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Can-Fite to Commence Phase II Clinical Trials to Investigate the Efficacy of CF101 in the Treatment of Psoriasis

The market for psoriasis therapies is estimated at about USD 3 billion

The Company has also completed the clinical portion of a phase IIb clinical trial for the treatment of rheumatoid arthritis, the results of which are expected to be released this summer

To date, the Company has received about USD 5 million from a licensing agreement signed with the Japanese Seikagaku Corporation

Can-Fite, a biotechnology company traded on the Tel Aviv Stock Exchange, is about to commence a phase II clinical trial with CF101 for the treatment of psoriasis. This is the third indication for CF101 within Can-Fite's development pipeline, in addition to rheumatoid arthritis and dry eye syndrome, which are already in advanced clinical trial phases.

The Company reported today obtaining Ministry of Health and EC approval at several medical centers to commence phase II clinical trials with its leading drug CF101 in patients with psoriasis. This trial will involve about 60 patients, who will be treated for about 12 weeks at 4 medical centers: Rabin (Petach Tikva), Sheba (Ramat Gan), Wolfson (Holon) and Haemek (Afula). The company estimates that the trial will be completed in Q1 2008.

Psoriasis is a chronic skin condition that increases the rate of skin cell turnover. The disease is expressed in the form of scaly skin plaques. The disease affects 2%-3% of the general population and its global market is currently estimated at about USD 3 billion per annum.

Pre-clinical studies have shown that the CF101 drug suppresses the production of the inflammatory cytokine TNF- α , which plays a major role in the pathogenesis of psoriasis. Patients with psoriasis have also been shown to overexpress A3 adenosine receptor, which is the target of CF101.

In addition, Can-Fite reported the completion of the Phase IIb clinical trial with CF101 for the treatment of rheumatoid arthritis. All the patients taking part in the trial have completed treatment with the drug in accordance with the predetermined schedules. The data obtained in the trial are currently subjected to statistical analysis by ABR New Jersey and Can-Fite plans to release a final report of study results during the upcoming summer.

Pnina Fishman, CEO of Can-Fite, said today that "commencing this clinical trial for the treatment of psoriasis is a major event in the life of the company, because this is the third indication to reach clinical phases. Can-Fite is currently developing a diverse portfolio of drugs for the treatment of inflammatory diseases and cancer, and we expect to proceed with the development of additional drugs based on the company's unique technology. The results of our rheumatoid arthritis trial will be released this

summer, and if favorable, should open the door to substantial cooperation between Can-Fite and the world's leading pharmaceutical companies."

Last year Can-Fite signed one such substantial agreement granting the Japanese Sekagaku Corporation exclusive rights over the development and commercialization of CF101 in Japan for the treatment of inflammatory diseases, including rheumatoid arthritis but not including Ophthalmology indications. To date, Can-Fite has received about USD 5 million from Seikagaku Corporation upon meeting the milestones outlined in the agreement.

Can-Fite is developing its first drug CF101 for 3 clinical indications in the field of inflammatory diseases, including: **rheumatoid arthritis** (completed phase IIb clinical trials in the US), **Dry Eye Syndrome** (ongoing phase II trials in Israel), **psoriasis** (approved to commence phase II). The Company has also begun the development of CF102 for the treatment of **liver cancer and hepatitis B**.

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 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.

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