



14 January 2007

Can-Fite progresses through clinical trials: completed enrolment of 250 patients in phase IIb rheumatoid arthritis (RA) trial

Can-Fite will receive a consideration of US\$ 500,000 from Japanese Seikagaku Corporation for achieving another milestone under the joint agreement, and a further US\$ 500,000 in royalties

Prof. Pnina Fishman, CEO of Can-Fite, said today that "we are very pleased with the rapid progress of the RA trial. Patient enrolment was completed successfully within the timelines established by the Company. The cash flow from the Japanese company will be used to continue the development of the Company's product pipeline."

Can-Fite, a biotechnology company traded on the Tel Aviv Stock Exchange, has achieved yet another milestone under the CF101 development and marketing agreement signed with the Japanese company, and will receive a consideration of US\$ 500,000. The Company announced today the completion of enrolment of 250 patients in its phase IIb RA trial. Completion of patient enrolment is one of the milestones set forth in the marketing agreement, which was recently signed with the Japanese Seikagaku Corporation, and by achieving this milestone Can-Fite will now receive US\$ 500,000.

In addition, under the terms of this agreement, Can-Fite received US\$ 500,000 in royalties for the future sales of CF101, once approved for use in Japan, in accordance with the provisions that specify an annual payment of royalties every January 1st starting from 1 January 2007 until the earlier of: (i) submission of an IND application to the Japanese regulatory authority, or (ii) the beginning of the 6th year from the date of agreement.

About 250 patients have been enrolled in the trial from the US, Europe and Israel at 36 medical centers worldwide.

As previously reported, three and a half months must elapse from the completion of enrolment to the end of treatment of the last patients enrolled. Only at the end of this period, Can-Fite may proceed to make a summary of study results. The report will be drafted by an independent company, who will summarize the study data and write a final report in compliance with FDA regulations.

Prof. Pnina Fishman, CEO of Can-Fite, said today that "we are very pleased with the rapid progress of the RA trial. Patient enrolment was completed successfully within the timelines established by the Company. The cash flow from the Japanese company will be used to continue the development of the Company's product line."

Can-Fite recently announced that it had entered into an exclusive license agreement with the Japanese Seikagaku Corporation to develop and market CF101 in Japan for the treatment of inflammatory diseases, including RA but excluding eye disorders. Under the terms of the agreement, **Can-Fite is to receive an aggregate consideration of up to US\$ 19.5 million**, contingent to achieving agreed milestones, and collect substantial royalties from the sales of CF101 in Japan and

from the sale of raw materials needed to manufacture the drug. **In the third quarter of 2006, the Company reported initial income of about NIS 12.9 million from the first payment under the terms of this agreement.**

Can-Fite develops targeted drugs that specifically attack pathological cells without compromising normal body systems, and therefore have a favourable safety profile. The company's drugs are based on a scientific concept suggesting that the drug target, A3 Adenosine Receptor, is highly expressed in pathological cells. The company has recently developed a blood test to determine the receptor level prior to treatment in order to use it as a biological predictive marker.

Can-Fite is developing its first drug, CF101, for 3 clinical indications in the field of inflammatory diseases, including: RA, Dry Eye syndrome and Psoriasis. The Company has also begun the development of CF102 for the treatment of liver cancer.

CAN-FITE BIOPHARMA LTD is a public company traded on the Tel Aviv Stock Exchange. The Company, which commenced business activity in 2000, was founded by researcher Prof. Pnina Fishman and patent attorney Dr. Ilan Cohn. The Company focuses on the development of small molecule-based drugs that inhibit the development of cancer or inflammatory cells. The market for the company's drugs is estimated at billions of dollars.

For details: Amir Eisenberg, 0528-260285; Shai Eliash 0522-546635; Liron Singer 0525-476661; Inbal Levi 0524-022274; Miri Riley 0524-022275; Office 03-7538828