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Press Release

Can-Fite to Develop CF102 for the Treatment of Liver Cancer

Canfite is currently conducting all the IND-enabling work that will support the initiation of Phase I clinical trials in Liver Cancer patients towards the end of 2007

Prof. Pnina Fishman, CEO of Can-Fite: "The development of CF102 for the treatment of liver cancer broadens the company's scope of products in inflammation and cancer. The news that CF102 proved to be effective in preclinical studies of liver cancer, which currently has no effective treatment, brings hope to liver cancer patients"

Can-Fite, a biotechnology company traded on the Tel Aviv Stock Exchange, announced today that the second drug in its development pipeline, CF102, will be intended for treatment of liver cancer (Hepatocellular Carcinoma). Preclinical trials conducted by the company have shown that CF102 performs well in the inhibition of liver cancer in animal models. In addition, It was proven that the A3 Adenosine receptor, which is the drug target, is over-expressed in liver cancer tumors. The company has recently developed an assay that enables, by means of a blood test, to determine the receptor level before treatment initiation..

Liver cancer attacks approx. 450,000 new patients each year and is highly frequent among people who suffer from Hepatitis B and C and among alcoholics . This type of cancer is especially common in Far East countries and no effective treatment for the disease has been discovered . Chemotherapy treatments which are effective for other cancerous diseases have no effect on this cancer.

Concurrent with the development of CF102, Can-Fite is developing its first drug, CF101, for three medical indications in the field of inflammatory diseases, which include: rheumatoid arthritis (initiated phase IIB clinical trials in the US, Europe, Israel), Dry Eye Syndrome (expected to initiate phase II trials in Israel) and Psoriasis (initial development phase). With the initiation of the designated development of CF102 for the treatment of liver cancer, Can-Fite becomes a diversified company in inflammatory diseases as well as in the field of cancer.

Can-Fite recently announced that it has entered into an exclusive license agreement with a Japanese pharmaceutical company, Seikagaku Corporation, to develop and market CF101 in Japan for the treatment of selected inflammatory conditions, including rheumatoid arthritis. Under the

terms of the agreement, **Can-Fite will receive an aggregate consideration of approximately US\$ 19.5 million**, according to agreed milestones, and will also collect substantial royalties from the sale of CF101 in Japan .

CAN-FITE BIOPHARMA LTD is a public company listed on the Tel Aviv Stock Exchange. The Company, which commenced business activity in 2000, was co-founded by investigator Prof. Pnina Fishman and patent attorney Dr. Ilan Cohn. The Company focuses on the development of molecule-based drugs that inhibit the development of cancer and inflammatory cells. The target markets of the company drugs are estimated at billions of dollars.

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