



For Release

KAHR Medical Raises \$500K from Hadasit Bio-Holdings and the Office of the Chief Scientist of the Ministry of Industry, Trade and Labor of Israel

KAHR Medical announces plans to clinically develop two products for the treatment of rheumatoid arthritis and psoriasis.

Jerusalem, Israel, January 28, 2009 --- KAHR Medical, a Hadasit Bio-Holdings (HBL, TASE: HDST) portfolio company, announced today that it has raised \$500 thousand from HBL and the Office of the Chief Scientist of the Ministry of Industry, Trade & Labor of Israel (OCS). KAHR Medical's drug development pipeline is built around the 'trans signal converter proteins (TSCP)' technology, a novel drug technology invented by Professor Mark L. Tykocinski and licensed from the University of Pennsylvania. The financing will support further development of KAHR Medical's product pipeline.

"TSCP molecules represent a paradigm-shift in drug development. TSCP drugs are unique, because they integrate **two** functional sides within the same molecule, unlike conventional biologicals that only have one functional side. These two active sides allow TSCP drugs not only to block or induce cell signals, as conventional drugs do, but also to **convert** signals sent from one cell to another, which is especially beneficial for the manipulation of the immune system required for the treatment of autoimmune disease," said Dr. Noam Shani, CEO of KAHR Medical.

He continued, "We have already shown in our experiments that this completely new mode of action translates into superior activity and specificity over conventional drugs. We believe that this scientific superiority will ultimately be converted into a market advantage."

Autoimmune diseases, the class of disorders in which the immune system attacks the body's own organs, affects one in every twenty people on average. According to a December 2007 Datamonitor report, the 2009 autoimmune drug market will reach \$20 billion in sales; ninety percent of that market relates to only three indications - rheumatoid arthritis (RA), psoriasis and multiple sclerosis (MS). There are more than five million RA patients, in excess of sixteen million psoriasis patients and approximately one million MS patients in the seven major markets including the US, Europe and Japan.

KAHR Medical also announced today that the company has selected two candidates from a group of validated TSCP compounds on which to initially focus. In the next six months the company plans to conduct preclinical studies of KAHR-101 and KAHR-102 at Hadassah University Hospital. KAHR plans to first initiate a clinical study of KAHR-101 as a treatment for RA by next year.

“The significant progress of our companies during the last year further validates the HBL structure, its choice of companies and our continued support of their activities. We are excited about the promising advancements at KAHR Medical and the interest it generates among potential partner and investors. It is indeed a company to watch,” said HBL CEO Adv. Ophir Shahaf.

KAHR Medical has raised \$1.5 million to date from HBL and the OCS. The company plans to begin an external financing round before the end of 2009 to support its clinical program.

About KAHR Medical and HBL

KAHR Medical is a portfolio company of HBL, the publicly traded holding company of Hadasit, the technology transfer company of Hadassah Medical Organization. The CEO of KAHR Medical is Dr. Noam Shani. Prior to KAHR Medical, Dr. Shani was vice president of R&D at Medgenics (AIM: MEDG); he held the same position at Compugen (NASDAQ: CGEN). Dr. Shani, a veteran in the bio-industry, has vast experience in the development of biologically-based therapeutics. Dr. Rafi Hofstein is the chairman of the board of HBL. Adv. Ophir Shahaf is the CEO of HBL. For more information about HBL, please visit www.hbl.co.il. For more information about KAHR Medical, please visit www.kahr-medical.com.

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