thereof four months in advance.

b. Breach of this section shall constitute a fundamental breach of the contract.

Rent and Maintenance Fees

6.

a. In consideration for the fulfillment of all of the Lessor's obligations under this agreement, and for lease of the Property, the Lessee shall pay the Lessor: in the first two years of the term of the lease, monthly rent in the amount of NIS **6,319**, as well as property maintenance and management fees in respect of the Property, in accordance with Annex F, in the amount of NIS **1,487**, as specified hereinbelow, and, in total, NIS **7,806** per month plus V.A.T. as required by law; and in the third year of the term of the lease, an amount of NIS **6,620** as rent and NIS **1,558**as management fee, and, in total, NIS 8,178 per month plus V.A.T.

The Lessee shall additionally pay an amount of NIS 262 per month plus V.A.T. for any attached parking space under the terms of this agreement.

(The rent, management fee and parking space payment shall be hereinafter referred to as: the "**Basic Rent**").

The Basic Rent in the entire term of the lease shall be fully linked to the Consumer Price Index, as specified in Subsection (d) below.

In addition to payment of the rent, the Lessee shall also pay the Lessor the Value Added Tax in respect thereof, at the rate in effect from time to time, which shall be paid on the rent payment date - each and every payment.

A tax invoice shall be furnished to the Lessee by the Lessor within 14 days of the date on which payment was actually made.

b. The Basic Rent shall be paid by the Lessee to the Lessor as specified below:

(1) The rent shall be paid each month in advance and shall include the component of rent, management fee, parking spaces and V.A.T, as well as the Index linkage differentials, as provided in Section (e) below. The rent shall be paid via a standing bank order to an account specified by the Lessor, by the 20th day of the month preceding the rental month.

(2) The Lessee undertakes to pay the rent throughout the entire term of the lease, even if it shall have left the Property and/or shall not have made any use and/or partial use thereof, unless the Lessor shall have consented thereto, and subject to the provisions of Section 11 (a) in respect of lease of the Property to an alternative lessee.

(3) For the avoidance of doubt it is hereby stressed that insofar as, for whatever reason, cheques are delivered, delivery of such cheques shall not constitute payment of the rent, and only actual clearance on the date stated in the cheque, with Index linkage differentials as stated in Subsection (e) hereunder, shall be deemed upon receipt thereof as consideration and as payment of the rent at the rate and in the amount actually cleared.

(4) Notwithstanding the aforesaid, it is agreed that for the months June to September 2003 (inclusive), the Lessee shall not be charged for the Basic Rent, and it is also agreed that for the months October and November 2003, the Lessee shall be charged for only half of the Basic Rent. The payment for the months October and November 2003 shall be made upon the signing hereof.

c. The Lessee may not push forward payment dates, other than according to the prior consent of the Lessor.

d. The rent shall be linked to the Consumer Price Index as specified below:

If it shall have emerged from the last Index published prior to the actual payment date of any rent payment (the "**New Index**") that the New Index has increased compared with the Index of April 2003, which was published on **May 15, 2003**, i.e. **101.9** points (the "**Basic Index**"), the rent shall increase accordingly, by the rate of increase of the New Index compared with the Basic Index.

If any Index is, for whatever reason, lower than the Basic Index, the aforesaid payment shall not decrease.

e. In this agreement, the "**Consumer Price Index**" or the "**Index**" shall mean – the Consumer Price Index including fruit and vegetables, which is determined by the Central Bureau of Statistics and Economic Research and includes the same index even if published by any other official body or institution, including any other official index to come in its stead, whether or not it is based on the same data on which the present index is based. If another index comes to be, and the Central Bureau of Statistics and Economic Research does not determine the proportion between the same and the replaced index, the accountants of the Lessor and Lessee shall determine the proportion between the same and the replaced index.

f. Every 3 months in the term of the lease, the Lessor shall make an adjustment of the rent according to the amount of increase to the Index as specified above (the "**Linkage Differentials**"), and shall inform the Lessee thereof, which shall immediately pay the Linkage Differentials to the Lessor. In the alternative, such Linkage Differentials shall be directly collected through the standing bank order, together with the monthly payment.

g. The Lessor reserves the right to transfer (in whole or in part) its rights and undertakings under this agreement to any third party, provided that the rights of the Lessee under this agreement are not prejudiced, and the Lessee undertakes to act in good faith and sign a management agreement or any other agreement with the transferee and/or with the Lessor, as the case may be, the principles of which agreement will be accordant with the principles specified in Annex F, including payment of the management and/or maintenance fees as stated in the annex or in this agreement.

General principles of management as stated in Annex "F", which is attached hereto as an integral part hereof.

Without derogating from the generality of the aforesaid, the Lessee undertakes to cooperate with any such entity, in any form and manner, including a committee, if established, as in a condominium, whether or not a condominium exists.

h. Breach of this section shall constitute a fundamental breach of the agreement.

Arrears Interest

7.

a. Any amount due from the Lessee to the Lessor, including the one stated in paragraphs 6 above, which is not timely paid, shall bear, as of the third day of delinquency, in addition to linkage to the Consumer Price Index, arrears interests in respect of the delinquent amount, at the maximum rate (which does not include additional Index linkage) customary at Bank Leumi LeIsrael Ltd. for overdrafts in debit current accounts, plus 10%, with the interest compounding every month, as of the payment date stated in this agreement with respect to the delinquent amount until actual payment of the same.

Delinquency in rent payment as aforesaid in excess of 7 (seven) business days shall be deemed a fundamental breach of the contract. The charge for arrears interest shall be calculated as usually calculated by Bank Leumi LeIsrael Ltd.

b. Nothing in the provisions of Subsection (a) above shall be construed as granting the Lessee a right to any delinquency in the payment of rent under this contract.

c. The Lessor undertakes to receive rent and/or payments on account of debts when due, upon payment thereof by the Lessee.

Purpose of the Lease

8.

a. The Lessee undertakes to use the Property solely for the purpose of management of its office and business in the field of hi-tech industry and/or biotechnology and/or converging fields, and for this purpose alone, all subject to the provisions of Zoning Plan 3760 A.

The Lessee hereby undertakes to neither use nor allow use of the Property or any part thereof for any other purpose whatsoever other than the aforementioned purpose, and the Lessee may not engage at the Property in any other business and/or manufacture and/or sell and/or market at the Property products, consumer goods, merchandise or other services of any type whatsoever, other than the ones included within the purpose of the lease as specified below.

b. Without derogating from the aforesaid, it is hereby agreed that the responsibility for obtaining a business license and any other permit, including a police and/or Ministry of Health and/or municipal authority permit and any and all taxes and payments to be due to an authority and/or the government and/or any other entity in respect of obtaining the license, including business tax, signage tax, fees and licenses for the business and for the management thereof, which are required for operation of the business of the Lessee at the Property, shall be borne by the Lessee at its own expense. In any event, not obtaining the licenses and/or the payments shall bear no effect on the obligations of the Lessee under this agreement.

c. The Lessee may not change the purpose of the lease without receiving the Lessor's prior written consent. If the Lessee wishes to change the purpose of the lease, it is required to address the Lessor in writing and specify the new purpose and the reasons for the change. The Lessor shall not be obligated to agree to a change in the purpose of the lease. If the Lessor refuses to agree to a change in the purpose of the lease, such shall not constitute a breach of this contract by the Lessor.

d. The Lessee undertakes to cooperate with any guard/doorman posted, if posted, on behalf of the Lessor and/or the Management Company as defined above in Section 6(g), and to adhere to all of their instructions, all subject to the details in Annex "F" in respect of the Building's management principles.

e. Breach of this section shall constitute a fundamental breach of the contract.

Possession Handover, Use of the Property and Repairs

9.

a. Exclusive possession of the Property shall be handed over to the Lessee on **June 2, 2003** (hereinafter and above: the "**Handover Date**"), provided that this contract shall have been signed and that rent shall have been paid to the Lessor as provided in Section 6 above, and provided that the Lessor shall have been provided with all of the collateral specified in this contract by the Lessee.

On the Handover Date, a punch list will be prepared by a representative of the Lessor in the presence of the Lessee and/or anyone on its behalf, for receipt of the Property by the Lessee by the Lessee signing the punch list, and a copy thereof shall remain in the hands of the Lessee.

As of such date, the Lessee shall be subject to all of the duties and obligations arising from this contract, including its liability for any damage caused by an act by the Lessee or anyone on its behalf and the term of the lease shall commence on the aforesaid date for all intents and purposes, whether the Lessee shall have arrived on such date to receive possession or not.

b. The Lessee shall compensate and indemnify the Lessor for any damage and/or expense incurred by the Lessor as a result of an act or omission by the Lessee, provided that prior notice is delivered to the Lessee in respect of the damage and/or expense, in order for the Lessee to be given the opportunity to rectify the same or defend itself against the person claiming their existence.

The provisions of this paragraph shall not apply to malfunctions at the Property which originate in ordinary wear and tear stemming from reasonable use of the Property.

c. The Lessee undertakes to manage its business at the Property and the surroundings thereof in such manner so as not to create any safety and/or health and/or other risk.

d. The Lessee undertakes to manage its business carefully and reasonably while coordinating activities with the maintenance person on behalf of the Lessor. The Lessee further undertakes, itself or through others, to unload and/or load merchandise of any type whatsoever only in the area specified by the aforesaid maintenance person.

e. The Lessee may not make any use of the sidewalks, roads and any other public area which is common to the Property, other than for the purpose for which such public areas are designated.

f. The Lessee undertakes to use the leased property appropriately and reasonably, to persevere in the preservation of the leased property and the proper upkeep thereof throughout the entire term of the lease, to repair by itself and at its own expense any flaw, malfunction or damage, except reasonable wear and tear, to be caused at the leased property during the term of the lease, by the Lessee and/or anyone on its behalf, including its employees, guests and invitees, and to return possession of the Property to the Lessor upon the end of the term of the lease, or after termination of the contract, or after expiration thereof by the Lessor, with the Property being clear of any person and object belonging to the Lessor and with it being in good and proper condition, as handed over to the Lessee, except ordinary and reasonable wear and tear, and with it being fit for use, and to perform, at its own expense, any repair required for the purpose of compliance with its aforesaid obligations, no later than the date on which the Lessor is entitled to the return of the Property as aforesaid.

g. If the Lessee fails to perform repairs as aforesaid in this section, as the Lessor shall notify it and/or fails, in the Lessor's opinion, to properly perform them, the Lessor may enter the Property and perform maintenance work and these repairs, whether itself or through others, in the Lessee's stead and at its expense, without derogating from all of the other rights and remedies conferred upon the Lessor under this agreement, all if the Lessee shall not have performed such repairs as aforesaid, within 14 days of the day on which the Lessor shall have notified it in writing of its intention to enter the Property for the purpose of performing the repairs as aforesaid.

h. The Lessee undertakes not to perform any structural changes and/or additions at the Property without receiving the Lessor's prior written consent thereto and subject to obtainment of a lawful permit and license, if such permit/license is required. The Lessor shall not object to such changes except on reasonable grounds. It is agreed that if the area of the Property increases in consequence of the changes and/or additions, the Lessee shall pay additional rent in the same proportion as the rent.

Without prejudice to the rights of the Lessor under this section, the Lessee must, immediately upon receipt of the Lessor's demand therefor, remove, at its own expense, any such additions or changes (which shall not have received the Lessor's prior approval as aforesaid and/or changes which shall have received its approval upon the end of the lease and prior to returning the Property to the Lessor, except if permission shall have been given to leave the change) and the Lessor shall also have the right to do so at the expense of the Lessee. Changes which are not easily removable and/or the removal of which shall aesthetically or structurally damage the Property, shall remain as they are at the Lessor's consent and shall be transferred to its ownership for no consideration, upon the end of the contract and/or the term of the lease.

Special provisions with respect to fit-out of the Property to the Lessee upon commencement of the lease shall be as specified in Annex B.

i. The Lessee undertakes not to cease using the Property for a period exceeding 90 days, other than if it gives the Lessor prior notice thereof. If the Lessee ceases to use the Property as aforesaid, other than for reasons of *force majeure*, it shall be deemed as having waived its rights under this contract, but this shall not derogate from the obligations of the Lessee under this contract, including with respect to payment of rent to the Lessor and with respect to any other payment borne by the Lessee under the provisions hereof.

j. The Lessee may not install a sign at the Property, but only subject to the explicit written approval of the Lessor in advance, in respect of the form of the signage, its content and its location, and in accordance with the provisions of any law, including a permit from the municipal authority.

It is clarified that subject to the aforesaid, the Lessor shall not have an objection in principle to signage containing the names of companies whose products are sold on the Property, provided that in any such case, prior written consent is received from the Lessor and/or the Management Company as defined in Section 6(g) above.

The Lessor may remove, at the expense of the Lessee, any sign installed thereby in violation of the provisions of this section.

In addition and in the alternative, the Lessor may determine a common form of signage.

k. The employees of the Lessor and its agents may enter the Property at any time during usual working hours, provided that the same is done after prior coordination with the Lessee and that the visit is accompanied by a representative of the Lessee, all for purposes of inspection and performance of repairs, while protecting the rights of the Lessee under this agreement.

l. Breach of this section shall be deemed a fundamental breach of this contract.

Levies and Payments

10.

a. The Lessee undertakes that, as of the Property's Handover Date as provided in Section 9(a) above, it shall pay any and all taxes of any type, fees, municipal taxes (*arnona*), levies and other payments imposed and to be imposed in the future, during the term of the lease, which relate to the term of the lease under the provisions of any law, on the lessee of a property as distinguished from the owner thereof, and which relate to the Property and/or the business managed therein, directly and on the lawful date on which such are payable to the various authorities.

Furthermore, the Lessee shall directly bear any and all expenses of any type whatsoever which are involved in the Property's maintenance, including its share in the common property, as defined in the area of the Property, and, without derogating from the generality of the aforesaid, expenses due to municipal tax (*arnona*), any levy or tax imposed on the lessee of a property as distinguished from the owner thereof, water, electricity, electricity for the air conditioning system, telephone, sewage and gas.

It shall also see to registration of all of the separate meters in respect of the Property within 14 days of the Handover Date, and to registration of its name at the aforementioned offices as lessee and as solely responsible for payments.

b. Without derogating from the generality of the aforesaid, and only insofar as any of the aforementioned payments is not actually paid by the Lessee to a third party entity, as the case may be, the Lessor may obligate the Lessee to pay the aforesaid levies and payments, in whole or in part, directly thereto, as per its choice and in accordance with a written prior notice to be sent to the Lessee. It is hereby agreed that municipal tax (*arnona*) payments paid to the Lessor (insofar as not directly paid to the municipality by the Lessee), shall be as customary in the area for each leased sqm, and that the Lessee shall have no claim against the Lessor if the Lessor actually pays the municipal authority an amount lesser than such, to be included in the general amount in respect of the Building, if included.

It is further agreed that if the municipal authority sends the Lessor a demand for payment differentials in respect of the Property, the Lessee will pay the payments according to the demand, and will have no claim against the same.

c. The Lessee undertakes to present to the Lessor, from time to time and provided that it shall have given a written demand 7 days in advance, according to the Lessor's demand, all of the receipts and/or confirmations certifying that all of the payments payable thereby under this contract have indeed been paid thereby, and, upon the end of the term of the lease, to transfer thereto the original bills and/or receipts and/or clear photocopies of such documents. The Lessee undertakes to present to the Lessor receipts and/or confirmations attesting to payments that were made which relate to the term of the lease.

d. Insofar as, for whatever reason, either of the parties pays any payment under this contract, which the other party is obligated to pay, the other party shall have to return to the paying party any such amount paid thereby immediately upon the second party's first demand in a letter of notice to the party for whom payment was made, with Index linkage differentials and arrears interest at the rate set forth in Section 7(a) above, within seven days of the date of demand thereby and until actual payment of the same by the second party.

e. Breach of this section shall be deemed a fundamental breach of the contract.

Transfer of Rights

11.

a. The Lessee may transfer and/or endorse its rights under this contract to another person and/or entity and to lease or hand over to another or to other and to permit and/or grant any right to another or to others to use the Property or any part thereof, to share with someone possession of the leased property or use thereof and/or of any part thereof in any form and manner, all whether with or without consideration. The aforesaid shall be carried out after receipt of the Lessor's consent. For this purpose, the Lessor undertakes not to unreasonably withhold its consent.

b. The Lessor, on its part, may transfer its rights and obligations under this contract to any entity and/or person without need for the Lessee's consent, provided that the Lessee's rights under this contract are not prejudiced.

c. Breach of this section shall be deemed a fundamental breach of the contract.

Insurance

12. The Lessee hereby undertakes to insure, at its own expense, the contents of the leased property and the business and activity of the Lessee at the leased property, at full value, with the insurance values being updated from time to time, as necessary, and against all known, standard and customary risks, with an authorized reputable insurance company.

Without derogating from the generality of the aforesaid, the Lessee hereby undertakes to purchase the following insurance policies:

a. Employers' liability insurance –

Insurance of the Lessee's liability to its employees under the Tort Ordinance (New Version) and/or under any other law due to death and/or bodily harm (including brain or mental damage) to any employee as a result of an accident or illness while and as a result of his work, with a liability cap no lesser than $1,500,000 per claim and $5,000,000 in the aggregate for the term of the insurance.

b. Third party liability insurance –

Insurance of the Lessee's liability to the Lessor and to any third party, under the Tort Ordinance (New Version) and/or under any other law in an amount no lesser than $500,000 (five hundred thousand dollars) per claim and in the aggregate for the term of the insurance.

c. Property insurance –

Insurance of the contents of the leased property, the equipment used in the Lessee's work and the equipment serving the leased property and located outside the leased property, including any repair, change, renovation and addition to the leased property, made and/or to be made by the Lessee and/or therefor, of any type whatsoever, with full reinstatement value, and no less than the price of replacement thereof with new and similar property, including their installation, and including explosion, earthquake, storm, gale, flood, water damage, damage by aircraft, damage by accident, strikes, riots, willful damage and burglary.

The said insurance shall also insure the full value of the Lessee's work.

d. Insurance for loss of profits of the Lessee –

The Lessee may not recover from the Lessor any claim related to loss of profits, whether or not it may be proved.

13.

a. Without derogating from the generality of the aforesaid, the Lessee hereby undertakes to bear the management fee payments according to the provisions of Annex F, which also include payments for the following insurance policies, to be taken out by the Lessor:

1. Insurance of the Building, including the attachments thereto, against loss or damage as a result of risks of fire, smoke, lightning, explosion, earthquake, riots, strikes, willful damage, terror damage, storm, gale, flood, other natural disasters, damage by aircraft, damage by accident, burglary and against any additional risk which, in the opinion of the Lessor, is required, in amounts or unlimited in amount, as determined by the Lessor per its discretion, provided that the amount of insurance is no less that the reinstatement value of the Building and the attachments thereto. Such insurance shall include a clause concerning waiver of the subrogation right against the lessees and/or tenants in the Building due to damage caused thereby to the Building, with the exception of damage caused thereby with malicious intent.

For the purpose of the provisions of this section, the term "Building" shall include all of the systems constituting an inseparable part of the Building and will explicitly not include the contents of the leased properties and any addition, repair, change, improvement or extension carried out in the leased properties by the lessees or for them.

2. Third party liability insurance, which insures the liability of the Lessor and Lessee to any third party under the laws of the State of Israel, with a liability cap no lesser than $2,000,000 per claim and in the aggregate for the term of insurance, in the public areas which do not constitute a part of the leased areas.

   The policy shall include a "cross liability" clause, under which the mutual liability of the individuals of the insured and the Lessee will be covered.

3. Insurance for loss of rent and/or consequential loss and loss of profits of the Lessor, at full value, as a result of loss or damage to the Building and/or to the leased property as a result of the risks specified in Section 12.a.1 above for the period required for reinstatement or replacement of the Building.

4. Any other insurance which the Lessor deems necessary, including third party insurance in addition to the aforesaid in Section 12(b) above, which pertains to destruction and/or damage and/or loss and/or liability in connection with the Building, its management and its operation.

b. The Lessee will present to the Lessor per its demand all of the insurance policies issued thereto in accordance with Section 12 above, within 60 days after the signing hereof at the Property and shall furnish copies thereof thereto, as a preliminary condition for receipt of possession of the Property thereby or for opening of the business thereby (as applicable) and shall also present to the Lessor, on an ongoing basis, any new policy to be issued thereto or any amendment to a policy previously presented thereby to the Lessor. Per the reasonable demand of the Lessor, the Lessee shall have to add and/or update and/or amend the insurance policies to the Lessor's satisfaction in order for such to meet the criteria set forth in this section above.

c. It is hereby expressly agreed and stated that the Lessor shall bear no liability of any type whatsoever to the Lessee for any damage caused to the Property or to the contents thereof or to a third party for any reason whatsoever, whether the reason for the damage or malfunction are known or unknown, except as a result of negligence and/or the liability of the Lessor.

d. The Lessee undertakes to cause an explicit condition to be added to the insurance policies, whereby the insurer expressly waives any subrogation right or other right under law to recover from the Lessor and/or from anyone on behalf thereof by a claim of subrogation or recovery or indemnification due to direct or indirect damage as specified above, if any such damage is caused.

   Without derogating from the aforesaid, the Lessee further undertakes to cause the name of the Lessor to be added to the insurance policies as a beneficiary and an express condition to be added whereby the insurer is also liable to the Lessor in the same manner in which it is liable to the insured (the Lessee), with respect to third party claims due to direct or indirect damage as specified above, if any such damage is caused, including a "cross liability" clause governing the mutual liability of the individuals of the insured.

e. The Lessor shall properly comply with all of the terms and conditions of the policies mentioned in this section above, to timely pay the insurance fees and to see to the renewal of the policies and their being in full force and effect throughout the entire term of the lease and the additional term of lease, if any.

f. The Lessee undertakes to see to it that for all policies on its behalf and in its name a "policy addendum" is issued whereby revocation and/or change for the worse thereof in any respect pertaining to the leased property and/or the Lessor and/or the Lessor is contingent upon written notice by registered mail to be delivered to the Lessor by the insurer at least 30 days prior to the date of such change and/or revocation.

g. Effectuating the insurance policies as aforesaid shall in no manner diminish and/or derogate from the undertakings of the Lessee under this contract nor shall it release it from its duty to compensate any person for any damage caused to his person or to his property, directly or indirectly, as a result of the use of the Property.

For the avoidance of doubt it is clarified that the Lessor's involvement in respect of the effectuation of the various insurance policies by the Lessee, including the types of insurance and/or the setting of minimum liability caps, does not impose any liability on the Lessor with respect to the insurance coverage, its force and effect or its suitability.

h. The Lessee undertakes to indemnify the Lessor if the Lessor is charged with any payment due to damage caused at the Property, of any type whatsoever, which does not stem from the act, omission or negligence or liability of the Lessor, but stems from the liability of the Lessee.

Vacating

14. The Lessee undertakes to vacate the Property immediately upon the end of the term of the lease, or in the event of termination of the contract for whatever reason or upon expiration thereof by the Lessor, all as the case may be, and to return to the Lessor exclusive possession of the Property, it being clear of any person and object and it being in good and proper condition, as received thereby and subject to reasonable wear and tear.

The Lessee further undertakes to provide the Lessor on demand with confirmations from any and all pertinent entities whereby all of its obligations as stated in this contract have been paid, including municipal and other taxes, water, electricity, air conditioning electricity, telephone, gas, etc.

15. For any day of delinquency in the vacation of the Property (except the first 7 days of delinquency on which the usual rent will be collected without delinquency fees and thereafter according to the provisions of this section), as aforesaid, and in any event where the Lessee must vacate the Property under any law and/or agreement, the Lessee undertakes to pay the Lessor an amount in New Shekels equal to 3 times the last rent including V.A.T. and any other component, if added, divided by the number of days in the last month and linked under the terms and conditions hereof and multiplied by the number of days of delinquency in the vacation of the Property and estimated as damages that are fixed, agreed and estimated in advance, without prejudice to the Lessor's right to claim, demand and receive injunctions and/or specific performance and/or any other remedy against the Lessee including rent under this agreement which is due thereto under any law.

Breach and Remedies

16.

a. The parties hereby agree that if this contract and/or any of the terms and conditions hereof are fundamentally breached, the injured party will be entitled to terminate this agreement and demand from the Lessee (insofar as it is the injuring party) to return exclusive and clear possession of the Property, and the Lessee undertakes to comply with such demand within 60 days.

Without derogating from the aforesaid, each of the events specified below shall be deemed as conferring upon the injured party the right to discontinue the lease hereunder. Insofar as the injuring party is the Lessee, the Lessor may demand that the Lessee immediately vacate the Property and recover from the Lessee in any legal way available thereto, including by way of realization of the collateral noted in Section 17, in order to cover all of the Lessor's damage, and including removal of the Lessee, its equipment, employees and representatives from the Property, and these events follow:

1. The Lessee shall have abandoned the Property for a period exceeding 90 days, subject to the provisions of Section 9 above.

2. A judicial closedown order shall have been issued in respect of the Lessee's business at the Property and the order shall not have been revoked within 60 days of the issuance thereof.

3. An attachment shall have been imposed on the rights of the Lessee under this contract and such attachment shall not have been revoked within 120 days as of the day on which the Lessee shall have learned of the imposition of attachment.

4. A bankruptcy and/or liquidation petition shall have been filed against the Lessee or by the Lessee or an order for receipt of assets in bankruptcy and/or a liquidation order shall have been issued against it and/or a temporary or permanent receiver of all or some of its assets and/or a trustee in bankruptcy and/or a liquidator shall have been appointed thereto and such petition and/or order and/or appointment shall not have been revoked within 60 days of the day on which the Lessee shall have learned thereof.

b. In the event of termination of the contract due to a fundamental breach thereof and a failure to remedy the same after written notice thereof being given and discontinuance of the lease consequently thereto, the breaching party undertakes to pay the injured party preestimated liquidated damages in the amount of $10,000 (ten thousand U.S. dollars) with no proof of damage to the Lessor being necessary and without prejudice to any other and/or additional legal and/or contractual right available to the Lessor.

c. In the event of a fundamental breach of the contract by the Lessee, the Lessor may accelerate payment of the entire remaining balance of rent, management fee and parking space payment until the end of the term, provided that the breach shall not have been rectified also 7 days after the Lessor shall have notified the Lessee thereof, without prejudice to any legal or other right to remedies under law and under this agreement.

d. Noncompliance with the undertakings of the management company under this agreement lasting more than 90 days shall constitute a fundamental breach of this agreement by the Lessor.

Collateral

17. To secure compliance with all of the Lessee's undertakings under this contract, the Lessee undertakes to provide the Lessor on the date of the signing hereof with the following collateral:

a. An autonomous bank guarantee to the order of the Lessor in the amount of 3 (three) months of lease including V.A.T and any other addition (insofar as added). The guarantee shall be linked to the agreement's index and to any condition and/or addition stated in this agreement or the extensions thereof as they shall be. The guarantee shall be in force and effect until one month from the date of expiration of this agreement or the extensions or addendums thereof, as applicable, and restoration of the Property to the condition stated in this agreement.

Stamp Duty

18. Stamp duty expenses of this contract and the copies hereof, if stamped, shall be paid by the Lessee.

General

19.

a. This contract revokes the MOU signed between the parties, if any, and/or any other paper and representation with respect to which negotiations were conducted, and supersedes it for all intents and purposes related to the Property and/or any other understanding whether oral or written during the negotiations until the signing date.

b. The parties grant exclusive jurisdiction to the competent court at the city of Jerusalem.

Notices

20.

a. The addresses of the parties hereof are as specified in the preamble.

After commencement of the term of the lease, the Lessee's address for the purposes of this contract shall be at the Property.

b. Any notice sent to any of the parties by registered mail shall be deemed to have arrived at its destination and duly delivered at the end of 72 hours as of the time of dispatch thereof.

In witness whereof the parties have hereunto set their hands

/s/ Yair Hadar	/s/ Zvi Joseph
The Lessor	The Lessee

Translated from Hebrew

April 21, 2004

Addendum to Agreement
Signed in Jerusalem on April 21, 2004

Between: **R. M. P. A. Assets Ltd.** (the "**Lessor**")

And: **Intec Pharmaceuticals (2000) Ltd.** (the "**Lessee**")

It has been agreed as follows:

1. As of May 1, 2004, the area of the lease shall increase by an additional 200 sqm (gross) (the "**Additional Leased Property**").

2. The rent for the additional area shall be NIS 38.25 per one gross sqm plus a management fee in the amount of NIS 9 per one gross sqm.

3. Lawful V.A.T. shall be added to the aforesaid prices.

4. The aforesaid prices shall be linked to increases in the Consumer Price Index (basis published on March 15, 2004) and shall be increased by 5% after 24 months.

5. No rent and management fee shall be paid for the first two months.

6. The lease agreement and all of the periods therein are hereby extended, such that they last for no less than 20 months from the payment commencement date in respect of the new leased property.

7. The following conditions shall apply with respect to an 46 sqm-area:

   a. For the first 3 months of lease - no rent shall be paid.

   b. For the 12 months thereafter - 50% of the rent and management fee specified in Sections 2-4 of this addendum shall be paid.

   c. Thereafter, rent shall be paid according to the provisions of Sections 2-4 of this addendum.

8. The bank guarantee shall be increased in accordance with the rent increment under this addendum to the agreement.

9. Payment terms are hereby modified both with respect to the old leased property and with respect to the new one, such that the payment date will be each quarter in advance, rather than as stated in the agreement.

10. The Lessor shall, at its own expense, separate the leased property from the remaining vacant area by plaster walls, and shall also perform any change or fit-out required thereto in order to allow for new entrance or entrances into the area remaining in the Lessor's possession, and the Lessee shall bear no cost or obligation in consequence thereof.

11. The Lessor shall perform electricity work for separation of all of the connections in the new leased property (lighting, power, fan coils and so forth) from the present distribution board and shall connect them through a separate distribution board to a central distribution board of the building or another main board including a secondary meter for consumption measurement and security switches as required. For the avoidance of doubt, all of the current costs of any type (electricity, air conditioning electricity, chiller electricity and so forth) shall be borne by the Lessee whether paid to the Israel Electric Corporation or to the Lessor or another entity according to the secondary meter. The separation stated in the first part of this section only refers to the actual separation work. Separations shall be carried out in coordination with professionals on behalf of the Lessor insofar as required until May 15, 2004. In respect thereof, the Lessee shall contribute an amount of NIS 750 plus V.A.T. per month for a period of 12 months commencing on the day of completion of the separation work on behalf of the Lessor.

12. All of the other terms and conditions of the lease agreement of June 2, 2003, insofar as unchanged by this agreement, shall remain unchanged and shall also apply to the Additional Leased Property.

In witness whereof the parties have hereunto set their hands

/s/ Zvi Joseph	/s/ Yair Hadar
The Lessee	The Lessor

Translated from Hebrew

January 1, 2006

Addendum to Agreement
Signed in Jerusalem on January 1, 2006

Between: **R. M. P. A. Assets Ltd.** (the "**Lessor**")

And: **Intec Pharma Ltd.** (the "**Lessee**")

It has been agreed as follows:

1. As of January 1, 2006, the area of the lease shall increase by an additional 669 sqm (gross) (the "**Additional Leased Property**"), in accordance with the attached floor plan.

2. The rent for the additional area shall be NIS 38.25 per one gross sqm plus a management fee in the amount of NIS 9 per one gross sqm.

3. The Lessee shall commence the aforesaid rent and management fee payments on January 1, 2006.

4. Lawful V.A.T. shall be added to the aforesaid prices.

5. The aforesaid prices shall be linked to increases in the Consumer Price Index (basis published on March 15, 2004) and shall be increased by 5% as of January 1, 2007.

6. The lease agreement and all of the periods therein are hereby extended, such that they last for no less than until December 31, 2008.

7. The bank guarantee shall be increased in accordance with the rent increment under this addendum to the agreement.

8. The Lessee shall, at its own expense, separate the leased property from the remaining presently vacant area by plaster walls, and shall also perform any change or fit-out work required thereto at its own expense, and the Lessor shall bear no cost or obligation in consequence thereof.

9. The Lessee shall perform electricity work for connection of all of the connections in the new leased property (lighting, power, fan coils and so forth) from the present distribution board (approx. 630 ampere) and shall also connect it to all of the areas of the previous leased properties, such that only one direct connection to the Israel Electric Corporation remains. The Lessee shall disconnect the connection of the area which shall not be under its possession and shall also connect thereto the 30-ton chiller cooling unit, which, as of the signing of this document shall be exclusively used by the Lessor. The Lessor shall bear the responsibility for disconnecting and reconnecting other parts which are not used by the Lessee.

10. The Lessee may perform fit-out work according to the attached floor plan which is approved by the Lessor's signature.

11. The Lessee may, at its own expense, add air conditioning and ventilation systems on the roof, but only after a suitable plan, including conduits etc., is approved by the Lessor.

12. It is agreed that the Lessee shall have the option to extend the lease for an additional period of two years subject to a written notice by September 30, 2008. In such additional period, all of the payments payable by the Lessee shall increase by 5%.

13. All of the other terms and conditions of the lease agreement of June 2, 2003, insofar as unchanged by this agreement, shall remain unchanged and shall also apply to the Additional Leased Property.

14. The parties shall sign, as soon as possible, a lease agreement for all of the areas leased by the Lessee, with all of them having a tariff, linkage conditions and price increases and the lease dates shall be in accordance with the provisions of this addendum.

15. The Lessee shall return the areas used thereby under this agreement and under the additional existing lease agreements with the Lessee, in their condition after performance of changes in the leased property for the specific needs of the Lessee. It is hereby clarified that the Lessee shall not be obligated to restore the leased property to its condition when received, and shall also not be charged with any expenses, whether direct or indirect, due to the area's restoration to its previous condition.

In witness whereof the parties have hereunto set their hands

/s/ Zvi Joseph	/s/ Yair Hadar
The Lessee	The Lessor

Translated from Hebrew

December 15, 2009

Addendum to Unprotected Lease Agreement of June 2, 2006

Between: **R. M. P. A. Assets Ltd.**

(the "**Lessor**")

And: **Intec Pharma Ltd.**

(the "**Lessees**")

Whereas the Lessees are leasing premises from the Lessor at R.M.P.A. House, spanning 1,039 (gross), under an agreement of June 2, 2003, including all of the addendums thereto; and

Whereas the Lessees wish to extend the term of the lease for three additional years as of January 1, 2010 and until December 31, 2012; and

Whereas the Lessor is willing to extend the lease for an additional three-year period as of January 1, 2010 and until December 31, 2012;

Wherefore the parties have agreed as follows:

1. The term of the lease shall be extended for three additional years as of January 1, 2010 and until December 31, 2012.

2. Payments due to the contract shall increase by 5% as of January 1, 2010, beyond the last payment made and the linkage differentials.

3. The bank guarantee shall increase according to the increase in rent under this addendum to the agreement.

4. The Lessee shall have a right of refusal in respect of additional areas comprising approx. 450 sqm on the floor of the leased property which are adjacent to the leased property for a one-year period at market prices. The Lessor shall give the Lessee a 10-day notice prior to signing a lease agreement in respect of such area, within which the Lessee shall give notice of the exercise/non-exercise of such right.

5. It is clarified that the original contract, with all of the terms and conditions and annexes thereof, is also effective for this extension period and nothing in this extension agreement shall derogate from any undertaking and/or debt of any of the parties which derives and/or is attributed to the original contract.

In witness whereof the parties have hereunto set their hands

/s/ Giora Carni	/s/ Yair Hadar
The Lessee	The Lessor

Translated from Hebrew

January 18, 2011

Addendum to Agreement
of June 2, 2006

Between: **R. M. P. A. Assets Ltd.** (the "**Lessor**")

And: **Intec Pharma Ltd.** (the "**Lessees**")

It has been agreed as follows:

1. As of January 15, 2011, an additional area on Floor B of the Building, the estimated area of which is approx. 600-700 sqm (gross) shall be added to the leased property (the "**Additional Leased Property**"), according to the attached floor plan. It is clarified that the precise area of the Additional Leased Property shall be measured after performance of the actual division and shall be calculated by adding 24% to the total area of the Additional Leased Property (including walls). This area will be added to the area of the presently leased property of 1,039 sqm and to parking spaces and a storage room which are leased by the Lessee.

2. The price of rent and management fee and the linkage conditions for the Additional Leased Property shall be identical to the price of rent and management fee and linkage conditions applicable to the other lease areas of the Lessee, but the provisions specified in this document shall additionally apply thereto.

3. The Lessee is given a grace period, such that the rent for the Additional Leased Property will only be paid as of August 1, 2011 forth.

4. Notwithstanding the aforesaid, the Lessee shall be liable for municipal tax (*arnona*) charges in respect of the Additional Leased Property as of January 15, 2011.

5. The Lessee shall commence payment of management fees in respect of the Additional Leased Property as of April 1, 2011.

6. Lawful V.A.T. shall be added to the aforesaid prices.

7. The lease agreement and all of the periods therein are hereby extended, both in respect of the existing leased Property and in respect of the Additional Leased Property, such that they last for no less than until December 31, 2015.

8. Notwithstanding the aforesaid, it is agreed that the Lessee shall have a right to discontinue the lease and vacate the Additional Leased Property alone under this agreement on March 3, 2011, provided that it gives written notice thereof to the Lessor at least 7 days before the end of the lease. Insofar as the Lessee exercises this right, it shall pay the Lessor a one-time payment for the period of actual use in the amount of NIS 30,000 plus V.A.T. and the full municipal tax (*arnona*) for the Additional Leased Property under this addendum for the entire period in which the leased property was in its possession.

9. The bank guarantee shall be increased according to the rent increment under this addendum to the agreement.

10. The Lessee may perform fit-out according to a floor plan to be submitted by the Lessee and approved by the Lessor.

11. The Lessee may add, at its own expense, air conditioning and ventilation systems on the roof adjacent to the Building, but only after a suitable plan, including conduits, is approved by the Lessor.

12. The Lessor shall not unreasonably withhold its consent to the aforesaid in Sections 10 and 11 above.

13. As of January 1, 2014, the rent, parking space payments and management fee payable by the Lessee will be increased by 5% in respect of the leased property and the Additional Leased Property.

14. All of the other terms and conditions of the lease agreement of June 2, 2003, including its addendums and extensions as being from time to time, insofar as unchanged by this document, shall remain unchanged and shall also apply to the additional area.

15. The parties shall sign, as soon as possible, a lease agreement for all of the areas leased by the Lessee.

16. At the end of the term of the lease, the Lessee shall return all of the areas used thereby as they are after the performance of changes in the leased property by the Lessee (even if such will have been fit-out for the specific needs of the Lessee), but in a condition fit for immediate use, subject to reasonable wear and tear.

    It is hereby clarified that the Lessee will not be obligated to restore the leased property to its previous condition at the time of receipt of possession thereof from the Lessor.

In witness whereof the parties have hereunto set their hands

/s/ Giora Carni	/s/ Yair Hadar
The Lessee	The Lessor

Translated from Hebrew

October 28, 2015

Lease Agreement - Appendix
Signed by and between the parties on June 2, 2003

Made and entered into in Jerusalem on October 28, 2015

Between: **R.M.P.A. assets ltd.**
Company number 51-1808008
Which address is 12 Hartom St., Mount Hozvim, Jerusalem
(Hereinafter referred to for the sake of brevity as "the Lessor")

On the one hand

And: **Intec Pharma Ltd.** (formerly Intec Pharmaceuticals (2000) Ltd)
Corporation number 513022780
Which address is 12 Hartom St., Mount Hozvim, Jerusalem
(Hereinafter referred to for the sake of brevity as "the Lessee")

On the other hand

Whereas the parties have signed a lease agreement ("**Lease Agreement"**) on date June 2, 2003, pursuant to which the lessee had rented a rental spaces located on the 1st floor and 2nd floor of the building which built up on a plot known as "R.M.P.A. building" (to be called hereinafter: **"The building**"), a warehouse and parking spaces, all as set forth in the Lease Agreement and its appendices;

Whereas the lessee is interested to extend the lease period and furthermore rent additional space on the second floor of the building;

Whereas the lessor has agreed to extend the lease period and to lease additional space to the lessee in accordance with the terms set out specifically in this appendix;

Therefore, it was agreed, declared and stipulated between the parties as follows:

1. The lease period will be extended by an additional 30 months period, commencing from January 1, 2016 and until June 30, 2018.

2. The Lessee is granted an option to extend the Lease Period by a further 12 months period, commencing on July 1, 2018 and until June 30, 2019 (hereinafter: "the "option period"). The option will be exercised automatically unless the lessee notified the lessor that he does not intend to exercise the option, at least 150 days prior to the expiry of the lease period.

3. All payments in respect of the leased property, as defined in the Lease Agreement, the appendices and addenda thereto, shall remain unchanged during the additional lease period. The rental fee, management fees, parking spaces and the warehouse will increase by 5% over the increase in the index during the option period as it would be exercised.

4. As from January 1, 2016, an additional space (hereinafter: the "**additional space**") on the second floor of the building, consisting of an area of approximately 78 square meters (m^2) gross, will be added to the leased property , in accordance with the attached sketch. This space will be added to the currently leased space of 1,814 m^2 gross, 10 m^2 warehouse and 19 parking spaces. There may be a possibility of advancing the delivery date of the additional space, by a written notice to the lessor, 30 days in advance.

5. After the signing of the parties to this Appendix and after the delivery of the additional space on the 2nd floor, the property will be deemed as inclusive of the additional space, as if it was included in the Lease Agreement from the outset.

6. The additional space shall be leased to the lessee in its AS-IS condition, and all the adjustments that the lessee requires, will be carried out by the lessee and at his expense. The separation of the additional space from the rest of the office space will be carried out by the lessee and at his expense.

7. The lessee states that he is aware that the additional space is installed with central air conditioning system which is not connected to the chillers' system of the building. Should the lessee chooses to connect the additional space to the air chillers' system, he will have to carry out the change himself and at his own expense, as well as submit work plans for the lessor's approval, prior to the execution of the work.

8. The rental fees, their Linkage, the management fees and the remaining provisions of the Lease Agreement shall apply in their entirety to this Appendix and nothing in this appendix shall derogate and / or modify the provisions of the Lease Agreement, with the exception regarding the extension of the period and the addition of the supplement space leased by the lessee from the lessor.

/s/ Yair Hadar	/s/ Oren Mohar
The Lessor	**The Lessee**

Translated from Hebrew

December 31, 2017

Lease Agreement - Appendix
Signed by and between the parties on June 2, 2003

Made and entered into in Jerusalem on December 31, 2017

Between: **R.M.P.A. assets ltd.**
Company number 51-1808008
Which address is 12 Hartom St., Mount Hozvim, Jerusalem
(Hereinafter referred to for the sake of brevity as "**the Lessor**")

On the one hand

And: **Intec Pharma Ltd.** (formerly Intec Pharmaceuticals (2000) Ltd)
Corporation number 51-3022780
Which address is 12 Hartom St., Mount Hozvim, Jerusalem
(Hereinafter referred to for the sake of brevity as "**the Lessee**")

On the other hand

Whereas the parties have signed a lease agreement (hereinafter: "**Lease Agreement"**) on June 2, 2003, pursuant to which the Lessee rented rental spaces located on the 1st floor and 2nd floor of the building known as "R.M.P.A. building" (hereinafter: **"the Building"**), a warehouse and parking spaces, all as set forth in the Lease Agreement and its appendices;

Whereas the parties have signed an addendum Lease Agreement on October 28, 2015 which extends the lease period until June 30, 2018;

Whereas the parties have signed for 2 additional addendums to the Lease Agreement on July 7, 2017 and July 20, 2017 (respectively) for additional space of rent and warehouse in the Building;

Whereas the Lessee is interested to extend the lease period and to rent additional space on the ground floor of the Building (at the secondary entrance of the Building);

Whereas the Lessor has agreed to extend the lease period and to provide additional space of rent to the Lessee in accordance with the terms set out specifically in this appendix;

Therefore, it was agreed, declared and stipulated between the parties as follows:

1. The lease period will extended by an additional 36 months period, commencing from June 1, 2018 and until June 30, 2021.

2. The Lessee is granted an option to extend the lease period for additional period of 12 months, commencing on July 1, 2021 and until June 30, 2022 (hereinafter: "**the option period**"). The option will exercised automatically unless the Lessee will notify the Lessor that he does not intend to exercise the option, at least 150 days prior to the expiry of the ease period.

3. All payments in respect of the leased property will remain continuously pursuant to the Lease Agreement and/or its addendums and/or appendixes. However, as of day January 1, 2020 all the payments will increased by 5% over the increase in the index.

4. As from January 1, 2018, an additional space (hereinafter: the "**Additional Space**") on the ground floor of the building, consisting of an area of approximately 414 square meters (m^2) gross, (294 +75 +45 hallway and toilet) will be added to the leased property, in accordance with the attached sketch. This space will be added to the currently leased space of 1,910 m^2 gross, 30m^2 warehouse and 24 parking spaces. As of the delivery of the additional space all the mentioned payments regarding the entire spaces will apply (the payment for the 75 m^2 will be subject to its actual delivery date)

5. The Lessor hereby commits that the transfer of the current Lessee on the ground floor 75 m^2 space to an alternative space will be no later than the end of March 2018. It is hereby agreed that at the date of the transfer and actual delivery of the space to the Lessee, the Lessor shall be paid a one-time payment in the amount of NIS 150,000 and VAT that shall considered as the Lessee's portion expenses in the transfer of the current Lessee to an alternative space.

6. Upon signing of the parties on this appendix the property will be deemed as including the additional space, As if he had been included in the Lease Agreement in the first place.

7. The additional space shall be rented to the Lessee in its AS-IS condition, and all the adjustments that the Lessee requires, will be carried out by him and at his own expense. It is hereby clarified that Lessee commits to approve his renovation plans including all the systems designated to be placed on top of the roof and/or in external spaces, infrastructure moving routes, public hallway cutoff and the finishing of the renovation job in The separation of the space from the public space etc. all with the Lessor and subject to its approval of the plans (and according to its notes will represent an amended plan).

8. The Lessee states that he is aware that the additional space a central air conditioning system is installed which connected to the chillers' system of the building. The Lessee and the Lessor will discuss the proportional part use of Intec Pharma in the entire public air conditioning electricity and will hire for this manner an air conditioning consultant or a planner, which agreed upon by both parties. All adjustments made in the air conditioning system in the Lessee's leased property will by him and on his own expense. It hereby clarified that the Lessee will have the right to install in the additional space a new separate system which will be approved as part of the renovation plans. In such case, all parts of the air conditioning system in the additional space will removed carefully and will be transfer to the Lessor representatives. Further to such requirement, it is clarified that if the installed separate air conditioning system will not use the central air conditioning system resources then no relative payment of the above shall apply.

9. The Lessee shall install at his own expense a water meter for the unit and will verify during its adjustments if the current electricity meter (of Saitech company) connected and/or it need to be adjusted and/or replaced. Any adjustments or replacement will be according to the Lessors opinion and its guidelines.

10. The Lessee will be responsible to adjust the securities submitted by him for the new space and will extend the securities' term to be valid throughout the entire lease period and/or option for that matter.

11. The rental fees, their Linkage, the management fees and the remaining provisions of the Lease Agreement shall apply in their entirety to this Appendix and nothing in this appendix shall derogate and/or modify the provisions of the Lease Agreement, with the exception regarding the extension of the period and the addition of the supplement space leased by the Lessee from the Lessor.

/s/ Yair Hadar	/s/ Nir Sassi / /s/ Nadav Navon
The Lessor	**The Lessee**

Exhibit 4.10

SERVICES AGREEMENT

This Services Agreement (the "**Agreement**") is entered into as of August 29, 2017, by and between intec pharma ltd., a company incorporated under the laws of the State of Israel, with its principal office at 12 Hartom Street, Har Hotzvim, Jerusalem 9777512, Israel (the "**Company**"), and Jeffrey A. Meckler of 7W 84th Apt 1-A New York NY 10024, USA (the "**Vice Chairman**").

Whereas, the Vice Chairman has presented his nomination to act as the Vice Chairman of the board of directors of the Company (the "**Board**"); and

Whereas, the Board deems it's advisable and in the best interest of the Company to appoint the Vice Chairman to act as the Vice Chairman of the Board;

Whereas, the Company and the Vice Chairman would like to enter into this Agreement to defined the services to be provided by the Vice Chairman and to set the compensation for these services;

Now, Therefore, it is hereby agreed as follows:

1. Term; Termination.

1.1. Subject to the approval of the terms of this Agreement by the Company's shareholders, this Agreement shall become effective on May 1, 2017 and shall continue for a period of one year thereafter, or until its termination in accordance with its terms (the "**Term**").

1.2. Each of the parties (in the case of termination by the Company, in accordance with a resolution of the Board to remove the Vice Chairman from his position as Vice Chairman of the Board) may at any time terminate this Agreement for whatever reason with an advance written notice of at least 30 days.

1.3. Notwithstanding anything to the contrary, the Agreement shall automatically terminate on the date the Vice Chairman no longer serves as the Vice Chairman of the Board of the Company.

2. The Services.

2.1. During the Term, the Vice Chairman shall render his services, advice and assistance to the Company and to the Board and management as may be consistent with his title of Vice Chairman of the Board and as may be required by applicable law and shall, among others: (a) regularly participate and preside at Board meetings, and (b) to the extent requested by and in coordination with the Company's Chief Executive Officer: (i) provide support with potential customer and industry relations; (ii) provide assistance and guidance on Company strategy; (iii) support strategic employee recruiting and retention; (iv) provide assistance and support on investor relations; and (v) recommend world-class Board candidates to the Board for its evaluation (collectively with the Additional Services (as defined below), the "**Services**").

In addition, during the first 9-months of the Term, in coordination with the Company's Chief Executive Officer and the Chairman of the Board the Vice chairman shall provide further services to the Company to facilitate the (i) raising of sufficient funds to cover the cost of the Company's Phase III trial; and (ii) expanding the investor relations of the Company with U.S. investors of all kinds, including retails, intuitional entities; and (iii) establishment of business development or other strategic opportunities with big-pharma companies (such additional services are referred hereto as the "**Additional Services**").

2.2. The Services shall be rendered in the USA, but the Vice Chairman shall do such traveling on behalf of the Company as may be reasonably required by his duties.

2.3. The Services shall be provided to the Company by the Vice Chairman only.

2.4. The Vice Chairman shall utilize the highest professional skill, diligence, ethics and care in providing the Services.

3. Consideration.

3.1. As sole compensation for the Services, the Company shall pay the Vice Chairman the fees set forth in **Exhibit A** (the "**Fees**").

3.2. The Fees constitute the full and final consideration for the Services, and the Vice Chairman shall not be entitled to any additional consideration (including, without limitations, any annual or per meeting fees for participation in and/or attending meetings of, the Board and/or committees thereof), of any form, for the Services.

3.3. By signing this Agreement, the Vice Chairman acknowledges and agrees that as a Vice Chairman to the Company, he is not entitled to receive from the Company any social benefits (including without limitation, health insurance, paid vacation days, paid sick leave, severance payments, pension funds, etc.).

3.4. All income taxes, national and health insurance payments and any other taxes and levies, of whatever nature, imposed on the payment to the Vice Chairman hereunder or which may arise as a result of this Agreement, shall be borne and payable by the Vice Chairman only, and the Vice Chairman shall be responsible for the payment thereof.

3.5. In the event that pursuant to any law or regulation, tax is required to be withheld at source from any payment made to the Vice Chairman, the Company shall withhold said tax at the rate set forth in the certification issued by applicable tax authority or if there is no such certification, at the rate determined by said law, regulation or tax treaty provisions, unless the Vice Chairman has presented the Company with a valid tax withholding exemption certificate issued by the applicable tax authority, in which case the reduced withholding tax will apply. Any tax so withheld by the Company or paid by the Vice Chairman shall be deemed for all intents and purposes as part of the Fees paid to the Vice Chairman.

4. Independent Contractor.

4.1. The Vice Chairman agrees and acknowledges that he is performing the Services hereunder as an independent contractor and that no employer-employee relationship exists or will exist between the Company and the Vice Chairman.

4.2. The Vice Chairman hereby fully and irrevocably represents, warrants and undertakes as follows:

4.2.1. The execution and delivery of this Agreement and the fulfillment of the terms hereof (i) will not constitute a default under or conflict with any agreement or other instrument to which the Vice Chairman is a party or bound to; (ii) will not result in a breach of any confidentiality undertaking to any third party, and (iii) do not require the consent of any person or entity.

4.2.2. The Fees are the sole and exclusive consideration which the Company shall be required to pay for the Services rendered to it.

4.2.3. The Vice Chairman is estopped from making any claim regarding the existence of employer-employee relations with the Company.

4.2.4. If, despite the parties' express representations and agreements hereunder, it shall, at any time, be determined by a court of competent jurisdiction or by any other governmental authority, that the Vice Chairman is an employee of the Company or is holding any other status (rather than an independent contractor) with the Company (in each case in light of a claim by the Vice Chairman with respect to its independent contractor status), and that as a consequence of such employment or other status the Vice Chairman is entitled to payments or benefits that are not otherwise entitled to according to this Agreement, then all payments made and benefits granted to the Vice Chairman pursuant to this Agreement will be reduced by 30%, retroactively as of their payment or grant. In such event, the Vice Chairman will repay the Company any overpayment made by the Company as a consequence of such reduction. Furthermore, the Company will be entitled to set off that amount from all payments the Vice Chairman will be entitled to receive from the Company.

5. Confidentiality; Non-Use. Vice Chairman will not, during or subsequent to the Term: (i) use the Confidential Information for any purpose whatsoever other than the performance of the Services or (ii) disclose the Confidential Information to any third party. Vice Chairman agrees that all Confidential Information will remain the sole property of the Company. Vice Chairman also agrees to take all reasonable precautions to prevent any unauthorized disclosure of such Confidential Information.

For the purpose of this Agreement "Confidential Information" means any non-public information that relates to the actual or anticipated business or research and development of the Company, technical data, trade secrets or know-how, including, but not limited to, research, product plans or other information regarding Company's products or services and markets therefor, customer lists and customers, developments, inventions, processes, formulas, technology, designs, drawing, engineering, marketing, finances or other business information. Confidential Information does not include information that has become publicly known and made generally available through no wrongful act of Vice Chairman**.**

6. Non-Compete; Non-Solicitation. Vice Chairman shall not, directly or indirectly, in any capacity whatsoever, whether independently or as a shareholder, employee, consultant, officer or in any managerial capacity, carry on, set up, own, manage, control or operate, be employed, engaged or interested in a business anywhere in the world which directly competes with the Company; The foregoing shall not apply to (i) holdings of securities of any company that shares of which are publicly traded on a stock exchange, so long as the Vice Chairman has no active role in such public company, or (ii) de minims non- commercial activities. For the purpose of this Agreement, a "business competes with the Company" in the event such business functions in the development of products that might directly compete with the Company's products or product candidates.

Further, the Vice Chairman shall not, directly or indirectly, interfere with the commercial relationship between the Company and any person who is or was a customer, prospective customer, supplier, subcontractor, employee or consultant of the Company (or its subsidiaries), and will not, directly or indirectly, induce any employee or consultant of the Company (or its subsidiaries) to leave his employment/engagement therewith or to derogate from the time he commits to such employment/engagement with the Company. This Section 6 shall survive the expiration or early termination of the Agreement for a period of one (1) year.

7. New Inventions. The Vice Chairman agrees and declares that all Inventions (as defined below) which the Vice Chairman has developed or may develop, made, conceived, reduced to practice, or learned, either alone or with others during the period Vice Chairman provides the Services, that (i) are developed in whole or in part using Company's equipment, supplies, facilities or Confidential Information, or (ii) directly result from any task assigned to the Vice Chairman or any work performed by the Vice Chairman for or on behalf of the Company, or by the scope of the Vice Chairman's duties and responsibilities with the Company under this Agreement, or (iii) are directly related to the business competes with the Company, or to any future business the Company will actually engage in while the Vice Chairman provides Services to the Company (the "**Company Inventions**"), shall be the sole property of the Company and its assigns, and the Vice Chairman agrees and declares that he does not have any proprietary right and shall have no suit and/or claim of any kind against the Company in any matter relating to any Company Inventions and the intellectual property rights thereto. The Vice Chairman shall provide the Company with any and all information and documents relating to the Company Inventions in his possession, or development that Vice Chairman has developed conceived, reduced to practice, during the Term of this Agreement or in the course of, and due to, Vice Chairman's Services under this Agreement. Without derogating from the aforementioned, the Vice Chairman hereby explicitly waives any interest, claim or demand that it may have for, or may be entitled to, with respect to any consideration, compensation or royalty in connection with the Company Inventions, including but not limited to, any claims for consideration, compensation or royalty pursuant to Section 134 of the Israeli Patents Law of 1967 (the "**Patents Law**") (if and as applicable). Vice Chairman hereby acknowledges and declares that the Fees and any other benefits provided under this Agreement constitute the entire compensation to which he is entitled to from the Company and includes any and all consideration with respect to the Company Inventions developed by him. Vice Chairman further waives the right to bring any claims, demands or allegations to receive compensation, consideration or royalty with respect to the Moral Rights (as defined below) and the Company Inventions before the Committee for Compensation and Royalties under the Patents Law (the "**Committee**"). Notwithstanding the above, in the event that despite the parties' agreement hereunder as set forth in this Section 7 and in Section 9 below, the aforementioned waiver it is determined by any competent authority (including but not limited to the Committee) that for any reason whatsoever Vice Chairman is or will be entitled to consideration, compensation or royally in connection with one or more Company Inventions, Vice Chairman agrees and acknowledges that the Fees described hereunder will be deemed the sole and final consideration, compensation or royalty payments to which Vice Chairman is, and will be, entitled to from the Company in connection with such Company Inventions.

For the purpose of this Agreement "Intellectual Property Rights" means all rights patents, copyrights, trade secrets, trademarks, service marks, trade names, applications and other proprietary rights in any jurisdiction, arising from any Inventions. "Inventions" means any patent applications, patents, trade secrets, know-how, technical information, work product, designs, ideas concepts, information, materials, processes, data, programs, improvements, innovations, discoveries, developments, artwork, works of authorship, concepts, drawings, algorithms, techniques, methods, systems, processes, compositions of matter, computer software programs, databases and mask works formulae, other copyrightable works, and technique, whether or not patentable, copyrightable or protectable as trade secrets, irrespective of whether registered as a patent, copyright, trademark or in another form.

8. Intellectual Property Assignment. The Vice Chairman hereby assigns and agrees to assign in the future (when any such Company Inventions or intellectual property rights are first reduced to practice or first fixed in a tangible medium, as applicable) to the Company all the Vice Chairman's right, title, and interest in and to any and all Company Inventions (and all intellectual property rights with respect thereto) and shall sign, execute and acknowledge, at the Company's expense, any and all documents as may be necessary for the purpose of securing to the Company the Company Inventions. The Vice Chairman agrees to reasonably assist the Company at the Company's cost in every proper way to obtain and enforce its property rights relating to the Company Inventions in all countries.

9. Waiver of IP Claims and Moral Rights. The Vice Chairman hereby explicitly waives any interest, claim or demand for any Moral Rights that it has or may have in the future, with respect to the Company Inventions and all rights to assert against the Company, any claim whatsoever, before any forum, including without limitations judicial and administrative forums, with respect to said compensation for Company Inventions or with respect to said Moral Rights. "**Moral Rights**" as used herein includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights," "artist's rights," "droit moral," or the like, including without limitation, the rights of an author under Section 45 of the Israeli Copyright Law of 2007, or any other similar provision under any law of any applicable jurisdiction, including the right of the author to be known as the author of its work; to prevent others from being named as the author of its work; to prevent others from making deforming changes in its work in a manner that reflects negatively on its professional standing, its goodwill or dignity. To the extent Vice Chairman retains any such Moral Rights under applicable law, it hereby ratifies and consents to any actions that may be taken by or authorized by the Company with respect to such Moral Rights, and agrees not to assert any Moral Rights with respect thereto. The Vice Chairman will confirm any such ratifications, consents and agreements from time to time as requested by the Company

10. Governing Law and Venue. This Agreement shall be governed by and construed under the laws of the State of Israel without reference to its principles and laws relating to the conflict of laws. The competent court of Tel-Aviv-Jaffa in Israel shall have exclusive jurisdiction with respect to any dispute and action arising under or in relation to this Agreement.

11. Miscellaneous. This Agreement may not be assigned by either party. This Agreement may not be amended or modified, except by the written consent of both parties hereto. In the event that any covenant, condition or other provision contained in this Agreement is held to be invalid, void or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder thereof, and shall in no way affect, impair or invalidate any other covenant, condition or other provision therein contained. All notices required to be delivered under this Agreement shall be effective only if in writing and shall be deemed given when received by the party to whom notice is required to be given and shall be delivered personally, by registered mail to the addresses noted above (or such other address as either party may designate to the other by notice in writing in accordance with the terms hereof), by fax or by means of electronic communication.

Notwithstanding anything to the contrary provided in the Agreement the obligations under Sections 5, 6, 7, 8 and 9 shall survive the expiration or early termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Intec Pharma Ltd.

By: /s/ John W. Kozarich
Name: John W. Kozarich
Title: Chairman of the Board

By: /s/ Jeffrey A. Meckler
Name: Jeffrey A. Meckler
Title: Vice Chairman

Exhibit A
Fee Schedule

Fee; Expense Reimbursement:	In connection with the Services (excluding the Additional Services) - US$70,000 paid in four quarterly payments payable each within 15 days of the end of each quarter (for as long as the Vice Chairman is a member of the Board). In connection with the Additional Services - US$80,000 paid in nine monthly payments starting May 1, 2017 (for as long as the Vice Chairman provides the Additional Services under the Agreement and remains a Vice Chairman the Board). The Company shall reimburse the Vice Chairman for its reasonable, pre-approved out-of-pocket expenses incurred in connection with providing the Services against invoices and/or receipts (and in accordance with Company's policy).
Options:	In connection with the Services (excluding the Additional Services) - a one-time grant of options to purchase up to 120,000 ordinary shares of the Company, no par value (the "**Shares**") with a 3-year vesting schedule (the options will vest in three equal annual tranches over a three-year period, provided the Vice Chairman continues to be a member of the Board) and an exercise price per share equal to the average closing sale price for such shares on NASDAQ over the thirty (30) day calendar period preceding the date of the general meeting of the Company's shareholders approving the grant. In connection with the Additional Services - a one-time grant of options to purchase up to 65,000 Shares with a 9-month vesting schedule (the options will vest in nine equal monthly tranches over a nine-month period, provided the Vice Chairman continues to provide the Additional Services under the Agreement) and an exercise price per share equal to the average closing sale price for such shares on NASDAQ over the thirty (30) day calendar period preceding the date of the general meeting of the Company's shareholders approving the grant. In the event the Company terminates the Agreement without a Cause (as such term is defined under the Plan), any vested option shall be exercisable for a period of 2-years from its grant date. Except as otherwise provided herein, the options will be subject to the terms and conditions of the 2015 Equity Incentive Plan of the Company (the "**Plan**") and the option agreement provided pursuant to the Plan, which the Vice Chairman will be required to sign as a condition to receiving the options.
Cash Bonus:	$300,000, in the event the Company meets certain financing target approved by the Board by end of October 2017, provided the Vice Chairman Continues to provide the Additional Services under the Agreement at the time of such financing(s) and that such financing(s) are directly related to efforts made by the Vice Chairman and approved by the Board.
D&O Insurance / Indemnification:	In accordance with Company's policy.

Exhibit 4.11

EMPLOYMENT AGREEMENT

This Employment Agreement ("**Agreement**") is made and entered into on this 11 day of December, 2017, by and between Intec Pharma Inc. (the "**Company**"), a subsidiary of Intec Pharma Ltd., an Israeli corporation ("**Intec**"), and Jeffrey A. Meckler (hereinafter, the "**Executive**").

W I T N E S S E T H:

WHEREAS, the Company desires to hire the Executive in an executive capacity and to compensate him for such employment; and

WHEREAS, the Executive is willing to be employed by the Company upon the terms and subject to the conditions contained in this Agreement.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the parties agree as follows:

1. ***Definitions***. When used in this Agreement, the following terms shall have the following meanings:

(a) ***"Accrued Obligations" means***:

(i) all accrued but unpaid Base Salary through the end of the Term of Employment;

(ii) any unpaid or unreimbursed expenses incurred in accordance with Company policy, including amounts due under Section 5(a) hereof, to the extent incurred during the Term of Employment;

(iii) any accrued but unpaid benefits provided under the Company's employee benefit plans, subject to and in accordance with the terms of those plans;

(iv) any unpaid Bonus in respect to any completed fiscal year that has ended on or prior to the end of the Term of Employment;

(v) rights to indemnification by virtue of the Executive's position as an officer or director of the Company and Intec or their subsidiaries and the benefits under any directors' and officers' liability insurance policy maintained by the Company or Intec, in accordance with its terms thereof; and

(vi) payments for any accrued but unused vacation or other paid time off.

(b) "***Affiliate***" means any entity that controls, is controlled by, or is under common control with, either member of the Intec Group.

(c) "***Base Salary***" means the salary provided for in Section 4(a) hereof or any increased salary granted to Executive pursuant to Section 4(a) hereof.

(d) "***Board***" means the Board of Directors of Intec.

(e) "***Bonus***" means any bonus payable to the Executive pursuant to Section 4(b) hereof.

(f) ***"Cause"*** means:

(i) willful misconduct or gross negligence in the performance of Executive's duties, a material violation of any of the provisions of this Agreement, or a willful continued failure by the Executive to carry out the reasonable and lawful directions of the Board, provided that the Company has provided notice to the Executive of such willful misconduct or gross negligence or material violation or willful continued failure, and the Executive has failed to cure the foregoing within thirty (30) days of receipt of such notice.

(ii) a finding by a court of law or arbitrator of unlawful harassment of any employees of the Intec Group or any Affiliate;

(iii) knowingly and on Executive's own initiative causing or permitting to occur a violation of any law or regulation which subjects or may reasonably be expected to subject the Intec Group or any of its Affiliates to material liability;

(iv) a conviction of the Executive, or a plea of nolo contendere, to a felony involving moral turpitude; or

(v) fraud, embezzlement, theft or dishonesty of a material nature by the Executive against a member of the Intec Group or any Affiliate, or a willful material violation by the Executive of a policy or procedure of a member of the Intec Group or any Affiliate, resulting, in any case, in material economic harm to either member of the Intec Group or any Affiliate.

For purposes of this Section 1(f), no act, or failure to act, on the Executive's part shall be considered "willful" unless done, or omitted to be done, by the Executive not in good faith or without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company.

(g) "***Change in Control***" means (i) (A) a sale of all or substantially all of the assets of the Company or Intec; or (B) a sale (including an exchange) of all or substantially all of the shares of the capital stock of the Company or Intec, in either case to any person or entity that is not an Affiliate of the Intec Group, or a shareholder thereof, immediately prior to such transaction or transactions; or (ii) a merger, consolidation or like transaction of the Company or Intec into another corporation in which the holders of the outstanding share capital of the Company or Intec immediately before such consolidation or merger do not, immediately after such consolidation or merger, retain either (x) stock representing a majority of the voting power of the surviving entity, or (y) stock representing a majority of the voting power of an entity that wholly owns, directly or indirectly, the surviving entity; provided, however, that such sale, transfer or other event results in a "change in control" within the meaning of Section 409A of the Code.

(h) "***Code***" means the Internal Revenue Code of 1986, as amended.

(i) "***Competitive Activity***" means services or activity in material competition with the Intec Group in any of the States within the United States, or countries within the world, in which the Intec Group or any of its Affiliates conducts a significant level of business in which the Intec Group or any of its Affiliates engaged while the Executive was employed by the Company.

(j) "***Confidential Information***" means all trade secrets and information about the Intec Group or any of its Affiliates or its business, disclosed to the Executive or known by the Executive as a consequence of, or through the unique position of his employment with, the Company (including information conceived, originated, discovered or developed by the Executive and information acquired by the Intec Group or any of its Affiliates from others) prior to or after the date hereof, and not generally or publicly known (other than as a result of unauthorized disclosure by the Executive). Confidential Information includes, but is not limited to, inventions, ideas, designs, computer programs, circuits, schematics, formulas, algorithms, trade secrets, works of authorship, mask works, developmental or experimental work, processes, techniques, improvements, methods of manufacturing, know-how, data, financial information and forecasts, product plans, marketing plans and strategies, price lists, customer lists and contractual obligations and terms thereof, data, documentation and other information, in whatever form disclosed, relating to the Intec Group or any Affiliates, including, but not limited to, financial statements, financial projections, business plans, listings and contractual obligations and terms thereof, components of intellectual property, unique designs, methods of manufacturing or other technology of the Intec Group or any Affiliate.

(k) "***Disability***" means the Executive's inability, or failure, to perform the essential functions of his position, with or without reasonable accommodation, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

(l) "***Expiration Date***" means the date on which the Term of Employment shall expire.

(m) "***Good Reason***" means

(i) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position (including status, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 2(b) of this Agreement, or any other action by the Company that results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any material failure by the Company to comply with any of the provisions of Section 4 or Section 5 of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive, and other than a reduction of compensation as part of an across-the-board reduction in all salaries for employees of the Intec Group; or

(iii) the Company's requiring the Executive to be based at any office or location outside of thirty-five (35) miles from the Borough of Manhattan in New York, NY, except for travel reasonably required in the performance of the Executive's responsibilities.

(n) "***Intec Group***" means the Company and Intec.

(o) "***Ordinary Shares***" means the ordinary shares of Intec.

(p) "***Restricted Period***" shall be the Term of Employment and the twelve (12) month period immediately following termination of the Term of Employment.

(q) "***Severance Amount***" shall mean an amount equal to the sum of (i) 50% of the Executive's annual Base Salary as in effect immediately prior to the Termination Date; (ii) one-twelfth ($1/12^{th}$) of the Executive's annual Bonus compensation (as payable, based on the goals approved by the Board, for the year in which the Termination Date occurs) for each completed month of the Executive's service with the Company and Intec during the year in which his Termination Date occurs, and provided that the Termination Date is following June 30th of such year; and (iii) an amount equal to the Executive's cost of continued health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act under the Company's group health plan (or the monthly payment provided under Section 5(b), as applicable) for six (6) months.

(r) "***Severance Term***" means the six (6) month period following the date on which the Term of Employment ends.

(s) "***Term of Employment***" means the period during which the Executive shall be employed by the Company pursuant to the terms of this Agreement.

(t) "***Termination Date***" means the date on which the Term of Employment ends.

2. ***Employment.***

(a) ***Employment and Term***. The Company hereby agrees to employ the Executive and the Executive hereby agrees to serve the Intec Group during the Term of Employment on the terms and conditions set forth herein. The Executive's principal place of employment shall be in the Borough of Manhattan in New York, NY (USA), except for such travel that may be necessary to fulfill his responsibilities.

(b) ***Duties of Executive***. During the Term of Employment, the Executive shall be employed and serve as the Chief Executive Officer of the Company and Intec and any Affiliate. Although the Executive will be an employee of the Company, he will, pursuant to the terms of a Parent-Subsidiary Agreement (as defined below) between the Company and Intec, also serve as the Chief Executive Officer of Intec. Although the Executive commenced employment with the Company as the Chief Executive Officer on July 10, 2017 (the "**Start Date**"), this Agreement shall become effective (the "**Effective Date**") upon the receipt of all approvals required by applicable law, including the approval of the shareholders of Intec. For the avoidance of doubt, Executive shall be the most senior executive of the Intec Group, and shall only report to the Board, and to any of their respective successors. Executive shall direct the day-to-day operations of, and be responsible for the strategic direction of, the Intec Group. The Executive shall faithfully and diligently perform all services as may be reasonably assigned to him by the Board, and shall exercise such power and authority as may from time to time be delegated to him by the Board. The Executive shall devote substantially all of his full business time, attention and efforts to the performance of his duties under this Agreement, render such services to the best of his ability, and use his reasonable best efforts to promote the interests of the Intec Group. The Executive shall not engage in any other business or occupation during the Term of Employment. Notwithstanding the foregoing or any other provision of this Agreement, it shall not be a breach or violation of this Agreement for the Executive to (x) serve on civic or charitable boards or committees or, with the prior approval of the Board, on corporate boards or committees, (y) deliver lectures, fulfill speaking engagements or teach at educational institutions, or provide up to ten (10) hours per calendar month of consulting services, or (z) manage personal investments, provided that in each case such activities do not significantly affect the performance of the Executive's responsibilities to the Intec Group in accordance with this Agreement.

3. ***Term***.

The Term of Employment under this Agreement, and the employment of the Executive hereunder, shall commence on the Effective Date until terminated in accordance with Section 6 hereof.

4. ***Compensation.***

(a) ***Base Salary***. The Executive shall receive a Base Salary at the annual rate of $500,000 during the Term of Employment, with such Base Salary payable in installments consistent with the Company's normal payroll schedule, subject to applicable withholding and other taxes. As an exempt employee, the Executive will be expected to work additional hours as required by the nature of his position and will not receive any overtime pay. The Executive's Base Salary will be reviewed annually in accordance with the established procedures of the Company.

(b) ***Bonuses***. Solely with respect to the period beginning on the Start Date and ending on December 31, 2017, the Executive shall be eligible to receive a Bonus of $135,000. For each calendar year beginning on or after January 1, 2018, during which Term of Employment continues through December 31st, the Executive shall be eligible to receive a Bonus of up to 50% of Base Salary, subject to the achievement of certain goals to be set by the Board after consultation with the Executive. Any Bonus under this Section 4(b) shall be payable, subject to applicable tax withholdings, as soon as administratively feasible, but in no event later than March 15 after the calendar year in which the Bonus was earned. The annual bonus opportunity shall also be reviewed annually in accordance with the compensation policies of the Company.

5. ***Expense Reimbursement and Other Benefits.***

(a) ***Reimbursement of Expenses***. Upon the submission of proper substantiation by the Executive, and subject to such rules and guidelines as the Company may from time to time adopt with respect to the reimbursement of expenses of executive personnel, the Company shall reimburse the Executive for all reasonable expenses actually paid or incurred by the Executive during the Term of Employment in the course of and pursuant to the business of the Company. The Executive shall account to the Company in writing for all expenses for which reimbursement is sought and shall supply to the Company copies of all relevant invoices, receipts or other evidence reasonably requested by the Company.

(b) ***Compensation/Benefit Programs***. During the Term of Employment, the Executive shall be entitled to participate in all medical, dental, hospitalization, accidental death and dismemberment, disability, travel and life insurance plans, and any and all other plans as are presently and hereinafter offered by the Company to its personnel, including savings, pension, profit-sharing and deferred compensation plans, subject to the general eligibility and participation provisions set forth in such plans. Notwithstanding the foregoing, for each month during the Term of Employment in which the Company has not established a group health plan pursuant to which the Executive shall be eligible to receive medical benefits, the Company shall pay the Executive with a taxable cash payment equal to $4,000, payable on the first payroll date of each such month, subject to the Term of Employment under this Agreement, and the employment of the Executive hereunder, continuing on and through such payment date.

(c) ***Working Facilities***. During the Term of Employment, the Company shall furnish the Executive with an office, secretarial help and such other facilities and services commensurate with his position and necessary or advisable for the performance of his duties under this Agreement.

(d) ***Stock Options***. Subject to the Term of Employment under this Agreement, and the employment of the Executive hereunder, continuing on and through the Effective Date, the Company shall grant to the Executive, subject to the approval of Intec's shareholders of available pool under Intec's equity plan, options to purchase up to 380,000 shares of Intec's Ordinary Shares (the "**Stock Options**") on the Effective Date, at a per share exercise price equal to the average closing sale price of Intec's Ordinary Shares on NASDAQ Capital Market over the 30 trading day period immediately preceding the Effective Date, or the fair market value (as determined in accordance with Section 409A of the Code) of an Ordinary Share of Intec on the Effective Date, whichever amount is greater. Subject to the Term of Employment under this Agreement, and the employment of the Executive hereunder, continuing on and through each vesting date (except as provided in Section 6 below), the Stock Options granted on the Effective Date will vest over three (3) years according to the following schedule: 33% of the Stock Options shall vest and become exercisable on the first anniversary of the Effective Date, and the remaining portion of the Stock Options shall vest and become exercisable in eight equal quarterly installments thereafter. The Stock Options shall be subject to a ten (10) year expiration from the Effective Date, and such other terms and conditions set forth in the stock option agreement and the provisions of Intec's equity plan pursuant to which the Stock Options grant is being made. In the event of (i) a Change in Control, or (ii) the entry into a "Material Agreement" (as shall be defined by the compensation committee of the Board and the Board), any Stock Options that have not previously vested shall become vested and exercisable immediately prior to such event. The Executive shall also be eligible for additional share option grants, or any other equity or equity related compensation plan or arrangement that may be made available to senior executives, in each case, at the discretion of the Board.

(e) ***Other Benefits***. The Executive shall be entitled to (i) paid holidays as generally provided by Intec to its personnel, and (ii) five (5) weeks of paid vacation each calendar year during the Term of Employment, to be taken at such times as the Executive and the Company shall mutually determine, and provided that such vacation time shall not adversely affect in any material way the Executive's performance of his duties required to be rendered by the Executive under this Agreement. Any vacation time accrued but not taken by the Executive during any calendar year may not be carried forward into any succeeding calendar year. The Executive shall receive such additional benefits, if any, as the Board shall from time to time determine.

(f) ***Israeli Taxes.*** To the extent any component of the Executive's compensation under this Agreement shall be subject to withholdings, taxes or other governmentally imposed taxes or tariffs under Israeli law ("**Israeli Taxes**"), the Company shall pay directly to the tax counsel or other expert tax advisor(s) engaged by either the Company or Intec (with the Executive's approval, which shall not be unreasonably withheld) any fees, expenses or other costs incurred in order to provide counsel, advice and representation on the Executive's behalf with regard to liability for any such Israeli Taxes. If the Executive is subject to any inquiry (including, without limitation, an audit, examination or investigation) by an agent or agency of the Israeli government, the Company shall pay directly to the auditor(s), accountant(s), attorney(s) or other person(s) engaged by either the Company or Intec (with the Executive's approval, which shall not be unreasonably withheld) any fees, expenses or other costs incurred that relate to any such inquiry.

6. ***Termination***.

(a) ***General***. The Term of Employment shall terminate upon the earliest to occur of (i) the Executive's death, (ii) a termination by the Company (in accordance with all applicable law, including, without limitation, the Americans with Disabilities Act) or the Executive by reason of the Executive's Disability, (iii) a termination by the Company with or without Cause, or (iv) a termination by the Executive with or without Good Reason. Upon any termination of the Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by the Executive, the Executive shall resign from any and all directorships, committee memberships or any other positions the Executive holds with the Company or any of its Affiliates.

(b) ***Termination By Company for Cause***. The Company shall at all times have the right, upon written notice to the Executive, to terminate the Term of Employment for Cause with an immediate effect (subject to the cure period, if applicable, as provided herein in this Section 6(b)). In no event shall a termination of the Executive's employment for Cause occur unless the Company gives written notice to the Executive in accordance with this Agreement stating with reasonable specificity the events or actions that constitute Cause and providing the Executive with an opportunity to cure (if curable) within a reasonable period of time, and if not cured within such period, the Executive's termination shall be effective upon the date immediately following the expiration of such period. Cause shall in no event be deemed to exist except upon a decision made by the Board, at a meeting, duly called and noticed, to which the Executive (and the Executive's counsel) shall be invited upon proper notice. For purposes of this Section 6(b), a reasonable, good faith determination of Cause by the Board (based on all relevant facts and circumstances) shall be binding and conclusive on all interested parties. In the event that the Term of Employment is terminated by the Company for Cause, the Executive shall be entitled only to the Accrued Obligations, payable as of the termination date of the Term of Employment.

(c) ***Disability***. Either the Company (in accordance with all applicable law, including, without limitation, the Americans with Disabilities Act) or the Executive shall have the option to terminate the Term of Employment, upon written notice to the other party, at any time during which the Executive is suffering from a Disability. In the event that the Term of Employment is terminated due to the Executive's Disability, the Executive shall be entitled to (i) the Accrued Obligations, payable as of the termination date of the Term of Employment, and (ii) vesting, immediately prior to such termination, in any Stock Options that have not previously vested.

(d) ***Death***. In the event that the Term of Employment is terminated due to the Executive's death, the Executive shall be entitled to (i) the Accrued Obligations, payable as of the termination date of the Term of Employment, and (ii) vesting, immediately prior to such termination, in any Stock Options that have not previously vested.

(e) ***Termination Without Cause***. The Company may terminate the Term of Employment at any time without Cause, by written notice to the Executive not less than 30 days prior to the effective date of such termination. In the event that the Term of Employment is terminated by the Company without Cause (other than due to the Executive's death or Disability) the Executive shall be entitled to (i) the Accrued Obligations, payable as of the termination date of the Term of Employment, (ii) vesting, immediately prior to such termination, in any Stock Options that have not previously vested, provided such termination occurs following the first anniversary date of the Effective Date, and (iii) the Severance Amount, payable in equal monthly installments during the Severance Term.

(f) ***Termination by Executive for Good Reason***. The Executive may terminate the Term of Employment for Good Reason by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within sixty (60) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, the Executive's termination shall be effective upon the date immediately following the expiration of the thirty (30) day notice period, and the Executive shall be entitled to the same payments and benefits as provided in Section 6(e) above for a termination without Cause.

(g) ***Termination by Executive Without Good Reason***. The Executive may terminate his employment without Good Reason by providing the Company ninety (90) days' written notice of such termination. In the event of a termination of employment by the Executive under this Section 6(g), the Executive shall be entitled only to the Accrued Obligations, payable as of the termination date of the Term of Employment. In the event of termination of the Executive's employment under this Section 6(g), the Company may, in its sole and absolute discretion, by written notice of at least five (5) business days, accelerate such date of termination and still have it treated as a termination without Good Reason.

(h) ***Change in Control of the Company.*** In the event of a Change in Control, any Stock Options granted to the Executive that have not previously vested shall become fully vested and exercisable immediately prior to such Change in Control, pursuant to Section 5(d). If the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason during the one (1) year period immediately following a Change in Control, then in lieu of any amounts otherwise payable under Section 6(e) or 6(f) hereof, the Executive shall be entitled to (i) the Accrued Obligations, payable as of the termination date of the Term of Employment and (ii) a lump-sum payment equal to two (2) times the Severance Amount (but not more than one time prorated bonus under clause (ii) of the term "Severance Amount"), payable on the first day after the general release of claims (as described in Section 6(i), below) becomes irrevocable in accordance with the provisions of such general release of claims.

(i) ***Release***. Any payments or benefits due to Executive under this Section 6 (other than the Accrued Obligations) shall be conditioned upon the Executive's execution of a general release of claims substantially in the form attached hereto as Exhibit A (subject to such modifications as the Company or the Executive reasonably may request) that becomes irrevocable in accordance with the provisions of such general release of claims. The vesting of the Stock Options and payment of any amounts subject to the Executive's release shall be delayed until the first day after the date such release becomes irrevocable in accordance with the provisions of such general release of claims (the "**Payment Commencement Date**"), and any payments or benefits that are so delayed shall be paid or made effective on the Payment Commencement Date.

(j) ***Section 280G Reductions.***

(i) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "**Payment**"), would be nondeductible by the Company for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of amounts payable or distributable to or for the benefit of the Executive pursuant to this Agreement (such payments or distributions pursuant to this Agreement are hereinafter referred to as "**Agreement Payments**") shall be reduced to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Payment to be nondeductible by the Company because of Section 280G of the Code. Anything to the contrary notwithstanding, if the Reduced Amount is zero and it is determined further that any Payment which is not an Agreement Payment would nevertheless be nondeductible by the Company for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of Payments which are not Agreement Payments shall also be reduced (but not below zero) to an amount expressed in present value which maximizes the aggregate present value of Payments without causing any Payment to be nondeductible by the Company because of Section 280G of the Code. For purposes of this Section 6(k), present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(ii) All determinations required to be made under this Section 6(k) shall be made by Price Waterhouse Coopers, LLC (the "**Accounting Firm**"), which shall provide detailed supporting calculations both to the Company and the Executive within twenty (20) business days of the Company's "change in control" determined in accordance with Section 280G of the Code or such other time as is requested by the Company and an opinion to the Executive that he has substantial authority not to report any excise tax on his Federal income tax return with respect to any Payments. Any such determination by the Accounting Firm shall be binding upon the Company and the Executive. The Company shall elect which and how much of the Payments shall be eliminated or reduced consistent with the requirements of this Section 6(k) and shall notify the Executive promptly of such election. If and to the extent necessary to avoid a violation of Section 409A, no amounts payable under any "nonqualified deferred compensation plan" subject to Section 409A shall be reduced until after all other Payments have been reduced. Within five business days thereafter, the Company shall pay to or distribute to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement. All fees and expenses of the Accounting Firm incurred in connection with the determinations contemplated by this Section 6(k) shall be borne by the Company.

(k) ***Cooperation***. Following the Term of Employment, the Executive shall give his assistance and cooperation willingly, upon reasonable advance notice with due consideration for his other business or personal commitments, in any matter relating to his position with the Intec Group, or his expertise or experience as the Intec Group may reasonably request, including his attendance and truthful testimony where deemed appropriate by the Intec Group, with respect to any investigation or the Intec Group's defense or prosecution of any existing or future claims or litigations or other proceedings relating to matters in which he was involved or potentially had knowledge by virtue of his employment with the Company. In no event shall his cooperation materially interfere with his services for a subsequent employer or other similar service recipient. To the extent permitted by law, the Company agrees that (i) it shall promptly reimburse the Executive for his reasonable and documented expenses in connection with his rendering assistance and/or cooperation under this Section 6(l) upon his presentation of documentation for such expenses and (ii) the Executive shall be reasonably compensated for any continued material services as required under this Section 6(l).

(l) ***Return of Company Property***. Following the Termination Date, the Executive or his personal representative shall return all Intec Group property in his possession, including but not limited to all computer equipment (hardware and software), telephones, facsimile machines, palm pilots and other communication devices, credit cards, office keys, security access cards, badges, identification cards and all copies (including drafts) of any documentation or information (however stored) relating to the business of the Intec Group, its customers and clients or its prospective customers and clients (provided that the Executive may retain a copy the addresses contained in his rolodex, palm pilot, PDA or similar device).

(m) ***Compliance with Section 409A***.

(i) ***General.*** It is the intention of both the Company and the Executive that the benefits and rights to which the Executive could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("**Section 409A**"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Executive or the Company believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Executive and on the Company).

(ii) ***Distributions on Account of Separation from Service.*** If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Executive's employment shall be made unless and until the Executive incurs a "separation from service" within the meaning of Section 409A.

(iii) ***6 Month Delay for Specified Employees.***

(A) If the Executive is a "specified employee", then no payment or benefit that is payable on account of the Executive's "separation from service", as that term is defined for purposes of Section 409A, shall be made before the date that is six (6) months after the Executive's "separation from service" (or, if earlier, the date of the Executive's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(B) For purposes of this provision, the Executive shall be considered to be a "specified employee" if, at the time of his or her separation from service, the Executive is a "key employee", within the meaning of Section 416(i) of the Code, of the Company (or any person or entity with whom the Company would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(i v) ***No Acceleration of Payments.*** Neither the Company nor the Executive, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(v) ***Treatment of Each Installment as a Separate Payment.*** For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(vi) ***Taxable Reimbursements and In-Kind Benefits.***

(A) Any reimbursements by the Company to the Executive of any eligible expenses under this Agreement that are not excludable from the Executive's income for Federal income tax purposes (the "**Taxable Reimbursements**") shall be made by no later than the last day of the taxable year of the Executive following the year in which the expense was incurred.

(B) The amount of any Taxable Reimbursements, and the value of any in-kind benefits to be provided to the Executive, during any taxable year of the Executive shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of the Executive.

(C) The right to Taxable Reimbursement, or in-kind benefits, shall not be subject to liquidation or exchange for another benefit.

(vii) ***Tax Gross-Ups.*** Payment of any tax reimbursements under this Agreement must be made by no later than the end of the taxable year of the Executive following the taxable year of the Executive in which the Executive remits the related taxes.

(viii) ***No Guaranty of 409A Compliance***. Notwithstanding the foregoing, the Company does not make any representation to the Executive that the payments or benefits provided under this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Executive or any beneficiary of the Executive for any tax, additional tax, interest or penalties that the Executive or any beneficiary of the Executive may incur in the event that any provision of this Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

7. ***Restrictive Covenants.***

(a) ***Non-competition***. At all times during the Restricted Period, the Executive shall not, directly or indirectly (whether as a principal, agent, partner, employee, officer, investor, owner, consultant, board member, security holder, creditor or otherwise), engage in any Competitive Activity, or have any direct or indirect interest in any sole proprietorship, corporation, company, partnership, association, venture or business or any other person or entity that directly or indirectly (whether as a principal, agent, partner, employee, officer, investor, owner, consultant, board member, security holder, creditor, or otherwise) engages in a Competitive Activity; provided that the foregoing shall not apply to the Executive's ownership of Ordinary Shares of the Company or the acquisition by the Executive, solely as an investment, of securities of any issuer that is registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, and that are listed or admitted for trading on any United States national securities exchange or that are quoted on the Nasdaq Stock Market, or any similar system or automated dissemination of quotations of securities prices in common use, so long as the Executive does not control, acquire a controlling interest in or become a member of a group which exercises direct or indirect control of, more than five percent (5%) of any class of capital stock of such corporation.

(b) ***Nonsolicitation of Employees and Certain Other Third Parties***. At all times during the Restricted Period, the Executive shall not, directly or indirectly, for himself or for any other person, firm, corporation, partnership, association or other entity (i) employ or attempt to employ or enter into any contractual arrangement with any employee, consultant or independent contractor performing services for the Intec Group, or any Affiliate, and/or (ii) call on, solicit, or engage in business with, any of the actual or targeted prospective customers or clients of the Intec Group or any Affiliate on behalf of any person or entity in connection with any Competitive Activity, nor shall the Executive make known the names and addresses of such actual or targeted prospective customers or clients, or any information relating in any manner to the trade or business relationships of the Intec Group or any Affiliates with such customers or clients, other than in connection with the performance of the Executive's duties under this Agreement, and/or (iii) persuade or encourage or attempt to persuade or encourage any persons or entities with whom the Intec Group or any Affiliate does business or has some business relationship to cease doing business or to terminate its business relationship with the Intec Group or any Affiliate or to engage in any Competitive Activity on its own or with any competitor of the Intec Group or any Affiliate.

(c) ***Confidential Information***. The Executive shall not at any time divulge, communicate, use to the detriment of the Intec Group or any Affiliate or for the benefit of any other person or persons, or misuse in any way, any Confidential Information pertaining to the business of the Intec Group or any Affiliate. Any Confidential Information or data now or hereafter acquired by the Executive with respect to the business of the Intec Group or any Affiliate (which shall include, but not be limited to, information concerning the Intec Group's or any Affiliate's financial condition, prospects, technology, customers, suppliers, sources of leads and methods of doing business) shall be deemed a valuable, special and unique asset of the Intec Group and Affiliates that is received by the Executive in confidence and as a fiduciary, and the Executive shall remain a fiduciary to the Intec Group and its Affiliates with respect to all of such information. Notwithstanding the foregoing, nothing herein shall be deemed to restrict the Executive from disclosing Confidential Information as required to perform his duties under this Agreement or to the extent required by law or by a court of law or regulatory process. If any person or authority makes a demand on the Executive purporting to legally compel him to divulge any Confidential Information, the Executive immediately shall give notice of the demand to the Company so that the Company may first assess whether to challenge the demand prior to the Executive's divulging of such Confidential Information. The Executive shall not divulge such Confidential Information until the Company either has concluded not to challenge the demand, or has exhausted its challenge, including appeals, if any. Upon request by the Company, the Executive shall deliver promptly to the Company upon termination of his services for the Intec Group, or at any time thereafter as the Company may request, all memoranda, notes, records, reports, manuals, drawings, designs, computer files in any media and other documents (and all copies thereof) containing such Confidential Information.

(d) ***Ownership of Developments***. All processes, concepts, techniques, inventions and works of authorship, including new contributions, improvements, formats, packages, programs, systems, machines, compositions of matter manufactured, developments, applications and discoveries, and all copyrights, patents, trade secrets, or other intellectual property rights associated therewith conceived, invented, made, developed or created by the Executive during the Term of Employment either during the course of performing work for the Intec Group or its Affiliates, or their clients, or which are related in any manner to the business (commercial or experimental) of the Intec Group or its Affiliates or their clients (collectively, the "Work Product") shall belong exclusively to the Intec Group and its Affiliates and shall, to the extent possible, be considered a work made by the Executive for hire for the Intec Group and its Affiliates within the meaning of Title 17 of the United States Code. To the extent the Work Product may not be considered work made by the Executive for hire for the Intec Group and its Affiliates, the Executive agrees to assign, and automatically assign at the time of creation of the Work Product, without any requirement of further consideration, any right, title, or interest the Executive may have in such Work Product. Upon the request of the Company, the Executive shall take such further actions, including execution and delivery of instruments of conveyance, as may be appropriate to give full and proper effect to such assignment. The Executive shall further: (i) promptly disclose the Work Product to the Company; (ii) assign to the Company or its assignee, without additional compensation, all patent or other rights to such Work Product for the United States and foreign countries; (iii) sign all papers necessary to carry out the foregoing; and (iv) give testimony in support of his inventions, all at the sole cost and expense of the Company.

(e) ***Books and Records***. All books, records, and accounts relating commercially or professionally to the customers or clients of the Intec Group or its Affiliates, whether prepared by the Executive or otherwise coming into the Executive's possession, shall be the exclusive property of the Intec Group and its Affiliates and shall be returned immediately to the Company on termination of the Executive's employment hereunder or on the Company's request at any time.

(f) ***Acknowledgment by Executive***. The Executive acknowledges and confirms that the restrictive covenants contained in this Section 7 (including without limitation the length of the term of the provisions of this Section 7) are reasonably necessary to protect the legitimate business interests of the Intec Group and its Affiliates, are not unreasonable and are not the result of duress or coercion of any kind. The Executive further acknowledges and confirms that the compensation payable to the Executive under this Agreement is in consideration for the duties and obligations of the Executive hereunder, including the restrictive covenants contained in this Section 7, and that such compensation is sufficient, fair and reasonable. The Executive acknowledges and confirms that given the position the Executive holds within the Intec Group and its Affiliates, the Company would not enter into this Agreement or otherwise employ or continue the employment of the Executive unless the Executive agrees to be bound by the restrictive covenants set forth in this Section 7. The Executive expressly agrees that upon any breach or violation of the provisions of this Section 7, the Intec Group shall be entitled, as a matter of right, in addition to any other rights or remedies it may have, to (i) injunctive relief in any court of competent jurisdiction as described in Section 7(i) hereof, and (ii) such damages as are provided at law or in equity.

(g) ***Reformation by Court***. In the event that a court of competent jurisdiction shall determine that any provision of this Section 7 is invalid or more restrictive than permitted under the governing law of such jurisdiction, then only as to enforcement of this Section 7 within the jurisdiction of such court, such provision shall be interpreted or reformed and enforced as if it provided for the maximum restriction permitted under such governing law.

(h) ***Extension of Time***. If the Executive is in material violation of any provision of this Section 7, then each time limitation set forth in this Section 7 shall be extended for a period of time equal to the period of time during which such violation or violations occur.

(i) ***Injunction***. It is recognized and hereby acknowledged by the parties hereto that a material breach by the Executive of any of the covenants contained in Section 7 of this Agreement may cause irreparable harm and damage to the Intec Group, and its Affiliates, the monetary amount of which may be impossible to ascertain. As a result, the Executive recognizes and hereby acknowledges that the Intec Group and its Affiliates shall be entitled to an injunction from any court of competent jurisdiction enjoining and restraining any violation of any or all of the covenants contained in Section 7 of this Agreement by the Executive or any of his agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other remedies the Company may lawfully possess.

8. ***Representations and Warranties of Executive***. The Executive represents and warrants to the Company that:

(a) the Executive's employment with the Company will not in any material way conflict with or result in his breach of any agreement to which he is a party or otherwise may be bound;

(b) the Executive has not violated, and in connection with his employment with the Company will not violate, any non-solicitation, non-competition or other similar covenant or agreement of a prior employer by which he is or may be bound; and

(c) in connection with the Executive's employment with the Company, he will not use any confidential or proprietary information that he may have obtained in connection with employment with any prior employer.

9. ***Taxes***. Anything in this Agreement to the contrary notwithstanding, all payments required to be made by the Company hereunder to the Executive or his estate or beneficiaries shall be subject to the withholding of such amounts relating to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, in whole or in part, the Company may, in its sole discretion, accept other provisions for payment of taxes and withholding as required by law, provided it is satisfied that all requirements of law affecting its responsibilities to withhold have been satisfied.

10. ***Arbitration***.

(a) ***Exclusive Remedy***. The parties recognize that litigation in federal or state courts or before federal or state administrative agencies of disputes arising out of the Executive's employment with the Company or out of this Agreement, or the Executive's termination of employment or termination of this Agreement, may not be in the best interests of either the Executive or the Company, and may result in unnecessary costs, delays, complexities, and uncertainty. The parties agree that any dispute between the parties arising out of or relating to the Executive's employment, or to the negotiation, execution, performance or termination of this Agreement or the Executive's employment, including, but not limited to, any claim arising out of this Agreement, claims under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, Section 1981 of the Civil Rights Act of 1966, as amended, the Family Medical Leave Act, the Employee Retirement Income Security Act, and any similar federal, state or local law, statute, regulation, or any common law doctrine, whether that dispute arises during or after employment shall be resolved by arbitration in the New York, New York area, in accordance with the National Employment Arbitration Rules of the American Arbitration Association, as modified by the provisions of this Section 10. Except as set forth below with respect to Section 7 of this Agreement, the parties each further agree that the arbitration provisions of this Agreement shall provide each party with its exclusive remedy, and each party expressly waives any right it might have to seek redress in any other forum, except as otherwise expressly provided in this Agreement. Notwithstanding anything in this Agreement to the contrary, the provisions of this Section 10 shall not apply to any injunctions that may be sought with respect to disputes arising out of or relating to Section 7 of this Agreement. The parties acknowledge and agree that their obligations under this arbitration agreement survive the expiration or termination of this Agreement and continue after the termination of the employment relationship between the Executive and the Company. **By election of arbitration as the means for final settlement of all claims, the parties hereby waive their respective rights to, and agree not to, sue each other in any action in a Federal, State or local court with respect to such claims, but may seek to enforce in court an arbitration award rendered pursuant to this Agreement. The parties specifically agree to waive their respective rights to a trial by jury, and further agree that no demand, request or motion will be made for trial by jury.**

(b) ***Arbitration Procedure and Arbitrator's Authority***. In the arbitration proceeding, each party shall be entitled to engage in any type of discovery permitted by the Federal Rules of Civil Procedure, to retain its own counsel, to present evidence and cross-examine witnesses, to purchase a stenographic record of the proceedings, and to submit post-hearing briefs. In reaching his/her decision, the arbitrator shall have no authority to add to, detract from, or otherwise modify any provision of this Agreement. The arbitrator shall submit with the award a written opinion which shall include findings of fact and conclusions of law. Judgment upon the award rendered by the arbitrator may be entered in any court having competent jurisdiction.

(c) ***Effect of Arbitrator's Decision; Arbitrator's Fees.*** The decision of the arbitrator shall be final and binding between the parties as to all claims which were or could have been raised in connection with the dispute, to the full extent permitted by law. In all cases in which applicable federal law precludes a waiver of judicial remedies, the parties agree that the decision of the arbitrator shall be a condition precedent to the institution or maintenance of any legal, equitable, administrative, or other formal proceeding by the Executive in connection with the dispute, and that the decision and opinion of the arbitrator may be presented in any other forum on the merits of the dispute. If the arbitrator finds that the Executive was terminated in violation of law or this Agreement, the parties agree that the arbitrator acting hereunder shall be empowered to provide the Executive with any remedy available should the matter have been tried in a court, including equitable and/or legal remedies, compensatory damages and back pay. The arbitrator's fees and expenses and all administrative fees and expenses associated with the filing of the arbitration shall be borne by the non-prevailing party.

11. ***Section 162(m) Limits***. Notwithstanding any other provision of this Agreement to the contrary, if and to the extent that any remuneration payable by the Company to the Executive for any year would exceed the maximum amount of remuneration that the Company may deduct for that year under Section 162(m), payment of the portion of the remuneration for that year that would not be so deductible under Section 162(m) shall, in the sole discretion of the Board, be deferred and become payable at such time or times as the Board determines that it first would be deductible by the Company under Section 162(m), with interest at the "short-term applicable rate" as such term is defined in Section 1274(d) of the Code. The limitation set forth under this Section 11 shall not apply with respect to any amounts payable to the Executive pursuant to Section 6 hereof.

12. ***Assignment***. The Company shall have the right to assign this Agreement and its rights and obligations hereunder in whole, but not in part, to any corporation or other entity with or into which the Company may hereafter merge or consolidate or to which the Company may transfer all or substantially all of its assets, if in any such case said corporation or other entity shall by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party hereto, but may not otherwise assign this Agreement or its rights and obligations hereunder. The Executive may not assign or transfer this Agreement or any rights or obligations hereunder (other than by will or the laws of descent and distribution).

13. ***Governing Law***. To the extent not preempted by federal law, this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to principles of conflict of laws.

14. ***Jurisdiction and Venue***. The parties acknowledge that a substantial portion of the negotiations, anticipated performance and execution of this Agreement occurred or shall occur in New York, New York, and that, therefore, without limiting the jurisdiction or venue of any other federal or state courts, each of the parties irrevocably and unconditionally (i) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement which is expressly permitted by the terms of this Agreement to be brought in a court of law, shall be brought in the courts of record of the State of New York in Kings County or the court of the United States, Second Circuit; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it or he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (iv) agrees that service of any court papers may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in such courts.

15. ***Entire Agreement***. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, upon its effectiveness, shall supersede all prior agreements, understandings and arrangements, both oral and written, between the Executive and the Company (or any of its affiliates) with respect to such subject matter, including the Service Agreement dated August 29, 2017 by and between the Executive and Intec. This Agreement may not be modified in any way unless by a written instrument signed by both the Company and the Executive. The Company and Intec have entered into an inter-company agreement, dated September 27, 2017 (the "**Parent-Subsidiary Agreement**").

16. ***Survival***. The respective rights and obligations of the parties hereunder shall survive any termination of the Executive's employment hereunder, including without limitation, the Company's obligations under Section 6 and the Executive's obligations under Section 7 above, and the expiration of the Term of Employment, to the extent necessary to the intended preservation of such rights and obligations.

17. ***Notices***. All notices required or permitted to be given hereunder shall be in writing and shall be personally delivered by courier, sent by registered or certified mail, return receipt requested, sent via email with receipt acknowledgment or sent by confirmed facsimile transmission addressed as set forth herein. Notices personally delivered, sent via email or by facsimile or sent by overnight courier shall be deemed given on the date of delivery, and notices mailed in accordance with the foregoing shall be deemed given upon the earlier of receipt by the addressee, as evidenced by the return receipt thereof, or three (3) days after deposit in the U.S. mail. Notice shall be sent (i) if to the Company, addressed to 12 Hartom St., Har Hotzvim, Jerusalem, Israel Attention: Chief Financial Officer, and (ii) if to the Executive, to his address as reflected on the payroll records of the Company, or to such other address as either party shall request by notice to the other in accordance with this provision.

18. ***Benefits; Binding Effect***. This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where permitted and applicable, assigns, including, without limitation, any successor to the Company, whether by merger, consolidation, sale of stock, sale of assets or otherwise.

19. ***Right to Consult with Counsel; No Drafting Party***. The Executive acknowledges having read and considered all of the provisions of this Agreement carefully, and having had the opportunity to consult with counsel of his own choosing, and, given this, the Executive agrees that the obligations created hereby are not unreasonable. The Executive acknowledges that he has had an opportunity to negotiate any and all of these provisions and no rule of construction shall be used that would interpret any provision in favor of or against a party on the basis of who drafted the Agreement.

20. ***Severability***. The invalidity of any one or more of the words, phrases, sentences, clauses, provisions, sections or articles contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses, provisions, sections or articles contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, provisions or provisions, section or sections or article or articles had not been inserted. If such invalidity is caused by length of time or size of area, or both, the otherwise invalid provision will be considered to be reduced to a period or area which would cure such invalidity.

21. ***Waivers***. The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

22. ***Damages; Attorneys Fees***. Nothing contained herein shall be construed to prevent the Company or the Executive from seeking and recovering from the other damages sustained by either or both of them as a result of its or his breach of any term or provision of this Agreement. In the event that either party hereto seeks to collect any damages resulting from, or the injunction of any action constituting, a breach of any of the terms or provisions of this Agreement, then the party found to be at fault shall pay all reasonable costs and attorneys' fees of the other.

23. ***Waiver of Jury Trial***. The Executive hereby knowingly, voluntarily and intentionally waives any right that the Executive may have to a trial by jury in respect of any litigation based hereon, or arising out of, under or in connection with this Agreement and any agreement, document or instrument contemplated to be executed in connection herewith, or any course of conduct, course of dealing statements (whether verbal or written) or actions of any party hereto.

24. ***Section Headings***. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

25. ***No Third Party Beneficiary***. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person other than the Company, the parties hereto and their respective heirs, personal representatives, legal representatives, successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

26. ***Counterparts***. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument and agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

COMPANY:

Intec Pharma Inc.

By: /S/ John Warren Kozarich
Name: John Warren Kozarich
Title: Chairman

EXECUTIVE:

/S/ Jeffrey A. Meckler
Jeffrey A. Meckler

EXHIBIT A
FORM OF RELEASE

GENERAL RELEASE OF CLAIMS

1 . Jeffrey A. Meckler ("Executive"), for himself and his family, heirs, executors, administrators, legal representatives and their respective successors and assigns, in exchange for the consideration received pursuant to Section 6 (other than the Accrued Obligations) of the Employment Agreement to which this release is attached as Exhibit A (the " Employment Agreement"), does hereby release and forever discharge Intec Pharma, Inc. (the "Company"), its subsidiaries, affiliated companies, successors and assigns, and its current or former directors, officers, employees, shareholders or agents in such capacities (collectively with the Company, the "Released Parties") from any and all actions, causes of action, suits, controversies, claims and demands whatsoever, for or by reason of any matter, cause or thing whatsoever, whether known or unknown including, but not limited to, all claims under any applicable laws arising under or in connection with Executive's employment or termination thereof, whether for tort, breach of express or implied employment contract, wrongful discharge, intentional infliction of emotional distress, or defamation or injuries incurred on the job or incurred as a result of loss of employment. Executive acknowledges that the Company encouraged him to consult with an attorney of his choosing, and through this General Release of Claims encourages him to consult with his attorney with respect to possible claims under the Age Discrimination in Employment Act (" ADEA") and that he understands that the ADEA is a Federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefits and benefit plans. Without limiting the generality of the release provided above, Executive expressly waives any and all claims under ADEA that he may have as of the date hereof. Executive further understands that by signing this General Release of Claims he is in fact waiving, releasing and forever giving up any claim under the ADEA as well as all other laws within the scope of this paragraph 1 that may have existed on or prior to the date hereof. Notwithstanding anything in this paragraph 1 to the contrary, this General Release of Claims shall not apply to (i) any rights to receive any payments or benefits pursuant to Section 6 of the Employment Agreement, (ii) any rights or claims that may arise as a result of events occurring after the date this General Release of Claims is executed, (iii) any indemnification rights Executive may have as a former officer or director of the Company or its subsidiaries or affiliated companies, (iv) any claims for benefits under any directors' and officers' liability policy maintained by the Company or its subsidiaries or affiliated companies in accordance with the terms of such policy, and (v) any rights as a holder of equity securities of the Company.

2. Executive represents that he has not filed against the Released Parties any complaints, charges, or lawsuits arising out of his employment, or any other matter arising on or prior to the date of this General Release of Claims, and covenants and agrees that he will never individually or with any person file, or commence the filing of, any charges, lawsuits, complaints or proceedings with any governmental agency, or against the Released Parties with respect to any of the matters released by Executive pursuant to paragraph 1 hereof (a "Proceeding"); provided, however, Executive shall not have relinquished his right to commence a Proceeding to challenge whether Executive knowingly and voluntarily waived his rights under ADEA.

3. Executive hereby acknowledges that the Company has informed him that he has up to twenty-one (21) days to sign this General Release of Claims and he may knowingly and voluntarily waive that twenty-one (21) day period by signing this General Release of Claims earlier. Executive also understands that he shall have seven (7) days following the date on which he signs this General Release of Claims within which to revoke it by providing a written notice of his revocation to the Company.

4. Executive acknowledges that this General Release of Claims will be governed by and construed and enforced in accordance with the internal laws of the State of New York applicable to contracts made and to be performed entirely within such State.

5. Executive acknowledges that he has read this General Release of Claims, that he has been advised that he should consult with an attorney before he executes this general release of claims, and that he understands all of its terms and executes it voluntarily and with full knowledge of its significance and the consequences thereof.

6. This General Release of Claims shall take effect on the eighth day following Executive's execution of this General Release of Claims unless Executive's written revocation is delivered to the Company within seven (7) days after such execution.

7. Notwithstanding any of the foregoing provisions of this General Release of Claims, in the event that the period within which the Executive had the right to execute or revoke execution of this Release extends from one tax year of the Executive to the subsequent tax year of the Executive, such execution or revocation shall be deemed to be made in the subsequent tax year of the Executive, in compliance with Section 409A of the Internal Revenue Code of 1986, as amended.

/s/ Jeffrey A. Meckler

December 11, 2017

Exhibit 4.12

Translated from Hebrew

INTEC PHARMA LTD.

EMPLOYMENT AGREEMENT

With Nadav Navon

AGREEMENT entered into as of January 15, 2006 between Nadav Navon, residing at 7 Socholovsky Zvi St., Rechovot, Israel (the "**Employee**"), and **Intec Pharma Ltd.,** an Israeli company with offices located at 10 Hertom St. Har Ha'hozvim, Jerusalem, Israel (the "**Company**").

WITNESSETH:

WHEREAS, the Company is in the business of drug delivery gastric retentive platform (the "**Business**"); and

WHEREAS, the Company desires to employ Employee, and the Employee desires to be employed in the Company as Analytical Lab Manager.

NOW THEREFORE, in consideration of the premises and mutual agreements hereinafter contained, the parties hereto agree as follows:

1. Contents of Agreements/Definitions

The preamble and the exhibits to this agreement (the "**Agreement**") constitute an integral part hereof and are hereby incorporated by reference.

2. Employment and Duties

2.1 As of the Effective Date (as defined in Section 3 hereto), the Company employs Employee and Employee accepts employment with the Company as Analytical Lab Manager upon the terms and conditions set forth herein (the "**Position**"). The Employee shall report regularly to the Company's VP R&D, and/or to any other officer of the Company, under the Company's sole discretion. Notwithstanding the above, the Company may change the Employee's Position as it may deem fit and such action shall not be considered a material adverse change in the Employee's employment conditions.

2.2 Employee shall devote all necessary time and attention to the Business of the Company and shall perform his duties diligently and promptly for the benefit of the Company.

2.3 Employee shall work five days a week, Sunday to Thursday, unless otherwise required by the Company, upon its sole discretion.

2.4 During his engagement hereunder, Employee shall not, without the prior written consent of the Company, undertake or accept any other paid or unpaid employment or occupation or engage in or be associated with (other than through an investment in a corporation which is financial in its nature and in which Employee holds less than 5% of the outstanding shares), directly or indirectly, any other businesses, duties or pursuits except for de minimis non-commercial or non-business activities.

3. Term and Termination of Employment

3.1 Employee's employment under this Agreement shall commence on 6 (the " **Effective Date**") and shall end on the earliest of (i) the death or disability (as defined herein) of Employee; (ii) termination by either party.

3.2 Either party may terminate this Agreement without cause, as hereinafter defined, by providing thirty (30) days prior written notice (the "**Notice Period**"). During the Notice Period Employee shall continue his services unless otherwise instructed, and shall cooperate with the Company and use his best efforts to assist the integration into the Company organization of the person or persons who will assume the Employee's responsibilities. Notwithstanding the above, during a period of 3 months following the Effective Date (the: "**Trail Period**"), the Notice Period shall be fourteen (14) days.

3.3 At any time, the Company shall be entitled to immediately terminate Employee's employment hereunder for 'cause' (as set forth in Section 4.1 below) by providing notice thereof to Employee.

4. Provisions Concerning the Term of Employment

4.1 For the purpose of this Agreement, "**cause**" shall exist if Employee (i) breaches any of the terms of Sections 2.1, 7, 8, 9 and 10 or; (ii) engages in willful misconduct or acts in bad faith with respect to the Company in connection with and related to the employment hereunder; (iii) is convicted of a felony or is held liable by a court of competent jurisdiction for fraud against the Company; (iv) fails to reasonably comply with the instructions of the Company given to the Employee in good faith and relating to the performance of Employee's duties under his Position; or (v) is dismissed under the circumstances defined in Section 16 and/or Section 17 of the Severance Pay Law, 1963 (hereinafter: "**The Severance Pay Law**"); provided that, with respect to clauses (i) and (iv), if Employee has cured any such condition (that is reasonably susceptible to cure) within 10 business days ("**Grace Period**") of the advance notice (as defined herein), then "**cause**" shall be deemed not to exist. For purposes of this Section 4, "**advance notice**" shall constitute a written notice delivered to Employee that sets forth with particularity the facts and circumstances relied on by the Company as the basis for cause.

4.2 For the purposes of this Agreement "**disability**" shall mean any physical or mental illness or injury as a result of which Employee remains absent from work for a period of two (2) successive months, or an aggregate of two (2) months in any twelve month period. Disability shall occur upon the end of such two (2) month period.

5. Compensation

5.1 5.1.1 During the term hereof, and subject to the performance of the services required to be performed hereunder by Employee, the Company shall pay to Employee for all services rendered by Employee under this Agreement, a salary, payable not less often than monthly and in accordance with the Company's normal and reasonable payroll practices, a monthly gross amount equal to NIS 22,000 (the "**Gross Salary**"). Notwithstanding the above, during the Trial period, the Gross Salary shall be equal to NIS 20,000.

5.1.2 An amount equal to 10% of the Gross Salary of the Employee, shall be considered as a special compensation for the Employee's obligation not to compete with the Company, as defined in Section 8 herein (hereinafter: "**The Special Compensation**").

5.1.3 The Company will pay the Employee the Gross Salary until the 9th of each month, for the previous month.

5.1.4 In addition, in accordance with the Company's policy, once a year the parties will conduct a salary review for the Employee, during which the Company shall evaluate the Employee's performance and shall decide (according to the performance of the Employee and the development of the Company) whether to increase his salary, and, if so, in what amount. Nothing in this clause shall be construed as the Company's commitment to increase the Employee's salary at any time.

5.2 Insurance Policy: The Company and the Employee will obtain and maintain an insurance policy for the exclusive benefit of the Employee, as follows: The Company shall continue to insure the Employee under his existing pension fund (the "**Keren Pensia**"), under which the Company shall contribute 6% of an amount equal to 2 (two) times the average wage in Israel (the "**Maximum Amount**") as compensatory payments, and 8.33% of the Maximum Amount in lieu of severance pay (i.e. 6% of the Maximum Amount to the Keren Pensia + an additional 2.33% of the Maximum Amount towards a 'Kupat Gemel'). The Employee shall contribute in respect of such Keren Pensia a monthly amount equal to five and one half percent (5.5%) of the Maximum Amount.

In addition, the Company shall obtain and maintain a manager's insurance policy for the exclusive benefit of the Employee in the customary form with respect to which the Company shall be the beneficiary (the "**Bituach Menahalim**"). The Company shall contribute to such Bituach Menahalim a monthly amount equal to thirteen and one third percent (13.33%) of an amount equal to the difference between the Maximum Amount and the Gross Salary (the "**Exceeding Amount**"), out of which 8.33% are designated for severance payments and 5% are designated for compensatory payments. The Employee shall contribute in respect of such Bituach Menahalim a monthly amount equal to five percent (5%) of the Exceeding Amount as compensatory payments. The Employee hereby instructs the Company to transfer to the Keren Pusia and the Bituach Menahalim all amounts on account of both the Company's and Employee's Contributions in respect of such plans.

5.3 It is hereby agreed that upon termination of employment under this Agreement, the Company shall release to the Employee all amounts accrued in the Keren Pencia and the Bituach Menahalim on account of both the Company's and Employee's Contributions. It is hereby agreed that if the Employee is dismissed under the circumstances defined in Section 16 and/or Section 17 of the Severance Pay Law - the Employee shall not be entitled to any Severance Pay.

It is hereby clearly agreed and understood that the amounts accrued in the Keren Pensia and the Bituach Menahalim on account of the Company's Contribution shall be in lieu and in full and final substitution of any severance pay the Employee shall be or become entitled to under any applicable Israeli law. This section is in accordance with Section 14 of the Severance Pay Law, and the General Approval of the Labor Minister, dated June 30, 1998, issued in accordance to the said Section 14, a copy of which is attached hereby as **Appendix A**

5.4 In addition, the Company shall obtain Disability Insurance ("**Ovdan Kosher Avoda** "), which may be included within the Bituach Menahalim, for the exclusive benefit of the Employee and shall contribute therefore an amount not exceeding two and a half percent (2.5%) of each monthly Gross Salary Payment, or such amount required to enable the payment of at least 75% of the Gross Salary.

5.5 The Company and the Employee shall open and maintain a Keren Hishtalmut Fund for the exclusive benefit of the employee (the "**Fund**"). The Company shall contribute to such Fund an amount equal to seven and a half percent (7.5%) and the Employee shall contribute to such Fund an amount equal to two and a half percent (2.5%) of each monthly Gross Salary payment. The Employee hereby instructs the Company to transfer to the Fund the amount of the Employee's and the Company's contribution from each monthly Gross Salary payment.

For the removal of doubt it is hereby clarified, that is the event of termination of Employee's employment under this Agreement for any reason other than a termination for cause (as defined above) Employee shall be entitled to all sums accumulated in the Fund. In the event of termination for cause (as defined above) Employee shall not be entitled to any of Company's contributions to the Fund made during this Agreement.

5.6 The Employe will be entitled to use a leased company car (the: "**Company Car**"), The Company Car type shall be of Reno-Megan (group 2). The Company will cover all the operating expenses of the Company Car (excluding parking expenses and/or fines), and the Employee shall bare any and all taxes applicable to Employee in connection with the Company Car. Payments of the Company Car's expenses by the Company under this paragraph are in lieu of traveling expenses to and from work as required by the Extension Order.

Employee shall take good care of such Company Car and ensure that the provisions of the insurance Policy and Company's rules relating to Company Car are strictly, lawfully and carefully observed. Employee is aware that in order to provide Employee with the Company Car the Company shall lease the Company Car from a leasing company, and Employee undertakes to strictly comply with the provisions of the leasing agreement.

Employee shall return Company Car (together with its keys and any other equipment supplied and/or installed therein by Company) to Company's principal office upon, termination of Employee's employment with Company. Employee shall have no rights of lien with respect to Company Car and/or any other equipment relating thereto as above mentioned.

5.7 Company shall provide Employee with, and pay for the use of, a cellular phone for Employee's use in the course of performing Employee's obligations under Employee's Position, up to an aggregate amount of NIS 300 per month (the "**Cellular Phone**"). Employee shall bear any and all taxes applicable to Employee in connection with the Cellular Phone and/or the use thereof. Employee shall return the Cellular Phone to Company's principal office upon termination of Employee's employment with Company. Employee shall have no rights of lien with respect to the Cellular Phone.

5.8 Subject to an adoption of an Employee stock option plan by the Company, Employee shall be granted options to purchase shares of the Company. The option shall be subject to the terms of the Company's Employee Stock Option Plan, and the option agreement to be entered into between the Company and the Employee, following the adoption of an Employee Stock Option Plan by the Company.

5.9 The Agreed Alternative Payment - in Case_of a Claim for Overtime Payments

5.9.1 Employee agrees and acknowledges that due to his position in the Company, the Hours of Work and Rest Law, 1951 (hereinafter: "**the Hours of Work and Rest Law**") does not apply on him. Therefore, the Employee shall not be entitled to claim or receive payments or any additional pay for overtime working hours, shifts, or work performed on Saturday or holidays.

5.9.2 The Employee undertakes, by signing this Agreement, that he will not sue, and/or demand, and/or claim that he is entitled to any additional payment to his Monthly Gross Salary due to overtime, above his Monthly Gross Salary which includes all the consideration which the Employee is entitled to receive for overtime.

5.9.3 Therefore, if notwithstanding the agreement of the parties and the Employee's informed undertaking under this Agreement, it will be decided by a competent court, or any other competent tribunal, either due to Employee's application or any other source, that the Hours of Work and Rest Law applies to the Employee, and that therefore the Employee is entitled to compensation, or any other additional payments due to overtime – then the parties hereto agree that the salary, which the Employee was entitled to, was 75% (Seventy-five percent) of the Monthly Gross Salary which was paid to the Employee under this Agreement. (hereinafter the "**Agreed Alternative Payment**").

5.9.4 The Employee will be obligated to return the Company, on the day of the claim and/or demand which contradicts this Agreement, in which it will be claimed that the Working Hours and Rest Law applies to him, and/or that he was entitled to Overtime Payments – all additional payments that the Employee received from the Company over the Agreed Alternative Payment as defined above (the "**Excess Amount**").

5.9.5 Each Excess Amount that the Employee will be obligated to return to the Company as mentioned above - shall bear interest and shall be linked to the Cost of Living Index on the Employee's pay day – as compared to the Index on the day such amount will be returned to the Company.

5.9.6 The Company shall be entitled to set off such Excess Amounts against all amounts that the Employee shall be entitled to under this Agreement, or under the decision of the Court or of any other competent tribunal as mentioned above, which shall not derogate from any other right of the Company to receive from the Employee the rest of the amounts it is entitled to.

6. Taxation

6.1 To the extent applicable, the Company may deduct from the compensation payable to Employee under this Agreement any and all taxes and charges (including health tax) applicable to Employee as may now be in effect or which may hereafter be enacted or required by law, and make the appropriate payments on behalf of Employee to the income tax authorities, the Institute of National Insurance and any other relevant authority. Employee shall respectively pay all taxes and payments as required or shall be required by any applicable law. Employee shall notify the Company of any change in Employee's place of residence or status, which may affect Employee's tax liability anywhere in the world.

6.2 The Employee acknowledges that some of the benefits granted to Employee under this Agreement may be treated by the authorities as additional compensation to Employee, and therefore Employee agrees that, in such event Employee shall pay all taxes, national insurance contributions, and other payments required to be paid to the authorities in connection therewith

7. Secrecy and Nondisclosure

7.1 The Employee shall treat as secret and confidential all of the processes, methods, formulas, procedures, techniques, software, designs, data, drawings and other information which are not of public knowledge or record pertaining to the Company's Business (existing, potential and future), including without limitation, all business information relating to customers and suppliers and products of which the Employee becomes aware during and as a result of his employment or association with the Company, and Employee shall not disclose, use, publish, or in any other manner reveal, directly or indirectly, at any time during or after the term of this Agreement, any such processes, methods, formulas, procedures, techniques, software, designs, data, drawings and other information pertaining to the Company's existing or future Business or products The Employee may disclose or use such information, if at all, only with the prior express written consent of the Company.

7.2 The Employee hereby undertakes to return, upon request, to the Company, all written materials, records, documents, computer software and/or hardware or any other material which belongs to the Company and that might be in his possession, and if requested by the Company to do so, will execute a written statement confirming compliance with the above said.

7.3 The Employee acknowledges that all of the secrets, information, or documents aforementioned in Sub-Sections 7.1 and 7.2 above, are essential commercial and proprietary information of the Company which is not public information and cannot easily be discovered by others, whose confidentiality provides the Company a commercial advantage over its competitors, and the Company is taking reasonable measures to safeguard its confidentiality.

7.4 The Employee's undertakings pursuant to this clause shall remain in force after the termination of Employee's employment under this Agreement.

8. Non - Competition

8.1 Employee agrees that during the term of this Agreement and for a period of one (1) year after he ceases to be employed by the Company he will not, directly or indirectly, for his own account or as an employee, officer, director, partner, joint venturer. shareholder, investor, consultant or otherwise (except as an investor in a corporation whose stock is publicly traded and in which Employee holds less than 5% of the outstanding shares) and without the prior written consent of the Company, interest himself in or engage in any business or enterprise, anywhere in the world, that directly competes with the Business of the Company, that exists now or in the future or is based on similar technology to the technology that was developed by the Company.

8.2 Employee agrees that during a period of six months from termination of this Agreement, he shall not employ directly or indirectly any individual employed by the Company during the six-month period, which preceded such date of termination.

8.3 Employee acknowledges that the restricted period of time and geographical area specified under Sections 8.1 and 8.2 hereof are reasonable, in view of the nature of the business in which the Company is engaged and Employee's knowledge of the Business.

8.4 Notwithstanding anything contained in Section 8.3 to the contrary, if the period of time or the geographical area specified under Sections 8.1 or 8.2 hereof should be determined to be unreasonable in any judicial proceeding, then the period of time and area of the restriction shall be reduced so that this Agreement maybe enforced in such area and during such period of time as shall be determined to be reasonable by such judicial proceeding.

8.5 If the Employee shall breach any of his obligations under this Section 8 - The Employee will be obligated to return the Company, immediately, the Special Compensation, as defined above. Such Special Compensation thus returned to the Company:

8.5.1 Shall bear interest, and shall be linked to the Cost of Living Index on the Employee's pay day– as compared to the Index on the day such amount will be returned to the Company.

8.5.2 Shall not derogate from any other right of the Company to receive from the Employee the rest of the amount it is entitled to.

8.6 The Employee declares and acknowledges that:

8.6.1 His obligations of protecting the confidentiality and non-competition provisions included in this Agreement are fair, reasonable, and proportional, especially in light of the special compensation he receives under this Agreement which is designed to protect the Company's secrets and its confidential information, which constitute the essence of its protected business and commercial advantage in which significant capital investments were made.

8.62 Breach of an obligation under this Section - shall contradict the nature of the special trust and relationship of loyalty between the parties, the fair and proper business practices, the duty of good faith and fairness between the parties, shall harm the Company, and shall constitute a material breach of this Agreement and the trade secrets, confidential connections, confidential information, and other privileged interests of the Company.

8.6.3 The Employee declares that his obligations under this section, which are reasonable and proportional - do not prevent the employee from developing his general knowledge and professional expertise in the area of his business, with regard to those who are not customers and employees of the Company and without usurping its trade secrets.

9. Development Rights

The Employee agrees and declares that, all proprietary information including but not limited to copyrights, trade secrets and know-how, patents and other rights in connection therewith developed by or with the contribution of Employee's efforts during his employment by the Company shall be the sole property of the Company, and the Employee shall execute all documents necessary to assign any patents to the Company and otherwise transfer such proprietary rights to the Company. In Addition, Employee agrees to be bound by the terms and conditions of the Intellectual Property assignment of rights stated in **Appendix B** hereto, incorporated by reference as part of this Agreement.

10. Employee Representations and Acknowledgments

The Employee represents and warrants to the Company that the execution and delivery of this Agreement and the fulfillment of the terms hereof (i) will not constitute a default under or breach of any agreement or other instrument to which he is a party or by which he is bound, including without limitation, any confidentiality or non-competition agreement, (ii) do not require the consent of any person or entity, and (iii) shall not utilize during the term of his employment any proprietary information of any third party, including prior employers of the Employee.

11. Vacation, Illness, Dmey Havra'ah

11.1 Employee shall be entitled to such number of paid vacation days during each year of his employment, as provided by Israeli Labor Law.

11.2 Employee shall be entitled to such number of working days of paid illness vacation during each year of his employment, as provided by Israeli Labor Law, or more, in accordance with Company Policy.

11.3 The employee shall be entitled to "**Dmey Havra'ah**"in accordance with any applicable law.

12. Benefit

Except as otherwise herein expressly Provided, this Agreement shall inure to the benefit of and be binding upon the Company, its successors and assigns, including, without limitation, any subsidiary or affiliated entity and shall inure to the benefit of, and be binding upon, Employee, his heirs, executors, administrators and legal representatives, Notwithstanding the foregoing, the obligations of Employee hereunder shall not be assignable or delegable.

13. Entire Agreement

This Agreement constitutes the entire understanding and agreement between the parties hereto, supersedes any and all prior discussions, agreements and correspondence with regard to the subject matter hereof, and may not be amended, modified or supplemented in any respect, except by a subsequent writing executed by both parties hereto.

14. Notices

All notices, requests and other communications to any party hereunder shall be given or made in writing and telecopied, mailed (by registered or certified mail) or delivered by hand to the respective party at the address set forth in the caption of this Agreement or to such other address (or telecopier number) as such party may hereafter specify for the purpose of notice to the other party hereto. Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the facsimile number specified herein and the appropriate answerback is received or (ii) if given by any other means, when delivered at the address specified herein.

15. Affiliated Companies

For the purpose of Sections 7 and 8 above, the term "**Company**" shall include also the Company's Parent company, Company's subsidiary or any company controlled or owned by the Company's parent company.

16. Applicable Law

16 .1 This Agreement shall not derogate from any Applicable Law, Extension Order, or Collective Agreement.

16.2 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of Israel without giving effect to principles of conflicts of law and the courts of Israel, District of Tel Aviv, shall have exclusive jurisdiction over the parties hereto and subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first appearing above.

/s/ Efi Cohen Arazi	/s/ Nadav Navon
INTEC PHARMA LTD.	**EMPLOYEE**

APPENDIX A

General Approval (Combined Version) Regarding Employers' Contributions to Pension Funds and Insurance Funds in lieu of Severance Pay
Under the Severance Pay Law, 5723-1963
[Updated as of February 28, 2001]

By virtue of my power under Section 14 of the Severance Pay Law, 5723-1963[1] (the "Law"), I hereby confirm, that contributions made by an employer for his employee, commencing as of the date of publication of this approval, to a comprehensive pension in a provident fund for annuity that is not an insurance fund within the meaning of such term in the Income Tax Regulations (Rules for the Approval and Management of Provident Funds), 5724-1964[22] (a "Pension Fund") or to a managers' insurance that includes the possibility of an annuity or a combination of payments to an annuity plan and to a non-annuity plan within such insurance fund (an "Insurance Fund), including combined contributions made by the employer to a Pension Fund and to an Insurance Fund, whether or not the Insurance Fund includes an annuity plan (the "Employer's Contributions"), shall be payable in lieu of severance pay due to such employee in respect of the salary from which such contributions were made and the period they were made for (the "Exempt Salary"); provided, however, that all of the following conditions have been fulfilled:

(1) The Employer's Contributions -

(a) To the Pension Fund, are at a rate of no less than 14 1/3% of the Exempt Salary, or 12% of the Exempt Salary, if in addition thereto, the employer makes supplementary severance pay contributions for his employee to a provident fund for severance pay or to an Insurance Fund in the employee's name, at a rate of 2 1/3% of the Exempt Salary. In the event that the employer has not contributed such 2 1/3% in addition to said 12%, his contributions shall only replace 72% of the employee's severance pay;

(b) To the Insurance Fund are at a rate of no less than one of the following:

(1) 13 1/3% of the Exempt Salary, if in addition thereto, the employer makes contributions for his employee for securing monthly income in the event of disability to a plan approved by the Commissioner of the Capital Market, Insurance and Savings at the Ministry of Finance, at the rate required to secure at least 75% of the Exempt Salary or a rate of 2 1/2% of the Exempt Salary, whichever is lower ("Disability Insurance Contributions"); or

(2) 11% of the Exempt Salary, if the employer also made Disability Insurance Contributions, and in such case the Employer's Contributions shall only replace 72% of the Employee's severance pay; In the event that the employer has made, in addition to the foregoing, supplementary severance pay contributions to a provident fund for severance pay or to an Insurance Fund in the employee's name at a rate of 2 1/3% of the Exempt Salary, the Employer's Contributions shall replace 100% of the employee's severance pay.

(2) By no later than three months of the commencement date of the Employer's Contributions, a written agreement is executed between the employer and the employee that includes:

(a) The employee's consent to the arrangement pursuant to this approval in a form specifying the Employer's Contributions, and the Pension Fund and Insurance Fund, as applicable; such agreement shall also include the form of this approval;

Statues 5723, p. 136[1]
Regulations 5724, p. 1302[2]

(b)[3] The employer's advance waiver of any right he may have to a refund of monies from his contributions, unless the employee's right to severance pay has been revoked by virtue of Sections 16 or 17 of the Law, and to the extent so revoked, or the employee has withdrawn monies from the Pension Fund or Insurance Fund other than by reason of an Entitling Event; in such regard "Entitling Event" means death, disability or retirement at or after the age of 60 or more

(c) This approval shall not derogate from the employee's right to severance pay under any law, collective agreement, expansion order or employment contract, in respect of salary over and above the Exempt Salary.

Eliyahu Yishai

Minister of Labor and Social Affairs

Signature of employee:

[signature]

Date: _____ **Signature:**/s/ Nadav Navon

Amendment: Official Gazette 4803, 5760 (September 19, 1999)[3]

APPENDIX B

Intellectual Property assignments of rights

1. For purposes of this Appendix, the following definitions shall apply:

"**Inventions**" shall mean:

A. All inventions, improvements, modifications, and enhancements whether or not patentable, made by the Employee during or in the course of employment, or which relate, directly or indirectly to the business of the Company, or which were made using the Company' equipment, and

B. All inventions, improvements, modifications and enhancements made by the Employee, during a period of twelve (12) months (or such lesser maximum period permitted by law) after any termination of the Employee's employment, which relate, directly or indirectly, to the business of the Company at the time they were so made.

"**Work Product**" shall mean all documentation, software, hardware, firmware, creative works, artworks, know-how and information created, in whole or in part, by the Employee during the Employee's employment by the Company, whether or not copyrightable or otherwise protectable, excluding Inventions.

"**Trade Secrets**" shall mean "**Commercial Secrets**" as defined in the Law of Commercial Wrongs, 1999, and all documentation, software, hardware, firmware, customer lists, know-how and other information of any kind or nature relating to the past, present or future business of the Company or any plans therefor, or relating to the past, present or future business of a third party or plans therefor (including but not limited to any items and information in any form determined by law as trade secrets) that are disclosed to the Employee, which the Company does not disclose to third parties without restrictions on use or further disclosure.

2. Without derogating from any other provision of the law:

A. The Employee shall promptly disclose to the Company all Inventions and keep accurate records relating to the conception and reduction to practice of all Inventions. Such records shall be the sole and exclusive property of the Company, and the Employee shall surrender possession of such records to the Company upon any termination of the Employee's relationship with the Company.

B. The Employee hereby assigns to the Company, without additional consideration to the Employee, the entire right, title and interest in and to the Inventions and Work Product and in and to all proprietary and any and all intellectual property rights therein or based thereon. The Employee shall execute all such assignments, oaths, declarations and other documents as may be prepared by the Company to effect the foregoing.

C. During the term of this Agreement, and thereafter, the Employee shall provide the Company with all information, documentation, and assistance the Company may reasonably request to perfect, enforce, or defend its proprietary rights in or based on the Inventions, Work Product and/or Trade Secrets. The Company, in its sole discretion, shall determine the extent of the proprietary rights, if any, to be protected in or based on the Inventions and/or Work Product. All such information, documentation, and assistance shall be provided to the Company by the Employee at no additional expense to the Company, except for out-of-pocket expenses which the Employee incurred at the Company's request.

D. During the term of this Agreement, and thereafter, the Employee shall treat Inventions and Work Product as Confidential Information under this Agreement and shall not disclose them to others without the prior written permission of the Company, or use such Inventions and/or Work Product for any purpose, other than for the performance of services for the Company.

3 . Remedies. The Employee acknowledges that a breach of the covenants contained in this Agreement and this Appendix B would result in substantial injury and damage to the Company for which there is no adequate remedy at law. Therefore, in the event of an actual or threatened breach of such covenants by the Employee, the Company shall be entitled, in addition to all other rights, remedies and damages that may be available to the Company at law or in equity, to a preliminary restraining order and an injunction, or any other available equitable remedy, to restrain the violation or attempted violation of this Agreement by the Employee or by any other person or entity acting for his benefit or on his behalf. In the event there is any action to enforce the terms of such restrictive covenants, the prevailing party, in addition to any other remedy, shall be entitled to recover reasonable attorney's fees and all other reasonable costs associated with any such action both on the trial and appellate level and in any creditor's proceedings. In the event that a court of competent jurisdiction determines by final non-appealable judgment that the scope, time period, or geographical limitations of any of the restrictive covenants specifically set forth herein are too broad to be capable of enforcement, said court is authorized, and the parties hereto stipulate that such court shall, modify said restrictive covenants and enforce such provisions as to scope, time, and geographical areas as the court deems equitable, just and appropriate considering the intent of the parties hereto.

Translated from Hebrew

Annex to Employment Agreement
Entered into and signed in Jerusalem on May 29, 2011

Between: **Intec Pharma Ltd., Company 513022780**
of 12 Hartom Street, Jerusalem
(the "**Company**")

of the first part;

And: **Nadav Navon**
of 7 Sochovolsky Street, Rehovot
(the "**Employee**")

of the second part;

Whereas the Employee serves as the Company's R&D Manager under an employment agreement dated January 15, 2006, which is attached hereto, with the annexes thereto, as **Annex A** (the "**Agreement**"); and

Whereas the parties' intention in respect of this document is to amend the terms and conditions of the Agreement as specified below;

Wherefore the parties have represented, stipulated and agreed as follows:

1. The preamble to this annex and the annexes hereto constitute an integral part hereof.

2. All of the rights and obligations specified in the Agreement shall continue to remain in force and effect and all of the terms and conditions of the Agreement shall continue to apply between the parties, other than if and insofar as expressly modified in this annex to the Agreement.

3. The following vesting conditions, shall apply, subject to receipt of the approvals required under any law, to the options granted to the Employee on October 13, 2010,:

   a) In events in which the Company is sold to a third party and/or control is transferred from the present shareholders of the Company to a third party and/or its main assets are sold to a third party and/or the Company's business is merged with another company (including a "reverse acquisition" in which the shareholders of the Company hold the majority of shares of the merged company) and/or a license is granted in respect of all of the Company's assets or its main assets and/or transactions the nature of which is like the transactions specified above (the "**Acquisition Event**"), then – the vesting dates will be accelerated such that the Employee may exercise, immediately and upon occurrence of the Acquisition Event, all of the options allotted to him, even if such options shall not have vested yet under the terms of the Agreement.

   b) Insofar as the Employee is dismissed for a reason that is not included in Section 4.1 of the Agreement, the vesting dates of a relative part of the options allotted to him will be accelerated, even if the same have not yet vested. The relative part will be calculated as the ratio between the number of days between the granting date and the dismissal date and the time between the granting date and the original vesting date.

4. In addition to the salary specified in the Agreement, the Employee shall be entitled to receive a bonus from the Company, in respect of engagement in a Commercialization Agreement, subject to the following conditions:

   a. The Employee is employed by the Company on the date of signing of the Commercialization Agreement and on the date of performance thereof, as defined hereunder.

b. The Company signs a Commercialization Agreement with a third party in respect of at least one of its products.

In this annex, a "**Commercialization Agreement**" is an agreement, engagement in which shall have been lawfully approved by the appropriate organs of the Company under any law, and for the signing and consummation of which the Company receives monetary compensation, the net aggregate sum of which, during the Employee's term of employment with the Company, shall be no lesser than U.S. $10,000,000 (ten million U.S. dollars).

c. The bonus rate shall be 1.5% of the consideration actually received by the Company up to an aggregate amount received by the Company of U.S. $66.7 million.

It is clarified that the Employee shall not be entitled to an additional bonus in respect of amounts exceeding U.S. $66.7 million which are paid, if and insofar as they are paid, to the Company.

The aforesaid relative rate shall be paid to the Employee on a current basis within 60 days of the date of actual receipt of the amounts by the Company.

d. For the avoidance of doubt, insofar as the Employee discontinues his employment with the Company for any reason whatsoever, the Company shall not be obligated to pay any part of the bonus in respect of payments received subsequently to the termination of the Employee's employment with the Company.

e. The Employee shall exclusively bear payment of any tax deriving from receipt of the bonus under applicable law. Payment of such tax shall be withheld by the Company, unless the Employee provides a certificate of exemption from tax withholding.

f. The amount of the bonus, its rate, the manner in which it is determined and the payment date thereof shall be exclusively determined by the Company, as per its sole and absolute discretion.

g. The Employee agrees that any claim, suit or demand stemming from the bonus or bonuses described above shall be examined, insofar as the Company consents to such examination request, by a certified accountant, who shall be appointed by the Company per the Company's sole and absolute discretion, and the results of his examination shall be final and conclusive. The Employee shall bear the full fee of the accountant, if the examination is conducted as per his request.

In witness whereof the parties have hereunto set their hands

/s/ Giora Carni	/s/ Nadav Navon
Intec Pharma Ltd.	Nadav Navon

Translated from Hebrew

Addendum to Employment Agreement

Entered into and signed in Jerusalem on March __, 2012

Between: **Intec Pharma Ltd., Company 513022780**
of 12 Hartom Street, Jerusalem
(the "**Company**")

of the first part;

And: **Nadav Navon 24009011, I.D. 022152177**
of 7 Sochovolsky Street, Rehovot
(the "**Employee**")

of the second part;

Whereas the Employee serves as manager of the R&D Department under an employment agreement dated January 15, 2006, which is attached hereto, the annexes thereto, as **Annex A** (the "**Agreement**"); and

Whereas the parties intend for all of the rights granted to the Employee under the Agreement to remain in force and effect and for all of the terms and conditions of the Agreement to continue to apply between the parties, other than if and insofar as expressly modified in this annex;

Wherefore the parties have represented, stipulated and agreed as follows:

1. The preamble to this addendum and the annexes hereto constitute an integral part hereof.

2. The monthly salary of the VP R&D shall be updated to NIS 37,000 per month as of March 1, 2012.

3. Section 7.4 of the Agreement shall be replaced with the following language:

"Each party may terminate this agreement at any time by a written prior notice of 90 days to the other party".

4. All of the other provisions of the Agreement shall remain in force and effect.

In witness whereof the parties have hereunto set their hands

/s/ Giora Carni	/s/ Nadav Navon
Intec Pharma Ltd.	Nadav Navon

Translated from Hebrew

Amendment to Agreement

Entered into and signed in Jerusalem on October 21, 2013

Between: **Intec Pharma Ltd., Company 513022780**
of 12 Hartom Street, Jerusalem
(the "**Company**")

of the first part;

And: **Nadav Navon, I.D. 24009011**
of 20 Eliezer Ben Yehuda Street, Rehovot
("**VP R&D & Operations**")

of the second part;

Whereas Mr. Nadav Navon serves as the Company's VP R&D & Operations under an employment agreement dated March 28, 2012, which is an update of the previous employment agreement (the "**March 2012 Update**") of May 29, 2011 (the "**May 2011 Update**"), which is an update of his previous employment agreement with the Company dated January 15, 2006 (the "**January 2006 Agreement**"); and

Whereas the parties intend to amend the January 2006 Agreement and the May 2011 Update and the March 2012 Update, as approved by the Company's compensation committee and board of directors, all as specified in this amendment to the agreement and subject to approval by the Company's shareholders;

Wherefore the parties have represented, stipulated and agreed as follows:

1. **General**

1.1. The preamble to this amendment to the agreement and the annexes hereto constitute an integral part hereof.

1.2. The headings in this amendment to the agreement are added solely for the sake of convenience and no use shall be made thereof for interpretation purposes.

2. **Salary and Social Benefits**

Update of gross monthly salary: the monthly salary shall increase and amount to NIS 44,000.

3. **Cash Bonus**

The cash bonus of $1,000,000, to which the VP R&D & Operations would be entitled due to the execution of a material agreement, is cancelled.

4. **Options**

(1) The VP R&D & Operations will be allotted 500,000 options for the purchase of 500,000 Company shares of par value NIS 0.0.1 each, against an exercise price equal to the average of the share's closing prices in the 30-day period preceding the board of directors' resolution. Options that shall vest over time shall become exercisable according to the terms and conditions of the Option Plan. Options that shall vest over time shall be effective for a period of up to 72 calendar months as of the granting date thereof. Options that shall vest over time shall expire at the end of 90 days as of the date of termination of employment of the VP R&D & Operations, and shall be deemed null and void and non-exercisable, if, by such time, entitlement to exercise the same shall not have arisen and the same shall not have been exercised by the VP R&D & Operations;

(2) The VP R&D & Operations will be allotted, on a one-time basis, 2,860,000 contingent options for the purchase of 2,860,000 Company shares of par value NIS 0.0.1 each, against an exercise price equal to the average of the share's closing prices in the 30-day period preceding the board of directors' resolution on the allotment (the "**Contingent Options**"). The Contingent Options are in keeping with the provisions of the Company's Option Plan for Employees, Officers, Directors and Consultants of 2005. The Contingent Options shall fully vest and be available for exercise immediately after a Material Agreement becomes effective.

For this purpose, a "**Material Agreement**" shall mean an agreement satisfying the following cumulative conditions: (a) an agreement shall have been signed with a company or an entity, (b) in a transaction with the Company (or with another entity designated by the Company for the purpose of such engagement) in connection with the Company's core business, (c) the agreement shall have been approved by a majority of the votes of the Company's board of directors as a material agreement for the Company, and (d) the agreement significantly increases the Company's value for a reasonable duration of time.

The Contingent Options shall remain in force and effect for a period of up to 72 calendar months as of the granting date thereof. The Contingent Options shall expire at the end of 90 days as of the date of termination of employment of the VP R&D & Operations, and shall be deemed null and void and non-exercisable, if, by such time, entitlement to exercise the same shall not have arisen and the same shall not have been exercised by the VP R&D & Operations.

5. **Termination of engagement**

The Company and the VP R&D & Operations may terminate the employment agreement by a written prior notice of 3 months.

6. **Miscellaneous**

6.1. All of the terms and conditions of the January 2006 Agreement and the May 2011 Update and the March 2012 Update, unless specifically amended in this amendment to the agreement, shall remain in force and effect and shall bind the parties.

6.2. This amendment to the agreement shall be deemed, for all intents and purposes, as an integral part of the January 2006 Agreement and the May 2011 Update and the March 2012 Update, and they shall constitute the full agreement of the parties to the agreement in respect of the subject-matter at hand, which prevails over any and all previous agreements and undertakings, both written and oral, between the parties to the agreement in respect of the subject-matter at hand.

In witness whereof the parties have hereunto set their hands

/s/ Giora Carni	/s/ Nadav Navon
Intec Pharma Ltd.	Nadav Navon

Translated from Hebrew

ADDENDUM TO
THE EMPLOYMENT AGREEMENT

THIS ADDENDUM (the "**Addendum**") to the Employment Agreement is entered into effect as of January 1, 2018 (the **"Effective Date"**), by and between **INTEC PHARMA LTD.** (the "**Company**"), and **Nadav Navon I.D. 24009011** (the "**Executive**").

WHEREAS, The Company and the Executive have entered into an Employment Agreement, dated January 15, 2006 as amended on May 29, 2011, March 28, 2012 and October 21, 2013 (collectively, the "Employment Agreement"); and

WHEREAS, The Employment Agreement includes certain provisions which the parties mutually wish to amend as set forth herein/

NOW, THEREFORE, The parties hereto agree to amend the Employment Agreement as follows:

1. Position

1.1. As of July 27, 2017, the executive is employed as the Chief Operation Officer of the Company.

2. Salary/Annual Bonus

2.1. Notwithstanding Section 2 to the Employment Agreement to the contrary, effective as of the Effective Date, the Executive shall be entitled for a gross monthly salary of NIS 62,500 (representing annual base salary of NIS 750,000) (the "**Base Salary**").

2.2. In addition to the Base Salary, the Executive shall be entitled for an annual cash bonus of up to 30% of the annual base salary. The bonus eligibility shall be based on a discretionary component of not more than 20% and measurable objectives to be determined by the Company's Chief Executive Officer as approved by Company's compensation committee (the "**Committee**"). The actual bonus payment is subject to the approval of the Committee in its sole discretion. For the avoidance of doubt, the bonus (if any) will not be taken into account in the calculation of your social entitlements towards pension and severance or otherwise.

3. Company Car

The Company car which is currently used by the Executive shall be upgraded to any car with a payment to the leasing company of not more than NIS 4,000 per month before VAT, and be grossed-up by the Company.

4. Options

The Executive shall be entitled for a one time grant of 85,000 options to purchase ordinary shares of the Company, no par value (the **"Options**"). 1/3 of the Options shall vest on the first anniversary date of the grant, and the additional 2/3 shall vest in eight equal quarterly installments thereafter over a period of two years, provided the Executive continues to serve as a Company's executive. The term of the options shall be of 7 years and the exercise price of each option shall be equal to the average price of the Company's ordinary shares on Nasdaq in the last 30 calendar days prior to the approval date by the board of directors of the Company. The grant shall be made under the capital gains track of Section 102 of the Israeli Income Tax Ordinance.

5. Survival of Provisions

Except as otherwise amended and modified hereby, which addendums shall have effect on the entire Employment Agreement, the provisions of the Employment Agreement shall remain in full force and effect.

6. General

This Addendum shall be deemed for all intents and purposes as an integral part of the Employment Agreement.

IN WITNESS WHEREOF, the parties have executed this Addendum to the Employment Agreement as of the Effective Date.

/s/ Jeffrey A. Meckler /s/ Nir Sassi	/s/ Nadav Navon
Intec Pharma Ltd.	Nadav Navon

Exhibit 4.13

Translated from Hebrew

Employment Agreement

Entered into and executed in Jerusalem on February 23, 2010

Between

Intec Pharma Ltd. Private Company 513022780
of 12 Hartom st. P.O.Box 45219
Jerusalem 91450

(the "**Company**")

of the first part

And

Name of Employee: Nir Sassi
I.D.: 038401261
of 63/6 HaGiborim street, Haderah

(the "**Employee**")

of the second part

Whereas The Employee has expressed his will to be employed by the Company in the office of a CFO (the "**Office**"), and under the other terms specified in this Agreement below; and

Whereas The Employee declares that he has the ability, qualifications, credibility and experience required for the fulfillment of the Office in which he will serve in the Company; and

Whereas The Employee will be exposed to knowledge and information pertaining to the Company or related thereto, to the property, business and affairs thereof, the customers thereof, the suppliers thereof, the persons and entities who have been or are in contact with the Company, including, but without derogating from the generality of the aforesaid – methods, processes, prices, calculations, human resources management and setting compensation, conditions of agreements in which the Company is engaged, and other documents of the Company; and

Whereas The Employee undertakes to relocate his residence in proximity to the Company's address as specified in the heading of this Agreement, including Jerusalem, Modi'in, Ma'ale Edumim and so forth, within six months from the work commencement date;

Whereas The Company and the Employee desire to regulate the terms of employment of the Employee, all as specified in this Agreement below;

Now therefore, it had been declared, stipulated and agreed between the parties as follows:

1. **The Substance Agreement**

1.1. This Agreement regulates the relations between the Company and the Employee, and exclusively determines the terms of engagement of the Employee with the Company.

1.2. The headings of the clauses in this Agreement are for purposes of the parties' convenience only and may not be used for interpretation of the Agreement or the terms hereof.

2. Employee Representations

The Employee represents to the Company as follows:

2.1. He has the knowledge, ability, experience, qualifications and skills required for the performance of the Office according to the provisions of this Agreement and the instructions of the Company from time to time.

2.2. He is not engaged in any other commitment or agreements which prevent him from being bound by this Agreement, and if that is not the case – he will compensate and indemnify the Company for any expense incurred thereto thereby.

2.3. He was not indicted nor convicted in any criminal offence, including an infamous crime, no criminal file was ever initiated against him at the Israeli police, and to the best of his knowledge, no interrogation is currently being conducted against him.

2.4. He will keep in confidence all of the terms and details of this Agreement.

2.5. He is aware that he is being employed for a trial period of six months (the "**Trial Period**"), during which the Company shall examine his suitability for the Office and to the Company and his compliance with his representations and undertakings as specified herein, as well as the Company's need to continue his employment, according to the scope of manpower and projects which will be conducted therein in the future and that there is no commitment to his continued employment after the Trial Period and he hereby irrevocably waives any claim and/or demand and/or complaint against the Company in respect thereof.

2.6. It is agreed that upon the completion of the Trial Period the Employee will give notice of his intention to continue or not to continue employment at the Company (the "**Notice**"). In case that the Employee will give notice of intention to continue employment, subject to the Company's consent to the contents of the Notice, the Employee will relocate his residence to a location proximate to the Company's address, as specified in the heading of this Agreement, including Jerusalem, Modi'in, Ma'ale Edumim etc., immediately after the completion of the Trial Period.

3. **The Employee's Undertakings**

The Employee undertakes the following towards the Company:

3.1. The Employee will be employed by the Company in a full time position as shall be required for the purpose of fulfillment of his Office and according to the instructions of the Company's management, in the position of a CFO.

3.2. To fulfill his Office honestly, devotedly, loyally and skillfully and to do all that is within his capacity for the promotion of the goals and business of the Company and for the protection of the interests thereof.

3.3. Subject to the Company's requirements from time to time, the Employee undertakes to dedicate all of the time and attention required, his qualifications, knowledge and experience for fulfillment of the Office solely for the Company's benefit and interests. The Employee will have to be available to the Company to the extent that the work conditions and needs of the Office shall require.

3.4. That he will be subject, within his Office, to the Company's management, and will comply with its instructions pertaining to his work and/or position, including, but without derogation, instructions and/or directions regarding work procedures, performance of the resolutions of the Company's board of directors and any other instruction of the Company's management.

3.5. That he shall not commit and/or guarantee and/or represent in the name of the Company and will not impose any liability thereon, and will not use the name thereof, beyond the authorities conferred upon him according to this Agreement and/or authorities which will be explicitly defined by the Company's management.

3.6. Not to engage in any other occupation, other than with the Company's advance written consent and subject to the terms of the consent, if granted.

3.7. During the term of his employment and within the fulfillment of his Office, the Employee shall act within the framework of the Company's procedures, discipline rules, articles of association and arrangements, as shall be determined by the Company from time to time.

3.8. The Employee will not be entitled to receive, in relation to the performance of his Office, any consideration or benefit, from any entity whatsoever, including customers or suppliers of the Company. Any amount and benefit, or the equivalent thereof, which the Employee shall receive contrarily to the aforesaid, will belong to the Company and the Employee undertakes to return them to the Company upon the first request.

3.9. To notify the Company immediately and with no delay of any issue in respect of which he has a personal interest and/or which may create a conflict of interests with the Office.

4. **The salary and benefits**

4.1. During the Trial Period, the Employee will be entitled to a monthly salary of NIS 20,000 gross. Should the Company decide to continue employment of the Employee after the end of the Trial Period, his salary will be increased so that in consideration for fulfillment of his Office according to this Agreement during the period which shall follow the end of the Trial Period, the Employee will be entitled to a monthly salary of NIS 25,000 gross (the "**Monthly Salary**").

4.2. The Monthly Salary will include all of the cost of living adjustments and salary increases paid to employees in Israel, until and including the date of execution of this Agreement (the "**Salary**"). The Monthly Salary shall be increased from time to time by the amount of the new cost of living adjustments or the new salary increases which shall be paid to all of the employees in Israel after the date of execution of this Agreement by virtue of expansion orders of general collective bargaining agreements regarding cost of living adjustments or salary increases.

4.3. The Monthly Salary shall be paid to the Employee after any amounts which the Company is obligated and/or entitled to deduct according to any law and/or this Agreement, no later than the 10th day of the calendar month following the month for which the salary is paid.

4.4. The Employee shall be entitled to an annual leave of 14 days a year , sick pay, recuperation pay and severance pay, according and subject to the provisions of any law.

4.5. For avoidance of doubt, it shall be clarified that the Employee's days of leave may not be accumulated and will be used on days agreed upon between him and the Company. Their redemption, if permitted by law, will be permitted only after the Employee's termination of work.

4.6. It is agreed that the Company shall be entitled to deduct from the salary and/or from any payment which the Employee shall be able to receive from the Company, if any, according to law and/or according to the provisions of this Agreement, any amount which the Employee shall owe the Company according to the agreements made and/or that shall be made between them in writing and/or orally and/or which the Company shall be entitled to deduct according to the Employee's instructions and/or the provisions of this Agreement.

4.7. The provisions of this Section above constitute an instruction and undertaking according to the Salary Protection Law, 5718-1958 as well.

4.8. The Employee hereby represents that he knows and agrees that within the capacity of his position, which requires a special level of personal trust, he is not included in the employees to whom the Work and Rest Hours Law, 5711-1951 applies, and he will not be entitled to claim or receive any payments or additions due to his working overtime. Alternatively it is agreed that the salary also includes payment for working overtime, as mandated by the Office.

5. <u>Managers' Insurance</u>

5.1. During the period of application of this Agreement, and subject to directives which will be set forth from time to time by the Income Tax Commission and according to the permitted ceiling for deduction, the Company will contribute to the Employee's credit, the contributions specified below to management insurance or to a pension fund:

a. 5% of the Monthly Salary for pension – the Company shall contribute for the Employee.

b. 8.33% of the Monthly Salary for severance – the Company shall contribute for the Employee.

c. The Company shall contribute from the Monthly Salary of the Employee for pension, an additional amount equal to 5%. The Employee hereby agrees that the Company shall contribute the said rate from his salary.

d. The Company shall ensure loss of work capacity insurance, which may be included in the insurance policy, to the sole benefit of the Employee, and will participate in insurance, which will not exceed two and a half percent (2.5%) of any Monthly Salary gross payment, or the rate required for ensuring 75% of the gross Monthly Salary, whichever is lower.

5.2. The Company undertakes, commencing from the date of execution of this Agreement, to contribute an amount in NIS which is equal to 7.5% of the Monthly Salary to a study fund, which will be paid directly to a study fund. The Employee will deduct an additional amount which is equal to 2.5% of the Monthly Salary as aforesaid. The Employee hereby agrees that the Company will deduct the said rate from his salary.

5.3. It is hereby agreed that upon termination of employment according to this Agreement, the Company will release to the Employee all of the amounts accrued in his name in the insurance policy and which were contributed from his Salary. In addition, subject to the Employee's compliance with the provisions of this Agreement, the Company shall release to the Employee also all of the amounts which were accrued in an insurance policy and which were contributed by the Company. The contributions on account of severance pay will be released according to the Employee's entitlement or absence thereof to severance pay according to law or according to this Agreement.

5.4. For avoidance of doubt, in case that the Employee shall be dismissed under circumstances as defined in Section 16 and/or Section 17 of the Severance Pay Law and/or in case that the work relation between the Employee and the Company shall be terminated under circumstances of a severe discipline violation, breach of employment contract, betrayal of trust, an infamous crime as well as upon the occurrence of the events specified in Section 7.5 below, he will not be entitled to severance pay and advance notice.

5.5. It is hereby agreed, unequivocally that the amounts accrued in the insurance policy on account of the Company's participation (i.e. 8.33% of any payment of a gross Monthly Salary) will be *in lieu* and as a final and full substitution to any severance pay which the Employee will be or will become entitled to according to any law which shall apply. This Section is according to Section 14 of the Severance Pay Law, 5723-1963, and the Approval of the Minister of Labor and Social Affairs in an order dated June 30, 1998, which was given according to Section 14 as aforesaid, including the amendments thereto, and which is attached to this Agreement as **Annex B**.

5.6. It is agreed that the provisions of Section 4 above exhausts all of the Employee's entitlements from the Company for fulfilling his Office as provided in this Agreement and the Employee will have no claim against the Company and/or any demand in addition to that.

6. **Car and Cellular Phone**

6.1. The Company shall provide the Employee with a private Grade 2 car and will bear all of the expenses involved in the use of the car (licensing, insurance, repairs, Highway 6 tolls and so forth) (the "**Car**"). The make and model of the car will be according to the Company's discretion. Replacing the Car with a new one shall be done according to the Company's discretion. The grossing up of the car will apply to the Company.

6.2. The Employee will ensure proper maintenance of the Car and will use the Car reasonably and with care. The use and servicing of the Car will be according to the instructions and procedures of the Company as shall be in effect from time to time.

6.3. The Employee represents that it has been made clear to him that he is personally responsible for the payment of the deductable amount in case of an accident and/or stealing the car and is also responsible for the payment of any traffic fines and/or parking tickets and/or other fines and reports, which will be imposed in respect of the Car in the name of the Company or in the name of the Employee, all as shall be determined from time to time by the Company. If an employee does not act as specified in this Section, the Company shall endorse the reports and/or fines as aforesaid in the name Employee's name. For avoidance of doubt it shall be clarified, that the Employee's liability according to the provisions of this Section will apply also if the fact of the fines and/or reports in respect of the Car will become known to the Company after the Employee had left the Company, and that if the Employee will not act as specified in this Section, the Company will endorse the fines and/or reports as aforesaid, to the name of the Employee.

6.4. Should the Employee not pay the deductable amount and/or the fines as aforesaid, the Company will be entitled to pay the amount of the deductable and/or the amounts of the fines and the Employee hereby gives the Company an irrevocable instruction to deduct such amounts from any amount which he will be entitled to from the Company.

6.5. The Company shall provide the Employee, for the purpose of fulfilling his Office, a cellular phone. The Employee will be entitled to use the cellular phone for the purposes of the work and within his Office. The Company shall bear all of the fixed and current expenses incurred in respect of the cellular phone, up to an amount of NIS 300 per month. Tax in respect of the use value which will apply shall be deducted from the Employee's salary according to law.

7. <u>The Agreement Term</u>

7.1. This Agreement is for an unlimited period which will begin on March 1, 2010 (the "**Agreement Term**") and subject to the following.

7.2. Without derogating from the provisions of Section 7.1 above, the period commencing on the Agreement commencement date and ending six calendar months thereafter, will be a trial period (the "**Trial Period**"). During the Trial Period, the Company shall examine the suitability of the Employee for the position and his compliance with his representations and commitments as specified in this Agreement.

7.3. During the Trial Period the Company will be entitled to terminate this Agreement by an advance notice, as required by law regarding the employment period until the termination date, according to its sole discretion and without being obligated to reason its decision.

7.4. After the Trial Period, each party will be entitled to terminate the Agreement by an advance notice according to law.

7.5. During the entire Agreement Term, the Company shall be entitled to terminate the Agreement immediately, with no advance notice, upon the occurrence of one or more of the following events:

7.5.1. If the Employee shall be convicted in a criminal offence, except for a technical offence or one of strict liability, or if an indictment shall be filed against him in a criminal offence which is a felony or criminal act.

7.5.2. If the Employee breached his fiduciary duty towards the Company and/or will not act and/or operate with loyalty and/or credibly and/or honestly towards the Company and/or for himself.

7.5.3. The Company found out that the Employee's representations in Section 2 of this Agreement and/or his undertakings, as specified in Section 3 above are untrue and/or incorrect and/or are invalid;

7.5.4. The Company found out that he Employee had breached any of the provisions of Sections 9 and 10 ;

7.5.5. The Employee breached the Agreement and did not correct the breach, even though he had received a 30 day notice or a shorter notice, according to the urgency of the matter and/or committed a severe disciplinary offence in circumstances which entitle the employer to dismissal without severance pay.

7.6. For avoidance of doubt it is agreed, that in each of the cases specified in paragraph 7.5 above, the dismissal shall enter effect immediately, without requiring the provision of advance notice or payment in respect thereof.

7.7. Upon the termination of the Employee's work at the Company for any reason, the Employee shall transfer his Office in a full and orderly fashion to any person that the Company shall instruct him, and will deliver to the Company all of the documents, information, equipment and material which he received as the Company's employee or that had been prepared by him in respect to his work at the Company.

8. **Options for the purchase of shares**

8.1. The Employee will be entitled to receive options for the purchase of shares in the conditions, quantities and dates specified in **Annex C** of this Agreement.

9. **Confidentiality**

9.1. The Employee hereby undertakes to keep in confidence and not to disclose, show, deliver, whether during his employment term or thereafter, with no limitation on time, to any person or body, in Israel or worldwide, trade, professional, business and other secrets of the Company, or knowledge and/or information pertaining to the Company or related directly or indirectly to the Company, its property, business and interests, its customers, suppliers, the persons or entities who were or are in contact with the Company, including, but without derogating from the generality of the aforesaid – creation, concept, an invention, copyright, patent, invention, design and any intellectual property right, improvement, idea, process, knowledge, conclusions, human resources management and salary determination, terms of agreements in which the Company is engaged, and documents of the Company – all whether the said secrets and/or knowledge and/or information reached him directly or indirectly, within his work and/or during his work and/or in the process of his work and/or as a result of his employment and/or due to his Office and whether they reached him directly or indirectly, in any other manner whatsoever. The Employee hereby confirms that the secrets and/or knowledge and/or information as aforesaid are the Company's exclusive property and that he has no and will have no claims of any type whatsoever in respect thereto or deriving therefrom.

9.2. The Employee hereby undertakes not to make use of any kind, in Israel and worldwide, of the secrets and/or knowledge and/or information specified in Section 9.1 above, except if – and only to the extent such is necessary – for the purpose of performing his office at the Company. The Employee undertakes thereby not to utilize the said secrets and/or knowledge and/or information in Israel and/or abroad, for his personal and/or purposes, and/or in his work in another workplace, without limitation of time and place.

10. **Intellectual Property**

10.1 Without derogating from the undertaking annex attached to this Agreement, any confidential information, including a creation, concept, an invention, improvement, idea, process, knowledge, conclusions, copyright, patent, invention, perfection, design, development and any other intellectual property right and so forth – which had been developed or invented by the Employee, alone or in cooperation with others, while or during or in relation to his work at the Company, will be the Company's exclusive property, and the Employee will have no right of ownership and/or royalties and/or consideration and/or any other right in respect of such information. Any implementation, analysis, commercialization, marketing, sale and/or any other use of such analysis and/or invention, will be according to the Company's sole and absolute discretion.

10.2 The Employee will be estopped and barred from making claims against the provisions of this Section 10 above, both claims resulting from the Israeli law and claims resulting from any foreign law, and will be prevented from approaching any foreign tribunal and/or judicial and/or administrative instance. It is agreed that any dispute between the Employee and the Company in respect of the provisions of this Section 10 above, including claims resulting from any foreign law, will be decided exclusively by the competent courts at the Central District of Israel and only by them. Any dispute between the Employee and the Company will be subject only to the Israeli law.

10.3 The provisions of this Section will apply also after the end of the term of this Agreement, for any reason, or following the expiration of this Agreement, all with no limitation on time and place.

11. Remedies in case of breach of the Confidentiality and Intellectual Property Provisions

11.1. The Employee agrees that the breach of the provisions of Sections 9 and/or 10 above will be deemed as a fundamental breach of this Agreement and will deny the Employee of his right to payments from the Company, including: severance pay; advance notice payment as well as deductions from the Employee's salary.

11.2. The Employee knows and understands that upon the breach of Sections 9 and/or 10 above by the Employee, the Company shall petition to the court for an injunctive relief against the Employee and/or anyone on his behalf and/or against any third party related to the Employee's acts and/or omissions, as well as with a monetary tort claim against them in respect of the damage which will be caused to the Company, without derogating from any other remedy to which the Company will be entitled by virtue of this Agreement and/or according to any law.

11.3. Without derogating from the aforesaid, the Employee irrevocably and conclusively waives any right to the remedy of an injunction and/or mandatory injunction against the employer and any claim and/or demand of the Employee will be solely for monetary remedy.

12. Exclusivity and Non Competition

12.1. Without derogating from the provisions of Annex A attached to this Agreement, the Employee undertakes not to engage with the Company's customers and/or suppliers for 12 months from the date of employment termination for any reason whatsoever.

12.2. The Employee undertakes not to engage, work, participate and/or consult, directly or indirectly, whether himself or through others, whether as a hired employee, independent or freelancer, or in any other manner, in a business, position, work or any other occupation which competes and/or might compete with the Company's business, both during the Employment Term as defined above and during a period of additional 12 months from the date of termination of the employment term for any reason whatsoever.

13. Miscellaneous

13.1. It is agreed that the provisions of this Agreement exhaust the agreements between the parties, and any promise, undertaking, consent, memorandum of understanding, representation made between the parties, if made prior to the execution thereof, whether in writing or orally, are hereby null and void, and have no evidential use against the Company.

13.2. Any change in the terms and provisions of this Agreement requires another written document which will be executed by the parties to this Agreement.

13.3. The parties agree that the sole and exclusive jurisdiction, in all matters related to the rights deriving from and/or related to this Agreement, will be of the competent courts in the Central District.

13.4. In case that it shall be decided that any provision or provisions of this Agreement is/are unenforceable or have no effect whatsoever, such will not affect or prejudice the legality, validity and enforceability of the remaining provisions of the Agreement which are not related to or deriving from the invalid charge.

13.5. Any delay in the enforcement proceedings of any right according to this Agreement and according to any law will not be deemed as a waiver of such right or any other right and will not prevent the possibility of claiming remedies due to the breach of the right, including the enforcement thereof at a later date.

13.6. The parties undertake to fulfill all of their undertakings in this Agreement with loyalty, in good faith and based on trust relations.

13.7. The parties' addresses are as specified in the preamble to this Agreement. Any notice provided by one party to the other, will be deemed as having been received within 3 business days from the date of delivery thereof by registered mail, or upon its delivery by a messenger, whichever is earlier.

13.8. The engagement in this Agreement including the annexes hereto is subject to the approval of the competent organs at the Company.

In Witness whereto the parties have hereto set their hands:

/s/ Intec Pharma Ltd.	*/s/ Nir Sassi*
The Company	The Employee

Annex A

Letter of Undertaking for confidentiality/non competition/endorsement of intellectual property rights

Made and executed on February 23, 2010

Between **Nir Sassi** I.D. **038401261** (the "**Employee**")

and **Intec Pharma Ltd. Company Number 513022780** from Jerusalem, 12 Hartom st. (the "**Company**")

1. **Confidentiality**

Without derogating from the definition of "Confidential Information" in the employment agreement to which this Letter of Undertaking for Confidentiality/Non Competition/Endorsement of Intellectual Property Rights ("**This Agreement**") is an annex (the "**Employment Agreement**"), "**Confidential Information**" includes research and development pertaining to existing or future products, inventions, hardware, computer software, databases, chart, technique, drawing, idea, process, manufacturing method, formula, procedure, business plan, clients, financial information, marketing plans and any trade secret (whether patentable or not), improvements and knowledge pertaining to the aforesaid, and any information or data related or pertaining to the technology, products or services of the Company or of companies affiliated thereto (existing, potential or future), or pertaining to the business of the Company or of companies affiliated thereto (existing, potential or future) in any other manner, including any business information pertaining to clients and suppliers, whether tangible or not, and any other trade secret, as defined in the Law of Commercial Torts, 5759-1999, of the Company or of a company affiliated thereto. The aforesaid will not apply to information which had been made public domain by the Company or in any other legal manner.

1.1. The Employee shall maintain the confidentiality and secrecy of any Confidential Information as defined above, which had reached the Employee's knowledge during the provision of the services or the engagement with the Company or an affiliated company thereof or as a result therefrom, and the Employee will not disclose, use, publish or otherwise expose, directly or indirectly, Confidential Information as aforesaid at any time during or after the expiration of the term of his employment by the Company, with no limitation of time and place, without the explicit approval of a competent representative of the Company in advance and in writing.

1.2. Any Confidential Information, whether it is in written material, documents, computer software and/or hardware, electronic media, magnetic media, servers or in any other form or manner (all hereinafter: the "**Documents**") including notebooks, notes, memos, records, diagrams, drawings, bulletins, formulas, reports, computer programs, other information of any type whatsoever which reached the Employee's possession or which was prepared by the Employee or by others, is the Company's or an affiliated company's exclusive property, as the case may be. The Employee hereby undertakes to return to the Company Documents as aforesaid or any other material which belongs to the Company that is in his possession (a) if he was requested to do so by the Company or (b) upon the termination of the Employee's employment by the Company, whichever is earlier, and if he was requested to do so by the Company, to sign a written statement in which he will confirm that he has carried out the aforesaid.

1.3. It is clear and understood by the Employee that all of the confidential information is material business information which is the property of the Company or of companies affiliated thereto, or of third parties to whom the Company or the affiliated companies thereto have a duty of confidentially, which is not public domain and which may not easily be discovered by others, whose confidentiality provides the Company or affiliated companies thereof, a commercial advantage over their competitors, and that the Company takes reasonable measures to maintain the confidentiality thereof.

1.4. The Employee's undertakings according to this Agreement are towards the Company and any parent company, subsidiaries, affiliated companies and anyone which shall replace it according to law, as in effect from time to time.

1.5. The Employee's undertakings pursuant to this Section, will remain in effect after termination of the Employee's employment, according to the Employment Agreement.

2. **Non Competition**

2.1. The Employee agrees that during the term of the Employment Agreement and for twelve months following termination thereof, for any reason whatsoever, he will not engage, be involved or affiliated in any manner, or employed, directly or indirectly, alone or together with others, for himself or as an agent, broker, manager, licensor, employee, officer, director, partner, member of a joint venture, shareholder, investor, consultant or otherwise, and without the Company's prior written notice, in any business or venture, anywhere in the world, which engages in any activity within which (a) there are products or services which compete with products or services of the Company, or with products or services of the Company's affiliated companies pertaining to the Company's business, as they were upon the termination of the Employees' employment (b) there are information, processes, technology or equipment in which the Company has a proprietary right, or in which a company affiliated to the Company has a proprietary right, and which are related to the Company's business which exist currently or will exist in the future, or which are based on technology similar to that which was developed by the Company. The aforesaid will not apply to (a) holding securities in any company whose shares are traded in public on the stock exchange which received international acknowledgement, provided that such holding will not exceed 1% of the issued share capital of a public company as aforesaid, and the Employee does not fulfill an active office in a public company as aforesaid as a director, employee, consultant (including independent consultant) or any other active position, or (b) non-commercial activities which constitute *de minimis*.

2.2. The Employee agrees, that for the period of the Employee's employment by the Company and for a period of 24 months from the date of termination of his employment, for any reason whatsoever, the Employee will not solicit or encourage, directly or indirectly, himself or within a business in which the Employee is an employee, officer, director, shareholder, consultant or contractor, for any purpose and at any place, a person who was employed by the Company or an affiliated company thereof, to terminate their employment with the Company or a company affiliated thereto, as the case may be.

2.3. The Employee agrees that for two years from the date of termination of engagement in the Employment Agreement, he will not employ, directly or indirectly, a person who was employed by the Company or a company affiliated thereto, during the two years which preceded the engagement termination date, as aforesaid.

3. **Endorsement of Intellectual Property Rights**

3.1. For the purposes of this Annex, the following definitions shall apply:

"**Inventions**" mean, *inter alia*, any invention, discovery, idea, improvement, change, betterment, document, software, hardware, firmware, creation, form, mask works, work, chart, original creation, formulas, techniques, methods, systems, processes, compositions of material, databases, knowledge, information and trade secrets, which were created, invented, discovered, developed, composed or processed by the Employee during his employment or twelve (12) months thereafter (or the maximal period permitted by law if its shorter), in whole or in part, or that the Employee's efforts contributed to the creation thereof, independently or in cooperation with others, whether patentable or protectable by virtue of copyrights or another protection or not, and:

(a) Which are related, directly or indirectly to the Company's business, as defined in the Employment Agreement, including a platform for gastric drug retention or which were created while using the Company's equipment; or

(b) Which are related to existing research and development or in respect of which it can be proven that they are being planned, pertaining to the Company's business, or research and development as aforesaid of the Company's affiliated company; or

(c) Which are developed, in whole or in part, during the Company's working hours, or by using equipment, supply, facilities or confidential information of the Company or of a company affiliated thereto.

"**Trade Secrets**" mean "trade secrets" as defined in the Law of Commercial Torts, 5759-1999, and any record, software, hardware, form, client list, knowledge and information of any type or nature, pertaining to the Company's business, in the past, present or future, or any plans in respect thereof, or pertaining to the business of a third party, in the past, present or future, or to any plans in respect thereof (including any object or information in any form whatsoever in respect of which it had been provided in law that is a trade secret) which reached the Employee's knowledge, which the Company does not disclose to third parties with no restrictions on use or restrictions on the disclosure to other third parties.

3.2. Without derogating from any other provision of law:

a. The Employee will put into writing, and will expose before the Company or a company affiliated thereto, together with explanations, any invention and will conduct accurate records regarding the contemplation of any invention and implementation of the idea. Such records will be the Company's exclusive property, and the Employee will deliver possession in the records to the Company, upon the termination of his engagement with the Company.

b. The Employee hereby assigns to the Company or to the affiliated companies thereof, with no additional consideration to the Employee, the full and exclusive rights, ownership, possession and title in the Inventions, and in all of the proprietary and intellectual property rights therein, and in the proprietary and intellectual property rights deriving therefrom or based thereon, both in Israel and abroad. The Employee will sign any assignment, statement or other document which will be prepared by the Company for giving effect to the aforesaid. The Employee hereby confirms and will confirm in the future the exclusive intellectual property rights of the Company and of affiliated companies thereof, in Israel and abroad, in all of the Inventions.

c. During the Employment Agreement term and thereafter, the Employee shall provide the Company with any reasonable information, document and assistance which the Company shall require in order to prepare, perform and complete the registration of the proprietary rights, intellectual property and his patent in the Inventions and the trade secrets and the rights as aforesaid deriving from the invention and in the trade secrets or which are based thereon, to protect them or enforce them, in any jurisdiction according to the Company's discretion. The Company, according to its sole discretion, will determine the scope of the rights as aforesaid in the inventions and trade secrets or deriving therefrom, if there shall be such, which must be protected. Such assistance includes the preparation of documents, drawings and other data, and the signing of right assignment documents, applications and other forms. Any such information, document and assistance will be provided to the Company by the Employee with no additional cost for the Company, except for out-of-pocket cash expenses actually incurred by the Employee upon the Company's request.

d. During the Employment Agreement term and thereafter, the Employee will maintain the secrecy and confidentiality of the Inventions as if they were Confidential Information pursuant to this Agreement, will not expose them to others without obtaining prior written permission from the Company and will not use such Inventions for any purpose whatsoever, except for the purpose of performance of services for the Company.

4. **Remedies**

It is clear to and understood by the Employee that the breach of the undertakings included in this Agreement or any part thereof, shall cause the Company or affiliated companies thereof severe and irreversible damage. In view of the aforesaid, the Employee agrees that in case of such breach or anticipated breach, the Company, the Company's affiliated company or anyone to whom the Company or an affiliated company thereof had assigned their rights to, will be entitled, without prejudice to any rights, and in addition to other rights, remedies and compensation available thereto by law or equity, to a preliminary or perpetual injunction, or any other possible equitable remedy, in order to prevent or remove the breach or the attempted breach of this Agreement by the Employee or by any person or entity acting for him or on his behalf. In case that proceedings had been initiated for enforcement of the terms of the restrictions in the Agreement as aforesaid, the lawfully winning party will be entitled, in addition to any other remedy, to the restitution of any reasonable amount in respect of legal fees and other expenses which were involved in the measures initiated, both in the trial court and in the court of appeals, and in any bankruptcy proceeding. In case that a competent court shall decide in a final decision that is no longer appealable, that the scope, duration of time or geographic boundaries specifically determined in any of the restrictions set forth in the Agreement are too extensive for enforceability, the said court will be authorized, and the parties to this Agreement agree and determine hereby, that such court will amend the terms of the restrictions as aforesaid and will enforce the terms according to the scope, duration of time and geographic boundaries which it will deem just and appropriate, while taking the parties' intention into account.

5. **Confirmations and Representations**

The Employee hereby represents and confirms the following:

5.1. The Employee's undertakings for non competition and confidentiality according to this Agreement are fair, reasonable and proportionate and were intended to protect secrets and confidential information of the Company and affiliated companies thereof, which are the essence of the Company's protectable business and commercial advantages in which significant capital has been invested.

5.2. Breach of his aforesaid undertakings – will be contrary to the special fiduciary and loyalty relations between the parties as employee and employer, to proper commerce practices, and to the duty of good faith and fairness between the parties, it will prejudice the Company's business, and will constitute a fundamental breach of This Agreement and of the Employment Agreement.

5.3. It is clear to and understood by the Employee, that the limited time period and the geographic area as specified in this Agreement are reasonable in view of the nature of the Company's business and the knowledge of the Employee pertaining to the Company's business.

5.4. The Employee represents that his undertakings pursuant to this Section, which are reasonable and proportionate – do not prevent him from developing the general knowledge and professional expertise in the field of his occupation, in respect to parties who are not customers or employees of the Company, and without stealing the Company's secrets.

5.5. The Company will be entitled to assign the undertakings of the Employee thereto in this Agreement. The Employee will not be entitled to assign or to transfer to another his duties pursuant to this Agreement without the Company's prior written approval. This Agreement binds the Employee's heirs, permitted assignees and anyone who shall come in his lieu according to law.

/s/ Intec Pharma Ltd.	*/s/ Nir Sassi*
The Company	The Employee

Annex B
General Approval (Combined Version) Regarding Employers' Contributions to Pension Funds and Insurance Funds in lieu of Severance Pay
Under the Severance Pay Law, 5723-1963
[Updated as of February 28, 2001]

By virtue of my power under Section 14 of the Severance Pay Law, 5723-1963 [1] (the "**Law**"), I hereby confirm, that contributions made by an employer for his employee, commencing as of the date of publication of this approval, to a comprehensive pension in a provident fund for annuity that is not an insurance fund within the meaning of such term in the Income Tax Regulations (Rules for the Approval and Management of Provident Funds), 5724-1964 [2] (a "**Pension Fund**") or to a managers' insurance that includes the possibility of an annuity or a combination of payments to an annuity plan and to a non-annuity plan within such insurance fund (an "**Insurance Fund**), including combined contributions made by the employer to a Pension Fund and to an Insurance Fund, whether or not the Insurance Fund includes an annuity plan (the "**Employer's Contributions**"), shall be payable in lieu of severance pay due to such employee in respect of the salary from which such contributions were made and the period they were made for (the "**Exempt Salary**"); provided, however, that all of the following conditions have been fulfilled:

(1) The Employer's Contributions -

(a) To the Pension Fund, are at a rate of no less than 14 1/3% of the Exempt Salary, or 12% of the Exempt Salary, if in addition thereto, the employer makes supplementary severance pay contributions for his employee to a provident fund for severance pay or to an Insurance Fund in the employee's name, at a rate of 2 1/3% of the Exempt Salary. In the event that the employer has not contributed such 2 1/3% in addition to said 12%, his contributions shall only replace 72% of the employee's severance pay;

(b) To the Insurance Fund are at a rate of no less than one of the following:

(1) 13 1/3% of the Exempt Salary, if in addition thereto, the employer makes contributions for his employee for securing monthly income in the event of disability to a plan approved by the Commissioner of the Capital Market, Insurance and Savings at the Ministry of Finance, at the rate required to secure at least 75% of the Exempt Salary or a rate of 2 1/2% of the Exempt Salary, whichever is lower ("**Disability Insurance Contributions**"); or

(2) 11% of the Exempt Salary, if the employer also made Disability Insurance Contributions, and in such case the Employer's Contributions shall only replace 72% of the Employee's severance pay; In the event that the employer has made, in addition to the foregoing, supplementary severance pay contributions to a provident fund for severance pay or to an Insurance Fund in the employee's name at a rate of 2 1/3% of the Exempt Salary, the Employer's Contributions shall replace 100% of the employee's severance pay.

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1 *Statues* 5723, p. 136.

2 *Regulations* 5724, p. 1302.

(2) By no later than three months of the commencement date of the Employer's Contributions, a written agreement is executed between the employer and the employee that includes:

(a) The employee's consent to the arrangement pursuant to this approval in a form specifying the Employer's Contributions, and the Pension Fund and Insurance Fund, as applicable; such agreement shall also include the form of this approval;

(b)[3] The employer's advance waiver of any right he may have to a refund of monies from his contributions, unless the employee's right to severance pay has been revoked by virtue of Sections 16 or 17 of the Law, and to the extent so revoked, or the employee has withdrawn monies from the Pension Fund or Insurance Fund other than by reason of an Entitling Event; in such regard "Entitling Event" means death, disability or retirement at or after the age of 60 or more

(c) This approval shall not derogate from the employee's right to severance pay under any law, collective agreement, expansion order or employment contract, in respect of salary over and above the Exempt Salary.

Eliyahu Yishai

Minister of Labor and Social Affairs

Signature of employee:

Date: *February 23, 2010* **Signature:** */s/ Nir Sassi*

[3] Amendment: Official Gazette 4803, 5760 (September 19, 1999).

Annex C
Allocation of Options to an Employee according to Section 8.1 of Employment Agreement

Made and executed on February 23, 2010

Between **Nir Sassi** I.D. **038401261** (the "**Employee**")

And **Intec Pharma Ltd**. Company Number **513022780** from Jerusalem, 12 Hartom street (the "**Company**")

According to an employment agreement dated February 23, 2010 (the "**Employment Agreement**")

1. **Definition Clause**

   1.1. **The Option Amount**: 271,112 options for the purchase of ordinary shares of the Company;

   1.2. **Exercise Price**: equivalent in NIS (on the exercise date) to 10% above the IPO price (post-money price);

   1.3. **Effective Date**: the employment commencement date of the Employee, March 1, 2010.

2. In the end of the Trial Period, as specified in Section 2.5 of the Employment Agreement, and subject to the continued employment of the Employee at the Company after the Trial Period, 271,112 (two hundred seventy one thousand, one hundred and twelve) options of the Company will be allocated to the Employee, each of which confers a right to purchase a share at the Exercise Price, subject to the terms of this Annex and the Employment Agreement (the "**Allocation**").

3. Should the Employee cease his employment at the Company after the Trial Period, he will not be entitled to the Allocation.

4. Should the Employee continue to work at the Company after the Trial Period, then the vesting period for the exercise of option portions will be calculated from the Effective Date.

The Option Portions

5. The Option Amount will be exercisable in three annual portions, as follows:

   5.1. Upon the lapse of 12 (twelve) employment months from the Effective Date (the "**First Portion Vesting Date**") the Employee will be entitled to exercise 90,370 (ninety thousand three hundred and seventy) options (the "**First Portion**");

   5.2. Upon the lapse of 24 (twenty four) employment months from the Effective Date (the "**Second Portion Vesting Date**") the Employee will be entitled to exercise 90,370 (ninety thousand three hundred and seventy) additional options (the "**Second Portion**");

5.3. Upon the lapse of 36 (thirty six) employment months from the Effective Date (the "**Third Portion Vesting Date**) The Employee will be entitled to exercise 90,372 (ninety thousand three hundred and seventy two) additional options (the "**Third Portion**");

The Entitlement Period

6. In case of termination of the Employee's employment, for any reason whatsoever, which will occur during one of the aforesaid vesting dates, the Employee will not be entitled to exercise the following portion.

7. Notwithstanding the aforesaid in Section 6 above, the Employee will be entitled to exercise the following portion if there are 3 months remaining until the expiration of the vesting date of the current portion, including the advance notice period. For example, if the effective date is January 1, 2010, the Employee will be entitled to exercise the first portion, only if the employment termination notice will be commencing from October 1, 2010.

The Exercise Date

8. The Employee will be entitled to exercise each of the First, Second or Third portion, in whole or in part, at the Exercise Price of the relevant portion, as specified in Section 9 below, at any time after the vesting date of the relevant portion, until the Option Expiration Date as defined in Section 9 below, subject to the conditions for entitlement to options and the remaining provisions of this Annex.

9. The Employee will be entitled to exercise the options, subject to Section 5 above, until the tenth year from the Effective Date. Options not exercised until the end of this period, will be automatically cancelled.

10. Notwithstanding the Aforesaid, should the Employee's employment be terminated under the circumstances specified in one of the cases stated in Section 7.5 of the Employment Agreement, the options shall expire, whether vested or not, immediately upon the notice of employment termination and will not be exercisable.

Exercise Supplement

11. The exercise supplement for receipt of a share will be 10% in addition to the share price as determined on the IPO date;

Option Plan

12. The Company shall employ its best efforts so that the options will be allocated within an option plan according to Section 102 of the Income Tax Ordinance through the capital track (the "**Plan**"). It shall be clarified that the Company does not bear responsibility for the income tax approval or non-approval of the Option Plan according to the 102 track and the parties recognize the possibility that the said options will be granted other than within the 102 track.

13. If the tax authorities' approval shall be granted as aforesaid, the option allocation pursuant to this Annex will be subject to the Option Plan which will be approved within the 102 track as well as to any law, regulation, approval or stipulation of the tax authorities in this context, and the option Allocation will not be done before the lapse of 30 days from the date of grant of the tax authorities approval as aforesaid.

14. In order to ensure the performance of the tax laws, and in order to ensure the exhaustion of the purchase rights proceedings pursuant to the Plan, the Options granted to the Employee will be held in trust by a trustee who will be approved for this matter by the Income Tax Commissioner. In case that the Employee will elect not to receive or sell the shares upon the option exercise, those shares will also be held in the same trust.

15. According to the aforesaid, the Company shall notify the trustee and any other entity required by law, of the option Allocation to the Employee, according to the Agreement and the Annexes thereto. The Company has received all of the approvals required by law, the incorporation documents thereof and the Option Plan thereof, for the purpose of granting options pursuant to this Annex.

16. Notwithstanding the aforesaid, the Company's option Plan will apply to the Employee subject to the changes specified in the Agreement and the Annexes thereto and in any case that there are conditions which benefit the Employee in the Agreement and the Annexes thereto compared with the Company's Option Plan, the provisions of the Agreement and the Annexes thereto shall prevail, notwithstanding the provisions of the Company's Option Plan. It is agreed that it will not be possible to prejudice or derogate from the Employee's rights or from the rights attached to the options or their underlying shares, without the Employee's consent.

Exercise Notice

17. The option exercise will be done upon reaching any of the Exercise Dates through the provision of a written notice (in the form attached as Annex C1 of the Employment Agreement) by the Employee to the Company, regarding his intention to exercise the options which he is entitled to exercise until such date, in whole or in part, together with the Exercise Price and Exercise Supplement (the "**Notice**").

18. The Company shall not allocate shares to the Employee prior to the completion of payment of the full Exercise Price and Exercise Supplement of the options which the Employee seeks to exercise, as specified in this Annex.

19. The shares will be allocated to the Employee within 7 days from the provision of the Notice.

Share Transfer

20. The Employee will be entitled to sell or transfer the Company's shares after exercise of the options, to any entity whatsoever, in whole or in part, whether for consideration or for no consideration, provided that for so long that the Company is a private company, the share transfer will be subject to the right of first refusal granted to the other shareholders of the Company.

21. The sale of the options' shares will be subject to the lock-up rules, as shall be in effect from time to time, specified in the Tel Aviv Stock Exchange Rules and Regulations promulgated thereunder and/or in the Securities Law, 5728-1968, and the regulations promulgated thereunder, including the Securities Regulations (Details regarding Sections 15A to 15C of the Law), 5760-2000.

Taxation

22. Any tax which will apply to the Employee in respect of exercising the options into shares and/or in respect of the sale thereof, will apply to the Employee alone, and in case of death, god forbid, to the heirs, without the Company bearing the same, directly and/or indirectly. The tax which shall apply will be deducted on the liability date, from the consideration of the sale by the trustee or by the Company as applicable. The tax liability of the Employee (or the heirs, in case of death, god forbid), will be determined pursuant to the provisions of Section 102 of the Income Tax Ordinance and the tax rules or according to any other law which will replace them.

Miscellaneous

23. The options contemplated in this Annex are non-negotiable and will not be listed for trade on the stock exchange. The Employee is not entitled to assign, pledge, mortgage or grant any third party any right in respect to the options or to any portion thereof.

24. It is clarified that the options granted pursuant to this Annex are not salary components for all intents and purposes and the Company will not be obligated to perform in respect thereof any payment or contribution pursuant to any law or agreement (including severance payment).

In witness we have signed:

/s/ Intec Pharma Ltd.	*/s/ Nir Sassi*
The Company	The Employee

Annex C1

To

Intec Pharma Ltd. (the "**Company**") Date: February 23, 2010

Dear Sir/Madam,

Re: Exercise Notice of Options for the Purchase of the Company's Shares

1. Within an employment agreement, executed between me and the Company on _____ (the "**Employment Agreement**"), I have been granted options for the purchase of the Company's shares, under the conditions specified in Annex C of the Employment Agreement.

2. I hereby notify you that I wish to exercise _____ options for the purchase of the Company's shares out of the _____ Portion which vested on _____.

3. Attached please find a check for the payment of the Exercise Price and the Exercise Supplement.

4. Please allocate to me the Company's shares, subject matter of the Exercise.

Sincerely,

Translated from Hebrew *March 28, 2012*

Addendum to Employment Agreement
Made and entered in Jerusalem as of March 28, 2012

Between: **Intec Pharma Ltd., Corporation number 513 022 780**

12, Hartom St. Jerusalem

(Hereinafter: the "Company")

On the one hand

And: **Nir Sassi, ID 038401261**

61/3 Emek Ha'ela St. Modiin

(Hereinafter: "Chief Financial Officer"- "CFO")

On the other hand

WHEREAS The CFO began working in the company in accordance with the employment agreement dated March 1, 2010, which is attached to this agreement ((Hereinafter: the "**Agreement**") ;

AND WHEREAS The intention of the parties is that all rights granted to the CFO under the agreement shall continue and remain in force, and that all provisions of the agreement will continue to apply between the parties, unless and to the extent explicitly modified in this Addendum.

THUS AGREED, DECLARED AND STIPULATED BY THE PARTIES AS FOLLOWS:

1. The introduction to this Addendum and its annexes constitute an integral part thereof.

2. The monthly salary of the CFO will be updated to a total amount of NIS 30,000 per month as of March 1, 2012.

3. Section 7.4 in the Agreement will be replaced with the following wording:

"Each party shall be entitled to terminate this agreement at any time upon prior written notice of 90 days to the other party."

4. Section 4.4 in the Agreement - the annual number of vacation days will be updated to 20 days.

5. Section 14 will be added to the agreement of March 2010 with the following wording:

"Nir Sassi shall be entitled to a one-time grant of $ 50,000 by the company if the company will complete the issuance of its securities on Nasdaq stock market during the period of the agreement. Payment of the tax amount on a grant, as granted, shall apply to and be payable in full by Nir Sassi."

6. All other provisions of the Agreement shall continue and remain in force.

IN WITNESS WHEREOF THE PARTIES HAVE SIGNED:

/s/ Intec Pharma Ltd.	*/s/ Nir Sassi*
The Company	The Employee

Translated from Hebrew *October 21, 2013*

Amendment to Agreement

Made and entered in Jerusalem as of October 21, 2013

Between: **Intec Pharma Ltd., Corporation number 513 022 780**

12, Hartom St. Jerusalem

(Hereinafter: the "Company")

On the one hand

And: **Nir Sassi, ID 038401261**

3/6 Elul St. Modiin

(Hereinafter: "Chief Financial Officer"- "CFO")

On the other hand

WHEREAS Mr. Nir Sassi serves as CFO of the Company according to an employment agreement dated February 23, 2010 ("**February 2010 Agreement**") and according to an addendum to an agreement dated March 28, 2012 ("**March 2012 Addendum**");

AND WHEREAS the intention of the parties is to amend the February 2010 Agreement and its annexes, as approved by the Compensation Committee and Board of Directors of the Company, and all as specified in the amendment to this Agreement, and subject to the approval of the shareholders of the Company;

THUS AGREED, DECLARED AND STIPULATED BY THE PARTIES AS FOLLOWS:

1. **General**

1.1 The introduction to the Amendment to this agreement and its annexes constitute an integral part thereof.

1.2 The headings in the Amendment to this agreement have been added for convenience only, and do not interpret provisions of this Agreement.

2. Salary and social benefits

Revision of gross monthly salary: the monthly salary will increase and will amount to NIS 37,500

3. Cash bonus

A Cash grant amounting to $50,000, to which the CFO was entitled in respect of the Company's capital raising, will be canceled.

4. Stock options

(1) The CFO will be allocated 750,000 options to purchase 750,000 Company shares of 0.01 NIS par value each for an exercise price equal to the average of the closing prices of the share rate during the 30 days prior to the Board's decision. Options which will vest over time will mature and become exercisable depending on the terms of the Company's stock options plan. Options that will vest over time will remain valid for a period of up to 72 calendar months from the date of grant.

Options that will vest over time will expire upon completion of 90 days from the date of termination of employment of the CFO, and shall be considered null and void and not exercisable if until this period the eligibility right was not established to exercise them and they were not exercised by the CFO;

(2) The CFO will be allocated, on a one-time, non- recurring basis, 1,750,000 conditional options to purchase 1,750,000 Company shares at NIS 0.01 par value each for an exercise price equal to the average of the closing prices of the share rate during the 30 days prior to the Board's decision on the allocation ("**Conditional Options**"). The conditional options are in accordance with the Company's stock options plan for employees, officers, directors and consultants from 2005. The conditional options will mature and become fully exercisable immediately after a material agreement enters into force.

In this respect, "**Material Agreement**" signify an agreement that satisfies the following cumulative conditions: (A) an agreement was signed with a company or entity, (B) a transaction with the company (or other entity designated by the Company for the purpose of this engagement) in relation to the business core of the Company, (C) the agreement was approved by a majority of votes of the Board of Directors as a material agreement for the Company, and (D) the Agreement substantially increases the value of the Company over a reasonable time.

The conditional options shall remain valid for a period of up to 72 calendar months from the grant date. The conditional options will expire upon completion of 90 days from the date of termination of employment of the CFO, and will be considered null and void and non-exercisable if until this period the eligibility right was not established to exercise them and they were not exercised by the CFO;

5. Termination of the engagement

The company and the CFO may terminate the employment agreement upon giving prior written notice of three months.

6. Miscellaneous

6.1 All terms and conditions stated in February 2010 agreement and March 2012 Addendum, unless specifically revised in the amendment to this Agreement, shall remain in force and be binding upon the parties.

6.2 The Amendment to this Agreement and February 2010 Agreement and March 2012 Addendum constitute the entire and full agreement of the parties hereto with respect to the subject matter hereof that supersedes all previous agreements and obligations, both written and verbal, between the parties hereto with respect to the subject matter.

IN WITNESS WHEREOF THE PARTIES HAVE SIGNED:

/s/ Intec Pharma Ltd.	*/s/ Nir Sassi*
The Company	The Employee

Translated from Hebrew

January 1, 2018

ADDENDUM TO

THE EMPLOYMENT AGREEMENT

THIS ADDENDUM (the "**Addendum**") to the Employment Agreement is entered into effect as of January 1, 2018 (the **"Effective Date"**), by and between **INTEC PHARMA LTD.** (the "**Company**"), and **Nir Sassi I.D. 038401261** (the "**Executive**").

WHEREAS, The Company and the Executive have entered into an Employment Agreement, dated January February 23, 2010 as amended on March 28, 2012 October 21, 2013 and June 1, 2016 (collectively, the "**Employment Agreement**"); and

WHEREAS, The Employment Agreement includes certain provisions which the parties mutually wish to amend as set forth herein.

NOW, THEREFORE, The parties hereto agree to amend the Employment Agreement as follows:

1. Salary/Annual Bonus

Notwithstanding the Employment Agreement to the contrary, effective as of the Effective Date, the Executive shall be entitled for a gross monthly salary of NIS 49,166.66 (representing annual base salary of NIS 590,000) (the "**Base Salary**").

In addition to the Base Salary, the Executive shall be entitled for an annual cash bonus of up to 30% of the annual base salary. The bonus eligibility shall be based on a discretionary component of not more than 20% and measurable objectives to be determined by the Company's Chief Executive Officer as approved by Company's compensation committee (the "**Committee**"). The actual bonus payment is subject to the approval of the Committee in its sole discretion. For the avoidance of doubt, the bonus (if any) will not be taken into account in the calculation of your social entitlements towards pension and severance or otherwise.

2. Company Car

The Company car which is currently used by the Executive shall be upgraded to any car with a payment to the leasing company of not more than NIS 4,000 per month before VAT, and be grossed-up by the Company.

3. Options

The Executive shall be entitled for a one time grant of 50,000 options to purchase ordinary shares of the Company, no par value (the "**Options**"). 1/3 of the Options shall vest on the first anniversary date of the grant, and the additional 2/3 shall vest in eight equal quarterly installments thereafter over a period of two years, provided the Executive continues to serve as a Company's executive. The term of the options shall be of 7 years and the exercise price of each option shall be equal to the average price of the Company's ordinary shares on Nasdaq in the last 30 calendar days prior to the approval date by the board of directors of the Company. The grant shall be made under the capital gains track of Section 102 of the Israeli Income Tax Ordinance.

4. Survival of Provisions

Except as otherwise amended and modified hereby, which addendums shall have effect on the entire Employment Agreement, the provisions of the Employment Agreement shall remain in full force and effect.

5. General

This Addendum shall be deemed for all intents and purposes as an integral part of the Employment Agreement.

IN WITNESS WHEREOF, the parties have executed this Addendum to the Employment Agreement as of the Effective Date.

/s/ Nadav Navon /s/ Jeffrey A. Meckler	/s/ Nir Sassi
Intec Pharma Ltd.	Executive

Exhibit 4.15

Translate from Hebrew

Employment Agreement

Made and Executed at Jerusalem, on the 12th day of December 2017

Between

Intec Pharma Ltd., Public Company No. 513022780
Of 12 Hartom St., P.O.B. 45219
Jerusalem 9777512
(hereinafter: the "**Company**")

Of the First Part;

And

Giora Carni
Identity No. 8396855
7 Hamafteach St., Michmoret
(hereinafter: the "**Employee**")

Of the Second Part;

Whereas: The Employee was employed by the Company under a prior employment agreement of August 1, 2008, as amended from time to time (jointly: the "**Previous Employment Agreement**"); and

Whereas: As of December 12, 2017 (the "**Effective Date**"), the Employee shall be employed in the position of senior consultant (hereinafter: the "**Job**"), in accordance with the conditions set forth in this Agreement below; and

Whereas: The Employee declares that he has the skill, qualifications, reliability and experience required for the purpose of performance of the Job that he is to perform at the Company; and

Whereas: The Company and the Employee wish to regulate the conditions of the Employee's employment, all as is set out in this Agreement below:

Therefore, it is hereby declared, stipulated and agreed between the parties as follows:

1. **Substance of Agreement**

1.1. The Preamble to this Agreement constitutes an integral part of it.

1.2. The headings of sections in this Agreement are for the purposes of the parties' convenience alone and are not to be used for interpretation of the Agreement or the conditions hereof.

2. **Employee's Declarations**

The Employee declares to the Company as follows:

2.1. He has the knowledge, the ability, the experience, the skills and the expertise required for the purpose of performance of the Job in accordance with the provisions of this Agreement and the instructions of the Company from time to time.

2.2. He shall keep all of the conditions and particulars of this Agreement confidential.

2.3. The Employee declares and undertakes that there is no limitation by agreement or otherwise to his ability to enter into this Agreement and/or to his employment by the Company in accordance with the conditions of this Agreement, and that he shall be entitled to enter into this Agreement and to accept all of the undertakings hereunder.

2.4. This Agreement and the appendixes hereto constitute the full agreement between the parties and supersede any prior agreement, offer, understanding, correspondence, content, conversation or arrangement, in writing or oral, if any, between the parties, with respect to the conditions of the Employee's employment, including the Previous Employment Agreement. Any matter not expressly regulated in this Agreement shall be in accordance with the law. Any amendment and/or addendum to this Agreement shall bind the parties to this Agreement and only be in force if it is in writing and signed by the parties.

2.5. The Employee has received full payment from the Company for his employment and/or for his contract with the Company for the period prior to the Effective Date, and he shall not have any claim in this regard against the Company and/or any person acting on its behalf.

2.6. Unless otherwise prescribed in this Agreement or in the Company's procedures, the Employee shall use Company's property only for the purpose of his employment, and in the context of his Job. Therefore, the Employee shall not be entitled to make any private use whatsoever of the Company's computers and electronic mail boxes, including the email function on his mobile telephone (jointly: the "**Computers**"), shall not be entitled to store private files on the Computers and may not make use of any private account on cloud services for the purpose of storing the Company's documents. For private purposes, the Employee shall be entitled to use internet email services such as Gmail.

2.7. The Employee is aware and agrees that: (1) the Company shall be entitled to allow other employees and third parties to make use of the Computers; (2) the Company shall be entitled to conduct inspections of the Computers, including use habits and content of email and internet transmissions; (3) the Company shall be entitled to rely on the findings of such inspections which shall constitute prima facie evidence in legal proceedings; (4) in light of the Employee's undertakings to use the Computers, including those which he uses exclusively, for the purposes of his work only, the Employee shall not have any right to privacy with respect to the content of the Computers.

3. **The Employee's Undertakings**

The Employee undertakes to the Company as follows:

3.1. The Employee shall be employed by the Company in a half-time position (50%), during the Company's ordinary business hours. The Employee shall be subject to the provisions of the law regarding breaks at work. The Employee's weekly day of rest shall be Saturday.

3.2. To perform his Job with honesty, dedication, loyalty and skill and to do all his efforts for the purpose of the advancement of the Company.

3.3. Subject to the Company's requirements from time to time, the Employee undertakes to devote the necessary time and attention, his skills, his knowledge and his experience to the performance of his Job for the benefit of the Company and for its benefit only.

3.4. That he shall report, in the context of his Job, to the Company's management, including to Mr. Nadav Navon who shall be his direct supervisor, and be subject to their instructions with respect to his work and/or his Job, including, without limitation, any provisions and/or instructions with respect to work procedures, Company's board of directors resolutions performance and any other instruction of Company's management.

3.5. That he shall not undertake and/or guarantee and/or declare, on behalf of the Company, and shall not impose upon it any obligation, and shall not use its name beyond the authority that is granted to him under this Agreement and/or powers that may be defined expressly by Company's management.

3.6. During the period of his employment and in the performance of his Job, the Employee shall act in the framework of the Company's procedures, disciplinary rules, articles of association and such arrangements as may be set by the Company from time to time.

3.7. The Employee shall not be entitled to receive any consideration or benefit whatsoever, from any person whatsoever, apart from the Company, including from customers or suppliers of the Company. Any sum or benefit or equivalent that may be received by the Employee in contravention of the aforesaid shall belong to the Company and the Employee undertakes to return such to the Company at its first demand.

3.8. To notify the Company immediately, and without delay, of any matter in respect of which he has a personal interest, and/or which might create a conflict of interests with his Job.

4. **Salary and Auxiliary Conditions**

4.1. For a full 50% position, the Employee shall be entitled for a monthly salary in the sum of NIS 35,000 gross.

4.2. The above monthly salary shall include a sum of NIS 7,500 (seven thousand five hundred New Israeli Shekels) (gross) which constitute global overtime remuneration (hereinafter: the "Global Overtime Remuneration") and shall reflect remuneration for an average performance of up to 30 overtime hours a month by the Employee, as required for the purpose of the performance of the Job. For the avoidance of doubt, the Employee shall be entitled to this sum, irrespective of the number of overtime hours that he worked in fact, up to the aforesaid quota of hours.

The monthly wage and the Global Overtime Remuneration shall hereinafter jointly referred to as: the "**Monthly Salary**", as set out in section 4.1 above.

4.3. The Monthly Salary shall be paid to the Employee after deduction of all of the sums that the Company is required and/or entitled to deduct under any law and/or this Agreement, not later than the end of the 9th day of the calendar month after the month in respect of which the salary is paid.

4.4. In addition to the Monthly Salary, the Employee shall be granted 80,000 options (the "**Options**") for the purchase of ordinary shares of the Company at no par value, 50% of which shall vest one year after the Options' grant date, and the remainder (50%) shall vest during the subsequent six month period. The Options shall be fully accelerated in the following events: (a) a "Merger Transaction" as such term is defined in the Company's 2015 Equity Incentive Plan; or (b) the Employee's dismissal by the Company, other than in the circumstances that are set forth in section 6.3 below. It is clarified that such Options' grant and the conditions thereof are subject to execution of a separate grant letter and the provisions of the Company's 2015 Equity Incentive Plan.

4.5. The Employee shall be entitled to annual vacation, convalescence pay, and sick pay in accordance with and subject to the provisions of any law.

4.6. For the avoidance of doubt it is clarified that the Employee's vacation days may not be accumulate and shall be utilized as agreed upon by him and the Company. The redemption of them, as permitted by law, shall only be allowed following to the Employee's termination.

4.7. It is agreed that the Company shall be entitled to set off from the Employee's Salary and/or any payment that the Employee may receive from the Company, if any, pursuant to the law or/and this Agreement, any amount that the Employee may owe to the Company in accordance with any present and/or future agreement between them in writing and/or orally and/or which the Company may be entitled to deduct such amounts in accordance with the Employee's instructions and/or the provisions of this Agreement.

4.8. Furthermore, the Employee shall be entitled, during the term of his employment with the Company, for a mobile telephone and a company car, in accordance with the Company's policy as amended from time to time. The Company shall gross up the tax on the car benefit, for the Employee.

5. **Social Benefits**

5.1. During the term of this Agreement, and subject to the instructions that may be set from time to time by the Income Tax Commission and in accordance with the ceiling permitted for deduction, the Company shall set aside, for the Employee, in accordance with section 14 of the Severance Pay Law, 5723-1963 and the certificate of the Minister of Labor and Welfare in an Order of June 30, 1998, which was granted in accordance with the aforesaid section 14, as amended, and which is attached to this Agreement as **Appendix A**, into executive insurance or a pension fund. The Company hereby waives its right to refund of the monies that it paid for the pension fund and/or the executive insurance policy, unless the Employee's right to severance pay will be dismissed under judgment decision pursuant to sections 16 and 17 of the Severance Pay Law, 5723-1963 (in accordance with the provisions thereof), or if the Employee withdraws monies from the pension fund and/or the executive insurance policy, other than due to an "entitling event". For this purpose, an "entitling event": death, disability or retirement at age sixty or above.

5.2. The Company undertakes, as of the execution date of this Agreement, to set aside the sum in New Israeli Shekel equivalent of 7.5% of the Monthly Salary into a study fund. The Employee agrees that the Company shall deduct an additional sum, equal to 2.5% of the Monthly Salary, from his salary, for deposits into such study fund.

5.3. It is hereby agreed that the Company's deposits for severance pay for the Employee (i.e., 8.33% of any gross Monthly Salary payment) are in lieu of and considered as a full and final payment for any severance pay to which the Employee is or might become entitled under any law that may apply. This section is in accordance with section 14 of the Severance Pay Law, 5723-1963, and the certificate of the Minister for Labor and Welfare in an Order of June 30, 1998, which was granted in accordance with the aforesaid section 14, as amended, and which is attached to this Agreement as **Appendix A**.

6. **Term of Agreement**

6.1. This Agreement is for a fixed period commencing on the Effective Date and ending on June 11, 2019 (hereinafter: the "**Term of the Agreement**"), and subject to the provisions below.

6.2. Notwithstanding the provisions of section 6.1 above, each party shall be entitled to terminate this Agreement by a 180-days notice in writing (it is clarified that the prior notice period shall not extend the Term of the Agreement beyond what is stated in section 6.1).

6.3. Throughout the entire Term of the Agreement, the Company shall be entitled to terminate this Agreement immediately, without prior notice, upon the occurrence of one or more of the events set out below:

6.3.1. The Employee is convicted of a criminal offense (except for a technical offense or a strict liability offense), or if an indictment is submitted against him for a criminal offense in the form of a misdemeanor or felony.

6.3.2. The Employee has committed a breach of trust against the Company.

6.3.3. The Company has discovered that the Employee has breached his non-disclosure and non-competition undertakings; or

6.3.4. The Employee has breached the Agreement and has not cure such breach, despite having received a 30 day notice about the breach or a shorter notice, in accordance with the urgency of the matter and/or has committed a serious disciplinary offense in circumstances that enable the denial of severance pay.

6.4. For the avoidance of doubt, it is agreed that in each of the cases set out in paragraph 6.3 above, the dismissal shall come into force immediately, without the need for the giving of prior notice or any payment for such.

6.5. Upon Employee's termination for any reason, the Employee shall transfer his Job in a full and organized manner to such a person as the Company shall instruct him, and shall provide the Company with all documents, information, equipment and material that reached him as an employee of the Company or that were prepared by him in the context of his employment at the Company.

7. **Confidentiality**

7.1. The Employee hereby undertakes to keep confidential and not to disclose, show, deliver, during the term of his employment or thereafter, without any limitation as to time, to any person or entity, in Israel or overseas, commercial, professional, business or other secrets of the Company, or knowledge and/or information relating to the Company or relating directly or indirectly to the Company, its property, business and affairs, its customers, suppliers, the persons or entities who are or were in contact with the Company, including but without derogating from the generality of the aforesaid, any work, concept, invention, copyright, patent, contrivance, design and any intellectual property right, improvement, idea, process, technology, conclusions, management of human resources and fixing of salary, conditions of agreements to which the Company is a party, and documents of the Company, whether such secrets and/or knowledge and/or information have reached him directly or indirectly in the context of his employment and/or during the course of his employment and/or during the time of his employment and/or as a result of his employment and/or as a result of his Job, or if they reached him, directly or indirectly, in any other way whatsoever. The Employee hereby confirms that the secrets and/or the knowledge and/or the information as aforesaid shall be the exclusive property of the Company and that he does not and will not have any claim of any kind whatsoever with respect to them or stemming from them.

7.2. The Employee hereby undertakes not to make any use of any kind whatsoever, in Israel or overseas, of the secrets and/or the knowledge and/or the information set out in section 7.1 above, except – and only to the extent that the matter is required – for the purpose of performance of his Job at the Company. In this context, the Employee undertakes not to exploit the aforesaid secrets and/or the knowledge and/or the information in Israel and/or overseas, for his own personal purposes and/or for his work at any other place of work, without any limitation as to time or place.

8. **Intellectual Property**

8.1. Without derogating from the undertaking appendix that is attached to this Agreement (**Appendix B**), any privileged information, including any work, concept, invention, improvement, idea, process, technology, conclusions, copyright, patent, contrivance, refinement, design, development and any other intellectual property right, etc., which may be developed or invented by the Employee, alone or jointly with others, during or in the course of or in connection with his employment at the Company, shall be the exclusive property of the Company, and the Employee shall not have any right to ownership and/or royalties and/or consideration and/or any other right with respect to such information. Any application, analysis, commercialization, marketing, sale and/or any other use of any such analysis and/or invention as aforesaid shall be in accordance with the Company's exclusive and absolute discretion. It is hereby clarified that the consideration that is to be paid to the Employee under this Agreement also includes consideration for possible inventions that will be developed or made by the Employee, alone or with others, during the course of or in the course of or with respect to his employment at the Company, and the Employee shall not be entitled to any additional or separate consideration in the event of any invention that he may make.

8.2. The provisions of this section shall survive the termination of this Agreement, for any reason whatsoever, or after the expiration of this Agreement, and all without any limitation of time or place.

9. **Remedies in the Event of the Breach of Confidentiality and Intellectual Property Provisions**

9.1. The Employee agrees that any breach of the provisions of sections 7 and/or 8 above shall be deemed a fundamental breach of this Agreement.

9.2. It is known and understood by the Employee that upon any breach of sections 7 and/or 8 above by him, the Company shall petition the court for a remedy of an injunction against the Employee and/or any person acting on his behalf and/or against any third party that is related to the acts and/or omissions of the Employee, and any monetary claim in tort for the damages that may be caused to the Company, without derogating from any other remedy to which the Company may be entitled by virtue of this Agreement and/or under any law.

9.3. Without derogating from the aforesaid provisions, the Employee finally and irrevocably waives any right to any remedy in the form of an injunction and/or mandamus order against the Employer and any claim and/or demand by the Employee shall be for a monetary remedy alone.

10. **Exclusivity and Non-Competition**

10.1. The Employee undertakes not to act, work, participate and/or consult, directly or indirectly, alone or via others, as a salaried employee, a self-employed person or as a freelancer, or in any other way, in any business, job, work or other engagement whatsoever that is in competition with and/or that might be in competition with the Company's business, both throughout the term of his employment as defined above and for a period of 12 more months after the termination date of his employment, for any reason whatsoever.

11. **Miscellaneous**

11.1. It is agreed that the provisions of this Agreement are exhaustive of the agreements between the parties and any promise, undertaking, accord, memorandum of understanding, or representation made between the Parties, if made prior to the execution hereof, either in writing or orally, are null and void and are of no evidentiary use vis-à-vis the Company.

11.2. Any amendment of the conditions and provisions of this Agreement shall require an additional document in writing which shall be signed by the parties to this Agreement.

11.3. The parties agree that the sole and exclusive jurisdiction with respect to the rights stemming from and/or relating to this Agreement shall obtain to the competent courts and/or tribunals in the city of Tel Aviv Yafo.

11.4. In the event that it is held that any of the provisions of this Agreement are not enforceable or are invalid, such shall not affect or harm the legality, validity or enforcement of the rest of the provisions of the Agreement, which are not related to and/or do not stem from the provision that is not in force.

11.5. No delay in proceedings for the enforcement of any right whatsoever under this Agreement and under any law shall be deemed to be a waiver of such right or of any other right nor shall it prevent the possibility of suing for remedies for the breach of the right, including enforcement thereof at some later date.

11.6. The parties undertake to perform all of their undertakings under this Agreement in loyally, good faith and in accordance with fiduciary relations.

11.7. The addresses of the parties are as set out in the preamble to this Agreement. Any notice that is sent by one party to the other shall be deemed to have been received within 3 business days of the date of dispatch thereof by registered mail, or at the time of delivery by a courier, whichever is the earlier.

In witness whereof, we have hereunto set our hands:

/s/ Intec Pharma Ltd	/s/ Giora Carni
Intec Pharma Ltd.	**Giora Carni**

Appendix A

General Certification (Consolidated Version) regarding Employer Payments into Pension Funds and Insurance Funds in lieu of Severance Pay
Pursuant to the Severance Pay Law, 5723-1963
[Updated as at February 28, 2001]

By virtue of my authority pursuant to section 14 of the Severance Pay Law, 5723-1963,[1] (hereinafter: the "**Law**"), I certify that payments made by the Employer as of the date of publication of this Certificate, for the Employee, into a comprehensive pension in an annuity fund as defined in the Income Tax (Rules for Approval of and Management of Pension Funds) Regulations, 5724-1964[2] (hereinafter: a "**Pension Fund**"), or into an executive insurance policy which includes the ability to pay an annuity or a combination of payments into an annuity plan and a plan which is not an annuity plan, into such insurance fund (hereinafter: an "**Insurance Fund**"), including payments made by combining payments into a Pension Fund and an Insurance Fund, whether the Insurance Fund contains an annuity plan or not (hereinafter: "**Employer Payments**") shall stand in lieu of the severance pay owing on the salary out of which the aforesaid payments are made, and for the period paid (hereinafter: the "**Severance Salary**"), provided that all of the above exist:

(1) Employer's payments –

(a) Into a Pension Fund shall be no less than 14 1/3% of the Severance Salary or 12% of the Severance Salary if the Employer also makes payments for the Employee, in addition to the above, for supplementation of severance pay into a severance pay pension fund or an Insurance Fund in the Employee's name in the rate of 2 1/3% of the Severance Salary. Where the Employer has not paid the aforesaid 2 1/3% in addition to the 12%, the Employer's payments shall stand in lieu of 72% of the Employee's severance pay only.

(b) Into an Insurance Fund are no less than one of the following:

(1) 13 1/3% of the Severance Salary, if the Employer pays for the Employee, in addition to the above, for monthly salary assurance in the event of loss of capacity to work, under a plan approved by the Commissioner for Capital Markets, Insurance and Savings at the Ministry of Finance, in the rate required to assure 75% of the Severance Salary at least, or in the rate of 2 1/2% of the Severance Salary, whichever is the lesser (hereinafter: "**Payment for Insurance of Loss of Capacity to Work**");

(2) 11% of the Severance Salary, if the Employer also makes payment for insurance for loss of capacity to work, in which case the Employer's payments shall be in lieu of 72% of the Employee's severance pay, only; should the Employer make payments to supplement severance pay in addition to the above into a Pension Fund or Insurance Fund for severance pay in the Employee's name, in the rate of 2 1/3% of the Severance Salary, the Employer's payments shall be in lieu of 100% of the Employee's severance pay.

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[1] *Sefer Hachukim*, 5723, p. 136.
[2] *Kovetz Hatakanot*, 5724, p. 1302.

(2) No more than three months after the commencement of the Employer's payments, a written agreement is entered into between the Employer and the Employee containing –

(a) The Employee's consent to an arrangement under this authorization in a form setting out the Employer's payments to the Pension Fund or Insurance Fund, as the case may be, such agreement shall also be contain the wording of this authorization;

(b)[3] A waiver by the Employer in advance of any right that it may have to reimbursement of the monies from its payments, unless if the Employee's right to severance pay were revoked in a judgment under sections 16 and 17 of the Law, and in case that such rights were revoked, or that the Employee has withdrawn monies from the Pension Fund or the Insurance Fund not due to an entitling event; in this regard, "entitling event" – death, disability or retirement at the age of 60 or more.

(c) This Certificate shall not derogate from an employee's right to severance pay under the law, under a collective agreement, extension order or employment contract, in respect of salary above the Severance Salary.

Eliyahu Yishai

Minister of Labor and Welfare

Signature of Employee:

Date: *December 25, 2017* **Signature:** /s/ Giora Carni

[3] Amendment: *Yalkut Pirsumim* [Gazette] 4803, 5760 (September 19, 1999).

Appendix B

Deed of Undertaking of Non-Disclosure / Non-Competition / Assignment of Intellectual Property Rights

Made and executed on *December 12, 2017*

Between **Giora Carni, identity no. 8396855** of 7 Hamafteach St., Michmoret (hereinafter: the "**Employee**")

And **Intec Pharma Ltd., Company No. 513022780** of 12 Hartom St., Jerusalem (hereinafter: the "**Company**").

1. **Confidentiality**

Without derogating from the definition of "confidential information" contained in the Employment Agreement to which this Deed of Undertaking of Non-Disclosure/Non-Competition/Assignment of Intellectual Property Rights ("**this Agreement**") constitutes an appendix (the "**Employment Agreement**"), "**Confidential Information**" shall include research and development with respect to existing or future products, inventions, hardware, computer software, databases, plans, techniques, sketches, ideas, processes, production methods, formulas, procedures, business plans, customers, economic information, marketing plans, and any commercial secret (whether patentable or not), improvements and knowledge relating to the aforesaid, and any information or data relating to or regarding the technology, products or services of the Company or of companies related to it (either existing, potential or future), or relating to the business of the Company or companies related to it (either existing, potential or future), in any other way, including any commercial information relating to customers and suppliers, whether tangible or intangible, and any other commercial secret, as defined in the Commercial Torts Law, 5759-1999, to the extent that any such does indeed exist, either of the Company or of any company related to it. The aforesaid shall not apply to information that has been introduced into the public domain by the Company or in any other legal manner.

1.1. The Employee shall maintain the confidentiality and secrecy of all confidential information as defined above, which may reach the Employee's knowledge during the course of provision of the services or the contract with the Company or a related company to it, or as a result thereof, and the Employee shall not disclose, make use of, publish or otherwise expose, directly or indirectly, any such confidential information, at any time during the course of or after the end of the term of his employment by the Company, without any limitation as to time and place, without the express approval of an authorized representative of the Company, in advance and in writing.

1.2. Any confidential information, whether found in written materials, documents, computer software and/or hardware, electronic media, magnetic media, servers or in any other form or manner (all, hereinafter: the "**Documents**"), including notebooks, notes, memorandums, records, diagrams, sketches, bulletins, formulas, reports, computer programs, other information of any kind whatsoever that may reach the Employee's possession or that may have been prepared by the Employee or by others, shall be the exclusive property of the Company or of a company related to the Company, as the case may be. The Employee hereby undertakes to return such Documents or any other material belonging to the Company and in his possession to the Company (a) if he is asked to do so by the Company or (b) upon termination of the Employee's employment by the Company, whichever is the earlier, and if requested to do so by the Company, to sign a written declaration confirming that he has performed the aforesaid.

1.3. It is clear to and understood by the Employee that all of the confidential information is substantive commercial information which is the property of the Company or of companies related to it, or of third parties to which the Company or companies related to it owe a duty of confidentiality, which is not in the public domain and which cannot easily be discovered by others, the confidentiality of which grants the Company or companies related to it a commercial advantage over their competitors, and that the Company takes reasonable measures to maintain the confidentiality of it.

1.4. The Employee's undertakings under this Agreement are towards the Company and any parent company, subsidiary, related companies and any party that stands in its place by law, as may be in existence from time to time.

1.5. The Employee's undertakings under this section shall remain in force after termination of the Employee's employment under the Employment Agreement.

2. **Non Competition**

2.1. The Employee agrees that during the term of performance of the Employment Agreement and for twelve months after termination thereof, for any reason whatsoever, he shall neither deal in nor be involved in nor be in any way related to, nor be employed directly or indirectly, himself or via any other persons, for himself or as an agent, broker, licensor, employee, office bearer, director, partner, member of a joint venture, shareholder, investor, consultant or in any other way, and without the prior written consent of the Company, in any business or venture, anywhere in the world, that deals in any activities in the context of which (a) there are products or services that compete with the products or services of the Company, or with the products or services of companies related to the Company regarding the Company's business, as may have been at the time of termination of the Employee's employment; (b) there are information, processes, technology or equipment in which the Company has a proprietary right or in which a company related to the Company has a proprietary right, and that are related to the Company's businesses that exist at present or in the future, or that are based on similar technology to that which was developed by the Company. The aforesaid shall not apply to (a) the holding of securities in any company whose shares are traded to the public on a stock exchange that has been recognized internationally, provided that such holding shall not be greater than 1% of the issued share capital of such public company, and the Employee does not perform an active role in such public company as a director, employee, consultant (including independent consultant), or any other active role, or (b) non-commercial activity which is *de minimis*.

2.2. The Employee agrees that during the term of the Employee's employment by the Company and for a period of 12 months from the date of termination of his employment for any reason whatsoever, the Employee shall not solicit nor encourage, directly or indirectly, himself or via a business in which the Employee is an employee, office bearer, director, shareholder, consultant or contractor, for any purpose and at any place, a person who was employed by the Company or a related company to the Company to terminate their employment with the Company or with a related company thereto, as the case may be.

2.3. The Employee agrees that for the period of two years from the date of termination of the contract under the Employment Agreement, he shall not directly or indirectly employ any person who was employed by the Company or a related company to it during the two year period preceding the date of termination of his contract as aforesaid.

3. **Assignment of Intellectual Property Rights**

3.1. For the purposes of this Appendix, the following definitions shall apply:

"**Inventions**" shall mean, inter alia, any invention, discovery, idea, improvement, amendment, amelioration, document, software, hardware, firmware, work, form, mask works, labor, sketch, original work, formulas, techniques, methods, systems, processes, compositions of material, databases, knowledge, information and commercial secrets that came into being, were invented, discovered, developed, composed or processes by the Employee during the course of his employment or twelve (12) months thereafter (or the maximum period that the law permits if such is shorter, in whole or in part, or to the creation of which the Employee's efforts contributed, independently or jointly with others, whether patentable, or able to be protected under copyright or any other protection, or not; and:

(a) That are related, directly or indirectly, to the Company's business, as defined in the Employment Agreement, including a platform for the delaying of drugs in the stomach or that come into being by via use of the Company's equipment; or

(b) That are related to existing research and development or that can be proven to be in planning stages, with respect to the Company's business, or such research and development of a company that is related to the Company; or

(c) That are being developed, in whole or in part, during the working hours of the Company or via the use of equipment, supplies, facilities or confidential information of the Company or of a related company to the Company.

"**Commercial secrets**" shall mean "commercial secrets" as defined in the Commercial Torts Law, 5759-1999, and any documentation, software, hardware, form, client list, knowledge and information of any kind or type relating to the Company's business in the past, present or future, or any plans with respect to them, or with respect to the business of any third party in the present or in the future, or any plans with respect to them (including any object or information of any form whatsoever prescribed by law to be a commercial secret) which reached the knowledge of the Employee, which the Company does not disclose to third parties without restrictions on use or restrictions on disclosure to other third parties.

3.2. Without derogating from any other provision in the law:

A. The Employee shall reduce any invention to writing and shall disclose to the Company or to a company related to it, together with explanations, and shall keep an accurate record with respect to the conception of any invention and the implementation of any idea. Such records shall be the exclusive property of the Company, and the Employee shall deliver possession of the records to the Company upon termination of his contract with the Company.

B. The Employee hereby assigns to the Company, or to companies related to it, for no additional consideration to the Employee, all of the exclusive rights, title, possession and property to the Inventions, and any proprietary rights and intellectual property rights therein, and the proprietary rights and the intellectual property rights stemming therefrom or based thereupon, both in Israel and overseas. The Employee shall sign any assignment, declaration or other document that may be prepared by the Company for the purpose of giving force to the aforesaid. The Employee hereby confirms the Company's exclusive intellectual property rights and those of companies related to it in Israel and overseas, in all of the Inventions, and shall confirm such in the future as well.

C. During the period of performance of the Employment Agreement, and thereafter, the Employee shall provide the Company with all information, documents, and reasonable assistance that the Company may request in order to prepare, perform and complete the registration of the proprietary rights, the intellectual property, and his patent over the Inventions and the Commercial Secrets and the rights as aforesaid stemming from the Inventions and the Commercial Secrets or based on them, to protect or enforce such, in any jurisdiction at the Company's discretion. The Company, at its exclusive discretion, shall determine the scope of the rights as aforesaid in the Inventions and in the Commercial Secrets, or stemming from them, if any, which need to be protected. Such assistance shall include the preparation of documents, sketches, and other data, and execution of documents for the assignment of rights, applications and other forms. Any such information, document and assistance shall be provided to the Company by the Employee at no additional cost to the Company, except for expenses in cash in fact expended by the Employee from his own pocket at the Company's request.

D. During the period of performance of the Employment Agreement, and thereafter, the Employee shall maintain the confidentiality and secrecy of the Inventions as though such were Confidential Information under this Agreement, shall not disclose such to others without obtaining the prior written consent of the Company, and shall not make use of the Inventions as aforesaid for any purpose whatsoever, except for the purpose of performance of the services for the Company.

E. The Employee irrevocably confirms that the consideration paid to the Employee under the express conditions of the Employment Agreement shall be in lieu of any right that the Employee might have been entitled to receive by law for payment for the Inventions and the Employee hereby waives any right to receive royalties or any other payment for the Inventions, including under section 134 of the Patents Law, 5727-1967. With respect to the above, no arrangement, contract or agreement made orally or in writing shall have any effect unless such is in writing and lawfully signed by the Company.

4. **Remedies**

It is clear and understood by the Employee that a breach of the undertakings contained in this Agreement or any part thereof, shall cause the Company or its related companies serious and irreparable damage. In light of the aforesaid, the Employee agrees that in the event of a breach or an expected breach as aforesaid, the Company, a related company of the Company or a person whom the Company or a related company to it have assigned their rights shall be entitled, without derogating from the rights, and in addition to such other rights, remedies and compensation that are available to them by law or in equity, to a temporary or permanent injunction or any other possible equitable remedy, in order to prevent or remove the breach or the attempted breach of this Agreement by the Employee or any other person or entity acting for him or on his behalf. In the event that proceedings are instituted to enforce the conditions of the restrictions in the Agreement as aforesaid, the party entitled by law to any other remedy in addition, shall be entitled to the restitution of any reasonable sum for advocates' fees and other costs that might have been incurred due to the steps that were taken, both in the trial court and in the appellate court, and in any bankruptcy proceedings. In the event that a competent court holds, in a final verdict that can no longer be appealed, that the scope, duration of time or geographical restrictions that were specifically prescribed in any of the restrictions set out in the Agreement are broader than can be enforced, such court shall be authorized, and the parties to this Agreement agree and hereby state that such court shall amend the conditions of the restrictions as aforesaid and shall enforce the conditions in accordance with the scope, duration of time and geographical restrictions that appeared to it to be just and proper, taking into account the intention of the parties.

5. **Confirmations and Declarations**

The Employee hereby declares and confirms as follows:

5.1. The Employee's undertakings regarding non-competition and protection of confidentiality under this Agreement are fair, reasonable, and proportionate, and are intended to protect the secrets and the confidential information of the Company and related companies to it, which are the essence of the Company's protectable commercial and business advantages, and in which considerable capital has been invested.

5.2. A breach of his above undertakings shall contravene the fiduciary relationship and the special trust between the parties as employer and employee, the proper rules of commerce, and the duties of good faith and fairness between the parties, shall harm the Company's business, and shall constitute a fundamental breach of this Agreement and of the Employment Agreement.

5.3. It is clear and understood to the Employee that the restricted period of time and the geographical zone that are set out in this Agreement are reasonable, in light of the nature of the Company's business and the Employee's knowledge with respect to the Company's business.

5.4. The Employee declares that his undertakings under this section, which are reasonable and proportionate, will not prevent him from developing his general knowledge and professional expertise in the field of his operations, with respect to any persons who are not customers or employees of the Company, and without his stealing the Company's secrets.

5.5. The Company shall be entitled to assign the Employee's undertakings towards it under this Agreement. The Employee shall not be entitled to assign or transfer his duties under this Agreement to any other person without the prior written consent of the Company. This Agreement shall bind the heirs, authorized assigns and any person standing in place of the Employee by law.

/s/ Nadav Navon /s/ Nir Sassi	/s/ Giora Carni
Intec Pharma Ltd.	**Giora Carni**

Exhibit 4.17

Translate from Hebrew

Employment Agreement

Made and Executed at Jerusalem, on the 3rd day of October 2017

Between

Intec Pharma Ltd., Public Company No. 513022780
Of 12 Hartom St., P.O.B. 45219
Jerusalem 9777512
(hereinafter: the "**Company**")

Of the First Part;

And

Zeev Weiss, Identity No. 057245581
17/27 Hamitzpeh St., Shoham, P.O Box 2785
(hereinafter: the "**Employee**")

Of the Second Part;

Whereas: The Employee acted as CEO of the Company in accordance with an agreement dated September 20, 2006, as amended from time to time (jointly: the "**Previous Agreement**"), and as at the date of execution of this Agreement, is currently in his period of prior notice;

Whereas: As of October 1, 2017 (the "**Effective Date**"), the Employee shall be employed in the position of special assistant in clinical matters (hereinafter: the "**Job**"), in accordance with the conditions set forth in this Agreement below;

Whereas: The Employee declares that he has the skill, qualifications, reliability and experience required for the purpose of performance of the Job that he is to perform at the Company; and

Whereas: The Company and the Employee wish to regulate the conditions of the Employee's employment, all as is set out in this Agreement below:

Therefore, it is hereby declared, stipulated and agreed between the parties as follows:

1. **Substance of Agreement**

1.1. The Preamble to this Agreement constitutes an integral part of it.

1.2. The headings of sections in this Agreement are for the purposes of the parties' convenience alone and are not to be used for interpretation of the Agreement or the conditions hereof.

2. **Employee's Declarations**

The Employee declares to the Company as follows:

2.1. He has the knowledge, the ability, the experience, the skills and the expertise required for the purpose of performance of the Job in accordance with the provisions of this Agreement and the instructions of the Company from time to time.

2.2. He shall keep in confidence all of the conditions and details of this Agreement, except for reports that are required by law and except for consultation with relevant consultants.

2.3. The Employee declares and undertakes that there is no limitation by agreement or otherwise to his ability to enter into this Agreement and/or to his employment by the Company in accordance with the conditions of this Agreement, and that he shall be entitled to enter into this Agreement and to accept all of the undertakings hereunder.

2.4. This Agreement and the appendixes hereto constitute the full agreement between the parties and supersede any prior agreement, offer, understanding, correspondence, content, conversation or arrangement, in writing or oral, if any, between the parties, with respect to the conditions of the Employee's employment, including the Previous Agreement. Any matter not expressly regulated in this Agreement shall be in accordance with the law. Any amendment and/or addendum to this Agreement shall bind the parties to this Agreement and only be in force if it is in writing and signed by the parties.

2.5. The Employee has received full payment from the Company for his employment and/or for his contract with the Company for the period prior to the Effective Date, and he shall not have any claim in this regard against the Company and/or any person acting on its behalf. Notwithstanding the aforesaid, this provision shall not harm his rights related to options that were granted to the Employee during the term of his prior contract with the Company as set out in this Agreement, pursuant to the conditions thereof. .

The Employee hereby declares and confirms that with respect to the period of his prior contract with the Company as an independent contractor, commencing on September 20, 2006 until September 30, 2017 (the "**Previous Period**"), he received all of the payments owing to him and/or that might have been owed to him from the Company for the Previous Period and he does not and will not have any claim against the Company and/or any demand for the payment of rights and/or sums and/or monetary claims and/or other claims of any kind or type whatsoever in connection with the Previous Period, including for employer-employee relations or stemming from or relating to employer-employee relations or the termination thereof, including consideration and/or wages (including overtime), travel expenses, social rights (provisions for pension and severance pay), annual leave, convalescence pay and sick pay.

2.6. Unless otherwise prescribed in this Agreement or in the Company's procedures, the Employee shall use the Company's property only for the purpose of his employment, and in the context of his Job. Therefore, the Employee shall not be entitled to make any private use whatsoever of the Company's computers and electronic mail boxes, including the email function on his mobile telephone (jointly: the "**Computers**"), shall not be entitled to store private files on the Computers and may not make use of any private account on cloud services for the purpose of storing the Company's documents. For private purposes, the Employee shall be entitled to use internet email services such as Gmail.

2.7. The Employee is aware and agrees that: (1) the Company shall be entitled to allow other employees and third parties to make use of the Computers; (2) the Company shall be entitled to conduct inspections of the Computers, including use habits and content of email and internet transmissions; (3) the Company shall be entitled to rely on the findings of such inspections which shall constitute prima facie evidence in legal proceedings; (4) in light of the Employee's undertakings to use the Computers, including those which he uses exclusively, for the purposes of his work only, the Employee shall not have any right to privacy with respect to the content of the Computers.

2.8. The Employee shall be entitled to engage in any other business simultaneous with his Job at the Company provided that such additional business shall not breach or harm his undertakings to the Company, including his undertakings to maintain confidentiality, non-competition and protection of intellectual property, and that such additional business (a) shall not apply during the hours of the Employee's employment in the Company or use information that belongs to the Company; and (b) shall not give rise to any conflict of interests with the Employee's Job pursuant to this Agreement.

3. **The Employee's Undertakings**

The Employee undertakes to the Company as follows:

3.1. The Employee shall be employed by the Company for two full working days a week, during the Company's ordinary business hours. The Employee shall be subject to the law provisions of the law regarding breaks at work. The Employee's weekly day of rest shall be Saturday.

3.2. To perform his Job with honesty, dedication, loyalty and skill and to do all his efforts for the purpose of the advancement of the Company.

3.3. Subject to the Company's requirements from time to time and in accordance with his part-time Job as aforesaid, the Employee undertakes to devote the necessary time and attention, his skills, his knowledge and his experience to the performance of his Job for the benefit of the Company and for its benefit only.

3.4. That he shall report, in the context of his Job, to the Company's management , including to Mr./Mrs. Anna Hotobeli Solomon who shall be his direct supervisor, and be subject to his/her instructions with respect to his work and/or his Job, including, without limitation, any provisions and/or instructions with respect to work procedures, Company's board of directors resolutions performance and any other instruction of Company's management.

3.5. That he shall not undertake and/or guarantee and/or declare, on behalf of the Company, and shall not impose upon it any obligation, and shall not use its name beyond the authority that is granted to him under this Agreement and/or powers that may be defined expressly by Company's management.

3.6. During the period of his employment and in the performance of his Job, the Employee shall act in the framework of the Company's procedures, disciplinary rules, articles of association and such arrangements as may be set by the Company from time to time.

3.7. The Employee shall not be entitled to receive any consideration or benefit whatsoever, from any person whatsoever, apart from the Company, including from customers or suppliers of the Company. Any sum or benefit or equivalent that may be received by the Employee in contravention of the aforesaid shall belong to the Company and the Employee undertakes to return such to the Company at its first demand.

3.8. To notify the Company immediately, and without delay, of any matter in respect of which he has a personal interest, and/or which might create a conflict of interests with his Job.

4. **Salary and Auxiliary Conditions**

4.1. For the scope of the Job as set out in section 3.1 above, the Employee shall be entitled for a monthly salary in the sum of NIS 25,000 gross.

4.2. The above monthly salary shall include a sum of NIS 7,500 (seven thousand five hundred New Israeli Shekels) (gross) constituting global overtime remuneration (hereinafter: the "Global Overtime Remuneration") and shall reflect remuneration for an average performance of up to 25 overtime hours a month by the Employee, as required for the purpose of the Job performance . For the avoidance of doubt, the Employee shall be entitled to this sum, irrespective of the number of overtime hours that he worked in fact, up to the aforesaid quota of hours.

The monthly wage and the Global Overtime Remuneration shall hereinafter jointly referred to as: the "**Monthly Salary**", as set out in section 4.1 above, and shall constitute a basis for all of the Employee's social rights.

4.3. The Monthly Salary shall be paid to the Employee after deduction of all of the sums that the Company is required and/or entitled to deduct under any law and/or this Agreement, not later than the end of the 9th day of the calendar month after the month in respect of which the salary is paid.

4.4. Options that were granted to the Employee during the prior period shall remain in force and continue to vest, all in accordance with their conditions. In addition, 35,000 new options (the "**Options**") shall be granted to the Employee for the purchase of 35,000 ordinary shares of the Company for no par value, at an exercise price of USD 7.44 per share. 50% of the Options shall vest one year after the date of grant, and the remainder (50%) shall vest on monthly basis (in equal portions) during the following 9 months. The Options shall be fully accelerated in the following events: (a) a "Merger Transaction" as such term is defined in the Company's 2015 Equity Incentive Plan; or (b) the Employee's dismissal by the Company, other than in the circumstances that are set forth in section 6.3 below. It is clarified that such Options' grant and the conditions thereof are subject to execution of a separate grant letter and the provisions of the Company's 2015 Equity Incentive Plan.

4.5. The Employee shall be entitled to annual vacation, convalescence pay in accordance with his part-time Job (40%), on basis of 20 vacation days for full-time Job, 10 days of recuperation pay for full-time Job, and sick pay in accordance with and subject to the provisions of any law and with the scope of the Employee's Job. However, it is clarified that for the purposes of sick pay, it is agreed that the Employee shall be entitled to the payment of a full salary in accordance with the partial nature of his Job as of the first day of illness.

4.6. For the avoidance of doubt it is clarified that the Employee's vacation days may not be accumulate and shall be utilized as agreed upon by him and the Company. The redemption of them, as permitted by law, shall only be allowed following to the Employee's termination.

4.7. It is agreed that the Company shall be entitled to set off from the Employee's Salary and/or any payment that the Employee may receive from the Company, if any, pursuant to the law or/and this Agreement, any amount that the Employee may owe to the Company in accordance with any present and/or future agreement between them in writing and/or orally and/or which the Company may be entitled to deduct such amounts in accordance with the Employee's instructions and/or the provisions of this Agreement.

4.8. Furthermore, the Employee shall be entitled, during the term of his employment with the Company, for a mobile telephone and a company car (which shall be of the same class of car as the Employee is using on the date of execution of this Agreement), and the use thereof shall be, in accordance with the Company's policy as amended from time to time. The Company shall gross up the tax on the car benefit, for the Employee.

5. **Social Benefits**

5.1. During the term of this Agreement, and subject to the instructions that may be set from time to time by the Income Tax Commission and in accordance with the ceiling permitted for deduction, the Company shall set aside, for the Employee, in accordance with section 14 of the Severance Pay Law, 5723-1963 and the certificate of the Minister of Labor and Welfare in an Order of June 30, 1998, which was granted in accordance with the aforesaid section 14, as amended, and which is attached to this Agreement as **Appendix A**, into executive insurance or a pension fund. The Company hereby waives its right to refund of the monies that it paid for the pension fund and/or the executive insurance policy, unless the Employee's right to severance pay will be dismissed under judgment decision pursuant to sections 16 and 17 of the Severance Pay Law, 5723-1963 (in accordance with the provisions thereof), or if the Employee withdraws monies from the pension fund and/or the executive insurance policy, other than due to an "entitling event". For this purpose, an "entitling event": death, disability or retirement at age sixty or above.

5.2. The Company undertakes, as of the execution date of this Agreement, to set aside a sum in New Israeli Shekel equivalent of 7.5% of the Monthly Salary into a study fund. The Employee agrees that the Company shall deduct an additional sum, equal to 2.5% of the Monthly Salary, from his salary, for deposits into such study fund.

5.3. It is hereby agreed that the Company's deposits for severance pay for the Employee (i.e., 8.33% of any gross Monthly Salary payment) are in lieu of and considered as a full and final payment for any severance pay to which the Employee is or might become entitled under any law that may apply. This section is in accordance with section 14 of the Severance Pay Law, 5723-1963, and the certificate of the Minister for Labor and Welfare in an Order of June 30, 1998, which was granted in accordance with the aforesaid section 14, as amended, and which is attached to this Agreement as **Appendix A**.

6. **Term of Agreement**

6.1. This Agreement is for a period commencing on October 1, 2017 and ending on June 30, 2019 (hereinafter: the "**Term of the Agreement**"), and subject to the provisions below.

6.2. Notwithstanding the provisions of section 6.1 above, each party shall be entitled to terminate this Agreement by a 180-days notice in writing (it is clarified that the prior notice period shall not extend the Term of the Agreement beyond what is stated in section 6.1).

It is clarified that with respect to the prior notice period, or in lieu of prior notice, the Employee shall be entitled for a salary and the full related rights in accordance with this Agreement.

6.3. Throughout the term of the Agreement, the Company shall be entitled to terminate this Agreement immediately, without prior notice, upon the occurrence of one or more of the events set out below:

6.3.1. The Employee is convicted of a criminal offense (except for a technical offense or a strict liability offense), or if an indictment is submitted against him for a criminal offense in the form of a misdemeanor or felony.

6.3.2. The Employee has committed a breach of trust against the Company.

6.3.3. The Employee has fundamentally breached the Agreement and has not cure such fundamental breach, despite having received a 30 day written notice about the breach or a shorter notice, in accordance with the urgency of the matter and/or has committed a serious disciplinary offense in circumstances that enable the denial of severance pay.

6.4. For the avoidance of doubt, it is agreed that in each of the cases set out in paragraph 6.3 above, the dismissal shall come into force immediately, without the need for the giving of prior notice or any payment for such.

6.5. Upon Employee's termination for any reason, the Employee shall transfer his Job in a full and organized manner to such a person as the Company shall instruct him, and shall provide the Company with all documents, information, equipment and material that reached him as an employee of the Company or that were prepared by him in the context of his employment at the Company.

7. **Confidentiality**

7.1. The Employee hereby undertakes to keep confidential and not to disclose, show, deliver, during the term of his employment or thereafter, without any limitation as to time, to any person or entity, in Israel or overseas, commercial, professional, business or other secrets of the Company, or knowledge and/or information relating to the Company or relating directly or indirectly to the Company, its property, business and affairs, its customers, suppliers, the persons or entities who are or were in contact with the Company, including but without derogating from the generality of the aforesaid, any work, concept, invention, copyright, patent, contrivance, design and any intellectual property right, improvement, idea, process, technology, conclusions, management of human resources and fixing of salary, conditions of agreements to which the Company is a party, and documents of the Company, whether such secrets and/or knowledge and/or information have reached him directly or indirectly in the context of his employment and/or during the course of his employment and/or during the time of his employment and/or as a result of his employment and/or as a result of his Job, or if they reached him, directly or indirectly, in any other way whatsoever. The Employee hereby confirms that the secrets and/or the knowledge and/or the information as aforesaid shall be the exclusive property of the Company and that he does not and will not have any claim of any kind whatsoever with respect to them or stemming from them.

7.2. The Employee hereby undertakes not to make any use of any kind whatsoever, in Israel or overseas, of the secrets and/or the knowledge and/or the information set out in section 7.1 above, except – and only to the extent that the matter is required – for the purpose of performance of his Job at the Company. In this context, the Employee undertakes not to exploit the aforesaid secrets and/or the knowledge and/or the information in Israel and/or overseas, for his own personal purposes and/or for his work at any other place of work, without any limitation as to time or place.

7.3. The confidentiality undertaking shall be subject to **Appendix B** to this Agreement.

8. **Intellectual Property**

8.1. Without derogating from the undertaking appendix that is attached to this Agreement (**Appendix B**), any privileged information, including any work, concept, invention, improvement, idea, process, technology, conclusions, copyright, patent, contrivance, refinement, design, development and any other intellectual property right, etc., which may be developed or invented by the Employee, alone or jointly with others, during or in the course of or in connection with his employment at the Company, shall be the exclusive property of the Company, and the Employee shall not have any right to ownership and/or royalties and/or consideration and/or any other right with respect to such information. Any application, analysis, commercialization, marketing, sale and/or any other use of any such analysis and/or invention as aforesaid shall be in accordance with the Company's exclusive and absolute discretion. It is hereby clarified that the consideration that is to be paid to the Employee under this Agreement also includes consideration for possible inventions that will be developed or made by the Employee, alone or with others, during the course of or in the course of or with respect to his employment at the Company, and the Employee shall not be entitled to any additional or separate consideration in the event of any invention that he may make.

8.2. The provisions of this section shall survive the termination of this Agreement, for any reason whatsoever, or after the expiration of this Agreement, and all without any limitation of time or place.

9. **Remedies in the Event of the Breach of Confidentiality and Intellectual Property Provisions**

9.1. The Employee agrees that any breach of the provisions of sections 7 and/or 8 above shall be deemed a fundamental breach of this Agreement.

9.2. It is known and understood by the Employee that upon any breach of sections 7 and/or 8 above by him, the Company shall petition the court for a remedy of an injunction against the Employee and/or any person acting on his behalf and/or against any third party that is related to the acts and/or omissions of the Employee, and any monetary claim in tort for the damages that may be caused to the Company, without derogating from any other remedy to which the Company may be entitled by virtue of this Agreement and/or under any law.

9.3. Without derogating from the aforesaid provisions, the Employee finally and irrevocably waives any right to any remedy in the form of an injunction and/or mandamus order against the Employer and any claim and/or demand by the Employee shall be for a monetary remedy alone.

10. **Exclusivity and Non-Competition**

10.1. The Employee undertakes not to act, work, participate and/or consult, directly or indirectly, alone or via others, as a salaried employee, a self-employed person or as a freelancer, or in any other way, in any business, job, work or other engagement whatsoever that is in competition with and/or that might be in competition with the Company's operations, including oral administration technologies for pharmaceutical improvement of drugs, both throughout the term of his employment as defined above and for a period of 12 more months after the termination date of his employment, for any reason whatsoever.

11. **Miscellaneous**

11.1. It is agreed that the provisions of this Agreement are exhaustive of the agreements between the parties and any promise, undertaking, accord, memorandum of understanding, or representation made between the parties, if made prior to the execution hereof, either in writing or orally, are null and void and are of no evidentiary use vis-à-vis the Company.

11.2. Any amendment of the conditions and provisions of this Agreement shall require an additional document in writing which shall be signed by the parties to this Agreement.

11.3. The parties agree that the sole and exclusive jurisdiction with respect to the rights stemming from and/or relating to this Agreement shall obtain to the competent courts and/or tribunals in the city of Tel Aviv Yafo.

11.4. In the event that it is held that any of the provisions of this Agreement are not enforceable or are invalid, such shall not affect or harm the legality, validity or enforcement of the rest of the provisions of the Agreement, which are not related to and/or do not stem from the provision that is not in force.

11.5. No delay in proceedings for the enforcement of any right whatsoever under this Agreement and under any law shall be deemed to be a waiver of such right or of any other right nor shall it prevent the possibility of suing for remedies for the breach of the right, including enforcement thereof at some later date.

11.6. The parties undertake to perform all of their undertakings under this Agreement in loyally, good faith and in accordance with fiduciary relations.

11.7. The addresses of the parties are as set out in the preamble to this Agreement. Any notice that is sent by one party to the other shall be deemed to have been received within 3 business days of the date of dispatch thereof by registered mail, or at the time of delivery by a courier, whichever is the earlier.

In witness whereof, we have hereunto set our hands:

/s/ Intec Pharma Ltd	/s/ Zeev Weiss
Intec Pharma Ltd	**Zeev Weiss**

Appendix A

General Certification (Consolidated Version) regarding Employer Payments into Pension Funds and Insurance Funds in lieu of Severance Pay
Pursuant to the Severance Pay Law, 5723-1963
[Updated as at February 28, 2001]

By virtue of my authority pursuant to section 14 of the Severance Pay Law, 5723-1963,[1] (hereinafter: the "**Law**"), I certify that payments made by the Employer as of the date of publication of this Certificate, for the Employee, into a comprehensive pension in an annuity fund as defined in the Income Tax (Rules for Approval of and Management of Pension Funds) Regulations, 5724-1964[2] (hereinafter: a "**Pension Fund**"), or into an executive insurance policy which includes the ability to pay an annuity or a combination of payments into an annuity plan and a plan which is not an annuity plan, into such insurance fund (hereinafter: an "**Insurance Fund**"), including payments made by combining payments into a Pension Fund and an Insurance Fund, whether the Insurance Fund contains an annuity plan or not (hereinafter: "**Employer Payments**") shall stand in lieu of the severance pay owing on the salary out of which the aforesaid payments are made, and for the period paid (hereinafter: the "**Severance Salary**"), provided that all of the above exist:

(1) Employer's payments –

(a) Into a Pension Fund shall be no less than 14 1/3% of the Severance Salary or 12% of the Severance Salary if the Employer also makes payments for the Employee, in addition to the above, for supplementation of severance pay into a severance pay pension fund or an Insurance Fund in the Employee's name in the rate of 2 1/3% of the Severance Salary. Where the Employer has not paid the aforesaid 2 1/3% in addition to the 12%, the Employer's payments shall stand in lieu of 72% of the Employee's severance pay only.

(b) Into an Insurance Fund are no less than one of the following:

(1) 13 1/3% of the Severance Salary, if the Employer pays for the Employee, in addition to the above, for monthly salary assurance in the event of loss of capacity to work, under a plan approved by the Commissioner for Capital Markets, Insurance and Savings at the Ministry of Finance, in the rate required to assure 75% of the Severance Salary at least, or in the rate of 2 1/2% of the Severance Salary, whichever is the lesser (hereinafter: "**Payment for Insurance of Loss of Capacity to Work**");

(2) 11% of the Severance Salary, if the Employer also makes payment for insurance for loss of capacity to work, in which case the Employer's payments shall be in lieu of 72% of the Employee's severance pay, only; should the Employer make payments to supplement severance pay in addition to the above into a Pension Fund or Insurance Fund for severance pay in the Employee's name, in the rate of 2 1/3% of the Severance Salary, the Employer's payments shall be in lieu of 100% of the Employee's severance pay.

(2) No more than three months after the commencement of the Employer's payments, a written agreement is entered into between the Employer and the Employee containing –

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1 *Sefer Hachukim*, 5723, p. 136.
2 *Kovetz Hatakanot*, 5724, p. 1302.

(a) The Employee's consent to an arrangement under this authorization in a form setting out the Employer's payments to the Pension Fund or Insurance Fund, as the case may be, such agreement shall also be contain the wording of this authorization;

(b)[3] A waiver by the Employer in advance of any right that it may have to reimbursement of the monies from its payments, unless if the Employee's right to severance pay were revoked in a judgment under sections 16 and 17 of the Law, and in case that such rights were revoked, or that the Employee has withdrawn monies from the Pension Fund or the Insurance Fund not due to an entitling event; in this regard, "entitling event" – death, disability or retirement at the age of 60 or more.

(c) This Certificate shall not derogate from an employee's right to severance pay under the law, under a collective agreement, extension order or employment contract, in respect of salary above the Severance Salary.

Eliyahu Yishai

Minister of Labor and Welfare

Signature of Employee:

Date: *October 3, 2017* **Signature:** /s/ Zeev Weiss

[3] Amendment: *Yalkut Pirsumim* [Gazette] 4803, 5760 (September 19, 1999).

Appendix B

Deed of Undertaking of Non-Disclosure / Non-Competition / Assignment of Intellectual Property Rights

Made and executed on Tuesday, October 3, 2017

Between **Zeev Weiss, identity no. 057245581** of 27/17 Hamitzpeh St., Shoham, P.O Box 2785 (hereinafter: the "**Employee**")

And **Intec Pharma Ltd.**, Company No. 513022780 of 12 Hartom St., Jerusalem (hereinafter: the "**Company**").

1. **Confidentiality**

Without derogating from the definition of "confidential information" contained in the Employment Agreement to which this Deed of Undertaking of Non-Disclosure/Non-Competition/Assignment of Intellectual Property Rights ("**this Agreement**") constitutes an appendix (the "**Employment Agreement**"), "**Confidential Information**" shall include research and development with respect to existing or future products, inventions, hardware, computer software, databases, plans, techniques, sketches, ideas, processes, production methods, formulas, procedures, business plans, customers, economic information, marketing plans, and any commercial secret (whether patentable or not), improvements and knowledge relating to the aforesaid, and any information or data relating to or regarding the technology, products or services of the Company or of companies related to it (either existing, potential or future), or relating to the business of the Company or companies related to it (either existing, potential or future), in any other way, including any commercial information relating to customers and suppliers, whether tangible or intangible, and any other commercial secret, as defined in the Commercial Torts Law, 5759-1999, to the extent that any such does indeed exist, either of the Company or of any company related to it. The aforesaid shall not apply to information that has been introduced into the public domain by the Company or in any other legal manner, information that is required to be disclosed by law, including any order of any judicial authority or any requirement of any government authority, information that reaches an employee from a third party which is not under a confidentiality obligation or the disclosure of information for the purpose of performance of the Job.

1.1. The Employee shall maintain the confidentiality and secrecy of all confidential information as defined above, which may reach the Employee's knowledge during the course of provision of the services or the contract with the Company or a related company to it, or as a result thereof, and the Employee shall not disclose, make use of, publish or otherwise expose, directly or indirectly, any such confidential information, at any time during the course of or after the end of the term of his employment by the Company, without any limitation as to time and place, without the express approval of an authorized representative of the Company, in advance and in writing.

1.2. Any confidential information, whether found in written materials, documents, computer software and/or hardware, electronic media, magnetic media, servers or in any other form or manner (all, hereinafter: the "**Documents**"), including notebooks, notes, memorandums, records, diagrams, sketches, bulletins, formulas, reports, computer programs, other information of any kind whatsoever that may reach the Employee's possession or that may have been prepared by the Employee or by others, shall be the exclusive property of the Company or of a company related to the Company, as the case may be. The Employee hereby undertakes to return such Documents or any other material belonging to the Company and in his possession to the Company (a) if he is asked to do so by the Company or (b) upon termination of the Employee's employment by the Company, whichever is the earlier, and if requested to do so by the Company, to sign a written declaration confirming that he has performed the aforesaid.

1.3. It is clear to and understood by the Employee that all of the confidential information is substantive commercial information which is the property of the Company or of companies related to it, or of third parties to which the Company or companies related to it owe a duty of confidentiality, which is not in the public domain and which cannot easily be discovered by others, the confidentiality of which grants the Company or companies related to it a commercial advantage over their competitors, and that the Company takes reasonable measures to maintain the confidentiality of it.

1.4. The Employee's undertakings under this Agreement are towards the Company and any parent company, subsidiary, related companies and any party that stands in its place by law, as may be in existence from time to time.

1.5. The Employee's undertakings under this section shall remain in force after termination of the Employee's employment under the Employment Agreement.

2. **Non Competition**

2.1. The Employee agrees that during the term of performance of the Employment Agreement and for twelve months after termination thereof, for any reason whatsoever, he shall neither deal in nor be involved in nor be in any way related to, nor be employed directly or indirectly, himself or via any other persons, for himself or as an agent, broker, licensor, employee, office bearer, director, partner, member of a joint venture, shareholder, investor, consultant or in any other way, and without the prior written consent of the Company, in any business or venture, anywhere in the world, that deals in any activities in the context of which (a) there are products or services that compete with the products or services of the Company, or with the products or services of companies related to the Company regarding the Company's business, as may have been at the time of termination of the Employee's employment; (b) there are information, processes, technology or equipment in which the Company has a proprietary right or in which a company related to the Company has a proprietary right, and that are related to the Company's businesses that exist at present or in the future, or that are based on similar technology to that which was developed by the Company. The aforesaid shall not apply to (a) the holding of securities in any company whose shares are traded to the public on a stock exchange that has been recognized internationally, provided that such holding shall not be greater than 1% of the issued share capital of such public company, and the Employee does not perform an active role in such public company as a director, employee, consultant (including independent consultant), or any other active role, or (b) non-commercial activity which is *de minimis*.

2.2. The Employee agrees that during the term of the Employee's employment by the Company and for a period of 12 months from the date of termination of his employment for any reason whatsoever, the Employee shall not solicit nor encourage, directly or indirectly, himself or via a business in which the Employee is an employee, office bearer, director, shareholder, consultant or contractor, for any purpose and at any place, a person who was employed by the Company or a related company to the Company to terminate their employment with the Company or with a related company thereto, as the case may be.

2.3. The Employee agrees that for the period of two years from the date of termination of the contract under the Employment Agreement, he shall not directly or indirectly employ any person who was employed by the Company or a related company to it during the two year period preceding the date of termination of his contract as aforesaid. It is clarified that this section does not apply to professional external consultants with whom the Company worked, such as advocates, accountants, communications, investor relations consultants, and regulatory consultants.

3. **Assignment of Intellectual Property Rights**

3.1. For the purposes of this Appendix, the following definitions shall apply:

"**Inventions**" shall mean, inter alia, any invention, discovery, idea, improvement, amendment, amelioration, document, software, hardware, firmware, work, form, mask works, labor, sketch, original work, formulas, techniques, methods, systems, processes, compositions of material, databases, knowledge, information and commercial secrets that came into being, were invented, discovered, developed, composed or processes by the Employee during the course of his employment or twelve (12) months thereafter (or the maximum period that the law permits if such is shorter, in whole or in part, or to the creation of which the Employee's efforts contributed, independently or jointly with others, whether patentable, or able to be protected under copyright or any other protection, or not; and:

(a) That are related, directly or indirectly, to the Company's business, including oral administration technologies for improvement of the pharmacokinetics of drugs or that come into being by via use of the Company's equipment; or

(b) That are related to existing research and development of the Company or that can be proven to be in planning stages, with respect to the Company's business, or such research and development of a company that is related to the Company; or

(c) That are being developed, in whole or in part, during the Employee's working hours at the Company or via the use of equipment, supplies, facilities or confidential information of the Company or of a related company to the Company.

"**Commercial secrets**" shall mean "commercial secrets" as defined in the Commercial Torts Law, 5759-1999, and any documentation, software, hardware, form, client list, knowledge and information of any kind or type relating to the Company's business in the past, present or future, or any plans with respect to them, or with respect to the business of any third party in the present or in the future, or any plans with respect to them (including any object or information of any form whatsoever prescribed by law to be a commercial secret) which reached the knowledge of the Employee, which the Company does not disclose to third parties without restrictions on use or restrictions on disclosure to other third parties.

3.2. Without derogating from any other provision in the law:

A. The Employee shall reduce any invention to writing and shall disclose to the Company or to a company related to it, together with explanations, and shall keep an accurate record with respect to the conception of any invention and the implementation of any idea. Such records shall be the exclusive property of the Company, and the Employee shall deliver possession of the records to the Company upon termination of his contract with the Company.

B. The Employee hereby assigns to the Company, or to companies related to it, for no additional consideration to the Employee, all of the exclusive rights, title, possession and property to the Inventions, and any proprietary rights and intellectual property rights therein, and the proprietary rights and the intellectual property rights stemming therefrom or based thereupon, both in Israel and overseas. The Employee shall sign any assignment, declaration or other document that may be prepared by the Company for the purpose of giving force to the aforesaid. The Employee hereby confirms the Company's exclusive intellectual property rights and those of companies related to it in Israel and overseas, in all of the Inventions, and shall confirm such in the future as well.

C. During the period of performance of the Employment Agreement, and thereafter, the Employee shall provide the Company with all information, documents, and reasonable assistance that the Company may request in order to prepare, perform and complete the registration of the proprietary rights, the intellectual property, and his patent over the Inventions and the Commercial Secrets and the rights as aforesaid stemming from the Inventions and the Commercial Secrets or based on them, to protect or enforce such, in any jurisdiction at the Company's discretion. The Company, at its exclusive discretion, shall determine the scope of the rights as aforesaid in the Inventions and in the Commercial Secrets, or stemming from them, if any, which need to be protected. Such assistance shall include the preparation of documents, sketches, and other data, and execution of documents for the assignment of rights, applications and other forms. Any such information, document and assistance shall be provided to the Company by the Employee, subject to the Company's indemnity for any costs that may be incurred to the Employee with respect to such (in accordance with the parties' prior consent with respect to such).

D. During the period of performance of the Employment Agreement, and thereafter, the Employee shall maintain the confidentiality and secrecy of the Inventions as though such were Confidential Information under this Agreement, shall not disclose such to others without obtaining the prior written consent of the Company, and shall not make use of the Inventions as aforesaid for any purpose whatsoever, except for the purpose of performance of the services for the Company.

E. The Employee irrevocably confirms that the consideration paid to the Employee under the express conditions of the Employment Agreement shall be in lieu of any right that the Employee might have been entitled to receive by law for payment for the Inventions and the Employee hereby waives any right to receive royalties or any other payment for the Inventions, including under section 134 of the Patents Law, 5727-1967. With respect to the above, no arrangement, contract or agreement made orally or in writing shall have any effect unless such is in writing and lawfully signed by the Company.

4. **Remedies**

It is clear and understood by the Employee that a breach of the undertakings contained in this Agreement or any part thereof, shall cause the Company or its related companies serious and irreparable damage. In light of the aforesaid, the Employee agrees that in the event of a breach or an expected breach as aforesaid, the Company, a related company of the Company or a person whom the Company or a related company to it have assigned their rights shall be entitled, without derogating from the rights, and in addition to such other rights, remedies and compensation that are available to them by law or in equity, to a temporary or permanent injunction or any other possible equitable remedy, in order to prevent or remove the breach or the attempted breach of this Agreement by the Employee or any other person or entity acting for him or on his behalf. In the event that proceedings are instituted to enforce the conditions of the restrictions in the Agreement as aforesaid, the party entitled by law to any other remedy in addition, shall be entitled to the restitution of any reasonable sum for advocates' fees and other costs that might have been incurred due to the steps that were taken, both in the trial court and in the appellate court, and in any bankruptcy proceedings. In the event that a competent court holds, in a final verdict that can no longer be appealed, that the scope, duration of time or geographical restrictions that were specifically prescribed in any of the restrictions set out in the Agreement are broader than can be enforced, such court shall be authorized, and the parties to this Agreement agree and hereby state that such court shall amend the conditions of the restrictions as aforesaid and shall enforce the conditions in accordance with the scope, duration of time and geographical restrictions that appeared to it to be just and proper, taking into account the intention of the parties.

5. **Confirmations and Declarations**

The Employee hereby declares and confirms as follows:

5.1. The Employee's undertakings regarding non-competition and protection of confidentiality under this Agreement are fair, reasonable, and proportionate, and are intended to protect the secrets and the confidential information of the Company and related companies to it, which are the essence of the Company's protectable commercial and business advantages, and in which considerable capital has been invested.

5.2. A breach of his above undertakings shall contravene the fiduciary relationship and the special trust between the parties as employer and employee, the proper rules of commerce, and the duties of good faith and fairness between the parties, shall harm the Company's business, and shall constitute a fundamental breach of this Agreement and of the Employment Agreement.

5.3. It is clear and understood to the Employee that the restricted period of time and the geographical zone that are set out in this Agreement are reasonable, in light of the nature of the Company's business and the Employee's knowledge with respect to the Company's business.

5.4. The Employee declares that his undertakings under this section, which are reasonable and proportionate, will not prevent him from developing his general knowledge and professional expertise in the field of his operations, with respect to any persons who are not customers or employees of the Company, and without his stealing the Company's secrets.

5.5. The Company shall be entitled to assign the Employee's undertakings towards it under this Agreement. The Employee shall not be entitled to assign or transfer his duties under this Agreement to any other person without the prior written consent of the Company. This Agreement shall bind the heirs, authorized assigns and any person standing in place of the Employee by law.

/s/ Nadav Navon /s/ Nir Sassi	*/s/ Zeev Weiss*
Intec Pharma Ltd.	**Zeev Weiss**

Exhibit 4.19

Translate from Hebrew

Employment Agreement
Made and Executed at Jerusalem, on the 12th day of December 2017

Between

Intec Pharma Ltd., Public Company No. 513022780
Of 12 Hartom St., P.O.B. 45219
Jerusalem 9777512
(hereinafter: the "**Company**")

Of the First Part;

And

Zvi Joseph Identity No. 022152177
13 Menachem Begin St., Yehud
(hereinafter: the "**Employee**")

Of the Second Part;

Whereas: The Employee was employed by the Company under a prior employment agreement of November 1, 2004, as amended from time to time (jointly: the "**Previous Employment Agreement**"); and

Whereas: As of December 12, 2017 (the "**Effective Date**"), the Employee shall be employed in the position of senior consultant (hereinafter: the "**Job**"), in accordance with the conditions set forth in this Agreement below; and

Whereas: The Employee declares that he has the skill, qualifications, reliability and experience required for the purpose of performance of the Job that he is to perform at the Company; and

Whereas: The Company and the Employee wish to regulate the conditions of the Employee's employment, all as is set out in this Agreement below:

Therefore, it is hereby declared, stipulated and agreed between the parties as follows:

1. **Substance of Agreement**

1.1. The Preamble to this Agreement constitutes an integral part of it.

1.2. The headings of sections in this Agreement are for the purposes of the parties' convenience alone and are not to be used for interpretation of the Agreement or the conditions hereof.

2. **Employee's Declarations**

The Employee declares to the Company as follows:

2.1. He has the knowledge, the ability, the experience, the skills and the expertise required for the purpose of performance of the Job in accordance with the provisions of this Agreement and the instructions of the Company from time to time.

2.2. He shall keep all of the conditions and particulars of this Agreement confidential.

2.3. The Employee declares and undertakes that there is no limitation by agreement or otherwise to his ability to enter into this Agreement and/or to his employment by the Company in accordance with the conditions of this Agreement, and that he shall be entitled to enter into this Agreement and to accept all of the undertakings hereunder.

2.4. This Agreement and the appendixes hereto constitute the full agreement between the parties and supersede any prior agreement, offer, understanding, correspondence, content, conversation or arrangement, in writing or oral, if any, between the parties, with respect to the conditions of the Employee's employment, including the Previous Employment Agreement. Any matter not expressly regulated in this Agreement shall be in accordance with the law. Any amendment and/or addendum to this Agreement shall bind the parties to this Agreement and only be in force if it is in writing and signed by the parties.

2.5. The Employee has received full payment from the Company for his employment and/or for his contract with the Company for the period prior to the Effective Date, and he shall not have any claim in this regard against the Company and/or any person acting on its behalf.

2.6. Unless otherwise prescribed in this Agreement or in the Company's procedures, the Employee shall use Company's property only for the purpose of his employment, and in the context of his Job. Therefore, the Employee shall not be entitled to make any private use whatsoever of the Company's computers and electronic mail boxes, including the email function on his mobile telephone (jointly: the "**Computers**"), shall not be entitled to store private files on the Computers and may not make use of any private account on cloud services for the purpose of storing the Company's documents. For private purposes, the Employee shall be entitled to use internet email services such as Gmail.

2.7. The Employee is aware and agrees that: (1) the Company shall be entitled to allow other employees and third parties to make use of the Computers; (2) the Company shall be entitled to conduct inspections of the Computers, including use habits and content of email and internet transmissions; (3) the Company shall be entitled to rely on the findings of such inspections which shall constitute prima facie evidence in legal proceedings; (4) in light of the Employee's undertakings to use the Computers, including those which he uses exclusively, for the purposes of his work only, the Employee shall not have any right to privacy with respect to the content of the Computers.

3. **The Employee's Undertakings**

The Employee undertakes to the Company as follows:

3.1. The Employee shall be employed by the Company in a half-time position (50%), during the Company's ordinary business hours. The Employee shall be subject to the provisions of the law regarding breaks at work. The Employee's weekly day of rest shall be Saturday.

3.2. To perform his Job with honesty, dedication, loyalty and skill and to do all his efforts for the purpose of the advancement of the Company.

3.3. Subject to the Company's requirements from time to time, the Employee undertakes to devote the necessary time and attention, his skills, his knowledge and his experience to the performance of his Job for the benefit of the Company and for its benefit only.

3.4. That he shall report, in the context of his Job, to the Company's management, including to Mr. Nir Sassi who shall be his direct supervisor, and be subject to their instructions with respect to his work and/or his Job, including, without limitation, any provisions and/or instructions with respect to work procedures, Company's board of directors resolutions performance and any other instruction of Company's management.

3.5. That he shall not undertake and/or guarantee and/or declare, on behalf of the Company, and shall not impose upon it any obligation, and shall not use its name beyond the authority that is granted to him under this Agreement and/or powers that may be defined expressly by Company's management.

3.6. During the period of his employment and in the performance of his Job, the Employee shall act in the framework of the Company's procedures, disciplinary rules, articles of association and such arrangements as may be set by the Company from time to time.

3.7. The Employee shall not be entitled to receive any consideration or benefit whatsoever, from any person whatsoever, apart from the Company, including from customers or suppliers of the Company. Any sum or benefit or equivalent that may be received by the Employee in contravention of the aforesaid shall belong to the Company and the Employee undertakes to return such to the Company at its first demand.

3.8. To notify the Company immediately, and without delay, of any matter in respect of which he has a personal interest, and/or which might create a conflict of interests with his Job.

4. **Salary and Auxiliary Conditions**

4.1. For a full 50% position, the Employee shall be entitled for a monthly salary in the sum of NIS 25,000 (Twenty-five thousand New Israeli Shekels) gross.

4.2. The above monthly salary shall include a sum of NIS 7,500 (seven thousand five hundred New Israeli Shekels) (gross) which constitute global overtime remuneration (hereinafter: the "**Global Overtime Remuneration**") and shall reflect remuneration for an average performance of up to 30 overtime hours a month by the Employee, as required for the purpose of the performance of the Job. For the avoidance of doubt, the Employee shall be entitled to this sum, irrespective of the number of overtime hours that he worked in fact, up to the aforesaid quota of hours.

The monthly wage and the Global Overtime Remuneration shall hereinafter jointly referred to as: the "**Monthly Salary**", as set out in section 4.1 above.

4.3. The Monthly Salary shall be paid to the Employee after deduction of all of the sums that the Company is required and/or entitled to deduct under any law and/or this Agreement, not later than the end of the 9th day of the calendar month after the month in respect of which the salary is paid.

4.4. In addition to the Monthly Salary, the Employee shall be granted 50,000 options (the "**Options**") for the purchase of ordinary shares of the Company at no par value, 50% of which shall vest one year after the Options' grant date, and the remainder (50%) shall vest during the subsequent six month period. The Options shall be fully accelerated in the following events: (a) a "Merger Transaction" as such term is defined in the Company's 2015 Equity Incentive Plan; or (b) the Employee's dismissal by the Company, other than in the circumstances that are set forth in section 6.3 below. It is clarified that such Options' grant and the conditions thereof are subject to execution of a separate grant letter and the provisions of the Company's 2015 Equity Incentive Plan.

4.5. The Employee shall be entitled to annual vacation, convalescence pay, and sick pay in accordance with and subject to the provisions of any law.

4.6. For the avoidance of doubt it is clarified that the Employee's vacation days may not be accumulate and shall be utilized as agreed upon by him and the Company. The redemption of them, as permitted by law, shall only be allowed following to the Employee's termination.

4.7. It is agreed that the Company shall be entitled to set off from the Employee's Salary and/or any payment that the Employee may receive from the Company, if any, pursuant to the law or/and this Agreement, any amount that the Employee may owe to the Company in accordance with any present and/or future agreement between them in writing and/or orally and/or which the Company may be entitled to deduct such amounts in accordance with the Employee's instructions and/or the provisions of this Agreement.

4.8. Furthermore, the Employee shall be entitled, during the term of his employment with the Company, for a mobile telephone and a company car, in accordance with the Company's policy as amended from time to time. The Company shall gross up the tax on the car benefit, for the Employee.

5. **Social Benefits**

5.1. During the term of this Agreement, and subject to the instructions that may be set from time to time by the Income Tax Commission and in accordance with the ceiling permitted for deduction, the Company shall set aside, for the Employee, in accordance with section 14 of the Severance Pay Law, 5723-1963 and the certificate of the Minister of Labor and Welfare in an Order of June 30, 1998, which was granted in accordance with the aforesaid section 14, as amended, and which is attached to this Agreement as **Appendix A**, into executive insurance or a pension fund. The Company hereby waives its right to refund of the monies that it paid for the pension fund and/or the executive insurance policy, unless the Employee's right to severance pay will be dismissed under judgment decision pursuant to sections 16 and 17 of the Severance Pay Law, 5723-1963 (in accordance with the provisions thereof), or if the Employee withdraws monies from the pension fund and/or the executive insurance policy, other than due to an "entitling event". For this purpose, an "entitling event": death, disability or retirement at age sixty or above.

5.2. The Company undertakes, as of the execution date of this Agreement, to set aside the sum in New Israeli Shekel equivalent of 7.5% of the Monthly Salary into a study fund. The Employee agrees that the Company shall deduct an additional sum, equal to 2.5% of the Monthly Salary, from his salary, for deposits into such study fund.

5.3. It is hereby agreed that the Company's deposits for severance pay for the Employee (i.e., 8.33% of any gross Monthly Salary payment) are in lieu of and considered as a full and final payment for any severance pay to which the Employee is or might become entitled under any law that may apply. This section is in accordance with section 14 of the Severance Pay Law, 5723-1963, and the certificate of the Minister for Labor and Welfare in an Order of June 30, 1998, which was granted in accordance with the aforesaid section 14, as amended, and which is attached to this Agreement as **Appendix A**.

6. **Term of Agreement**

6.1. This Agreement is for a fixed period commencing on the Effective Date and ending on June 11, 2019 (hereinafter: the "**Term of the Agreement**"), and subject to the provisions below.

6.2. Notwithstanding the provisions of section 6.1 above, each party shall be entitled to terminate this Agreement by a 180-days notice in writing (it is clarified that the prior notice period shall not extend the Term of the Agreement beyond what is stated in section 6.1).

6.3. Throughout the entire Term of the Agreement, the Company shall be entitled to terminate this Agreement immediately, without prior notice, upon the occurrence of one or more of the events set out below:

6.3.1. The Employee is convicted of a criminal offense (except for a technical offense or a strict liability offense), or if an indictment is submitted against him for a criminal offense in the form of a misdemeanor or felony.

6.3.2. The Employee has committed a breach of trust against the Company.

6.3.3. The Company has discovered that the Employee has breached his non-disclosure and non-competition undertakings; or

6.3.4. The Employee has breached the Agreement and has not cure such breach, despite having received a 30 day notice about the breach or a shorter notice, in accordance with the urgency of the matter and/or has committed a serious disciplinary offense in circumstances that enable the denial of severance pay.

6.4. For the avoidance of doubt, it is agreed that in each of the cases set out in paragraph 6.3 above, the dismissal shall come into force immediately, without the need for the giving of prior notice or any payment for such.

6.5. Upon Employee's termination for any reason, the Employee shall transfer his Job in a full and organized manner to such a person as the Company shall instruct him, and shall provide the Company with all documents, information, equipment and material that reached him as an employee of the Company or that were prepared by him in the context of his employment at the Company.

7. **Confidentiality**

7.1. The Employee hereby undertakes to keep confidential and not to disclose, show, deliver, during the term of his employment or thereafter, without any limitation as to time, to any person or entity, in Israel or overseas, commercial, professional, business or other secrets of the Company, or knowledge and/or information relating to the Company or relating directly or indirectly to the Company, its property, business and affairs, its customers, suppliers, the persons or entities who are or were in contact with the Company, including but without derogating from the generality of the aforesaid, any work, concept, invention, copyright, patent, contrivance, design and any intellectual property right, improvement, idea, process, technology, conclusions, management of human resources and fixing of salary, conditions of agreements to which the Company is a party, and documents of the Company, whether such secrets and/or knowledge and/or information have reached him directly or indirectly in the context of his employment and/or during the course of his employment and/or during the time of his employment and/or as a result of his employment and/or as a result of his Job, or if they reached him, directly or indirectly, in any other way whatsoever. The Employee hereby confirms that the secrets and/or the knowledge and/or the information as aforesaid shall be the exclusive property of the Company and that he does not and will not have any claim of any kind whatsoever with respect to them or stemming from them.

7.2. The Employee hereby undertakes not to make any use of any kind whatsoever, in Israel or overseas, of the secrets and/or the knowledge and/or the information set out in section 7.1 above, except – and only to the extent that the matter is required – for the purpose of performance of his Job at the Company. In this context, the Employee undertakes not to exploit the aforesaid secrets and/or the knowledge and/or the information in Israel and/or overseas, for his own personal purposes and/or for his work at any other place of work, without any limitation as to time or place.

8. **Intellectual Property**

8.1. Without derogating from the undertaking appendix that is attached to this Agreement (**Appendix B**), any privileged information, including any work, concept, invention, improvement, idea, process, technology, conclusions, copyright, patent, contrivance, refinement, design, development and any other intellectual property right, etc., which may be developed or invented by the Employee, alone or jointly with others, during or in the course of or in connection with his employment at the Company, shall be the exclusive property of the Company, and the Employee shall not have any right to ownership and/or royalties and/or consideration and/or any other right with respect to such information. Any application, analysis, commercialization, marketing, sale and/or any other use of any such analysis and/or invention as aforesaid shall be in accordance with the Company's exclusive and absolute discretion. It is hereby clarified that the consideration that is to be paid to the Employee under this Agreement also includes consideration for possible inventions that will be developed or made by the Employee, alone or with others, during the course of or in the course of or with respect to his employment at the Company, and the Employee shall not be entitled to any additional or separate consideration in the event of any invention that he may make.

8.2. The provisions of this section shall survive the termination of this Agreement, for any reason whatsoever, or after the expiration of this Agreement, and all without any limitation of time or place.

9. **Remedies in the Event of the Breach of Confidentiality and Intellectual Property Provisions**

9.1. The Employee agrees that any breach of the provisions of sections 7 and/or 8 above shall be deemed a fundamental breach of this Agreement.

9.2. It is known and understood by the Employee that upon any breach of sections 7 and/or 8 above by him, the Company shall petition the court for a remedy of an injunction against the Employee and/or any person acting on his behalf and/or against any third party that is related to the acts and/or omissions of the Employee, and any monetary claim in tort for the damages that may be caused to the Company, without derogating from any other remedy to which the Company may be entitled by virtue of this Agreement and/or under any law.

9.3. Without derogating from the aforesaid provisions, the Employee finally and irrevocably waives any right to any remedy in the form of an injunction and/or mandamus order against the Employer and any claim and/or demand by the Employee shall be for a monetary remedy alone.

10. **Exclusivity and Non-Competition**

10.1. The Employee undertakes not to act, work, participate and/or consult, directly or indirectly, alone or via others, as a salaried employee, a self-employed person or as a freelancer, or in any other way, in any business, job, work or other engagement whatsoever that is in competition with and/or that might be in competition with the Company's business, both throughout the term of his employment as defined above and for a period of 12 more months after the termination date of his employment, for any reason whatsoever.

11. **Miscellaneous**

11.1. It is agreed that the provisions of this Agreement are exhaustive of the agreements between the parties and any promise, undertaking, accord, memorandum of understanding, or representation made between the Parties, if made prior to the execution hereof, either in writing or orally, are null and void and are of no evidentiary use vis-à-vis the Company.

11.2. Any amendment of the conditions and provisions of this Agreement shall require an additional document in writing which shall be signed by the parties to this Agreement.

11.3. The parties agree that the sole and exclusive jurisdiction with respect to the rights stemming from and/or relating to this Agreement shall obtain to the competent courts and/or tribunals in the city of Tel Aviv Yafo.

11.4. In the event that it is held that any of the provisions of this Agreement are not enforceable or are invalid, such shall not affect or harm the legality, validity or enforcement of the rest of the provisions of the Agreement, which are not related to and/or do not stem from the provision that is not in force.

11.5. No delay in proceedings for the enforcement of any right whatsoever under this Agreement and under any law shall be deemed to be a waiver of such right or of any other right nor shall it prevent the possibility of suing for remedies for the breach of the right, including enforcement thereof at some later date.

11.6. The parties undertake to perform all of their undertakings under this Agreement in loyally, good faith and in accordance with fiduciary relations.

11.7. The addresses of the parties are as set out in the preamble to this Agreement. Any notice that is sent by one party to the other shall be deemed to have been received within 3 business days of the date of dispatch thereof by registered mail, or at the time of delivery by a courier, whichever is the earlier.

In witness whereof, we have hereunto set our hands:

/s/ Intec Pharma Ltd	/s/ Zvi Joseph
Intec Pharma Ltd	**Zvi Joseph**

Appendix A

General Certification (Consolidated Version) regarding Employer Payments into Pension Funds and Insurance Funds in lieu of Severance Pay
Pursuant to the Severance Pay Law, 5723-1963
[Updated as at February 28, 2001]

By virtue of my authority pursuant to section 14 of the Severance Pay Law, 5723-1963,[1] (hereinafter: the "Law"), I certify that payments made by the Employer as of the date of publication of this Certificate, for the Employee, into a comprehensive pension in an annuity fund as defined in the Income Tax (Rules for Approval of and Management of Pension Funds) Regulations, 5724-1964[2] (hereinafter: a "Pension Fund"), or into an executive insurance policy which includes the ability to pay an annuity or a combination of payments into an annuity plan and a plan which is not an annuity plan, into such insurance fund (hereinafter: an "Insurance Fund"), including payments made by combining payments into a Pension Fund and an Insurance Fund, whether the Insurance Fund contains an annuity plan or not (hereinafter: "Employer Payments") shall stand in lieu of the severance pay owing on the salary out of which the aforesaid payments are made, and for the period paid (hereinafter: the "Severance Salary"), provided that all of the above exist:

(1) Employer's payments –

(a) Into a Pension Fund shall be no less than 14 1/3% of the Severance Salary or 12% of the Severance Salary if the Employer also makes payments for the Employee, in addition to the above, for supplementation of severance pay into a severance pay pension fund or an Insurance Fund in the Employee's name in the rate of 2 1/3% of the Severance Salary. Where the Employer has not paid the aforesaid 2 1/3% in addition to the 12%, the Employer's payments shall stand in lieu of 72% of the Employee's severance pay only.

(b) Into an Insurance Fund are no less than one of the following:

(1) 13 1/3% of the Severance Salary, if the Employer pays for the Employee, in addition to the above, for monthly salary assurance in the event of loss of capacity to work, under a plan approved by the Commissioner for Capital Markets, Insurance and Savings at the Ministry of Finance, in the rate required to assure 75% of the Severance Salary at least, or in the rate of 2 1/2% of the Severance Salary, whichever is the lesser (hereinafter: "**Payment for Insurance of Loss of Capacity to Work**");

(2) 11% of the Severance Salary, if the Employer also makes payment for insurance for loss of capacity to work, in which case the Employer's payments shall be in lieu of 72% of the Employee's severance pay, only; should the Employer make payments to supplement severance pay in addition to the above into a Pension Fund or Insurance Fund for severance pay in the Employee's name, in the rate of 2 1/3% of the Severance Salary, the Employer's payments shall be in lieu of 100% of the Employee's severance pay.

(2) No more than three months after the commencement of the Employer's payments, a written agreement is entered into between the Employer and the Employee containing –

1 *Sefer Hachukim*, 5723, p. 136.
2 *Kovetz Hatakanot*, 5724, p. 1302.

(a) The Employee's consent to an arrangement under this authorization in a form setting out the Employer's payments to the Pension Fund or Insurance Fund, as the case may be, such agreement shall also be contain the wording of this authorization;

(b)[3] A waiver by the Employer in advance of any right that it may have to reimbursement of the monies from its payments, unless if the Employee's right to severance pay were revoked in a judgment under sections 16 and 17 of the Law, and in case that such rights were revoked, or that the Employee has withdrawn monies from the Pension Fund or the Insurance Fund not due to an entitling event; in this regard, "entitling event" – death, disability or retirement at the age of 60 or more.

(c) This Certificate shall not derogate from an employee's right to severance pay under the law, under a collective agreement, extension order or employment contract, in respect of salary above the Severance Salary.

Eliyahu Yishai

Minister of Labor and Welfare

Signature of Employee:

Date: *December 25, 2017* **Signature:** /s/ Zvi Joseph

[3] Amendment: *Yalkut Pirsumim* [Gazette] 4803, 5760 (September 19, 1999).

Appendix B

Deed of Undertaking of Non-Disclosure / Non-Competition / Assignment of Intellectual Property Rights

Made and executed on *December 12, 2017*

Between **Zvi Joseph , identity no. 022152177** of 13 Menachem Begin St., Yehud (hereinafter: the "**Employee**")

And **Intec Pharma Ltd., Company No. 513022780** of 12 Hartom St., Jerusalem (hereinafter: the "**Company**").

1. **Confidentiality**

Without derogating from the definition of "confidential information" contained in the Employment Agreement to which this Deed of Undertaking of Non-Disclosure/Non-Competition/Assignment of Intellectual Property Rights ("**this Agreement**") constitutes an appendix (the "**Employment Agreement**"), "**Confidential Information**" shall include research and development with respect to existing or future products, inventions, hardware, computer software, databases, plans, techniques, sketches, ideas, processes, production methods, formulas, procedures, business plans, customers, economic information, marketing plans, and any commercial secret (whether patentable or not), improvements and knowledge relating to the aforesaid, and any information or data relating to or regarding the technology, products or services of the Company or of companies related to it (either existing, potential or future), or relating to the business of the Company or companies related to it (either existing, potential or future), in any other way, including any commercial information relating to customers and suppliers, whether tangible or intangible, and any other commercial secret, as defined in the Commercial Torts Law, 5759-1999, to the extent that any such does indeed exist, either of the Company or of any company related to it. The aforesaid shall not apply to information that has been introduced into the public domain by the Company or in any other legal manner.

1.1. The Employee shall maintain the confidentiality and secrecy of all confidential information as defined above, which may reach the Employee's knowledge during the course of provision of the services or the contract with the Company or a related company to it, or as a result thereof, and the Employee shall not disclose, make use of, publish or otherwise expose, directly or indirectly, any such confidential information, at any time during the course of or after the end of the term of his employment by the Company, without any limitation as to time and place, without the express approval of an authorized representative of the Company, in advance and in writing.

1.2. Any confidential information, whether found in written materials, documents, computer software and/or hardware, electronic media, magnetic media, servers or in any other form or manner (all, hereinafter: the "**Documents**"), including notebooks, notes, memorandums, records, diagrams, sketches, bulletins, formulas, reports, computer programs, other information of any kind whatsoever that may reach the Employee's possession or that may have been prepared by the Employee or by others, shall be the exclusive property of the Company or of a company related to the Company, as the case may be. The Employee hereby undertakes to return such Documents or any other material belonging to the Company and in his possession to the Company (a) if he is asked to do so by the Company or (b) upon termination of the Employee's employment by the Company, whichever is the earlier, and if requested to do so by the Company, to sign a written declaration confirming that he has performed the aforesaid.

1.3. It is clear to and understood by the Employee that all of the confidential information is substantive commercial information which is the property of the Company or of companies related to it, or of third parties to which the Company or companies related to it owe a duty of confidentiality, which is not in the public domain and which cannot easily be discovered by others, the confidentiality of which grants the Company or companies related to it a commercial advantage over their competitors, and that the Company takes reasonable measures to maintain the confidentiality of it.

1.4. The Employee's undertakings under this Agreement are towards the Company and any parent company, subsidiary, related companies and any party that stands in its place by law, as may be in existence from time to time.

1.5. The Employee's undertakings under this section shall remain in force after termination of the Employee's employment under the Employment Agreement.

2. **Non Competition**

2.1. The Employee agrees that during the term of performance of the Employment Agreement and for twelve months after termination thereof, for any reason whatsoever, he shall neither deal in nor be involved in nor be in any way related to, nor be employed directly or indirectly, himself or via any other persons, for himself or as an agent, broker, licensor, employee, office bearer, director, partner, member of a joint venture, shareholder, investor, consultant or in any other way, and without the prior written consent of the Company, in any business or venture, anywhere in the world, that deals in any activities in the context of which (a) there are products or services that compete with the products or services of the Company, or with the products or services of companies related to the Company regarding the Company's business, as may have been at the time of termination of the Employee's employment; (b) there are information, processes, technology or equipment in which the Company has a proprietary right or in which a company related to the Company has a proprietary right, and that are related to the Company's businesses that exist at present or in the future, or that are based on similar technology to that which was developed by the Company. The aforesaid shall not apply to (a) the holding of securities in any company whose shares are traded to the public on a stock exchange that has been recognized internationally, provided that such holding shall not be greater than 1% of the issued share capital of such public company, and the Employee does not perform an active role in such public company as a director, employee, consultant (including independent consultant), or any other active role, or (b) non-commercial activity which is *de minimis*.

2.2. The Employee agrees that during the term of the Employee's employment by the Company and for a period of 12 months from the date of termination of his employment for any reason whatsoever, the Employee shall not solicit nor encourage, directly or indirectly, himself or via a business in which the Employee is an employee, office bearer, director, shareholder, consultant or contractor, for any purpose and at any place, a person who was employed by the Company or a related company to the Company to terminate their employment with the Company or with a related company thereto, as the case may be.

2.3. The Employee agrees that for the period of two years from the date of termination of the contract under the Employment Agreement, he shall not directly or indirectly employ any person who was employed by the Company or a related company to it during the two year period preceding the date of termination of his contract as aforesaid.

3. **Assignment of Intellectual Property Rights**

3.1. For the purposes of this Appendix, the following definitions shall apply:

"**Inventions**" shall mean, inter alia, any invention, discovery, idea, improvement, amendment, amelioration, document, software, hardware, firmware, work, form, mask works, labor, sketch, original work, formulas, techniques, methods, systems, processes, compositions of material, databases, knowledge, information and commercial secrets that came into being, were invented, discovered, developed, composed or processes by the Employee during the course of his employment or twelve (12) months thereafter (or the maximum period that the law permits if such is shorter, in whole or in part, or to the creation of which the Employee's efforts contributed, independently or jointly with others, whether patentable, or able to be protected under copyright or any other protection, or not; and:

(a) That are related, directly or indirectly, to the Company's business, as defined in the Employment Agreement, including a platform for the delaying of drugs in the stomach or that come into being by via use of the Company's equipment; or

(b) That are related to existing research and development or that can be proven to be in planning stages, with respect to the Company's business, or such research and development of a company that is related to the Company; or

(c) That are being developed, in whole or in part, during the working hours of the Company or via the use of equipment, supplies, facilities or confidential information of the Company or of a related company to the Company.

"**Commercial secrets**" shall mean "commercial secrets" as defined in the Commercial Torts Law, 5759-1999, and any documentation, software, hardware, form, client list, knowledge and information of any kind or type relating to the Company's business in the past, present or future, or any plans with respect to them, or with respect to the business of any third party in the present or in the future, or any plans with respect to them (including any object or information of any form whatsoever prescribed by law to be a commercial secret) which reached the knowledge of the Employee, which the Company does not disclose to third parties without restrictions on use or restrictions on disclosure to other third parties.

3.2. Without derogating from any other provision in the law:

A. The Employee shall reduce any invention to writing and shall disclose to the Company or to a company related to it, together with explanations, and shall keep an accurate record with respect to the conception of any invention and the implementation of any idea. Such records shall be the exclusive property of the Company, and the Employee shall deliver possession of the records to the Company upon termination of his contract with the Company.

B. The Employee hereby assigns to the Company, or to companies related to it, for no additional consideration to the Employee, all of the exclusive rights, title, possession and property to the Inventions, and any proprietary rights and intellectual property rights therein, and the proprietary rights and the intellectual property rights stemming therefrom or based thereupon, both in Israel and overseas. The Employee shall sign any assignment, declaration or other document that may be prepared by the Company for the purpose of giving force to the aforesaid. The Employee hereby confirms the Company's exclusive intellectual property rights and those of companies related to it in Israel and overseas, in all of the Inventions, and shall confirm such in the future as well.

C. During the period of performance of the Employment Agreement, and thereafter, the Employee shall provide the Company with all information, documents, and reasonable assistance that the Company may request in order to prepare, perform and complete the registration of the proprietary rights, the intellectual property, and his patent over the Inventions and the Commercial Secrets and the rights as aforesaid stemming from the Inventions and the Commercial Secrets or based on them, to protect or enforce such, in any jurisdiction at the Company's discretion. The Company, at its exclusive discretion, shall determine the scope of the rights as aforesaid in the Inventions and in the Commercial Secrets, or stemming from them, if any, which need to be protected. Such assistance shall include the preparation of documents, sketches, and other data, and execution of documents for the assignment of rights, applications and other forms. Any such information, document and assistance shall be provided to the Company by the Employee at no additional cost to the Company, except for expenses in cash in fact expended by the Employee from his own pocket at the Company's request.

D. During the period of performance of the Employment Agreement, and thereafter, the Employee shall maintain the confidentiality and secrecy of the Inventions as though such were Confidential Information under this Agreement, shall not disclose such to others without obtaining the prior written consent of the Company, and shall not make use of the Inventions as aforesaid for any purpose whatsoever, except for the purpose of performance of the services for the Company.

E. The Employee irrevocably confirms that the consideration paid to the Employee under the express conditions of the Employment Agreement shall be in lieu of any right that the Employee might have been entitled to receive by law for payment for the Inventions and the Employee hereby waives any right to receive royalties or any other payment for the Inventions, including under section 134 of the Patents Law, 5727-1967. With respect to the above, no arrangement, contract or agreement made orally or in writing shall have any effect unless such is in writing and lawfully signed by the Company.

4. **Remedies**

It is clear and understood by the Employee that a breach of the undertakings contained in this Agreement or any part thereof, shall cause the Company or its related companies serious and irreparable damage. In light of the aforesaid, the Employee agrees that in the event of a breach or an expected breach as aforesaid, the Company, a related company of the Company or a person whom the Company or a related company to it have assigned their rights shall be entitled, without derogating from the rights, and in addition to such other rights, remedies and compensation that are available to them by law or in equity, to a temporary or permanent injunction or any other possible equitable remedy, in order to prevent or remove the breach or the attempted breach of this Agreement by the Employee or any other person or entity acting for him or on his behalf. In the event that proceedings are instituted to enforce the conditions of the restrictions in the Agreement as aforesaid, the party entitled by law to any other remedy in addition, shall be entitled to the restitution of any reasonable sum for advocates' fees and other costs that might have been incurred due to the steps that were taken, both in the trial court and in the appellate court, and in any bankruptcy proceedings. In the event that a competent court holds, in a final verdict that can no longer be appealed, that the scope, duration of time or geographical restrictions that were specifically prescribed in any of the restrictions set out in the Agreement are broader than can be enforced, such court shall be authorized, and the parties to this Agreement agree and hereby state that such court shall amend the conditions of the restrictions as aforesaid and shall enforce the conditions in accordance with the scope, duration of time and geographical restrictions that appeared to it to be just and proper, taking into account the intention of the parties.

5. **Confirmations and Declarations**

The Employee hereby declares and confirms as follows:

5.1. The Employee's undertakings regarding non-competition and protection of confidentiality under this Agreement are fair, reasonable, and proportionate, and are intended to protect the secrets and the confidential information of the Company and related companies to it, which are the essence of the Company's protectable commercial and business advantages, and in which considerable capital has been invested.

5.2. A breach of his above undertakings shall contravene the fiduciary relationship and the special trust between the parties as employer and employee, the proper rules of commerce, and the duties of good faith and fairness between the parties, shall harm the Company's business, and shall constitute a fundamental breach of this Agreement and of the Employment Agreement.

5.3. It is clear and understood to the Employee that the restricted period of time and the geographical zone that are set out in this Agreement are reasonable, in light of the nature of the Company's business and the Employee's knowledge with respect to the Company's business.

5.4. The Employee declares that his undertakings under this section, which are reasonable and proportionate, will not prevent him from developing his general knowledge and professional expertise in the field of his operations, with respect to any persons who are not customers or employees of the Company, and without his stealing the Company's secrets.

5.5. The Company shall be entitled to assign the Employee's undertakings towards it under this Agreement. The Employee shall not be entitled to assign or transfer his duties under this Agreement to any other person without the prior written consent of the Company. This Agreement shall bind the heirs, authorized assigns and any person standing in place of the Employee by law.

/s/ *Nadav Navon /s/ Nir Sassi*	/s/ *Zvi Joseph*
Intec Pharma Ltd.	**Zvi Joseph**

Exhibit 4.24

List of Subsidiaries

1. Intec Pharma Inc., a corporation organized under the laws of the State of Delaware.

Exhibit 12.1

CERTIFICATIONS

I, Jeffrey A. Meckler, certify that:

1. I have reviewed this annual report on Form 20-F of Intec Pharma Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 9, 2018

By: /s/ Jeffrey A. Meckler
Jeffrey A. Meckler
Chief Executive Officer
(Principal Executive Officer)

Exhibit 12.2

CERTIFICATIONS

I, Nir Sassi, certify that:

1. I have reviewed this annual report on Form 20-F of Intec Pharma Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 9, 2018

By: /s/ Nir Sassi
Nir Sassi
Chief Financial Officer
(Principal Financial Officer)

Exhibit 13.1

Certification Pursuant to 18 U.S.C Section 1350
(Adopted by Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report of Intec Pharma Ltd. on Form 20-F for the year ended December 31, 2017 (the "Report"), each of the undersigned hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Intec Pharma Ltd.

A signed original of this written statement required by Section 906 has been provided to Intec Pharma Ltd. and will be retained by Intec Pharma Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

March 9, 2018

By: /s/ Jeffrey A. Meckler
Jeffrey A. Meckler
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Nir Sassi
Nir Sassi
Chief Financial Officer
(Principal Financial Officer)

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (No. 333-218539 and No. 333-217189) and the Registration Statements on Form S-8 (No. 333-222217, No. 333-209700 and 333-212801) of Intec Pharma Ltd. of our report dated March 7, 2018 relating to the financial statements, which appears in this Form 20-F.

Tel-Aviv, Israel
March 9, 2018

/s/ Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

Kesselman & Kesselman, Trade Tower, 25 Hamered Street, Tel-Aviv 6812508, Israel,
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