

Diagnostear Ltd. - Grant Approval by the Chief Scientist

The Company hereby announces, that on May 27, 2014, its subsidiary DiagnosTear Ltd., in which the Company holds 70% of the issued and outstanding share capital¹, notified the Company that a second year approval for a grant from the Office of the Chief Scientist for a project with respect to the development of a diagnostic test intended for the diagnosis and monitoring of treatment of dry eye syndrome was received and approved.

According to the grant approval, the Office of the Chief Scientist will reimburse total costs of 40% of a NIS 1,565,251 budget. Royalties shall be paid out from DiagnosTear sales of a diagnostic kit for the dry eye syndrome, if any, as detailed in the grant approval.

This grant was approved in continuation to the first grant to DiagnosTear that was approved by the Office of the Chief Scientist about six months ago.

The approval is subject to several undertakings, restrictions and conditions precedent, including recognition of expenses, pursuant to the rules of the Office of the Chief Scientist.

¹ Through the subsidiary X L Vision Sciences Ltd., in which the Company holds the entire issued and outstanding share capital.