Allium signed strategic agreements for the development and commercialization of an innovative product with non-dilutive external funding of NIS 1.7 million:

Agreements have been signed with the National University of Singapore (NUS) and some of its leading researchers, to develop and commercialize a unique minimally-invasive medical device for treating type II diabetes and obesity

- **The joint development and commercialization projectof USD 2.2 million, is supported by the Singapore-Israel Industrial R&D Foundation (SIIRD) which approved 45% project funding, divided equally between Allium and the NUS.**
- **Allium and leading researchers of the National University of Singapore will establish an equally-owned joint venture (JV) to commercialize the product, which is expected in about two years.**

Israel, Caesarea, July 20, 2014: Allium Medical (TASE – ALMD), an Israeli medical device company, specializing in minimally-invasive technologies, has announced the signing of agreements with the National University of Singapore (NUS) and some of its leading researchers, to develop and commercialize a unique minimally-invasive device to treat type II diabetes and obesity . The development and commercialization project, of USD 2.2 million, is being supported with 45% funding from the Singapore-Israel Industrial R&D Foundation (SIIRD). The project will involve technological, clinical, regulatory and commercial cooperation between the two parties, which will have an equal share in additional funding over the SIIRD contribution.

Asaf Alperovitz, CEO of Allium: "The initiation of the joint development and commercialization project is an important milestone in our entry into the huge markets of obesity and type II diabetes, with a unique solution and in cooperation with the National University of Singapore (NUS), which is a well known leading research organization, with a strong commercialization arm that has rich experience of commercialization in the Far East and in other key markets.

Approval of the project by the SIIRD, which performed a thorough assessment and feasibility check of the unique technological solution, the potential markets, and the existing need for a minimally-invasive, effective, reversible and safe solution for patients, indicates international recognition of Allium's development and commercialization capabilities.

The development and commercialization project which is intended to provide a safe and effective solution, and to solve significant problems associated with solutions that are currently available in the market, is in accordance with Allium's strategy to focus on the field of minimally-invasive devices, while utilizing innovative technologies and addressing important and developing markets. We believe that this project would yield great economic value for our shareholders."

The product currently under development is intended to significantly reduce sugar absorptionin the blood, by isolating the food being digested from the absorption mechanism using a special sleeve, the GDS (Gastro Duodenal Sleeve) that is attached to the wall of the small intestine and anchored in the stomach using the innovative Dynamic Anchoring System (DAS). The product combines two main mechanisms for treating obesity and type 2 diabetes: reducing sugar absorption in the blood (Mal-Absorptive) using the GDS, plus a restrictive component achieved using the DAS, which, like a balloon, fills part of the stomach cavity and thus reduces the available stomach volume and creates a feeling of fullness in the patient after eating a small portion of food.

It should be noted that a prototype of the product developed by the NUS, our Sinagpore partner, showed good results in pre-clinical trials conducted on pigs. The NUS also filed a significant patent to strengthen the intellectual property of this unique minimally-invasive device. The solution has significant benefits relative to existing products, and offers a safe and effective alternative to invasive, risky, irreversible bariatric surgery, which is characterized by a high rate of complications and repeat procedures.

Another important element is the external funding for the project: the SIIRD has approved a project of USD 2.2 million with a relatively high support rate of 45%, where the grant received from the fund is non-dilutive, and is to be repaid out of royalties from future sales. The remaining funding will be provided in equal shares by the NUS, which has independently funded the project until now, and by Allium. In addition, the parties have signed an agreement for commercialization of the product, which is expected in two years' time in the framework of a joint venture (JV), to be held in equal shares.

About 320 million people are currently defined as suffering from type II diabetes caused by obesity. The medical costs associated with obesity in the USA alone are estimated at about USD 147 billion annually. In 2011, the global market for bariatric surgery was estimated at about USD 1.2 billion, and by 2018 it is expected to reach USD 2.3 billion, with an annual growth rate (CAGR) of 9.7%. Thanks to the unique features of the solution proposed by this project, and particularly because it is minimally invasive, reversible, effective and safe, the growth potential of the market is likely to be even higher, and it is expected that cases of obesity will be included, where symptoms of type II diabetes have not yet appeared.

About Allium Medical

Allium specializes in minimally-invasive medical devices and owns a range of technologies and product lines in this field. The company's strategy is to create value by expanding its base of internal developments and also by acquiring additional product lines and technologies. The company is led by knowledgeable and highly experienced professionals in the area of fast promotion of products from the development phase to the commercialization phase, while securing long-term financing and advantages of size.